STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION
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SAN FRANCISCO, CA 94102-3298

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 22-02-005, et al:

This is the proposed decision of Administrative Law Judges Julie A. Fitch and Valerie U. Kao. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 29, 2023 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke
Acting Chief Administrative Law Judge

MLC:jnf
Attachment

Decision **PROPOSED DECISION OF ALJ FITCH AND ALJ KAO**
(Mailed 5/26/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2024-2031 Energy Efficiency Business Plan and 2024-2027 Portfolio Plan. (U39M.)	Application 22-02-005
And Related Matters.	Application 22-03-003 Application 22-03-004 Application 22-03-005 Application 22-03-007 Application 22-03-008 Application 22-03-011 Application 22-03-012

DECISION AUTHORIZING ENERGY EFFICIENCY PORTFOLIOS FOR 2024-2027 AND BUSINESS PLANS FOR 2024-2031

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Attachment A: Program Segmentation Justification Template

DECISION AUTHORIZING ENERGY EFFICIENCY PORTFOLIOS FOR 2024-2027 AND BUSINESS PLANS FOR 2024-2031

Summary

This decision addresses the applications for energy efficiency portfolios during the period 2024-2027 and the business plans for 2024-2031 from nine portfolio administrators. The decision authorizes a total budget of $4.3 billion over the four-year period beginning in 2024, with benefits to customers of at least $3.5 billion during the same period. This decision also adopts a forecasted budget of an additional $4.6 billion in the period 2028-2031. These adopted budgets and forecasts represent a significant investment in the energy efficiency resource as a foundational element of the Commission's energy, environmental and social justice policies. The decision finds that all of the portfolio administrators have met the Commission's requirements for forecast cost-effectiveness and total system benefits.

The decision makes adjustments to the allocation of costs for statewide programs to account for changes in the mix of programs and fuels (electricity and natural gas) and also makes some changes to the statewide portfolio to eliminate some obsolete programs and introduce new ones. The Bay Area Regional Energy Network is also approved as the first non-utility administrator of a statewide program.

The decision approves a new regional energy network (REN) called Rural REN, to deliver energy efficiency benefits to underserved customers and communities in the rural areas all over California in four different regions.

The decision also includes a number of elements addressed to the equity and market support segments of the energy efficiency portfolios, including better defining underserved and hard-to-reach customers and communities, as well as

adopting success indicators and a process for identifying metrics and goals associated with the indicators to be measured.

The decision also includes several measures to improve portfolio oversight, including requesting that the California Energy Efficiency Coordinating Committee establish a Portfolio Oversight Group to provide stakeholder input to the monitoring of the delivery and success of the portfolios approved in this decision. Guidance is also provided for continued coordination between portfolio administrators.

Finally, this decision includes guidance for continued emphasis on the market access program approach, the use of normalized metered energy consumption methods for estimating energy savings, and the integration of demand-side management opportunities beyond energy efficiency into the portfolios.

This proceeding is closed. Any additional or ongoing energy efficiency policy issues related to the delivery of the portfolios approved in this decision will be addressed in the energy efficiency proceeding, Rulemaking 13-11-005.

1. Background

As directed by the Commission in Decision (D.) 21-05-031, eight portfolio administrators (PAs)[1] filed applications for their energy efficiency portfolios for the period 2024-2027 in February and March, 2022. Those PAs are: Pacific Gas and Electric Company (PG&E); Southern California Edison Company (SCE); San Diego Gas & Electric Company (SDG&E); Southern California Gas Company (SoCalGas); Marin Clean Energy (MCE); Bay Area Regional Energy Network

[1] In the past, the Commission has used the abbreviation "PAs" to refer to "program administrators." However, as much of the portfolio has transitioned to being third-party designed and delivered, in this decision we are moving to the use of the term "portfolio administrator," but using the same "PA" abbreviation.

(BayREN); Southern California Regional Energy Network (SoCalREN); and the Tri-County Regional Energy Network (3C-REN). The PAs also provided business plans and budgets for the period 2024-2031, as required by the Commission. In addition, in a separate motion in Rulemaking (R.) 13-11-005, Redwood Coast Energy Authority (RCEA) requested approval of a new Rural Regional Energy Network (R-REN). A separate decision (D.21-11-013) already authorized Inland Regional Energy Network (I-REN) for the period through the end of 2027, so I-REN is not addressed in this decision.

On March 17, 2022, a ruling of the Chief Administrative Law Judge (ALJ) consolidated the eight applications and transferred the RCEA motion from R.13-11-005 to this consolidated proceeding.

On April 15, 2022, protests were filed by the Public Advocates Office of the California Public Utilities Commission (Cal Advocates) and Sierra Club. Also on April 15, 2022, responses were filed by Small Business Utility Advocates (SBUA); Enervee; RCEA; Natural Resources Defense Council (NRDC); Sonoma Clean Power Authority (SCPA); SoCalGas; California Efficiency + Demand Management Council (CEDMC); Recurve Analytics, Inc. (Recurve); and Association of Bay Area Governments (ABAG) and County of Ventura (on behalf of BayREN and 3C-REN, respectively, jointly).

On April 25, 2022, replies were filed by SoCalREN, SoCalGas, SCE, Enervee, Sierra Club, ABAG and County of Ventura (jointly, on behalf of BayREN and 3C-REN, respectively), PG&E, SDG&E, MCE, NRDC, Recurve, and RCEA.

A prehearing conference was held on May 17, 2022, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. The Scoping Memo and Ruling (Scoping Memo) of assigned Commissioner Shiroma was issued June 24, 2022.

On August 2, 2022, ALJ Kao issued a ruling inviting comments on a staff proposal for gas efficiency incentives and codes and standards sub-programs and budgets. Comments and replies were filed in response to this ruling and its subject matter was addressed in a separate decision (*see* D.23-04-035) adopted on April 6, 2023.

On August 26, 2022, ALJ Kao issued an ALJ ruling seeking responses to specific questions in intervenor testimony. Direct testimony was submitted on October 21, 2022 by Cal Advocates, Google, Inc. (Google), Recurve, and SBUA. Rebuttal testimony was submitted on November 21, 2022 by BayREN, Cal Advocates, Inland Regional Energy Network (I-REN), MCE, NRDC, PG&E, SBUA, SCE, SDG&E, SoCalGas, SoCalREN, and 3C-REN.

1.1. Submission Date

This matter was submitted for decision on April 3, 2023 upon filing of the final set of comments from SBUA.

2. Statewide Programs

This section discusses the statewide program budgets, as well as the statewide portfolio composition.

2.1. Revisions to Statewide Programs Budget Allocations

A new model for administration of statewide programs was introduced in D.16-08-019. This model requires programs administered statewide to be contracted by one lead PA and implemented by one or more third parties on a statewide basis. Previously, programs referred to as "statewide" were contracted by each investor-owned utility (IOU) separately, with a goal of consistent program design and delivery. D.16-08-019 assigned an initial set of existing programs to be transitioned to the new statewide administration mode. The decision also:

- Directed that all upstream and midstream programs be delivered using the statewide administration model;
- Required that the PAs add new downstream programs (of their own choosing) to the statewide portfolio;
- Required statewide administration minimum allocations (*i.e.*, that each IOU direct at least 25 percent of its energy efficiency portfolio budget to statewide programs, with the exception of SoCalGas, with a minimum of 15 percent); and
- Directed the IOUs to establish funding shares for each statewide program based on their relative load share, which would be fixed, regardless of the particular distribution of program activities across the various service territories of the IOUs. Similarly, any energy savings credit from statewide programs would be divided according to these same funding shares.

In the applications in this proceeding, PG&E proposed, and no party opposed, new statewide allocations.[2] Table 1 below presents both the original and the new allocation shares for statewide programs.

Table 1. Original and Updated Statewide Allocation Shares

IOU	Electric Load Share		Gas Load Share	
	Original	Updated	Original	Updated
PG&E	44.4%	28.7%	50.4%	42.6%
SDG&E	15.5%	9.1%	7.8%	13.2%
SCE	40.1%	62.2%	0.0%	0.0%
SoCalGas	0.0%	0.0%	41.8%	44.2%

We will update the allocations as proposed by PG&E because they better reflect the current budget contributions by utility and fuel type. These allocations

[2] *See* PG&E Application, Exhibit 1, Chapter 3, at 3-27.

were developed using the same methodology that established the original proportions established in November 2018.[3] Updated load-shares were calculated using the electric and natural gas splits for PG&E and SDG&E, as reflected in their business plan applications in this proceeding, as well as budgets and program forecasts submitted for the 2024-2027 portfolio period. This will result in changes to the statewide budgets of each of the IOUs. Table 2 below presents the changes to the total budget allocated to statewide programs by IOU PAs for the 2024-2027 period.

Table 2. Updated Statewide Budget Totals Using New Statewide Allocations, 2024-2027

IOU	Budget As Filed	Updated Budget	Change
PG&E	$305,747,274	$213,473,550	-$92,273,724
SDG&E	$91,243,638	$67,230,296	-$24,013,342
SCE	$204,137,718	$316,609,242	$112,471,524
SoCalGas	$66,116,550	$69,932,092	$3,815,542

Section 11 of this decision contains adopted budgets adjusted to reflect these new statewide allocations. The 2028-2031 adopted budget forecasts also reflect the same percentage adjustment to the budget as filed as the 2024-2027 budget.

In the future, we will update the statewide allocation percentages when we review each four-year portfolio. This schedule will provide stability during the portfolio period while also allowing the statewide allocations to adapt to changes in the portfolios and the fund collection from ratepayers.

For this eight-year business plan period, SCE and SoCalGas have requested relief from the minimum statewide allocations of 25 percent and

[3] *See* SDG&E Advice Letter 3268-E-A/2701-G-A.

15 percent respectively.[4] These IOUs argue that since the initial allocations, there has been downward pressure on the statewide program portfolio size. The most notable change is the closure of the statewide upstream lighting program, which had an initial projected annual budget of $50 million. In addition, other upstream programs are facing challenges to their cost-effectiveness outlooks and participation.

In light of these developments, a reduced target is reasonable for 2024-2027. We will reduce the minimum percentage to 20 percent for statewide programs for all of the IOUs, except for SoCalGas, which will have a minimum of 10 percent, for the 2024-2027 portfolio. We will continue to monitor the appropriate percentages with the review of the next portfolio application.

Table *3* below shows the original target minimum portfolio budget allocations to statewide programs, as well as the updated and approved values. The table also shows the percentage of portfolio budget allocated to statewide programs in the portfolios as filed, and estimates of updated percentages using budgets adjusted for the new statewide allocation percentages shown in Table 1 above.

[4] *See* SCE Application, SCE-01, at 57-60 and SoCalGas Application, Exhibit 1, at 47.

Table 3. Updated Statewide Program Budget Totals Using New Statewide Allocations Reflected Budgets as Filed and as Updated for 2024-2027

IOU	(Original) Target Portfolio Allocation to Statewide Administration	(New) Updated Target Portfolio Allocation	(Original) Statewide Budget as Percentage of Total Budget as Filed	(New) Statewide Budget as Percentage of Total Budget, Updated with New Statewide Allocations[5]
PG&E	25%	20%	34%	28%
SDG&E	25%	20%	35%	29%
SCE	25%	20%	14%	20%
SoCalGas	15%	10%	12%	12%

The changes discussed in this section should be reflected in the PAs' 2023 True-Up advice letters that are required by the terms of D.21-05-031 to be submitted in 2023.

2.2. Statewide Portfolio Composition

SCE, in its application,[6] proposed to undertake an assessment process to review the composition of the statewide program portfolio and adjust it during the 2024-2027 portfolio cycle. We do not require this assessment at this time because it would not be feasible to accomplish before the beginning of the portfolio cycle. In addition, many of the current statewide programs are still in a launch phase and generally do not have sufficient track records to undergo an assessment yet. We do, however, see value in such an assessment periodically. Thus, we defer SCE's proposal to the next portfolio cycle. In the meantime, we will require the PAs to coordinate among themselves and propose an assessment process that can be considered with the portfolio applications to be filed in 2026 for the program portfolio beginning in 2028.

[5] Source: Budget Filing Detail Report, "BFDR Program" tab, September 2022.

[6] *See* SCE Application, SCE-01, at 57.

Meanwhile, during 2024-2027, the composition of the statewide portfolio need not remain static. PAs may request program closure or downsizing where a statewide resource acquisition program has declining prospects through the filing of a Tier 2 advice letter. In addition, existing programs may also be modified by updating an implementation plan.

SCE also proposed to close the statewide upstream lighting program, which provides incentives to manufacturers and distributors for producing efficient lighting solutions.[7] The other IOUs supported this proposal. Upstream lighting faces substantial cost-effectiveness challenges (because the efficient bulbs are already economically competitive on their own, and likely do not require incentives) that do not appear to make it viable in the short term. The filed budgets of the IOUs already reflect this program closure proposal and we approve it. Efficient lighting appears to have become mainstream in the past few years and we do not see a need at this time to continue to fund upstream incentives for it.

SCE's application also proposed to offer midstream and upstream measure incentives that are not offered in a corresponding statewide program as part of a local program.[8] This would involve measures which are potentially distributed or available statewide, but which are not part of a particular statewide program offering. No other parties specifically commented on this proposal. We are concerned that this proposal would create challenges in tracking and coordinating between programs. In addition, any statewide program that is re-solicited or modified would then potentially be limited by potential local

[7] *Ibid*., at 60.

[8] *See* SCE Application, SCE-01, at 60.

program overlap, creating limitations on new designs and/or complex coordination requirements. For these reasons, we do not approve SCE's proposal to offer midstream and upstream incentives in a local program where the measures are not covered in a statewide program.

In its portfolio application, SDG&E proposed to convert the Residential Behavioral Home Energy Reports (HER) and Residential Audit Programs (Universal Audit Tool (UAT)) to statewide administration. SDG&E proposed to be the lead PA for both programs.[9] No party directly opposed this proposal, though SCE and SoCalGas were hoping to reduce the statewide expenditures overall and SCE also advocated for an assessment of the overall statewide portfolio composition.

Both of these programs are already delivered in a highly uniform fashion across the state. Both programs rely on customer energy usage data. Moving to statewide administration will require advances in individual customer data sharing, which may also serve as a benefit to other programs and pave the way to expansion of other programs to statewide delivery over time. In the meantime, these data sharing issues may present some complexity, so we will approve the programs to become statewide over the next two years. SDG&E should submit the new statewide program contract advice letters for both programs no later than December 31, 2025. The advice letter filings should address appropriate privacy and customer consent proposals to help coordinate data sharing.

SDG&E also proposed to study the residential multi-family program and the strategic energy management programs for possible transition to statewide

[9] *See* SDG&E Application, Exhibit 2, at 235.

administration.[10] These programs also have a great deal of uniformity in design and delivery, so they also appear to be good candidates for statewide administration. To facilitate this transition, we will approve SDG&E to lead the study for this purpose, and require co-funding for the costs of this study from the other IOUs based on the updated statewide allocations in Table 1 above. The study will inform any proposal in the portfolio applications to be filed in 2026 for the program portfolio beginning in 2028.

BayREN, in its application, proposed a new statewide Home Energy Score program, which audits and assesses individual homes for their efficiency attributes.[11] No party opposed this proposal, and SDG&E indirectly supported it by suggesting the statewide administrator pool could be expanded beyond IOUs.

We agree that BayREN's proposal is a good idea as it provides more competition and options for each statewide lead PA assignment. Currently, however, we do not have a method to allocate budget or savings beyond IOU funding allocations by load share. In the meantime, we will approve a budget limit for BayREN contingent upon their submission of a Tier 2 advice letter requesting authorization to develop and implement the statewide Home Energy Score Program. If approved, additional program funding will be made available as follows: PG&E $3.1 million, SDG&E $1.0 million, SCE $4.9 million, and SoCalGas $0.9 million, for a total of $9.9 million above and beyond the statewide totals and overall four-year budget totals reflected in Table 2 above and Tables 7 and 9 below, respectively.

