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Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

Weekly Member Policy Call

May 22, 2026

REC

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Today's Agenda

- Announcements
- Policy Updates
  - EE Business Plan Applications
  - Demand Response Bridge Funding Proceeding
  - High DER - Electrification Impact Study, Part 2
  - DER Cost Effectiveness - Avoided Cost
- Legislative Priorities
- Q&A

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Announcements

Events:

May 27, 2026 - 9:00 A.M.

- Workshop R.25-04-010 - Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation. Deemed Load Shapes for Energy Saving Measures
- Webex
- Contact: Peter Biermayer Peter.Biermayer@cpuc.ca.gov

Events

May 27, 2026; 10:00 A.M.

R.25-04-010 (WS) - Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation.

- CIAC, NMEC, SEM Annual Evaluation Workshop
- Webex
- Contact: William Graswich William.Graswich@cpuc.ca.gov

Events:

June 4: Demand and Distributed Energy Market Integration meeting *(Proposed Date)*

- Time: 1 -4 PM
- Purpose: Review feedback from comments on straw proposal and issue paper
- In person and online – details coming when confirmed

Events:

June 10: CEC/EPRI Electrification Summit

- Time: 8 AM - 5:30 PM
- In-person only at California Natural Resources Agency
  - 715 P Street, Sacramento
  - Space is limited, so register early
  - Registration closes May 29
- Agenda available on event page

Events

June 19: Prehearing Conference A.26-03-009 et. al.

- Time: 1:30 PM
- Webex
- Webinar number: 2480 745 4382
- Webinar password: 2026
- Additional information in ALJ Ruling

Objective: Discuss scope and schedule of proceeding

PHC Statements permitted - by June 8, 2026.

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Policy Updates

EE Business Plan Applications R.26-03-009

CEDMC Response Themes

CEDMC filed its Response on May 1 addressing key policy and portfolio issues in the 2028–2031 EE Portfolio Applications and 2032–2035 Business Plans.

Key CEDMC Themes

- Preserve and fully deploy cost-effective EE resources
- Prioritize load-shaping EE and IDSM strategies
- Support electrification and flexible demand-side resources
- Maintain existing third-party framework and 60% outsourcing requirement
- Modernize cost-effectiveness and NTG methodologies
- Streamline custom project review and implementation processes
- Use targeted EE investments to support affordability and grid reliability

Key Concern Areas

- Proposed reductions in EE budgets/spending
- Proposed changes to third-party program authority
- Potential impacts to REN structures and local program flexibility

EE Business Plan Applications R.26-03-009

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May 18: PAs filed Responses to May 1 Responses/Protests

- Supportive Responses
  - MCE and Rising Sun supported CEDMC's core theme that strategic EE and demand management investments can reduce long-term customer costs and serve affordability goals.
  - MCE aligned with CEDMC on load shaping and demand flexibility
  - MCE and Rising Sun aligned with CEDMC on EE portfolios being viewed as affordability tools rather than simply program expenditures
  - Rising Sun aligned with CEDMC on unique value of equity-focused EE
  - SD REN and PCE both referenced support for CEDMC's affordability argument

EE Business Plan Applications R.26-03-009

Rebuttal Responses from PG&E, SCE and SDG&E

- SDG&E rejects CEDMC's argument that EE underspending creates long-term affordability risks; SDG&E frames underspending as normal outcome of prudent portfolio management
- PG&E briefly responded to CEDMC's proposal to apply loading-order principles to EE spending. Basically argues T&D valuation outside scope of proceeding interpretations (PG&E)
- SCE strongly rejects CEDMC arguments on EE budget reductions, affordability impacts, "underspending" claims, loading order and Third-party framework reforms. Very strong pushback.

Demand Response R.25-09-004

CEDMC filed Reply Comments on May 21 to respond to proposed modifications to ELRP during the bridge years

- Primary determination for bridge period should be continued funding of DR programs and extension of ELRP
  - SCE didn't propose modification to ELRP - doesn't want delays in bridge funding decision - CEDMC supports
- CEDMC supports maintaining specific subgroups of ELRP
  - PG&E, SCE, Olivine, VGIC support extending ELRP subgroups A.4 (VPP) and A.5 (Vehicle-Grid Integration)
  - CEDMC supports these recommendations, if modifications are needed

Demand Response R.25-09-004 (cont)

- It is reasonable to expect ELRP to demonstrate cost-effectiveness
  - PAO recommends not extending ELRP unless cost-effectiveness required
  - UCAN/TURN also want ELRP subject to TRC/PAC
  - Olivine recommends transitioning ELRP from pilot into more permanent DR framework by 2030-2034 cycle, with a formal pilot sunset date end of 2029
  - CEDMC supports Olivine's rationale and proposed timeline

Demand Response R.25-09-004 (cont)

- It is unreasonable to decrease incentive levels/eliminate minimum dispatch hours for ELRP
  - PAO, PG&E, SDG&E recommend reducing or eliminating minimum dispatch hours, limiting dispatch strictly to CAISO-declared emergencies.
    - PAO argues minimum dispatch hours function as aggregator subsidies
  - PG&E/PAO want incentives decreased to $1/kWh
  - CEDMC strongly disagreed with both positions and explained how these work together to roughly approximate capacity revenue (like RA payments) capacity payments.
    - minimum dispatch hours may not be best way to approximate a capacity construct, but eliminating them without fundamental changing the program design would be counterproductive

High DER Future Proceeding (R.21-06-017)

Assigned Commissioner's Ruling Issued May 8

The CPUC issued a ruling requesting comments on the Electrification Impact Study Part 2 (EIS2) Final Reports submitted January 28.

Purpose of EIS2

- Evaluate impacts of California electrification under multiple future scenarios, including:
- Electric infrastructure needs
- Load growth projections
- Grid planning implications
- Electrification-driven system impacts

Upcoming Procedural Dates

- Opening Comments Due: May 29
- Reply Comments Due: June 5

Key Planning Significance

- Commission intends to incorporate initial EIS2 learnings into the 2027–2028 planning cycle
- EIS2 may influence future:
  - grid investment planning
  - load management strategies
  - DER integration approaches
  - electrification policy development

DER Cost EFfectiveness R.22-11-013

May 18: Parties filed Reply Comments on Avoided Cost Calculator

THEMES:

- Significant disagreement over proposed GHG cap
- Ongoing concerns about transparency and modeling access
- Disagreement over treatment of gas-sector GHG values
- Continued debate around Integrated Calculation methodology

Regulatory Calendar

- June 1: Opening Comments on A.25-04-014 Settlement Motion

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Legislative Updates

Legislative Priorities

- CEDMC Priority Bill List - March 2026
- Legislative Priorities and Actions
- Budget Priorities and Actions

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Discussion and Questions

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Thank You!

Please contact us if you have any questions.

Policy: Melanie Gillette – mgillette@mcr-group.com
Member Services: Kira Kimick – admin@cedmc.org or kkimick@cedmc.org

www.cedmc.org

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