BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance Demand Response in California	Rulemaking 25-09-004 (Filed September 18, 2025)

REPLY COMMENTS OF THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL ON ADMINISTRATIVE LAW JUDGE'S MARCH 10 AND APRIL 8, 2026 RULINGS SEEKING COMMENTS ON DEMAND RESPONSE BRIDGE YEAR FUNDING

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I. INTRODUCTION

The California Efficiency + Demand Management Council (CEDMC)[1] submits these Reply Comments pursuant to the March 20, 2026, Administrative Law Judge's Ruling[2] and the April 8, 2026, Administrative Law Judge's Ruling[3] and in response to the opening comments filed by other parties on April 30, 2026. CEDMC's Opening Comments[4] support bridge funding

[1] CEDMC is a statewide trade association of non-utility businesses that provide energy efficiency (EE), demand response (DR) and data analytics services and products in California. Our member companies employ many thousands of Californians throughout the state. They include EE, DR and distributed energy resources (DER) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. CEDMC's mission is to support appropriate EE, DR and DER policies, programs, and technologies to create sustainable jobs, long, term economic growth, stable and reasonably priced infrastructures, and environmental improvement. (For more information, please go to http://www.cedmc.org.)

[2] Administrative Law Judge's Ruling Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue (March 20,206) (First Bridge Year Ruling).

[3] Administrative Law Judge's Ruling Modifying Schedule on Bridge Year Funding Issue and Posing Supplemental Questions (April 8, 2026) (Second Bridge Year Ruling).

[4] Opening Comments of the California Efficiency + Demand Management Council on Administrative Law Judge's March and April 8, 2026 Rulings Seeking Comments on Demand Response Bridge Year

that includes 1) modest percentage-based allocations for load-modifying and load-shifting demand response; 2) dedicated funding for pilots and innovation during the bridge period; 3) extension of the Emergency Load Reduction Program (ELRP); and 4) consideration for incorporating elements from Demand Side Grid Support (DSGS) for implementation in ELRP for program year 2027.

Opening comments provided significant support from other parties on the continuation of ELRP during the bridge period. Some parties suggested modifications and concerns about the lack of a cost-effectiveness test for ELRP. CEDMC's reply comments focus on these issues.

II. MULTIPLE PARTIES SUPPORT THE CONTINUATION OF ELRP

Multiple parties, spanning investor-owned utilities, renewable industry associations, large customers and program implementers, support the continuation of ELRP during the 2028-2020 bridge funding period. There are also several potential modifications to ELRP proposed by parties that may be challenging to address for a bridge period. These include:

- Whether the current ELRP incentive rate of $2/kWh is appropriate compensation;[5] [6]
- Whether existing minimum annual dispatch hours for A.4 and A.5 should be

Funding, R.25-09-004 (April 30, 2026) (CEDMC Opening Comments).

[5] Comments of Southern California Edison Company (U-338-E) on Administrative Law Judge's Ruling on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue, R.25-09-004 (April 30, 2026) (SCE Comments) at p. 18.

[6] Opening Comments of Pacific Gas and Electric Company (U 39 E) in Response to Administrative Law Judge Gerstle Rulings on Demand Response Staff Proposal on Bridge Year Funding, R.25-09-004 (April 30, 2026) (PG&E Comments) at p. 4

reduced while preserving overall program reliability value;[7] [8]

- Whether authority should be granted for IOUs to dispatch ELRP resources in response to local reliability issues in addition to system wide grid emergencies;[9]
- Whether additional administrative flexibility may be appropriate to manage program growth within authorized budgets;[10]
- Whether ELRP subgroups should be evaluated using standard cost-effectiveness tests in 2028 and 2029;[11]
- Whether the cap on annual dispatch hours should be adjusted or eliminated.[12]

A. The Primary Determination for ELRP During the Bridge Should be Continued Funding of DR programs and Extension of ELRP

Southern California Edison (SCE) does not propose modification to ELRP as part of the bridge funding decision and emphasized that the differences of stakeholder opinions on ELRP modifications should *not* result in needing testimony, hearings briefs or other regulatory processes that will delay the bridge funding decision. Rather the critical regulatory action needed is the continued funding of DR programs and extension of ELRP.[13] CEDMC concurs.

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[7] PG&E Comments at p.4.; SCE Comments at p. 18
[8] PG&E Comments at p. 4.
[9] SCE Comments at p.18.
[10] SCE Comments at p.18.
[11] Comments of Utility Consumers' Action Network on Administrative Law Judge's Ruling Seeking Comment on Demand Response Staff Proposal for Bridge Year Funding, R.25-09-004 (April 30, 2026) (UCAN Comments) at p.15.
[12] PG&E Comments at p. 5.
[13] SCE Comments at p. 17.