[10] SDG&E Application, Exhibit 2, at 235.

[11] BayREN Application, Exhibit 2, at 180.

3. Overall Portfolio Budget Issues

This section discusses overall portfolio issues related to budget, including portfolio segmentation proposals of the PAs, the role of the IOUs on behalf of Community Choice Aggregators (CCAs) and RENs, as well as the 8-year business plan budget proposals of the PAs.

3.1. Portfolio Segmentation

D.21-05-031 directed the energy efficiency PAs to segment their portfolios into programs that are primarily designed for three purposes: resource acquisition, market support, and equity. The combined budgets of each non-REN PA for the equity and market support programs are limited to 30 percent of their total portfolio budget.

There is also a fourth distinct segment that has been treated separately for some time, containing the codes and standards programs from the PAs. The codes and standards segment generally has the following primary purposes:

- Influencing standards and code-setting bodies (such as the California Energy Commission (CEC)) to strengthen energy efficiency regulations;
- Improving compliance with existing codes and standards;
- Assisting local governments to develop ordinances that exceed statewide minimum requirements; and
- Coordinating with the other programs and entities to support the state's policy goals.

Evaluation, measurement, and verification budgets are also considered separately from the other segments.

In general, all of the IOUs and MCE segmented their portfolios appropriately and limited their market support and equity segment budgets to 30 percent overall. We therefore approve the portfolios.

In addition, most proposed equity programs for all IOUs will be third-party solicited. Therefore, the equity programs will have the additional oversight of the energy efficiency procurement review groups (PRGs) and independent evaluators (IEs), and most will also be submitted for our explicit approval in advice letters. No party raised concerns about the equity programs proposed by RENs and CCAs. We have reviewed them and approve them. There is additional discussion about the market support and equity segments in Section 7 below.

We also have additional plans for general portfolio oversight that are discussed below in Section 5.

3.2. Role of IOUs on Behalf of CCAs and RENs

In its application, PG&E made a proposal regarding the budgets for any new PAs (such as new RENs) or new CCAs who submit an Elect-to-Administer (ETA) request on behalf of their own customers.[12] PG&E proposes that those budgets for the new PAs or ETA CCAs be incremental to the IOU eight-year budget caps and allow the IOUs to collect additional funds to cover the costs for these PAs or ETA CCAs. PG&E argued that when new CCAs or RENs are approved in the middle of a portfolio cycle, the IOU cannot adjust their budget cap and must fund the new administrators' budget out of unspent funds or funds earmarked for other programs.

Separately, PG&E also proposed to have the IOUs relieved from their budgetary monitoring and compliance oversight role as the fiscal manager for CCAs and RENs.[13] PG&E argued that since the Commission separately considers and approves the budgets of these non-IOU administrators, the IOUs should not

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[12] *See* PG&E application, Exhibit 1, at 3-16 through 3-18.

[13] *Ibid*.

be in the position of monitoring and compliance, but rather the Commission should play this role. The IOUs would then simply maintain their role of collecting and disbursing funds on behalf of the CCAs and RENs.

No party opposed these proposals, except SoCalGas appears to prefer to retain the monitoring and compliance role for CCAs and RENs.

On the first proposal to allow the IOUs to collect additional budget for new administrators or ETA CCAs approved mid-cycle, we agree with PG&E, because it is impossible for the IOU (or the Commission) to predict exactly when new proposals for RENs, CCAs, or ETA CCAs will be submitted and/or approved. Thus, the IOUs should not be required to rearrange their own portfolio budgets when this occurs. Therefore, we will allow the IOUs to collect additional funds beyond the budget caps authorized in this decision or any subsequent one, for a new administrator or CCA established and approved by the Commission in between portfolio application cycles. The additional collection will be limited by the amount approved by the Commission for the new PA. The collections should be tracked in each IOU's existing energy efficiency balancing account.

On PG&E's second proposal, we also agree that because the Commission has the role of considering and approving the portfolios of the non-IOU administrators, the appropriate role for the IOUs is one of collecting and disbursing funds. The IOUs need not take on a compliance and monitoring role, since the Commission itself should be receiving periodic reporting in order to conduct our own oversight. The established RENs and CCAs, including BayREN, SoCalREN, and MCE, have been administering their own portfolios for a decade. RENs started as pilots but are now established, full PAs, on par with the IOUs, from a Commission oversight perspective. Therefore, the additional IOU monitoring and compliance role is no longer required.

In addition, all of the PAs, as well as the ETA CCAs, are subject to auditing by the Commission. Thus, Commission oversight should be sufficient. This should result in some administrative budget savings for the IOUs. So we will make this change and remove the IOUs from the role of auditing, compliance, and oversight. The IOUs will remain in the role of collecting and disbursing funds to the other PAs and ETA CCAs within their service territories. This may require changes to the Energy Efficiency Policy Manual and Commission staff will make the appropriate alterations.

3.3. Business Plans and Budgeting Rules

In addition to the detailed proposals submitted in applications by the PAs for energy efficiency portfolios for the four-year period 2024-2027, the applicants also submitted Business Plans covering eight years through 2031. These plans were intended as a strategic guide to the longer-term approaches within which the first four-year portfolio will operate. Along with these long-term plans, the administrators forecasted budgets for the eight-year period. The PAs all took different approaches to forecasting their budgets beyond the initial four-year period. Some escalated their budgets substantially, while others stayed flat beyond year four.

In general, we appreciate the considerable efforts that all applicants expended to put the 2024-2027 activities into a larger context. We continue to believe it is important to urge the administrators to think beyond just the portfolio cycle and toward more long-term strategies. We find the strategies articulated to be reasonable and will approve them at the highest level.

On the eight-year budgets, we do not have adequate information to assess which approach (escalation or straight-line projection) may be appropriate. It is possible that both are reasonable, depending on the circumstances and plans of the particular administrator.

At this stage, we will approve the 8-year budgets as forecasts as submitted with the new statewide allocation adjustment as discussed in Section 2.1, to be used as an indicator of our commitment to continue funding energy efficiency strategies and portfolios through the period, and the projected revenue collections that will be required beyond 2027. This does not constitute approval of the individual program budgets at this time. Several aspects of this decision will impact the future revenue needs for 2024-2027 and beyond.

We also know that when the applications are submitted for the next four-year portfolio cycle (submission in 2026 for program years 2028-2031), we will reassess appropriate budgets at that time.

In the meantime, we clarify the manner in which the PAs should treat unspent and uncommitted funds. There are three aspects of this clarification:

- After each four-year cycle, the PAs are required to apply unspent and uncommitted funds from any prior portfolio cycles to offset budgets and fund collections for the subsequent portfolio cycle. This means that any unspent and uncommitted funds from prior to 2024 shall be applied toward the budgets and collections in the 2024-2027 period, with the exception of funds that were required to be sent to the CEC according to Assembly Bill (AB) 841 (Stats. 2020, Ch. 372).
- During each four-year portfolio cycle, the PAs should apply unspent/uncommitted funds from past years in the cycle to offset collections within the remainder of the portfolio period.

- Unspent and uncommitted funds should be reported in each PA's annual report. The reporting should include funds collected and spent over the four-year portfolio cycle, annually and cumulatively, and unspent funds that can be applied to offset collections in subsequent years.

4. Rural REN

4.1. Motion of RCEA

RCEA filed the motion to establish R-REN in R.13-11-005, in accordance with Commission direction to file the proposal at the same time as the other PAs submitted their applications. The R-REN proposal was consolidated with the applications in this proceeding by Chief ALJ ruling, allowing us to consider it in this decision.

As required by the Commission, the R-REN proposal had been presented and discussed at a California Energy Efficiency Coordinating Committee (CAEECC) meeting, and included a "letter of commitment to cooperate" from each existing PA with whom the R-REN proposed activities will overlap.

RCEA argues that R-REN will provide a new and unique contribution to current efforts to achieve California's energy, climate, and equity goals. According to the motion, R-REN will be an equity-focused REN that addresses the specific needs of rural communities, by offering energy efficiency programs that "fill the gaps" left when existing energy efficiency programs do not fully reach rural communities or are not tailored to meet the specific needs of those communities.[14]

R-REN will divide its efforts into four regions of the state: North Coast, Central Coast, San Joaquin Valley, and Sierra. Table 4 shows the R-REN regions, partner organizations, and counties and population proposed to be served.

[14] RCEA Motion on behalf of R-REN in R.13-11-005, March 4, 2022, at 4.

Table 4. Rural REN Regions

Region	Partner Organizations	Counties Served	Land Area, in sq. miles	Population
North Coast	RCEA	Humboldt, Lake, Mendocino	8,331	296,227
Central Coast	Association of Monterey Bay Area Governments	Monterey, San Benito, Santa Cruz	5,114	774,105
	County of San Luis Obispo	San Luis Obispo	3,299	282,424
San Joaquin Valley	San Joaquin Valley Clean Energy Organization	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	27,262	4,313,060
Sierra	High Sierra Energy Foundation	Inyo, Mono	13,230	32,211
	Sierra Business Council	Alpine, Amador, Butte, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter, Tuolumne, Yuba	21,013	1,306,482
Total			**78,249**	**7,004,509**

The R-REN proposal states that each region's offerings will be determined by the region's partner organizations based on the region's specific needs and priorities. The focus of the R-REN will be on equity, with 80 percent of the proposed budget focused on programs in the equity segment of the portfolio.[15]

The R-REN proposal also states that, in addition to discussion and outreach to the CAEECC, the R-REN partners also conducted significant outreach to communities in the R-REN areas, receiving broad support.[16]

RCEA proposes that R-REN offer the following equity programs:

- _Finance_ – A rurally focused finance offering will equitably support the residential, small business, and public sectors through zero-interest loans, including bridge loans and

[15] RCEA Motion, March 4, 2022, at 10.

[16] *Ibid.*, at 11.

micro-loans, that will encourage and accelerate the implementation of energy efficiency. The program addresses first-cost and access-to-capital barriers in rural California.

- *Workforce Education and Training (WE&T)* – R-REN's WE&T pilot program will accelerate training (upskilling of existing workers and training for new workers) and increase new opportunities for employment. The pilot will include two main efforts:
  - Climate Careers: providing at-risk, low-income youth ages 16-22 with training to conduct Green House Calls.
  - Clean Energy Academy: providing community members with energy efficiency and electrification training, as well as career readiness support and job placement.
- *Residential Equity* – R-REN will provide hard-to-reach, disadvantaged, and underserved residents with Green House calls and installation of energy efficiency measures. This program will also provide zero net energy online virtual home energy audits, which will use data and energy modeling through an online dashboard to present to homeowners.
- *Public Equity* – this program is proposed to be available to a subset of counties that went unassigned in PG&E's non-resource solicitation for local government programs. The program will offer technical assistance to public agencies and track and report energy efficiency benefits.

In addition to the equity offerings, RCEA proposes that R-REN offer two resource acquisition programs in the most remote regions (North Coast and Southern Sierra):

- *Commercial* – this program will focus on filling the needs of commercial customers that have been unmet by other utility and statewide programs. The program will deliver direct-to-customer rebates for energy efficiency and electrification upgrades, as well as some direct installation options.

- *Residential* – this program will focus on filling the needs of residential customers that have been unmet by other utility and statewide programs. The program will deliver direct-to-customer rebates for energy efficiency and electrification upgrades, as well as some direct installation options.

RCEA also proposes that R-REN offer one additional Codes and Standards program:

- *Codes and Standards* – this program will provide rural building departments and building professionals with education and technical resources to increase comprehension of and compliance with Title 24 (California's Building Energy Efficiency Code) and escalate more rapid adoption of standard technologies. This program will help communities reduce energy usage through improved building design and construction and greater code compliance and enforcement.

According to the RCEA motion, these programs are all "activities that utilities cannot or do not intend to undertake" because these activities are not part of the IOUs' current or proposed portfolios, which is one of the criteria for REN activities, according to D.12-11-015 guidance.[17]

[17] D.12-11-015 at 17 and D.19-12-021 at 4-5.

R-REN's proposed budget is given in Table 5 below.[18]

Table 5. R-REN Portfolio Budget Request

Program	2024	2025	2026	2027	Total
Resource Acquisition					
Residential	$1,147,168	$1,697,368	$2,362,202	$2,489,518	$7,696,256
Commercial	$954,842	$1,226,927	$1,450,222	$1,426,712	$5,058,703
Equity					
Residential	$6,827,849	$6,752,967	$6,861,939	$6,891,566	$27,334,321
Finance	$3,695,941	$3,889,106	$3,406,666	$3,167,551	$14,159,264
WE&T	$5,107,594	$5,138,691	$5,149,953	$5,163,377	$20,559,615
Public	$578,553	$581,413	$534,954	$534,522	$2,229,442
Codes and Standards					
Codes and Standards	$1,442,036	$1,498,271	$1,620,119	$1,736,439	$6,296,865
Evaluation, Measurement and Verification (EM&V)					
EM&V	$207,417	$218,240	$224,554	$224,802	$875,013
Total	**$19,961,400**	**$21,002,983**	**$21,610,610**	**$21,634,486**	**$84,209,480**

4.2. Discussion

No party opposed the R-REN proposal in comments or testimony. In general, we find that the programs and approaches proposed by RCEA for R-REN meet the criteria outlined in D.12-11-015, and later refined in D.19-12-021. There is no evidence that R-REN's plans duplicate the offerings of any other PA.

In addition, the rationale presented regarding the need for R-REN is compelling. R-REN is strategically designed to serve areas that have been traditionally underserved due to their rural nature and other structural barriers,

[18] *See* RCEA Motion, March 4, 2022, at 16 (Table 3) for the summary of the request. Note that R-REN originally proposed a budget for 2023, but that is not being considered in this decision. R-REN budget authority will begin in 2024.

such as socioeconomic factors and the high cost of providing services in rural areas. Many regions within the R-REN area have among the lowest participation rates in energy efficiency programs in the state. As pointed out by the RCEA motion,[19] communities and customers in the R-REN geographic areas have received fewer economic benefits from energy efficiency programs than their counterparts in urban areas. *See* further discussion in Section 7 of this decision related to guidance for equity programs and definitions of "hard-to-reach" and "underserved" customers.

In addition, as also pointed out in the RCEA motion,[20] some of the rural communities may be particularly vulnerable to the impacts of climate change, including weather and temperature extremes, increased wildfire risks, and drought impacts, among others.

Further, the communities to be served by R-REN face significant equity and development challenges. As pointed out in the motion, over 16 percent of the R-REN residents fall below the federal poverty level, and 27 percent of California's probation caseload falls within the R-REN geographic area (even though the area only has about 18 percent of the total population). Finally, over 90 percent of R-REN counties meet the statutory definition of "low-income communities."[21] [22]

We agree with the RCEA motion that it is likely inherently more costly (and therefore less cost-effective) to serve the R-REN population, a problem that is exacerbated by the lack of qualified local expertise to execute energy efficiency

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[19] RCEA Motion, March 4, 2022, at 4.

[20] *Ibid.*, at 5.

[21] RCEA Motion, March 4, 2022, at 5.

[22] Low-income customers are defined by Health and Safety Code Section 39713 (d)(2).

projects in the rural communities. For all of these reasons, we find the proposal to launch R-REN justified and reasonable.

We also find that the R-REN portfolio, as the motion acknowledges, is likely to overlap geographically with a number of other PAs' territories, even if their programmatic offerings do not. Because of the large and diverse geography to be served by R-REN, we find it important to ensure coordination and cooperation between PAs. R-REN will serve over 78,000 square miles, (which is slightly bigger than the state of Nebraska). R-REN will also be the first REN to serve territory that is not geographically contiguous. Thus, in some ways, it may operate more like four separate RENs, but with common administrative support and oversight, which should provide some cost efficiencies.

Still, because of the diversity and size of the R-REN geography and overlap with other PAs, we will require RCEA (on behalf of R-REN) to submit three separate joint cooperation memoranda (JCMs)[23] to ensure strong coordination. RCEA should, within 90 days after the issuance of this decision, submit one Tier 1 advice letter containing three separate JCMs, as follows:

- A JCM between PG&E and R-REN (North Coast);
- A JCM between PG&E, 3C-REN, and R-REN (Central Coast);
- A JCM between PG&E, SCE, SoCalGas, SoCalREN, and R-REN (San Joaquin Valley and High Sierra).

This requirement is warranted because RCEA proposed that R-REN will offer different programs by the geographic regions to fill gaps in the other PA areas. This is intended to encourage greater collaboration with other PAs that overlap with R-REN in these three distinct regions.

[23] The JCM requirements originated in D.18-05-041, and were refined in D.21-05-031.

Also because of the overlap and geographic diversity, R-REN funding will come from several of the IOUs. Thus, we also must specify the revenue requirements to be collected by the IOUs. These amounts are given in Table 6 below.

While we approve the eight years of collections specified here, it is especially important for R-REN that we re-look at their budget for the 2028-2031 period during the review of the next portfolio application, expected in 2026, since R-REN will be a new administrator in this portfolio cycle. Therefore, these budgets for 2028-2031 are placeholders for the R-REN program. Nonetheless, we include the projected budgets for IOU revenue forecast purposes and R-REN program expectations, though the amounts are even more likely than other PAs' to be adjusted based on R-REN's first few years of experience.

Table 6. Collections by IOUs to Support R-REN Budgets (Dollars)

Year	PG&E		SCE	SoCalGas	Total
	Electric	Gas	Electric	Gas	
2024	$7,984,560	$1,596,912	$7,984,560	$2,395,368	$19,961,401
2025	$8,401,193	$1,680,239	$8,401,193	$2,520,358	$21,002,983
2026	$8,644,244	$1,728,849	$8,644,244	$2,593,273	$21,610,610
2027	$8,653,794	$1,730,759	$8,653,794	$2,596,138	$21,634,486
2028	$8,906,466	$1,781,293	$8,906,466	$2,671,940	$22,266,164
2029	$9,175,928	$1,835,186	$9,175,928	$2,752,778	$22,939,821
2030	$9,447,613	$1,889,523	$9,447,613	$2,834,284	$23,619,033
2031	$9,731,259	$1,946,252	$9,731,259	$2,919,378	$24,328,149
Total	**$70,945,058**	**$14,189,012**	**$70,945,058**	**$21,283,518**	**$177,362,646**

5. Portfolio Oversight

This section discusses issues related to general oversight of the portfolios of all of the PAs, as well as the adoption of and processes around objectives and indicators for the market support and equity segments of the portfolios.

This framework is designed to be the foundation for future regulatory mechanisms holding the PAs accountable for performance and results.

Currently, the majority of portfolio oversight occurs by Commission staff monitoring key aspects of design, solicitation, implementation, and evaluation of portfolios, segments, and programs. We expect these activities to be augmented, in the short- and medium-term, by the addition of impact, process, and market studies that focus on the equity and market support segments of the portfolios, as well as establishing objectives and future goals and a new stakeholder group.

5.1. Establishing a Portfolio Oversight Group

In this section, we discuss adding a stakeholder dimension to the oversight of the portfolio. Both NRDC and CAEECC indicated support for this type of oversight in a proposal offered in advance of the adoption of D.21-05-031 in the energy efficiency rulemaking (R.13-11-005). Recurve, in its testimony in this proceeding,[24] focused on transparent accountability.

The particular requirement we make is as described below. We will ask the CAEECC to establish a portfolio oversight group (POG) as a sub-group of the full CAEECC.

The purpose of the POG will be to:

- Regularly review key indicators and effectiveness of the portfolios; and

[24] Recurve Prepared Testimony, at 7.

- Provide specific and actionable recommendations to the PAs and Commission staff for improvements to administration of the portfolios to meet goals and objectives of the segments and sectors.

While review of high-impact and high-risk programs can be in the purview of the POG as needed, the primary focus should be higher level, focusing on portfolio, segment, and sector effectiveness.

During the implementation of the 2024-2027 portfolios being approved in this decision, the POG should be constituted, conduct oversight of current portfolios, and prepare recommendations to the Commission for the 2028-2035 portfolios (with PA applications to be filed in 2026). Recommendations from the POG will then be considered by the Commission in the approval, rejection, or modification of applications filed in 2026.

We will ask the POG to focus in particular on issues related to the following:

- Lack of information or deficiencies in justification included in filings by the PAs (including, but not necessarily limited to: applications, advice letters, implementation plans, and reports);
- Progress toward objectives for the equity and market support segments of the portfolios;
- Review of and confidence in reasonable and justified PA budgets, expenditures, Total System Benefit (TSB) forecasts and achievements, and alignment with Commission goals; and
- Effectiveness and efficiency of portfolios in general.

We will ask the CAEECC to convene the POG sub-group at least quarterly in 2024 and 2025. We will also ask the POG to select co-leads for the group, comprised of one PA and one non-PA. The CAEECC-POG facilitator should be prepared to work with Commission staff and the POG co-leads to develop a schedule and topics for the quarterly meetings that are complementary to reporting timing. The POG may propose to move to less frequent meetings after the mid-cycle advice letter filings in 2026.[25] Generally, meetings should alternate focus between analysis of progress and developing recommendations for Commission staff and/or the PAs. The CAEECC POG meetings should be publicly noticed.

Developing and implementing the POG will require funding in addition to the current annual budget for CAEECC facilitation included in the business plan applications. Therefore, we will authorize up to an additional $1 million from energy efficiency program funds for CAEECC to facilitate and implement the POG over the four years of the portfolio cycle (2024-2027). We also update our guidance on how CAEECC is funded for simplicity; because the load-share methodology incorporates budgets, we apply statewide funding proportions to allocate funding shares for CAEECC.

In the January 2024 annual advice letter that is required to set a budget and meeting schedule for CAEECC,[26] PG&E, the utility that currently holds the CAEECC facilitation contract, should include the following elements:

- A budget sufficient to fund the development and execution of the POG for 2024;
- A proposed meeting schedule; and
- A description of the scope of CAEECC's development and execution of these POG requirements.

[25] *See* D.21-05-031, Section 5.2.6.

[26] *See* D.15-10-028, Ordering Paragraph 11.

In addition, to the extent feasible with current funding, CAEECC should begin the POG development (and other activities identified in this decision) in 2023. In the business plan and portfolio applications for 2028-2031, to be filed in 2026, the PA who will hold the CAEECC contract should also include a proposed scope and schedule for POG meetings beginning in 2028.

For POG membership, we will expect this POG sub-group of the CAEECC to be comprised of a limited number of CAEECC members, non-member experts including trade associations, environmental organizations, environmental justice advocates, and/or other organizations representing communities, and ex officio members representing the relevant state agencies, including the Commission, CEC, California Air Resources Board (CARB), and California Independent System Operator (CAISO).

PA membership in the POG shall be limited and rotated frequently to ensure balance and no undue influence. Ideally, only one or two PAs should serve on the POG at a time, rotating every year or six months.

The POG shall be as accessible as possible for non-PA members. In addition, in the same manner as for the CAEECC generally, conflict of interest rules should be permissive to allow maximum participation by experts in the energy efficiency industry, given that the POG will not be making any funding decisions directly, but instead making recommendations for Commission consideration.

Initially, we will ask the CAEECC to focus on establishing initial methods and mechanisms for membership and agenda-setting. After those elements are established, the POG's near-term responsibilities will include:

- Development of publicly-available dashboards to display how each PA is progressing on goals, key metrics and indicators on a quarterly (or more frequent) basis;

- Statewide Programs – focusing initially on efforts targeting delivery of energy efficiency goods and services, including whether they are appropriately segmented and achieving their objectives;
- Progress of market access programs and assessment of their role in the portfolios;
- Strategic Energy Management (SEM) programs being implemented in new sectors (beyond industrial); and
- Whether and how equity programs are targeting and attracting appropriate customers.

We look forward to active and effective participation in the POG.

5.2. Process for Adding Clarification to Existing and Adding New Indicators for Equity and Market Support Segments

Adopted indicators, as proposed by the CAEECC Equity Metrics Working Group (EMWG) and Market Support Metrics Working Group (MSMWG), are discussed in Section 7 below. Many of the adopted indicators would benefit from clarification and further discussion about the valuation methodology. Guidance may be needed for PAs to ensure that baselines for target-setting are clear and consistently applied, to the greatest extent possible. Furthermore, there are several common metrics adopted in D.18-05-041 that have not been used and/or may no longer be relevant or useful. For all these reasons, as part of the portfolio oversight process, we will ask the CAEECC to re-engage and update as necessary the EMWG and MSMWG to discuss and develop recommendations.

Following the recommendations of those working groups, we will require the PAs to submit a joint Tier 2 advice letter proposing and clarifying all of the indicators adopted in this decision, as well as identifying information that could be used as baselines for future targets, or methodologies for how the indicator information can be used as baselines, by no later than May 1, 2024. The advice letter should also include recommendations for metric removal, suspension, or modification from those included in D.18-05-041.

5.3. Evaluation, Measurement and Verification (EM&V) Guidance

As part of additional guidance to ensure PAs manage their portfolios to effectively achieve TSB goals and other key objectives, this decision provides directions intended to improve confidence in PAs' EM&V information, and other related guidance.

5.3.1. EM&V Design and Data Collection

First, we direct the PAs to ensure adequate measurement and verification requirements in third-party contracts for all segments, such that source data (*e.g.*, customer names and addresses where installations occurred) can be tracked and verified. We provide this direction in order to maintain the reliability of TSB results and other key program impacts.

Second, we direct the PAs to, in consultation with partners (*e.g.*, manufacturers, distributors, retailers, permitting agencies, trade associations) and Energy Division staff, identify approaches to verifying upstream and midstream installations that are mutually beneficial for relevant partners. Such approaches may include, for example, direct exchange of data and sampling. The PAs must identify and describe these approaches in their annual reports as part of the market support content on partnerships. It has been challenging for PAs and their implementers to obtain customer information for upstream and midstream programs. However, this information is critical to program evaluability, so we require this tracking for upstream and midstream programs unless an exception is made through a Tier 2 advice letter.

5.3.2. Other EM&V Guidance

This decision provides the following clarifying guidance related to EM&V.

First, we confirm that evaluation funds may be carried forward to pay for any authorized evaluation activity. Because evaluations can cover multiple years and across multiple cycles, it is reasonable to grant IOUs flexibility to use evaluation funds for any authorized evaluation activity, regardless of year or program cycle.

Second, this decision updates the IOUs' percentage contributions to evaluation invoice payments. The last time these percentages were set was in 2014, by D.14-10-046, which specified that evaluation contracts are to be paid based on IOUs' contributions to the overall EM&V budget.[27] It is reasonable to update these percentages to reflect the IOUs' shares of the EM&V budget adopted in this decision.

Third, D.01-11-066 first directed the IOUs to report accounting information on a monthly basis to the assigned ALJ and Energy Division. For greater transparency and posterity, we modify this direction to specify that the IOUs must instead upload their monthly accounting reports to the California Energy Data and Reporting System (CEDARs).

Fourth, D.07-09-043 requires the IOUs to respond to recommendations on their impact evaluations. For greater transparency and accountability, this decision requires the IOUs to include, as part of their mid-cycle advice letter submissions, specific descriptions of how they have incorporated or otherwise addressed impact evaluation recommendations for Commission studies released

[27] D.14-10-046, Ordering Paragraph 31 and Figure 7.

after 2022. We delegate to Energy Division staff to determine which studies should be addressed in the mid-cycle advice letters.

5.4. Non-Energy Benefits Study

The Disadvantaged Communities Advisory Group's (DACAG) letter, included with the August 26, 2022 ruling and on which that ruling invited comments, asserts that the energy efficiency business plans, metrics and cost-effectiveness tests must include adequate consideration of non-energy benefits, particularly those relevant to advancing the Commission's Environmental and Social Justice (ESJ) Action Plan. The DACAG letter acknowledges earlier work as a good start but states it is "unclear how the CPUC intends to further develop the data and metrics necessary to adequately consider [non-energy benefits]."[28] The DACAG letter specifically requests that Energy Division coordinate with relevant stakeholders and members of the public to continue work on quantifying and incorporating non-energy benefits as a metric for program evaluation and, concurrent with this work, also develop and propose for public comment a cost-effectiveness test that is capable of adequately considering non-energy benefits.

In testimony, Cal Advocates agrees with the need to develop and refine methods for assessing the impacts of non-energy benefits, and notes that valuation methods are underdeveloped for "mass market" energy efficiency (as distinct from the Energy Savings Assistance (ESA) low-income energy efficiency programs).[29] Cal Advocates supports the DACAG letter's proposal to work towards quantifying non-energy benefits as a metric for equity program

[28] *Administrative Law Judges' Ruling Seeking Responses to Specific Questions in Intervenor Testimony*, issued August 26, 2022, Attachment 1 at 2.

[29] Cal Advocates intervenor testimony, Exhibit CA-02, at 1-15.

evaluations. SBUA agrees with the DACAG's recommendation to develop a cost-effectiveness test that includes non-energy benefits.[30]

In rebuttal testimony, I-REN expresses agreement with the DACAG's recommendation to include non-energy benefits in cost-effectiveness tests.[31] Cal Advocates disagrees with SBUA and asserts that the Commission should not include non-energy benefits in cost-effectiveness tests for mass market energy efficiency programs prior to its consideration of addressing non-energy benefits for all distributed energy resources (DER).[32]

The issue of quantifying and including non-energy benefits is of particular relevance to the equity segment, which has a primary purpose other than achieving cost-effective avoided cost benefits to the electric and natural gas systems. As defined by D.21-05-031, equity segment programs serve hard-to-reach or underserved customers and disadvantaged communities, and may provide increased comfort and safety, improved indoor air quality and more affordable utility bills.[33]

We agree with the need to develop specific methods/approaches for quantifying non-energy benefits for equity segment programs, to assess the success of these programs and ultimately whether they achieve their intended outcomes and provide tangible benefits to equity segment customers. Importantly, however, we do not see good reason to pursue valuation of non-energy benefits for inclusion in cost-effectiveness tests. First, we agree with Cal Advocates that this specific issue is more appropriately within the scope of the

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30 SBUA intervenor testimony, Exhibit SBUA-01, at 14.

31 I-REN rebuttal testimony, Exhibit I-REN-01, at 4-5.

32 Cal Advocates rebuttal testimony, Exhibit CA-06, at 2-3.

33 D.21-05-031, at 14-15.

DER Data and Cost Effectiveness rulemaking (R.22-11-013). Second, in establishing the equity segment and opting not to require equity segments to achieve a given total resource cost (TRC) benefit-to-cost ratio, D.21-05-031 acknowledged that the primary purpose of equity segment programs is to achieve benefits to which a dollar value cannot readily be assigned. Indeed, our preference is to assess equity segment programs based on estimation of the specific benefits and outcomes they achieve, which may reflect a monetary value, but we do not require the added step of monetizing those estimates.

This decision directs the development of a non-energy benefits study, to be led by one of the IOUs and overseen by Energy Division staff, to identify or develop quantification/estimation methods for non-energy benefits for equity segment customers. The IOUs are authorized to expend up to $500,000 of EM&V funds to complete this study. The output(s) of this study should be used to update and improve quantification of non-energy benefits as an indicator for equity segment program performance, as well as for consideration by PAs, stakeholders, and Energy Division staff in the equity goals development process.