B. If Modifications are Made to ELRP During the Bridge, CEDMC Supports Recommendations by Parties to Consider Maintaining Specific Subgroups of ELRP That are Important for Growing Nascent Resource Types

Pacific Gas and Electric (PG&E),[14] SCE[15] and Olivine[16] suggest maintaining the existing Subgroups A.4 (Virtual Power Plants) and A.5 (Vehicle Grid Integration) because they have clear value signals, predictable compensation, active engagement from the participants, increased interest in participation in 2026, and provided the best performance during ELRP events. The Vehicle-Grid Integration Council strongly supports extending ELRP through the bridge years and views continuation of subgroup A.5 as critical to preserving California's emerging vehicle-grid integration market.[17] CEDMC supports these recommendations.

C. It is Reasonable to Expect ELRP to Demonstrate Cost-Effectiveness

Several parties express concern about extending ELRP without subjecting it to standard cost-effectiveness review. This is a primary issue outlined in the comments from the Public Advocates Office (PAO).[18] The Utility Consumers' Action Network emphasizes that ELRP, in any continuing form, should be subject to standard cost-effectiveness review beginning in

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[14] PG&E Comments at pp. 2-4.
[15] SCE Comments at pp. 14-15.
[16] Opening Comments of Olivine, Inc. on Energy Division Staff's March 10 and April 8, 2026 Proposal on Bridge Year Funding and Supplemental Questions, R.25-09-004 (April 30, 2026) (Olivine Comments) at p. 7.
[17] Comments of the Vehicle-Grid Integration Council on the Administrative Law Judge's Ruling Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue, R.25-09-004 (April 30, 2026) at p. 4.
[18] Opening Comments of the Public Advocates Office on the Administrative Law Judge's Rulings Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue, and Posing Supplemental Questions, R.25-09-004 (April 30, 2026) (PAO Comments) at pp. 6-8.

2028.[19] The Utility Reform Network also agrees that the ELRP Pilot, if retained, should be transitioned out of pilot program status with the associated cost-effectiveness requirement to ensure that ratepayers receive fair value for funding provided.[20]

Olivine recommends transitioning ELRP from a "pilot" into a more permanent DR framework by the 2030-2034 cycle, with a formal pilot sunset date at the end of 2029.[21] CEDMC agrees that it is reasonable to expect ELRP to demonstrate cost-effectiveness, and we support Olivine's rationale and proposed timeline.

D. It is Unreasonable to Decrease the Incentive Levels and Eliminate the Minimum Dispatch Hours for ELRP

PAO,[22] PG&E[23] and San Diego Gas & Electric (SDG&E)[24] recommend reducing or eliminating minimum dispatch hours, limiting dispatch strictly to CAISO-declared emergencies (although PG&E also recommends expanding dispatch triggers to include localized grid needs[25]). PAO argues that minimum dispatch hours function as subsidies for aggregators, guarantee revenue even when emergencies do not occur; and undermine the program's stated purpose of minimizing ratepayer costs.[26] Similarly PG&E supports reducing ELRP

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[19] UCAN Comments at p. 4.
[20] Opening Comments of The Utility Reform Network on Bridge Year Funding Rulings, R.25-09-004 (April 30, 2026) at p. 4.
[21] Olivine Comments at p. 6-7.
[22] PAO Comments at p. 9.
[23] PG&E Comments at p. 4.
[24] Opening Comments of San Diego Gas & Electric Company (U 902 M) on Administrative Law Judge's Ruling Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue, R.25-09-004 (April 30, 2026) at p. 15.
[25] PG&E Comments at p. 5.
[26] PAO Comments at pp. 8-9.

compensation from $2/kWh to $1/kWh, arguing that this would improve the program's cost-effectiveness,[27]while PAO argues that compensation of $1/kWh is not sufficient to motivate participation because this is the maximum electricity price requested by DR providers participating in the wholesale market.[28]

CEDMC strongly disagrees. Taken together, the minimum dispatch hours and high volumetric energy incentive fulfill a similar role to capacity payments, which are standard in capacity programs and contracts. That is, the minimum dispatch hours and incentive provide a rough approximation of the capacity revenue available through ELRP. They are similar to the resource adequacy payments that most market-integrated demand response resources receive, which is the primary revenue stream motivating demand response participation in the wholesale market. Comparing ELRP payments to wholesale electricity payments, as PAO does, is not appropriate because it ignores the fact that it is primarily resource adequacy payments that motivate demand response participation in the wholesale market, not electricity prices.

While CEDMC agrees that minimum dispatch hours may not be the best way to approximate a capacity construct, eliminating them without fundamentally changing the program design would be counterproductive.

[27] PG&E Comments at p. 11.
[28] PAO Comments at pp. 9-10.

III. CONCLUSION

The California Efficiency + Demand Management Council appreciates the opportunity to provide these comments and looks forward to continued participation in this proceeding.

Respectfully Submitted

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