To further define the goals, priorities and scope of the study, this decision authorizes Energy Division staff to convene a working group with PAs and interested stakeholders. We provide the following questions that the working group should consider:

- What research areas, including specific types of non-energy benefits, should be considered priority for the study?
- How will stakeholders remain involved throughout the study?
- What process should the PAs follow for considering and incorporating new research for the purpose of updating or

improving estimation of non-energy benefits as indicators or metrics for the equity segment?

- Should specific non-energy benefits be incorporated into PAs' equity goals (anticipated for development by 2025), and if so which non-energy benefits? Should any of the remaining non-energy benefits be incorporated into equity goals?

Within eight months after Energy Division staff provides notice to the service list of the formation of the stakeholder working group, the IOUs must submit a joint Tier 1 advice letter detailing the working group's recommendations and next steps to begin the study. Based generally on the timeline that staff estimates is needed to complete a similar study in the rulemaking for the ESA program, we set a due date of October 1, 2026 for the non-energy benefits study to be completed in order for Energy Division staff, by December 1, 2027, to gather stakeholder feedback and then develop a template identifying data points that capture non-energy benefit indicators that should be consistent among PAs. This effort of identifying non-energy benefit indicators will be in addition to the indicators adopted for the equity segment in Section 7.6 of this decision, as well as informing the development of the equity segment goals as described in Section 7.9 of this decision. PAs should then begin tracking and reporting non-energy benefit indicators for the equity segment, starting with the Quarter 1 2028 quarterly report.

6. Measuring and Valuing TSB

D.21-05-031 moved Commission policy in the direction of setting energy efficiency potential and goals based on TSB, which aggregates the various benefits of energy efficiency, rather than assessing and assigning separate electricity and natural gas savings goals that were used in the past. This section addresses two discrete items to clarify the use of the TSB metric going forward.

In addition, we address our preference for continuing to expand the deployment of programs that use normalized metered energy consumption (NMEC) as a way to measure energy savings.

This section addresses Issues 2 and 17 from the Scoping Memo for this proceeding, which are as follows:

2. Are program proponents' forecasts of energy savings, greenhouse gas reductions, TSB, and cost-effectiveness reasonable and aligned with state policy? What guidance, if any, is needed to ensure TSB calculations are consistent and properly capture Commission-adopted TSB values?

17. What additional guidance, if any, is needed to address strategic energy management programs, normalized metered energy consumption programs, the state's decarbonization goals (including incentives for natural gas appliances), and treatment of low-global warming potential refrigerants?

6.1. Claiming TSB

SoCalGas, in its application in this proceeding, requested the ability to be able to claim TSB from embedded electricity savings from water measures that save energy, as long as the measures also produce direct energy savings.[34] An example of an instance where SoCalGas proposes to be able to claim the embedded energy savings is where low-flow showerheads are installed, which save energy by reducing the amount of heated water needed. An example where TSB claims would not be allowed would be where a lawn was removed or a customer installs water-efficient landscaping. In these instances, no direct energy would be saved and therefore TSB claims would not be allowed.

[34] *See* SoCalGas Application, Exhibit 1, at 43-44.

No party opposed the SoCalGas proposal. We agree with SoCalGas' proposal to be able to claim energy savings (either electric or natural gas, as applicable) as part of the TSB from water efficiency measures, as long as there are actual energy savings and not just water savings. These embedded energy savings are real and therefore should be accounted for.

In its application, PG&E requested that we ensure that all future avoided costs adopted in the integrated DER (IDER) proceeding (R.14-10-003 or its successor) be counted for TSB.[35] In particular, PG&E suggests that locational/grid-specific avoided costs be included in TSB, as well as avoided costs for resiliency, such as eliminating all natural gas needs from an existing building (complete electrification). PG&E proposes to raise these types of issues in the IDER proceeding when it is addressing updates to avoided costs, and then have this proceeding accept any avoided costs adopted in the IDER context.

No party opposed this proposal. We affirm what we already stated in D.21-09-037, that "the total system benefit metric shall include additional avoided costs approved by the Commission in R.14-10-003 or a successor proceeding."[36] We continue to agree that the IDER rulemaking is the appropriate venue where these issues should be addressed.

6.2. Expanding Use of Normalized Metered Energy Consumption

Since AB 802 (Stats. 2015, Ch. 590) was codified, we have been working towards encouraging more energy efficiency programs to use NMEC as a method for estimating energy savings. The relevant portion of AB 802, codified as Public Utilities (Pub. Util.) Code Section 381.2(b), states as follows:

[35] *See* PG&E Application, Exhibit 1, Chapter 3.B.1., at page 3-2.

[36] D.21-09-037, Finding of Fact 8.

> (b) Recognizing the already underway 2015 commission work to adopt efficiency potential and goals, the Energy Commission work on its 2015 energy demand forecast, and the need to determine how to incorporate ***meter-based performance*** into determinations of goals, portfolio cost-effectiveness, and authorized budgets, the commission, in a separate or existing proceeding, shall, by September 1, 2016, authorize electrical corporations or gas corporations to provide financial incentives, rebates, technical assistance, and support to their customers to increase the energy efficiency of existing buildings based on all estimated energy savings and energy usage reductions, taking into consideration the ***overall reduction in normalized metered energy consumption as a measure of energy savings***. Those programs shall include energy usage reductions resulting from the adoption of a measure or installation of equipment required for modifications to existing buildings to bring them into conformity with, or exceed, the requirements of Title 24 of the California Code of Regulations, as well as operational, behavioral, and retrocommissioning activities reasonably expected to produce multiyear savings. Electrical corporations and gas corporations shall be permitted to recover in rates the reasonable costs of these programs. The commission shall authorize an electrical corporation and gas corporation to count all energy savings achieved through the authorized programs created by this subdivision, unless determined otherwise, toward overall ***energy efficiency goals or targets established by the commission. The commission may adjust the energy efficiency goals or targets of an electrical corporation and gas corporation to reflect this change*** in savings estimation consistent with this subdivision and subdivision (d). ***[emphasis added.]***

In addition, Senate Bill (SB) 350 (Stats. 2020, Ch. 27) also stated, as part of Section 25310 of the Public Resources Code: "The energy efficiency savings and demand reduction reported for purposes of achieving the targets established pursuant to paragraph (1) shall be measured taking into consideration the overall reduction in normalized metered electricity and natural gas consumption where these measurement techniques are feasible and cost effective."

No applicant or party directly addressed this direction in the applications or testimony/comments. However, the Commission has been on a path toward greater reliance on NMEC methods since 2016.[37] Numerous parties generally support increasing the use of NMEC.

As part of the requirements put in place pursuant to D.21-05-031, PAs were asked to demonstrate in their applications that the energy efficiency savings and demand reduction reported for purposes of achieving the targets shall be measured taking into consideration the overall reduction in normalized metered electricity and natural gas consumption where these measurement techniques are feasible and cost-effective.

In the applications, PAs generally stated their commitment to expanding the use of NMEC. Nonetheless, there were still many programs proposed that could be measured using NMEC, yet other methods were proposed instead, mostly using deemed savings.

There are many potential benefits to the NMEC approach that are in the interest of the Commission and ratepayers, including accuracy, shortened program learning cycle, pay-for-performance options to optimize for measured grid benefits, and the ability to enable the market access program pathway.

In keeping with legislative direction, some new energy efficiency programs will now be required to use NMEC, randomized control trials,

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[37] *See* the Commission's NMEC Rulebook, available at the following link: https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/n/6442463694-nmec-rulebook2-0.pdf

strategic energy management, or another meter-based method, as appropriate, to measure and report energy savings, unless using these methods is not feasible and/or cost-effective. This requirement will apply to programs that meet all of the following characteristics:

- New programs approved by this decision launching on or after January 1, 2024, except for third-party programs for which the request for proposals or request for abstracts is issued prior to October 1, 2023;
- Uses a downstream delivery approach;
- Is a resource acquisition retrofit program;
- Is in the residential or commercial sector; and
- Is eligible to use the NMEC rules (according to the NMEC Rulebook).[38]

In the implementation plans for new programs that meet all of the above characteristics but do not use a meter-based method, PAs will be required to include justification for not using NMEC or another meter-based method of estimating savings, and the PA must justify an exception based on feasibility or cost-effectiveness, or both.

For purposes of the feasibility test, we will deem it to be feasible to use NMEC in the following circumstances:

- The program meets the Commission's eligibility and intent for using NMEC, as expressed in Commission policy and/or the NMEC Rulebook (*i.e.*, program is for existing sites, does not use industrial processes, etc.);
- Required meter and other data is available and collection of this data does not unreasonably impede program operations.

[38] The adopted NMEC Rulebook is available at the following link: https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/n/6442463694-nmec-rulebook2-0.pdf

For purposes of the cost-effectiveness test, NMEC measurement will be defined as cost-effective as long as the cost of the measurement and verification itself does not render the program non-cost-effective, and/or the value of using meter-based measurement (instead of other methods) is not exceeded by the cost of the measurement and verification.

7. Equity and Market Support Segments

This section addresses Issues 3, 5, and 7 of the scoping memo:

> 3. Are the proposed indicators, metrics, and targets for the portfolios, segments, and programs reasonable, and do they demonstrate growth and progress needed to meet future opportunities? What additional guidance, if any, is needed to better define target customer segments (e.g., underserved)?
>
> 5. Program Segment Classification: Are program proponents' program classifications into resource acquisition, market support, equity and codes and standards, as well as sectors, delivery streams, and measurement protocols reasonable given the programs' primary objectives/intended outcomes?
>
> 7. Energy efficiency equitability: Will program proponents' portfolios and business plans advance achievement of the Commission's Environmental and Social Justice Action Plan? What additional guidance, if any, is needed to better align portfolios and programs with the Environmental and Social Justice Action Plan? This issue may include consideration of the California Energy Efficiency Coordinating Committee purpose, governance structure, and membership.

7.1. Guidance for Equity Programs

The purpose of equity segment programs is to provide energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the ESJ Action Plan. Therefore, PAs must design their equity segment programs to reach, serve and ultimately benefit hard-to-reach and/or underserved customers and/or disadvantaged communities. Customers that may not be considered part of the equity segment will not be precluded from participating in equity segment programs, but equity programs must be designed to target (*i.e.*, market and conduct outreach to) and to primarily serve equity segment customers.

We provide the foregoing guidance and direction as a preface to addressing recommendations regarding how we define "underserved" and "hard-to-reach," recognizing a considerable amount of effort and deliberation went into parties' and the CAEECC-hosted EMWG's Final Report (EMWG Final Report) and recommendations regarding how to define "underserved."[39] Importantly, the considerations raised in the EMWG Final Report are crucial in terms of design and implementation of equity segment programs, namely that some customers or groups may continue to be unserved even if they fit into one of the defined categories – no matter how broadly or, conversely, how specifically they are defined. The EMWG Final Report cites a number of reasons, including the following:

- ongoing systemic racism continues to influence where funding is invested and how programs are designed;
- historical exclusion from government services, and/or harm caused by government programs and policies, which has diminished trust among affected groups in such programs;
- because of historic disinvestment in some communities, homes and buildings in those communities could very likely need additional repairs prior to being able to participate in energy efficiency or electrification programs; and

[39] *See* EMWG Final Report submitted as part of BayREN testimony, Exhibit BayREN-03, Appendices D and E.

- some customers who are eligible for the ESA program choose not to participate in ESA; these customers would also continue to be unserved in the absence of alternative approaches.[40]

We are generally wary of broadening the definition of "hard-to-reach" or of defining "underserved" overly broadly because a key motivation for creating the equity segment is to prioritize those who have been least served and/or hardest to reach, which requires considerable, deliberate effort and engagement to understand and address barriers specific to these communities. With the guidance provided in the following sections, we urge the PAs to set about this critical and challenging effort.

7.2. Defining "Underserved" Customers

As part of our consideration of the 2024-2027 portfolios, we consider whether and how to define "underserved" for purposes of determining whether a program is appropriately categorized in the equity segment of a PA's portfolio. Cal Advocates, with reference to the EMWG Final Report, recommends defining "underserved" in the same manner as the Commission's ESJ Action Plan, which in turn relies on the definition of "underserved communities" established for the School Energy Efficiency Stimulus Program (now referred to as CalSHAPE):[41]

- Is a disadvantaged community as defined by subdivision (g) of Section 75005 of the Public Resources Code;

[40] D.21-05-031 at 15: "the 'equity' category is distinct from our separate low-income energy efficiency Energy Savings Assistance (ESA) programs, which have separate goals and regulatory treatment. While there is some overlap in customers within the target segments, the 'equity' category is intended to be defined within the energy efficiency programs covered in this rulemaking that are not specifically targeting low-income populations with program offerings that low-income populations could receive at no cost from the ESA program."

[41] Pub. Util. Code Sections 1600 - 1640, enacted by Assembly Bill 841 (Stats. 2020, Ch. 372).

- Is included within the definition of "low-income communities" as defined by paragraph (2) of subdivision (d) of Section 39713 of Health and Safety Code;
- Is within an area identified as among the most disadvantaged 25 percent in the state according to the California Environmental Protection Agency and based on the most recent California Communities Environmental Health Screening Tool, also known as CalEnviroScreen;
- Is a community in which at least 75 percent of public school students in the project area are eligible to receive free or reduced-price meals under the National School Lunch Program; or
- Is a community located on lands belonging to a federally recognized California Indian tribe.

In rebuttal testimony, NRDC agrees that the Commission should specify a definition for "underserved," and urges consideration of the EMWG Final Report's discussion on this topic.[42] SBUA urges the Commission to adopt the EMWG Final Report's Option 2, which would adopt Cal Advocates' recommended definition and additionally permit PAs to propose inclusion of additional potential customers, participants, or communities.[43] SCE agrees with Cal Advocates' recommendation, except to note that the California Department of Education has expanded the National School Lunch Program to include all public school students in the 2022-2023 school year. Because, SCE asserts, all children will be eligible for free or reduced-price meals under a lunch program, SCE recommends removing this criterion from the definition of "underserved."[44]

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42 NRDC rebuttal testimony, Exhibit NRDC-02, at 12-15.

43 SBUA rebuttal testimony, Exhibit SBUA-02, at 4-5.

44 SCE rebuttal testimony, Exhibit SCE-05, at 21-22.

With respect to SCE's recommendation to remove the criterion relating to students eligible for free or reduced-price meals, this decision clarifies that AB 130 (Stats. 2021, Ch. 44) requires public schools that provide instruction for kindergarten or any of grades 1 through 12 ("K-12") to provide free meals to students requesting a meal, regardless of their free or reduced-price eligibility. The statutory definition of "eligible for free or reduced-price meals" remains substantively unchanged, and this definition – not the requirement to serve any student that requests a meal -- informs whether a given area may be considered underserved based on the National School Lunch Program criterion.

This decision agrees with the need to define "underserved" and adopts Option 2 of the EMWG Final Report. Importantly, however, we must reconcile D.21-05-031's identification of underserved *customers* with the adopted definition of underserved *communities*. This decision provides that, for the residential and public sectors, an underserved customer is a member of an underserved community, as defined by Pub. Util. Code Section 1601(e). For the commercial, industrial and agricultural sectors, to ensure equity segment programs remain appropriately focused on underserved customers, a customer must be a member of an underserved community and must also be an "underserved business group" as defined by Government Code Section 12100.63(h)(2) for the California Small Business Development Technical Assistance Program, *i.e.*, women-, minority-, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.

We emphasize that equity segment programs should be designed to specifically serve customers (or groups of customers) meeting the criteria specified by Pub. Util. Code Section 1601(e) and, if applicable, Government Code

Section 12100.63(h)(2) – for instance, a family/household with school-age children who are federally eligible for free or reduced-price meals – but customers not meeting any of these criteria should not be barred from participation.

In terms of affording PAs an opportunity to propose inclusion of additional groups, we specify that PAs may include a status update in their annual reports to provide information and data on specific groups or categories of customers, for consideration to modify the definition of "underserved" for subsequent portfolio applications. Such updates must include (1) data of how a group or category is being missed by the current definition, (2) a description or explanation of why this group or category should be considered underserved, and (3) how the PA proposes to integrate tracking of this group or category into existing metrics.

7.3. Modifications to "Hard-to-Reach" Definition

As part of its application, SCE recommends modifying the definition of "hard-to-reach" to include public sector customers if they are classified as a "local government" and meet the geographic criteria specified in D.18-05-041. SCE further recommends identifying K-12 schools, community colleges, tribal lands, and Catalina Island public sector customers as "hard-to-reach" regardless of geographic criteria. In support of these recommendations, SCE cites a study led by the University of California, Santa Barbara at the request of the CAEECC's Underserved Working Group (Participation Gap Analysis).[45] The Participation

[45] SCE testimony, Exhibit SCE-01A, at 63 / footnote 90, citing *Participation Gap Analysis Among Energy Efficiency Programs in California's Public Sector – Draft Report*, prepared by the Clean Energy Transportation Lab (CETLab), University of California Santa Barbara (UCSB) on behalf of the California Energy Efficiency Coordinating Committee (CAEECC) Underserved Working Group, dated July 7, 2021.

Gap Analysis found, among other things, that local government program participation in more rural counties and cities tend to have smaller investments and lower energy savings, and for K-12 schools, variables such as the percentage of students eligible for free or reduced-price meals and the percentage of Title 1 schools explain differences in investment and savings.

In rebuttal testimony, SBUA does not directly address SCE's recommendation, but separately recommends expanding the existing criterion relating to small business customers' business size (*i.e.*, fewer than 10 employees and/or classified as Very Small) to include commercial customers with 50 or fewer employees. In support of its recommendation, SBUA refers to CAEECC meetings and subgroup workshops and asserts the issue has been raised that small businesses are often hard to reach for energy efficiency program implementation, and the Commission need not adopt a restrictive definition with regard to this group.

D.18-05-041, which established the current definition of "hard-to-reach," indicated that the Commission may revisit this definition, but required that any proposal for a modified definition must include concrete data and analysis. Apart from SCE's reference to the Participation Gap Analysis, neither SCE nor SBUA offer concrete data to support their recommendations. We will nevertheless make certain limited modifications, as follows, in light of the Participation Gap Analysis and to align with a more recently adopted definition of "small business."

First, we identify Tribes as hard-to-reach regardless of geography, given the historic disenfranchisement and dispossession of Tribes, which has created barriers to advancement of energy efficiency programs and services in tribal communities.[46] We define Tribes consistent with the Commission's Tribal Consultation Policy definition for California Native American Tribe, and any subsequent modification(s).[47]

Second, we include public sector customers classified as "local government" that meet the geographic criterion specified by D.18-05-041. We recognize and accept the Participation Gap Analysis's finding of lower participation and investments in energy efficiency among more rural local governments, in comparison to more urban local governments, as reasonable basis to consider rural local governments as hard-to-reach.

Third, we modify the small business size criterion to align the maximum number of employees with Resolution E-4939's definition of "small business customer." As previously discussed, SBUA did not offer any concrete data or analysis to support its recommendation to increase the maximum number of employees to 50. However, we find it reasonable to modify the small business size criterion to specify 25 or fewer employees, consistent with Resolution E-4939 and that resolution's reference to Government Code Section 14837.[48]

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[46] On June 18, 2019, Governor Newsom signed Executive Order N-15-19, acknowledging California's history as "fraught with violence, exploitation, dispossession and the attempted destruction of tribal communities" and issuing a formal apology to all California Native Americans "for the many instances of violence, maltreatment and neglect California inflicted on tribes." Url: https://www.gov.ca.gov/wp-content/uploads/2019/06/6.18.19-Executive-Order.pdf?emrc=b13680

[47] Tribal Consultation Policy of the California Public Utilities Commission, adopted April 26, 2018. Url: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/tribal/tribal-consultation-policy-approved.pdf

[48] Government Code Section 14837(d)(2): "Microbusiness" is a small business which, together with affiliates, has average annual gross receipts of two million five hundred thousand dollars ($2,500,000) or less over the previous three years, or is a manufacturer, as defined in subdivision (c), with 25 or fewer employees. Commencing January 1, 2019, the average annual gross receipts threshold shall be five million dollars ($5,000,000).

Fourth, for the residential income criterion, the current definition uses the California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) bill discount programs as eligibility criteria to identify residential hard-to-reach customers. This existing definition creates a gap that omits (1) gas customers between 200 and 250 percent of Federal Poverty Guidelines (FPG) (because FERA is only offered to electric households of three or more people), and (2) electric households of one or two persons between 200 and 250 percent of FPG from the current residential income criteria. SB 756 (Stats. 2021, Ch. 248) modified the ESA program income guidelines to 250 percent or below FPG (for both electric and gas customers), thereby making ESA income eligibility criteria, which previously aligned with CARE income eligibility criteria, distinct. Therefore, it is reasonable and necessary to explicitly identify ESA program eligibility as a third possible way to meet the residential income criterion for the "hard-to-reach" definition. While we recognize this change maintains an overlap between equity segment customers and customers eligible for the ESA program, we reiterate D.21-05-031's guidance that equity programs must avoid "specifically targeting low-income populations with program offerings that low-income populations could receive at no cost from the ESA program."[49]

We decline to fully adopt SCE's or SBUA's recommendations due to their lack of concrete supporting data and analysis. We note, however, that our adoption of "underserved," which includes communities in which at least 75 percent of students are eligible for free or reduced-price meals under the

[49] D.21-05-031, at 15.

National School Lunch Program, aligns with the Participation Gap Analysis's finding related to lower participation of K-12 schools.

The modified definition of "hard-to-reach" adopted by this decision is:

> California Native American Tribes are hard to reach; our state's historical dispossession of Tribes now requires deliberate effort to overcome persistent barriers to providing energy efficiency programs and services to Tribes. California Native American Tribes are defined consistent with the Commission's Tribal Consultation Policy, and any subsequent modification(s).
>
> Specific criteria were developed by staff to be used in classifying a customer as hard-to-reach. Two criteria are considered sufficient if one of the criteria met is the geographic criterion defined below. If the geographic criterion is not met, then at least three (other) criteria must be met. The exception is for California Native American Tribes, who do not need to meet any additional criteria.
>
> There are common as well as separate criteria when defining hard-to-reach for residential versus small business customers. The barriers common to both include:
>
> > Customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a combination of language, business size, geographic, and lease (split incentive) barriers. The common barriers to consider include:
> >
> > - Geographic criterion –
> >   - Businesses or homes in areas other than the United States Office of Management and Budget Combined Statistical Areas of the San Francisco Bay Area, the Greater Los Angeles Area and the Greater Sacramento Area or the Office of Management and Budget metropolitan statistical areas of San Diego County, or
> >   - Businesses or homes in disadvantaged communities, as identified by the California Environmental Protection Agency pursuant to Health and Safety Code Section 39711.

- Language criterion – Primary language spoken is other than English.

For small business added criteria to the above to consider:

- Business Size – 25 or fewer employees and/or classified as Very Small (Customers whose annual electric demand is less than 20 kilowatt (kW), or whose annual gas consumption is less than 10,000 therm, or both), and/or
- Leased or Rented Facilities – Investments in improvements to a facility rented or leased by a participating business customer.

For residential added criteria to the above to consider:

- Income – Those customers who qualify for the California Alternative Rates for Energy, Energy Savings Assistance, or the Family Electric Rate Assistance Programs, and/or
- Housing Type – Multi-family and Mobile Home Tenants (rent and lease).

For the public sector, customers classified as "local government" that meet the geographic criterion above may also be considered hard-to-reach.

7.4. Guidance for Segmentation of Programs

Cal Advocates' testimony recommends that the Commission direct PAs to segment all financing programs under market support, reasoning that financing programs typically support measures incentivized through other energy efficiency programs, and should therefore not claim TSB to avoid double counting. In the event that a financing program does not use other programs' incentives and claims TSB, Cal Advocates recommends such a program be segmented as resource acquisition; Cal Advocates points to PG&E's On-Bill Financing Alternative Pathway as a financing program that is "appropriately segmented within Resource Acquisition."[50] Cal Advocates further recommends the Commission direct PAs to segment WE&T programs under market support, asserting the primary purpose of these programs is "educating customers" and "training contractors" and therefore fits within D.21-05-031's definition for market support.[51]

In rebuttal testimony, PG&E disagrees with Cal Advocates' assertion regarding its On-Bill Financing Alternative Pathway program, asserting the program's primary purpose is to provide customers with affordable access to capital and is therefore appropriately segmented under market support. PG&E further refers to one of the sub-objectives of the market support segment identified by the CAEECC's MSMWG, which is to "build, enable, and maintain greater, broader, and/or more equitable access to capital."[52]

We decline to adopt Cal Advocates' recommendations with respect to directing specific segmentation of Financing and WE&T programs. It is conceivable that either of these types of programs could be segmented under Equity, if their primary purpose is to provide energy efficiency to hard-to-reach or underserved customers and disadvantaged communities.

PAs bear responsibility to properly segment, or classify, programs, and PAs should re-classify programs for the 2024-2027 portfolios if needed. To facilitate transparency, we direct PAs to provide clarified explanation of program segmentation by using the Program Segmentation Justification template included

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[50] Cal Advocates testimony, Exhibit CA-03, at 2-3 through 2-4.

[51] Cal Advocates testimony, Exhibit CA-03, at 2-4.

[52] PG&E rebuttal testimony, Exhibit PG&E-04, at 1-9, with reference to Market Support Metrics Working Group Final Report, *see* url: https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/849f65_ac55d665e5dc4ec3bd99746a4520f590.docx?dn=MSMWG%20Final%20Report%2010.6.21.docx

with this decision as Attachment A. The template requires PAs to (1) clearly specify which programs' progress will be measured by which segment metrics or indicators, and (2) add a clear rationale for the segmentation of each program. PAs should utilize the existing definitions articulated in D.21-05-031, as well as the objectives, sub-objectives, and indicators adopted in this decision for the resource acquisition, equity, market support, and codes & standards (described in Section 3.1) segments. PAs should submit the template as a functional Excel spreadsheet in the CEDARS "Documents" page alongside their Quarter 2 2024 Quarterly Claims report.

7.5. Objectives for the Equity and Market Support Segments

In support of the Commission's approval of the segmentation of the energy efficiency portfolio in D.21-05-031, and at the request of the Commission, CAEECC convened the EMWG and MSMWG to develop metrics for the equity and market support segments of the portfolio. As part of its application, BayREN submitted the results of the working group deliberations.[53] Over the course of developing the recommendations, the CAEECC working groups felt that identifying objectives for the equity and market support segments was critical to developing metrics and indicators. Parties generally supporting the working group proposals included BayREN, CEDMC, MCE, NRDC, PG&E, RCEA, SBUA, SDG&E, SoCalGas, SoCalREN, SCE, and 3C-REN.

We will adopt the objectives for both the equity and market support segments as proposed by the CAEECC EMWG and MSMWG, with a few edits for clarity, as follows:

[53] *See* BayREN testimony, March 4, 2022, Appendices D and E.

Equity Segment Objective: For hard-to-reach, disadvantaged, and/or underserved communities (as defined earlier in this section):

- Address disparities in access to energy efficiency programs;
- Promote resilience, health, comfort, safety, energy affordability,[54] and/or energy savings;
- Reduce energy-related greenhouse gas and criteria pollutant emissions;[55] and
- Provide workforce opportunities.[56]

Market Support Segment Objective: Supporting the long-term success of the energy efficiency market.

- Sub-Objective #1: Demand: Build, enable, and maintain demand for energy efficient products and services in all sectors and industries to ensure interest in, knowledge of benefits of, or awareness of how to obtain energy efficiency products and/or services. [Activity example: educating customers]
- Sub-Objective #2: Supply: Build, enable, and maintain supply chains to increase the capability and motivation of market actors to supply energy efficient products and/or services, and to increase the ability, capability, and motivation of market actors to perform/ensure quality installations that optimize energy efficiency savings. [Activity example: training contractors]

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[54] Energy affordability pertains to bill savings achieved through increased efficiency in energy use, delivering the same or improved level of service with a lower cost to the customer.

[55] The term "criteria pollutant" refers to: ground-level ozone, particulate matter, carbon monoxide, lead, sulfur dioxide, and nitrogen dioxide. *See* the following link: https://www.epa.gov/criteria-air-pollutants

[56] The term "workforce opportunities" includes, but is not limited to, work opportunities in the energy efficiency supply chain and with companies/non-profits that deliver energy efficiency services, as well as the workers who implement the work within equity segment programs.

- Sub-Objective #3: Partnerships: Build, enable, and maintain partnerships with consumers, governments, advocates, contractors, suppliers, manufacturers, community-based organizations and/or other entities to obtain delivery and/or funding efficiencies for energy efficiency products and/or services and added value for partners. [Activity example: building partnerships]
- Sub-Objective #4: Innovation and Accessibility: Build, enable, and maintain innovation and accessibility in technologies, approaches, and services development to increase value, decrease costs, increase energy efficiency, and/or increase scale of and/or access to emerging or existing energy efficient products and/or services. [Activity example: moving beneficial technologies towards greater cost-effectiveness or declining costs.]
- Sub-Objective #5: Access to Capital: Build, enable, and maintain greater, broader, and/or more equitable access to capital and program coordination to increase affordability of and investment in energy efficient projects, products, or services. [Activity example: financing.]

The CAEECC metrics working groups also developed some guiding principles for the equity and market support segments, but we do not adopt those principles formally. Nonetheless they may be used and/or modified to focus and guide the work of the working group in the future.

If the CAEECC working groups desire to change or add objectives or sub-objectives in the future, the modifications can be considered with the next portfolio application in 2026.

7.6. Adopted Indicators for the Equity and Market Support Segments

The CAEECC metrics working groups also developed, along with the objectives discussed in the last section, both proposed metrics and indicators for both the equity and market support segments of the portfolio.[57] The DACAG also submitted a formal letter into the record of the proceeding recommending certain metrics and indicators for the equity segment.

The number of metrics and indicators recommended is large and will require collection of a great deal of information. In evaluating the proposed metrics, we are concerned that some of the metrics may be premature and rather should be considered along with the development of goals for the particular purposes. Thus, for this decision, we are adopting a set of indicators for both the equity and market support segments. Then below we discuss further process to develop longer term goals with metrics and annual targets.

In general, the indicators we adopt here are based on the CAEECC metrics working groups' and DACAG's recommendations and will provide a strong starting point from which to assess progress and impacts of the equity and market support segments of the portfolio.

For the equity segment, the indicators will provide additional insight into how well the equity segment programs are reaching customers, as well as the depth of impact. The term "equity market participants" means an equity program participant that is identified by at least one of the equity segment flags in CEDARS (*e.g.*, hard-to-reach, disadvantaged, or underserved). The term "all equity segment participants" means all of the participants that participated in an equity segment program, regardless of whether they are an equity target participant or not.

[57] In defining metrics and indicators for purposes of this proceeding, D.18-05-041 stated that generally, a metric is a measure of progress towards achieving desired market effect(s) and includes a baseline and a target or targets (short, medium, or long term). An indicator does not include baselines or targets, but progress is still tracked.

The indicators below are adopted for the equity segment. Indicators marked with "Q" should be reported quarterly. Those marked with "A" should be reported annually. An "S" means reporting for just the segment, whereas a "P" means reporting for the whole portfolio.

Equity Segment Indicators

1. Count of equity target participants in equity segment, by sector (Q, S);
2. Sum of equity target participants' expected first-year bill savings in equity segment, by sector (Q, S);
3. Count of equity target participants in market support segment, by sector (Q, S);
4. Count of equity target participants in resource acquisition segment, by sector (Q, S);
5. Sum of all equity segment participants' greenhouse gas reductions (in tons of carbon dioxide equivalent) in equity segment (Q, S);
6. Sum of all equity segment participants' kilowatt hour (kWh) savings in equity segment (Q, S);
7. Sum of all equity segment participants' kW savings in equity segment (Q, S);
8. Sum of all equity segment participants' therm savings in equity segment (Q, S);
9. Sum of all equity segment participants' TSB in equity segment (Q, S);
10. Median of equity target participants' expected first-year bill savings in equity segment, by sector (Q, S);
11. Percent of hard-to-reach customer participants in portfolio, by residential single family / multi-family and commercial sector (A, P);
12. Percent of disadvantaged community customer participants in portfolio, by residential single-family / multi-family and commercial sector (A, P);

13. Percent of equity target participants in equity segment, by sector (Q, S);

Market Support Segment Indicators

1. Number of partners by type and purposes (Q, P);
2. Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships (A, P);
3. Percent of participation relative to eligible target population for curriculum (Q, S);
4. Percent of total WE&T program participants that meet the definition of disadvantaged worker (Q, S);
5. Number of career and workforce readiness participants who have been employed for 12 months after receiving the training (A, S);
6. Prior year percentage of new measures added to the portfolio that were previously emerging technology program (ETP) technologies (A, P);
7. Prior year number of new measures added to the portfolio that were previously ETP technologies (A, P);
8. Prior year percentage of new codes or standards that were previously ETP technologies (A, P);
9. Prior year number of new codes and standards that were previously ETP technologies (A, P);
10. Savings (lifecycle net kWh, kWh, and therms) of measures currently in the portfolio that were supported by ETP, added since 2009. Ex ante with gross and net for all measures, with ex post where available (A, P);
11. Number of new, validated technologies recommended to the California Technical Forum (A, P);
12. Cost-effectiveness of a technology prior to market support program relative to cost-effectiveness of a technology after intervention by the market support programs (percentage change in cost-effectiveness) (A, S);

13. Number of collaborations, with a contextual descriptions, by business plan sector to jointly develop or share training materials or resources (A, P);
14. Number of unique participants by sector that complete training (Q, S);
15. Number of projects (outside of ETP) that validate the technical performance, market and market barrier knowledge, and/or effective program interventions of an emerging/under-utilized or existing energy efficient technology (A, P);
16. Total projects completed/measures installed and dollar value of consolidated programs by sector (Q, P);
17. Ratio of ratepayer funds expended to private capital leveraged by sector (Q, P);
18. Percentage of partners that have taken action supporting energy efficiency by type (Q, P);
19. Number of contractors (that serve in the portfolio administrator service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize energy efficiency (Q, S);
20. Assessed value of the partnership by partners (A, P);
21. Percent of market penetration of emerging/under-utilized or existing energy efficiency products or services (A, P);
22. Percent of market participant awareness of emerging/under-utilized or existing energy efficiency products or services (A, P);
23. Aggregated confidence level in performance verification by production, project, and service (for relevant programs) (A, P);
24. Differential of cost defrayed from customers (*e.g.*, difference between comparable market rate products and program products) (A, P);

25. Comparisons between market-rate capital vs. capital accessed via energy efficiency programs (*e.g.*, interest rate, monthly payment) (A, P);

In addition, as discussed further below in Section 7.9, we will direct the PAs to track additional market support segment indicators structured around annual surveys focused on awareness, knowledge, attitude, and behavior (AKAB), after the survey process is further developed. Those indicators are as follows:

1. Percent of customer sample aware of energy efficiency product/service (awareness) (A, P);
2. Percent of customer sample that is knowledgeable of energy efficiency product/service benefits (Knowledge) (A, P);
3. Percent of customer sample that is interested in obtaining an energy efficiency product/service (attitude) (A, P);
4. Percent of customer sample that has taken action towards obtaining energy efficiency product/service (behavior A) (A, P);
5. Percent of customer sample that has obtained energy efficiency products/services (behavior B) (A, P);
6. Percent of market actors aware of energy efficiency products and/or services that can be supplied to customers (awareness) (A, P);
7. Percent of market actors knowledgeable of energy efficient products and/or services that can be supplied to customers (knowledge) (A, P);
8. Percent of market actors that are interested in supplying energy efficient products and/or services to customers (attitude) (A, P);
9. Percent of market actors that have supplied energy efficiency products and/or services to customers (behavior) (A, P);

10. Percent of market actors aware of what is required to perform/ensure quality installation of energy efficient products and/or services that optimizes energy efficiency savings (awareness) (A, P);
11. Percent of market actors knowledgeable of how to perform/ensure quality installation of energy efficiency products and/or services that optimize energy efficiency savings (knowledge) (A, P);
12. Percent of market actors that are interested in performing/ensuring quality installation of energy efficiency products and/or services that optimize energy efficiency savings (attitude) (A, P);
13. Percent of market actors that have performed/ensured quality installation of energy efficiency products and/or services that optimize energy efficiency savings (behavior) (A, P);
14. Percent of market participants aware of capital access opportunities for investments in energy efficient projects, products, and/or services (awareness) (A, P);
15. Percent of market participants knowledgeable about capital access opportunities for investments in energy efficient projects, products, and/or services (knowledge) (A, P);
16. Percent of market participants interested in leveraging capital access opportunities for investments in energy efficient projects, products, and/or services (attitude) (A, P); and
17. Percent of market participants that were unable to take action due to access to capital or affordability of energy efficient projects, products, or services (behavior) (A, P).

7.7. Reporting Demographic Participation Data

As part of our development of the equity segment of the portfolio, we aim to develop a better understanding of energy efficiency program participation among different demographic groups (*e.g.*, by region, language, ethnicity/race, disability participants, tribal participants). This type of demographic data will help illuminate how the portfolio is reaching different demographic groups and which ones may be underserved or left behind. Further, if disparities are found, PAs can tailor program design to address them, as these programs are not state government programs where tailoring is restricted,[58] nor do they deal with public employment, public education, or public contracting.

In support of collection and reporting of this information, we will direct the PAs to work both with the CAEECC working groups, as well as the Reporting Program Coordination Group, to develop a report that addresses the following questions:

1. What are the most feasible options to accurately assess energy efficiency program participation by different demographic groups? Are there more efficient or less costly methods (*i.e.*, using geographic, census, survey, or other data) of regularly assessing demographic participation in energy efficiency programs compared to collecting information from each program participant?
2. What, if any, demographic data is already being collected (and for which programs)?
3. What types of demographic data could be collected for energy efficiency program participation?
4. For which segments, sectors, and programs should this data be collected?
5. Where should this data be reported and stored?
6. What should be the timeline for PAs to begin reporting participation by demographic group?

[58] California's Proposition 209 passed by voters states: "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting."

7. What should the frequency be for reporting demographic participation data?

The report addressing these questions should be submitted by the mid-cycle advice letter filing date (September 1, 2025). Based on the analysis included in the report, the PAs should propose, in their next portfolio filings due in 2026, their preferred approaches to reporting regularly demographic participation information.

7.8. Developing Community Engagement Indicators for the Equity Segment

The CAEECC EMWG Report also included discussion of indicators for community engagement.[59] The report includes discussion of community engagement with reference to the Commission's ESJ Action Plan. The report suggests that equity segment programs should also seek to enhance outreach and public participation opportunities for ESJ communities to meaningfully participate in both the program development process and benefit from the programs.

The CAEECC EMWG did not reach consensus on whether indicators for community engagement should be adopted, or whether, in the alternative, community engagement should remain a principle from which indicators are further discussed and developed.

Parties favoring adopting indicators now included MCE, NRDC, SBUA, and SoCalREN. Parties interested in further developing the principle prior to adopting indicators included 3C-REN, BayREN, Cal Advocates, CEDMC, PG&E, RCEA, SCE, SoCalGas, and SDG&E.

[59] *See* BayREN testimony, Appendix D, at 33-34.

For the parties that proposed a community engagement indicator, it would be defined as follows: PAs should track and report the counts and types of community engagement activities targeted at disadvantaged, hard-to-reach, and undeserved communities as the following three sub-indicators:

1. Community engagement activities during program design and to identify community needs and solutions;
2. Community engagement activities during program implementation; and
3. Community engagement activities during program assessment.

Parties who favor continuing with community engagement as a principle are concerned that there was not sufficient time for discussion of these proposed indicators and more thought and time should be put into how to measure community engagement as an indicator or metric.

Since the majority of parties felt that these indicators were not sufficiently developed to be reported on immediately, we will allow more time for the EMWG to discuss and come to consensus. However, we make clear that we expect community engagement indicators to be developed that are both quantitative and qualitative. We also offer the following additional guidance. The indicators should be designed by engaging ESJ communities and CBOs directly. The indicators should be designed to gauge the quantity and quality of engagement with the ESJ communities and CBOs, as well as outreach activities, to ensure accountability of the equity segment of the portfolio.

In designing both quantitative and qualitative indicators, we expect that the indicators should track both activity and outcome-based results. The indicators should also track the quality and relevance of community engagements, and not only quantity of engagements. Finally, the indicators should not be oversimplified to allow summation across different engagement methods for different target audiences, since an indicator should provide context of who was engaged and how they were engaged.

With this guidance in mind, and once recommendations are developed through the CAEECC metrics working group, we will require that the PAs include agreed-upon community engagement indicators in their mid-cycle advice letters due September 1, 2025. Indicators which received widespread support but may not have reached consensus should also be reflected in the advice letters. Thereafter, the administrators should report on each of the agreed-upon indicators in their annual reports.

7.9. Developing Market Support and Equity Goals

As discussed earlier, in this decision we adopt certain indicators for the equity and market support segments of the portfolios, but there is more work to be done to adopt metrics and goals. The purpose of these goals will be to define overall portfolio success in increasing equitable access and opportunity to access energy efficiency programs, and ensuring the long-term success of the energy efficiency market. The DACAG letter emphasized such goals, recommending that "the PAs identify a meaningful long-term goal and then ensure that their annual targets will achieve that goal."[60]

Because the equity and market support segments do not have as much in the way of quantifiable objectives as the resource acquisition segment, it is all the more crucial that we carefully develop goals to assess their success. The CAEECC metrics working groups developed segment-level indicators that are very detailed; goals are designed to convey the bigger picture and serve as a

[60] August 19, 2023 ruling, Attachment 1 (DACAG letter), at 4.

focal point on which to base setting targets for metrics demonstrating overall progress.

In testimony, Cal Advocates[61] proposed that there be a mandatory 20 percent increase over baseline for all equity segment metrics. Cal Advocates also suggested there should be parity of savings achievement between the equity segment and non-equity segment customers and programs. We are not prepared to adopt these recommendations at this stage, and prefer to spend additional effort developing the goals. Adoption of across-the-board goals is premature at this point, especially since some programs have not yet launched, and baseline information is not available yet to enable setting these goals based on current information.

In support of this effort, we will direct the IOUs collectively to set aside up to $1 million total from the EM&V budgets for future market support and equity goal studies, to be conducted by a vendor hired by one of the IOUs. The IOUs may decide by mutual agreement which IOU will hire the vendor.

This process is intended to follow a timeline that will align goals adoption with the next energy efficiency portfolio cycle beginning January 2028. To that end, by no later than the end of March 1, 2025, a joint Tier 3 advice letter should be submitted that:

- Defines the process for proposing and adopting long-term market support and equity goals.
- Defines options for 2-3 goal constructs each for market support and equity segments, where a construct describes how to recognize success by:
    - Demonstrating alignment with objectives;

[61] Cal Advocates Testimony at 1-4.

  - Identifying which metric(s) or indicator(s) should be used for goals;
  - Whether goals should be set statewide, by territory, or by portfolio administrator;
  - Anticipated timeline for goal achievement; and
  - Necessary baseline information.
- Defines what study or studies process is necessary to quantify goals, and proposes a budget for each study that is capped by the $1 million set aside from the IOU EM&V budgets, as directed above.

In general, goals should have the following general characteristics:

- Include a medium to long term (i.e., 12-24 years) timeframe, and be broken into four-year increments;
- Be based on known baselines;
- Be high priority metric(s), a score or ratio, or single monetary value (or equivalent);
- Count total progress toward market support and equity goals from all programs in the portfolio, irrespective of which segment the program is within; and
- Facilitate setting targets for metrics demonstrating incremental progress toward meeting goals.

The goals should also apply to all PAs, including RENs and CCAs. In particular, because the majority of the REN portfolios is dedicated to equity and market support offerings, new goals covering these primary purposes should be important accountability mechanisms for RENs. Further, the IOUs and MCE are responsible for spending up to 30 percent of their portfolio budgets on market support and equity programs and should be held similarly accountable for their progress.

It is our intention that a goals development process for the market support and equity segments will follow a timeline that aligns goals adoption to the next portfolio cycle beginning in 2028. The Tier 3 advice letter and resulting staff resolution for Commission consideration will address the process for setting the goals, including annual targets, goal metrics, and forecast values. Market support and equity goals are ultimately expected to be long-term, broken into four-year increments, and will begin in 2028.

This approach is also intended to allow the RENs to continue to work on their proposed Total Community Benefit metric, included in rebuttal testimony, if they so choose.

In addition to goal setting, a similar process is warranted for hiring a vendor or vendors to conduct the AKAB surveys, discussed in Section 7.6 of this decision, to inform baselines and PA progress, as well as setting of targets and goals for the market support segment. We direct that one IOU hire the vendor and submit a Tier 2 advice letter by August 1, 2024 describing the additional clarification and specificity recommended by the CAEECC metrics working groups, as well as the plan and budget for procuring services and completing the studies, using EM&V funding.

The surveys should be administered on a statewide basis, including areas of California that are not covered by Commission authorized programs. However, results should be able to be disaggregated, to the greatest extent practical, to see individual portfolio administrator impacts. In coordination with the CAEECC EMWG, the surveys should assess differences in AKAB to equity populations.

The vendor selected to conduct the surveys should have expertise related to the market support sub-objective and audience on which the surveys are focused.

These AKAB surveys will inform the existence of gaps and opportunities in the efficiency market, as well as contribute to the programs' effectiveness in ensuring the long-term growth of the energy efficiency market. Further, they will provide more insight into progress improving equity. Finally, they should also provide findings that help stakeholders understand the impact of the California energy efficiency market in the Western U.S. overall.

8. Innovating and Expanding Delivery

In this section we address issues around opportunities for flexibility and innovation in the segments of the energy efficiency portfolios. In addition, we address leveraging of other federal, state, or private funding. Finally, we address the manner in which the energy efficiency portfolio can support our DER Action Plan,[62] summer reliability,[63] and resiliency goals. This involves ensuring alignment, but no duplication, of funding authorized in other proceedings, including SCE's building electrification application.[64]

This section addresses, broadly, issues 8, 12, and 14 from the Scoping Memo, which are as follows:

8. Is there sufficient opportunity and flexibility for innovation in the resource acquisition, market support, and equity segments?

12. What guidance, if any, is needed or reasonable regarding whether or how portfolios or programs should be positioned (e.g., in terms of program delivery protocols) to leverage other federal, state, or private funding for energy efficiency?

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[62] *See* the following link: https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/der-action-plan

[63] Including the programs and funding authorized in D.21-12-011.

[64] *See* SCE's Building Electrification Application A.21-12-009.

14. Should energy efficiency budgets be allowed or directed to support the Distributed Energy Resources Action Plan, summer reliability, and resiliency goals? This issue may include consideration of how energy efficiency funds are aligned with but not duplicate of funding authorized in other proceedings, including SCE's building electrification application.

8.1. Market Access Program (MAP)

The MAP model that was authorized in D.21-12-011 and piloted for summer reliability purposes on a broad scale represents an approach that we would like to see expanded in the main energy efficiency portfolio. MAP programs are generally characterized by uniform rules for aggregator eligibility and project qualifications, as well as uniform payment terms for aggregators based on the TSB value of their savings, as measured using population-level NMEC methods.

Market access programs represent a particular opportunity in the residential and commercial downstream retrofit markets because those markets include project types targeted by the federal Inflation Reduction Act (IRA) of 2022, making it possible to leverage federal funds. If IRA funding becomes available directly to PAs, the PAs will be able to use both IRA and ratepayer funding in a MAP, without impacting the cost-effectiveness calculations of the program. Instead, the PAs can simply add extra funds to the budgets seamlessly.

The MAP approach also allows for incorporating innovative measures into energy efficiency programs, since MAP programs allow experimentation with measures and customer offerings without going through lengthy solicitation processes. Also, the MAP approach can be used to enable integrated demand side management (IDSM) opportunities.

Other benefits to the energy efficiency portfolio of the MAP approach include:

- Providing a streamlined pathway for energy efficiency aggregators to participate in energy efficiency portfolios and deliver projects, especially enabling smaller aggregators to participate more easily;
- Allowing for market innovation that can be fast-paced and implemented quickly by aggregators;
- Rewarding aggregators based on the benefits their projects delivery to the grid (based on TSB), thus encouraging aggregators to maximize the TSB of their projects;
- Encouraging market competition, because aggregators compete for customers, which will result in continuous improvements to the program delivery and customer experience;
- Minimizing ratepayer risk because aggregators are only paid based on measured savings; and
- Minimizing risk of portfolio underperformance, acting as a hedge against underperformance by programs and implementers outside of MAP.

Recurve and SBUA, in their testimony, generally support expansion of the MAP approach in the portfolio.

The MAP approach also offers flexibility to the IOU PAs, because an IOU may choose to run a MAP as a core program (and not count it toward its third-party solicitation percentage) or an IOU may issue market-specific MAP solicitations for third-party implementers, as recently discussed and authorized in D.23-02-002.[65]

We will require all of the non-REN PAs (IOUs plus MCE) to make available MAP programs to address both residential and commercial

[65] *See* D.23-02-002, Finding of Fact 6.

downstream retrofit opportunities in their territories, with start dates no later than July 1, 2024. In the MCE territory, MCE (as the originator of this program approach) should administer the MAP and not PG&E. These PAs should use existing processes (the true-up advice letter, third-party program advice letters, fund-shifting notifications, implementation plan submissions, etc.), as needed, to incorporate MAP plans into their portfolios.

To better understand approaches to improve coordination and efficiency, limit possible duplication, and have insights into portfolio efficacy, we will also require the IOUs and MCE to describe, in their MAP Implementation Plans, how their MAP offerings will interact with the rest of their portfolios, such that third-party program implementers operating downstream retrofit programs are aware of the possible impacts of customers participating in MAP offerings. If applicable, the description of the role of the MAP in the portfolio should also be included in any third-party advice letter filings.

In addition, PAs running a MAP offering will be required to include a list of external funding sources (if applicable), beyond the energy efficiency portfolio funding, in their annual reports. This list should include details such as budget, implementation strategy, relevant dates, and other critical information that may help us develop future policy. The PAs should work with Energy Division staff to finalize the information to be included in the annual reports related to the MAP offerings.

8.2. IDSM Integration

For many years, since D.12-11-015 and even before, the Commission has encouraged the PAs to incorporate other demand-side management measures besides energy efficiency in their portfolios in an integrated fashion. Historically, the focus had been mostly on integration of energy efficiency and demand response approaches, but could also include fuel substitution, self-generation, and storage as well.

PG&E, in its business plan application, proposed to update IDSM rules to support comprehensive load management and enable greater program interaction, because, as PG&E states:

> Under current rules it is difficult for PAs to offer programs that combine funding or interventions authorized in multiple CPUC proceedings or recognize benefits that accrue across multiple proceedings. To address this issue, PG&E proposes a mechanism for PAs to propose, and for the Commission to delegate to its staff to assess on a case-by-case basis, programs that integrate demand-side management approaches including EE, demand response (DR), distributed generation, managed electric vehicle charging, and time-varying or dynamic pricing. New programs could integrate interventions and funding from different proceedings, as EE-DR IDSM funds do. New program proposals would address any needs for rule flexibility within involved proceedings, and the Commission or its staff could consider them on a case-by-case basis. This approach would offer more flexibility than creating a pot of specific IDSM funds from specific sources.[66]

Recurve, Google, and SBUA all have generally supported this proposal.

The concept would be to use an energy efficiency program delivery channel to integrate a comprehensive program strategy and allow a customer to install a multi-DER project, receiving incentives through one process, as depicted in the following table:

DER Type	Rules Applied	Source of Funds
Energy efficiency equipment upgrades	Energy efficiency	Energy efficiency

[66] PG&E Testimony, Exhibit 1, at pages 3-5 through 3-7.

DER Type	Rules Applied	Source of Funds
Battery equipment	Self-Generation Incentive Program	Self-Generation Incentive Program
Vehicle make ready charger	Transportation Electrification / Low Carbon Fuel Standards	Transportation Electrification / Low Carbon Fuel Standards
Load shifting from ongoing programmed battery/vehicle charger	Energy Efficiency	Energy efficiency

To be clear, this decision does not change any rules, budgets, or other policies for non-efficiency resources. Non-energy-efficiency funding used for this purpose will be required to abide by the rules and budgets set forth in their relevant proceedings or decisions. SCE, PG&E and SoCalGas have had recent successes in the integrated delivery, financial accounting and savings attributions of multiple demand-side program offerings in the San Joaquin Valley proceeding (R.15-03-010). The results of these coordinated program delivery efforts are documented in the IOUs' Quarterly Progress Report on San Joaquin Valley Pilot Projects (directed by Ordering Paragraph 15 of D.18-12-015).

We also clarify that each PA may expend up to 2.5 percent of its energy efficiency budget or $15 million , whichever is less, on a pilot basis for ongoing (not event-based) load shifting that reduces peak consumption. This is consistent with some behavioral, retrocommissioning, and operational approaches already being used through energy efficiency programs. One example would be a battery that is programmed to engage in ongoing charging and discharging to reduce consumption at peak times, similar to how a smart thermostat may be programmed. Longer-term plans for encouraging load shifting may be taken up in other Commission proceedings. As those plans are solidified, we will re-examine the use of energy efficiency funds in the energy efficiency rulemaking (R.13-11-005 or its successor) or another relevant proceeding, as appropriate.

To facilitate flexibility for portfolio administrators designing innovative approaches, we will allow IDSM programs to be proposed through the submission of Tier 3 advice letters no later than March 15, 2024, for programs to be launched during the portfolio period (2024-2027).

The programs may use multiple funding streams from a range of IDSM sources, used together within the same program and within individual projects, as long as there is an energy efficiency component. In this manner, the IDSM programs will be allowed to offer incentives from non-energy-efficiency sources.

The IOUs, in their Tier 3 advice letters, should include establishing balancing accounts with sub-accounts for each non-energy efficiency funding source, to track the relevant costs to be recovered from non-energy efficiency sources. The balancing accounts would be reimbursed based on rebates and incentives from other programs and proceedings, based on the rules for those other resources.

Any limits on the amount of funding from non-energy efficiency sources, such as a maximum number of rebates, should be included in the advice letter proposal.

We also require that the proposals include the details of the measurement approaches in the advice letter submissions, including measurement methods used to disaggregate savings impacts between energy efficiency and other resources. The advice letter should reference applicable rules from non-energy efficiency resource areas that will be used to govern the distribution of funds for non-energy efficiency measures. Effective useful life, baselines, and other assumptions should also be included in the proposals in the advice letters. Energy Division staff will assess interest in this approach and will provide guidance for what is to be included and how it should be presented in the advice letter by January 1, 2024.

Finally, we make it explicit that energy efficiency funding should not be used for rebating capital costs of non-efficiency technologies (*e.g.*, purchase of a battery or self-generation technology). Instead, the energy efficiency funding is intended as an operational complement to potential capital funding from other sources. PAs must document the cost categories these funds have been used for in their annual reports.

8.3. Community-Based Program Design and Pilot

As discussed earlier with respect to setting metrics and indicators for the market support and equity segments of the portfolio, we are interested in encouraging more community involvement in energy efficiency program design and delivery.

NRDC proposed an approach to this issue in its testimony, which reflects principles from numerous organizations. SBUA is generally in support of community-based approaches, and SoCalREN and BayREN both offered support in the CAEECC EMWG context.

Because of their nature of being more locally-focused, we expect that RENs are uniquely positioned to make progress on this issue. Therefore, we will direct one of our original RENs, SoCalREN, to establish a Community-Based Design Collaborative (Collaborative) to recommend, via a Tier 2 advice letter, a process for funding community programs and to pilot the approach in 2026 and 2027 for potential rollout in the future as a statewide initiative. BayREN is an equally capable REN with similar experience; both RENs have capabilities and demonstrated interest in coordinating with communities in their regions. However, we select SoCalREN because of the wider diversity and greater number of underserved communities in its geographic area.

The concept of the Collaborative is to allow community leaders to participate in development and recommendation of a process for community-designed programs to be incubated, received, selected, connected with necessary partners, and funded. Establishing the Collaborative will involve:

- Forming a preliminary Collaborative and facilitating additional membership by:
    - Identifying expertise and skillsets required to deliver on goals; and
    - Recruiting and filling positions on the Collaborative with CBOs, policy staff from organizations that bring identified expertise and skills, and others, as appropriate.
- Supporting completion of initial activities to establish a framework and governance for the Collaborative's decision-making, including:
    - Develop the framework itself (*e.g.*, meetings, participants, governance) with which the Collaborative will gather and discuss ideas, and develop the advice letter with the recommended process;
    - Plan for providing resources for training in cultural competency and other engagement strategies, such as conflict resolution;
    - Define the Collaborative and community-based program objectives;
    - Outline learning opportunities available to Collaborative members to inform their decision making; and

- A workplan for additional roles/activities the Collaborative and/or REN shall have for successful implementation of the process delivered by the Collaborative (*e.g.*, how necessary educational resources may be provided to communities interested in proposing a community-based program design to incubate those designs).

Staff of other portfolio administrators are encouraged, but not required, to participate in the Collaborative in order to support its needs and fill gaps.

We will direct SoCalREN to submit a Tier 2 advice letter and serve it on the energy efficiency rulemaking service list by no later than September 30, 2025, containing a recommended process and plans for continuation of the Collaborative, if any. This advice letter should contain the following information:

- A recommended process for the community-designed programs to be incubated, received, selected, connected with necessary partners, and funded;
- A description of how the Collaborative was structured and successful in delivering its recommendations in a manner consistent with the ESJ Action Plan Goal 5 objectives;
- A description of the objectives or measures of success for the community-based programs that the process is set up to fund;
- A selected administrator (either SoCalREN, or an entity hired by SoCalREN) for the process and the community-based programs;
- A description of how the community-designed pilot program administrator(s) will oversee progress for the pilot, including reporting, metrics, and accountability;
- Recommended minimum and maximum budget size, anticipated project types, and estimation of volume for 2028-2031 initiatives to receive and fund community-based programs through the process;
- Criteria for community-based program designs, such as:

    - Whether community-designed programs should achieve/address a metric for energy efficiency and equity or a single metric that encapsulates both; and
    - How the communities' involvement in designing the proposed program adheres to the Collaborative's recommendations and the ESJ Action Plan;
- A discussion of the continued activity of the Collaborative, if any, including:
    - The future of the Collaborative (if the concept should ensure into the future) and how the compensation structure for participating community members should work or change; and
    - Whether, why, and how, the Collaborative should continue after the completed delivery of the process, and what activities and objectives should continue.

SoCalREN should plan to launch a community-designed pilot program by the end of 2025 for implementation in 2026 and 2027, using an additional $1.5 million that we will add in this decision to SoCalREN's proposed budget, in the market support segment. SoCalREN shall submit, using the existing process for program changes,[67] a Tier 2 advice letter for the community-designed programs selected for funding through the pilot.

We will also direct SoCalREN to coordinate with the collaborative and with the other PAs for their portfolio applications for 2028-2031 (to be filed in 2026) to structure a process for community-based programs for all areas covered by the Commission's energy efficiency programs. This proposal will need to recommend whether a community-based approach should be administered

[67] *See* D.21-05-031, Section 5.2.8, at 46: "we will maintain the Tier 2 advice letter filing requirement for the opening of new programs or the closure of programs."

statewide or regionally, and by which PAs. The proposal should reflect experience between now and then in the SoCalREN area.

We also note that this proposal is distinct from normal REN activities, which often involve community engagement, because:

- It is a focused effort on engaging communities to help design the process and policy for the overall initiative, and
- Through this process, communities will have a direct opportunity to design energy efficiency programs, rather than simply be a recipient of programs designed by the RENs.

9. Coordination Between PAs

This section addresses Issue #18 of the scoping memo, which asked "[w]hat additional guidance, if any, is needed on program administrator roles and coordination, including geographic areas, design of complementary portfolios, and avoiding customer confusion?"

9.1. Clarification of Roles for IOU and non-IOU Implementation of Programs

Cal Advocates' testimony recommends the Commission eliminate duplication between statewide, PA-implemented, and third party-implemented programs so that programs are not in competition with each other. Cal Advocates asserts further that programs designed and implemented by third parties should be adopted over those designed and implemented by PAs, suggesting third party programs are the most prudent use of ratepayer-funded energy efficiency initiatives because they encourage competition, facilitate innovation and reduce performance risk.[68] Cal Advocates recommends disapproving or requiring a Tier 3 advice letter for specific programs in program

[68] Cal Advocates testimony, Exhibit CA-01, at 2-5

proponents' proposed portfolios, based in part on its assessment of duplication and program prioritization.

In rebuttal testimony, BayREN, MCE, PG&E, SCE, SDG&E, SoCalREN, and 3C-REN disagree with Cal Advocates' recommendations and/or identification of specific programs as duplicative.[69] BayREN, citing D.19-12-021, asserts the Commission has already addressed program duplication through guidance on letters of commitment to cooperate and JCMs among PAs operating in the same geographic areas.[70] Similarly, 3C-REN asserts a further prioritization policy beyond the JCMs is unnecessary, and MCE notes that plans to address double counting could be included in advice letters, implementation plans and JCMs.[71] While BayREN opposes any type of program prioritization, it suggests that only programs proposed for resource acquisition may be given priority to IOU or CCA resource acquisition programs. Although SCE counters Cal Advocates' identification of some of SCE's programs as duplicative, SCE does agree that further Commission guidance regarding PA roles is needed. SCE recommends program prioritization, or precedence, in the following order: statewide programs, IOU third-party programs, IOU-administered programs, REN/CCA programs; that duplication be defined as "programs whereby the majority of the program savings result from the same measures or a program whereby the delivery channel is substantially similar;" and Commission

[69] SCE rebuttal testimony, Exhibit SCE-05, at 16-18; MCE rebuttal testimony, Exhibit MCE-04, at 5-6; SoCalREN rebuttal testimony, Exhibit SoCalREN-05, at 19-28; SDG&E rebuttal testimony, Exhibit SDG&E-04, at JT-8 through JT-10 and HKB-9; PG&E rebuttal testimony, Exhibit PG&E-04, at 1-11 through 1-13.

[70] BayREN rebuttal testimony, Exhibit BayREN-04, at 12-15.

[71] 3C-REN rebuttal testimony, Exhibit 3C-REN-04, at 3; and MCE rebuttal testimony, Exhibit MCE-04, at 13-14.

clarification of how and under what circumstances it is appropriate for RENs to duplicate IOU programs when focusing on hard-to-reach customers or customer segments.[72]

The Commission agrees with providing limited additional guidance regarding program precedence. In cases of overlap involving a statewide program in the resource acquisition segment, the statewide program should take precedence over other programs. A key purpose of the statewide programs is to achieve efficiencies by having one lead PA responsible for program delivery across the state. Failure to afford precedence to statewide programs would undercut this objective.

The Commission also agrees with providing further direction regarding REN programs that only meet the criterion of serving hard-to-reach customers (and not the gap filling or pilot criteria confirmed by D.19-12-021). Such programs must be designed to target, and must market exclusively to, hard-to-reach customers or specific hard-to-reach customer segments. REN whole building multifamily residential programs that only meet the hard-to-reach criterion should target their marketing efforts to properties in which they can reasonably infer the majority of tenants are hard-to-reach customers; to facilitate coordination, we will require RENs to describe in their JCMs how they will identify customers or buildings to target marketing. IOUs should convey this information to third-party bidders during the solicitation process of buildings with a potential to be served by both IOUs' third-party implementers and RENs. This direction addresses SCE's concern regarding the fact that REN programs and portfolios are not required to meet a given TRC benefit to cost ratio, as is the

[72] SCE rebuttal testimony, Exhibit SCE-05, at 10-18.

case with the resource acquisition segment of IOUs' portfolios, and could therefore negatively impact IOUs' resource acquisition programs by offering more generous incentives.

With the foregoing guidance, we expect programs offered by different PAs will not significantly overlap, except for programs intended to serve hard-to-reach customers. We maintain a preference for PAs to work collaboratively not only to minimize duplication in non-hard-to-reach customer populations but importantly to strive toward effective regional strategies and complementary program offerings; to be clear, PAs should communicate regularly in the course of administering their portfolios and preparing applications for future cycles; this regular communication is particularly important in light of the IOUs' solicitations, which could result in the launch of new programs at any time and potentially implicate existing programs offered by other PAs. We do not find it necessary or reasonable to adopt SCE's recommended order of program precedence or its proposed definition for duplication, either of which could effectively exclude non-IOU PAs from sectors in which they have designed and implemented programs, perhaps even longer than the IOUs in some cases. We are not persuaded that such limitation is warranted. Further, SCE's proposal of a definition for duplication, which it included in rebuttal testimony, did not afford parties an opportunity to respond. If parties agree that defining duplication is a priority for the Commission to address, the Commission may consider a stakeholder proposal in the future.

9.2. Process and Timing for JCMs

Regarding program coordination, PG&E's and SCE's rebuttal testimonies include specific recommendations related to JCMs. Both PG&E and SCE observe that the JCMs are non-binding, specifically that PAs do not oversee each other's work and lack the ability to modify each other's programs or budgets. SCE recommends limiting the purpose of the JCMs to determination of how best to coordinate portfolios after Commission approval of the current (2024-2027) cycle and the timing to submit JCMs should change to after the mid-cycle advice letters have been approved.[73] PG&E similarly recommends that JCMs focus on plans and mechanisms for coordination following Commission approval of portfolios, and therefore PAs should submit JCMs every two years after Commission approval of true-up advice letters and mid-cycle advice letters. PG&E reiterates its recommendations that new PAs be permitted to apply or elect to administer only when existing PAs file applications or submit true-up advice letters or mid-cycle advice letters, and further that CCAs that elect to administer energy efficiency programs must also submit a JCM.[74]

The Commission agrees with PG&E's and SCE's recommendation to modify the timing of JCMs, based on the understanding that JCMs will detail PAs' plans and mechanisms for coordination 60 days after Commission approval of true-up and mid-cycle advice letters.[75] This change in timing affords more certainty about what programs will be offered by all PAs. Because the timing to submit JCMs will no longer correspond with the due date for Energy Efficiency annual reports, we further direct that PAs must submit the JCMs to CEDARS, with notice to the service list of R.13-11-005 or a successor proceeding.

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[73] SCE rebuttal testimony, Exhibit SCE-05, at 17.

[74] PG&E rebuttal testimony, Exhibit PG&E-04, at 3-10 through 3-14.

[75] On April 5, 2023, the Commission's executive director granted BayREN's extension request, for portfolio administrators to submit Joint Cooperation Memoranda for programs operating in 2024, from June 15, 2023 to 90 days after Commission approval of the instant applications.

We do not adopt PG&E's recommendations related to new PAs or CCAs that elect to administer. For the most part, the elect-to-administer CCAs' budgets are small (from under one million dollars annually to up to five million annually for East Bay Community Energy, with most around one million to three million annually), they are only approved for up to three years and generally have little impact on the broader energy efficiency portfolio offerings.

10. Summary of Public Comment

Rule 1.18 of the Commission's Rules of Practice and Procedure allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Nine public comments were received in this proceeding. Most were generally concerned about any rate increases by PG&E, and did not comment specifically about anything related to energy efficiency. One commenter suggested that energy efficiency should already be a primary concern of PG&E and should not require additional funding.

11. Total Budget and Collections Authorization and Next Steps

This section summarizes the approved portfolio, as discussed in the prior sections of this decision. Table 7 below includes the original budget request by PA, along with the adjustments made in this decision, with the final approved 2024-2027 budget cap for each administrator presented in the final column.

Table 7. Authorized Budgets by PA

PA	4-year Budget in Original Application	2024-2027 Statewide Allocation Adjustment	Decision Adjustment	Approved 2024-2027 Budget Cap
IOUs				
PG&E	$1,095,155,478	-$92,273,724	$314,800	$1,003,196,554
SCE	$1,560,350,284	$112,471,524	$497,600	$1,673,319,408
SDG&E	$332,159,706	-$24,013,342	$99,200	$308,245,564
SoCalGas	$611,704,003	$3,815,542	$88,400	$615,607,945
IOU Total	**$3,599,369,471**	**$0**	**$1,000,000**[76]	**$3,600,369,471**
Non-IOUs				
MCE	$78,217,316			$78,217,316
BayREN	$161,776,637		$9,900,000[77]	$171,676,637
I-REN[78]	$45,271,191			$45,271,191
R-REN[79]	$84,209,480			$84,209,480
3C-REN	$71,367,489			$71,367,489
SoCalREN	$226,097,351		$1,500,000[80]	$227,597,351
Non-IOU Total	**$666,939,464**	**$0**	**$11,400,000**	**$678,339,464**
GRAND TOTAL	**$4,266,308,935**	**$0**	**$12,400,000**	**$4,278,708,935**

Table 8 below includes the budget forecast approved for the period 2028-2031. These forecasts were included in the applications filed by the PAs and reviewed in this proceeding. These figures form the basis for a revenue

[76] *See* discussion of CAEECC POG in Section 5.1 of this decision.

[77] *See* discussion of the BayREN statewide program in Section 2.2 of this decision.

[78] I-REN did not file an application as part of this proceeding because its 2024-2027 budget was already approved in D.21-11-013. I-REN's budget is included here for completeness.

[79] *See* discussion and approval of R-REN's portfolio and budget in Section of 4.2 of this decision.

[80] *See* discussion of community-designed pilot in Section 8.3 of this decision.

requirement forecast, but will be revised in the next four-year application cycle for the period 2028-2031 in applications filed in 2026.

Table 8. Approved 2028-2031 Budget Forecasts by PA

PA	**Approved 2028-2031 Budget Forecast**
IOUs	
PG&E	$1,032,170,128
SCE	$1,783,094,039
SDG&E	$318,911,289
SoCalGas	$673,776,756
IOU Total	**$3,807,952,212**
Non-IOUs	
MCE	$80,063,445
BayREN	$176,819,577
I-REN	[not applicable]
R-REN	$93,153,166
3C-REN	$84,000,166
SoCalREN	$356,187,290
Non-IOU Total	**$835,494,836**
Grand Total	**$4,643,447,048**

Table 9 presents the forecasted budgets for the 2024-2027 and 2028-2031 period by IOU area, so that IOUs may include these forecasts in their total revenue requirements to be collected during these years. The budgets reflect only PA budgets. In the case a new CCA elects to administer and is approved, per Section 3.2 above, the budgets would increase by the budget amount approved for the elect-to-administer CCA. Also note that the PAs are to use prior cycle unspent and uncommitted funds to offset revenue recovery between cycles (i.e., apply pre-2024 unspent and uncommitted to this 2024-2027 cycle collection) so the maximum revenue recovery for 2024-2027 is less than shown below once accounting for these prior year unspent and uncommitted funds.

Table 9. Revenue Requirements/Collections by IOU Area

PA	REN and CCA Budget by IOU, 2024-2027	REN and CCA Budget by IOU, 2084-2031
PG&E Revenue Requirement (Collections)		
PG&E	$1,003,196,554	$1,032,170,128
MCE	$78,217,316	$80,063,445
BayREN	$164,876,637	$176,819,577
3C-REN	$32,543,575	$38,304,076
R-REN	$40,420,550	$44,713,520
Total PG&E	**$1,319,254,632**	**$1,372,070,746**
SCE Revenue Requirement (Collections)		
SCE	$1,673,319,408	$1,783,094,039
BayREN	$4,900,000	$0
R-REN	$1,673,319,408	$1,783,094,039
3C-REN	$24,550,416	$28,896,057
SoCalREN	$194,766,940	$306,793,250
Total SCE	**$1,931,220,556**	**$2,156,044,613**
SDG&E Revenue Requirement (Collections)		
SDG&E	$308,245,564	$318,911,289
BayREN	$1,000,000	$0
Total SDG&E	**$309,245,564**	**$318,911,289**
SoCalGas Revenue Requirement (Collections)		
SoCalGas	$615,607,945	$673,776,756
BayREN	$900,000	$0
R-REN	$10,105,138	$11,178,380
3C-REN	$14,273,498	$16,800,033
SoCalREN	$32,830,405	$49,394,040
Total SoCalGas	**$673,716,986**	**$751,149,209**
Grand Total	**$4,233,437,738**	**$4,598,175,857**

Table 10 below presents the forecasted TSB of the portfolios by administrator. In addition, the forecasted total resource cost and program administrator cost test results are summarized. All of the PAs have met the threshold requirements for approval of the portfolios on a forecast basis. We will evaluate the portfolios for the resulting TSB and cost-effectiveness at the end of the portfolio cycle.

Table 10. Forecast Portfolio TSB, RA TRC, and Program Administrator Cost (PAC) by PA

PA	4-Year Portfolio TSB Forecast	4 Year RA TRC Forecast	4 Year RA PAC Forecast
IOUs			
PG&E	$932,023,005	1.04	1.24
SCE	$1,374,610,894	1.09	1.21
SDG&E	$307,457,992	1.06	1.29
SoCalGas	$628,471,085	1.10	1.46
IOU Total	**$3,242,562,976**	**NA**	**NA**
Non-IOUs			
MCE	$66,864,140	1.08	1.26
BayREN	$28,855,305	0.82	1.09
I-REN	TBD	NA	NA
R-REN	$5,221,619	0.43	0.44
3C-REN	$39,271,824	NA	NA
SoCalREN	$108,693,300	0.55	1.45
Non-IOU Total	**$248,906,188**	**NA**	**NA**
Grand Total	**$3,491,469,164**	**NA**	**NA**

In addition, all PAs are required to submit a True-Up advice letter this year, which should include modifications to the TSB forecasts, cost-effectiveness forecasts, annual budgets (within the authorized four-year cap), and program segmentation. According to D.21-05-031, the True-Up advice letter is due September 1, 2023. However, we are anticipating an upcoming decision in the energy efficiency rulemaking (R.13-11-005) addressing updated potential and goals for energy efficiency. That decision will likely impact the True-Up advice letter. Therefore, by the terms of this decision, we will require the True-Up advice letter for 2023 to be submitted no later than 60 days after the adoption of a decision with new energy efficiency potential and goals.

The True-Up advice letter should include updates based on the following:

- Guidance in D.21-05-031, such as adjustments to forecasts stemming from updated input, including TSB goals, avoided cost calculator updates, new database for energy efficiency (DEER) values, etc.;
- Updated statewide allocations and resulting budgets (within the authorized cap) and savings forecasts; and
- Updates or corrections to program segmentation.

Commission staff will work with the PAs to establish a True-Up Advice letter template to facilitate easier and more consistent delivery of necessary information in the advice letter submissions.

The adoption of this decision and the approval of the True-Up advice letters should result in the PAs being able to launch the new portfolio in early 2024.

12. Comments on Proposed Decision

The proposed decision of ALJs Julie A. Fitch and Valerie U. Kao in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________ by ________________.

13. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Julie A. Fitch and Valerie U. Kao are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. D.16-08-019 set a new approach to the delivery of statewide programs in the energy efficiency portfolio and also fixed the funding contribution requirements from each IOU based on load share and the mix of electricity and natural gas funding.

2. Load share and funding mix between electricity and natural gas have changed since 2016.

3. D.16-08-019 required a minimum of 25 percent of the IOUs' budgets (15 percent for SoCalGas) to go toward statewide programs.

4. The closure of the statewide upstream lighting program and other program cost-effectiveness challenges have reduced the statewide budget recently.

5. It would not be feasible to conduct a full assessment of the statewide programs before the start of this portfolio cycle in 2024.

6. The HER and UAT Programs are both already delivered in a highly uniform fashion across the state.

7. The Residential Multi-Family and Strategic Energy Management programs have a great deal of uniformity in design and delivery and are good candidates to study for transition to statewide administration.

8. Because CCAs can elect to administer energy efficiency programs at any time, and new REN proposals can also come forward in the middle of a portfolio cycle, if the IOUs are not given relief from their budget caps, they would have to fund the CCA or REN programs out of their own budgets or unspent funds.

9. The IOUs do not select or approve the programs of the CCAs or RENs operating within their service territories.

10. The communities served by the R-REN proposal face significant equity and development challenges compared to the rest of the state. They are also geographically diverse and overlap with areas covered by several other PAs.

11. The majority of energy efficiency portfolio oversight occurs by Commission staff monitoring key aspects of design, solicitation, implementation, and evaluation of portfolios, segments, and programs. Stakeholder input would improve this oversight function.

12. The IOUs' percentage contributions to evaluation invoice payments were last set in 2014, by D.14-10-046.

13. Some water efficiency measures also save electricity and/or natural gas.

14. Commission policy has been transitioning toward greater use of normalized metered energy consumption measurement techniques since at least 2015, as required by AB 802 and SB 350.

15. The state's historic disenfranchisement and dispossession of California Tribes, recognized by Executive Order N-15-19, has created barriers to providing programs services to Tribes, including energy efficiency programs.

16. SCE's testimony indicates that more rural local governments have lower participation and investments in energy efficiency than more urban local governments.

17. Resolution E-4939, with reference to Government Code Section 144837, specifies a small business size criterion of 25 or fewer employees.

18. SB 756 (Stats. 2021, Chap. 248) modified the ESA program income guidelines to 250 percent or below federal poverty guidelines, thereby making ESA income eligibility criteria, which previously aligned with CARE income eligibility criteria, distinct.

19. The Commission lacks sufficient data on energy efficiency program participation by certain demographic groups (*e.g.*, region, language, ethnicity/race, disability participants, tribal participants).

20. The Commission currently lacks indicators of community engagement on energy efficiency.

21. The CAEECC EMWG included indicators for community engagement, but the group did not reach consensus on whether and which indicators should be required.

22. Goals for the indicators in the market support and equity segments of the portfolio are important as these segments have broader and more society-focused objectives than the resource acquisition segment.

23. The MAP approach provides numerous benefits to the energy efficiency portfolios, including flexibility.

24. Integrated demand-side management approaches are attractive to customers and offer opportunities for successful customer installation of multiple preferred technologies for energy savings and/or grid improvements.

25. Because of their local focus, RENs are uniquely positioned to focus on community-based program design.

26. The upcoming reassessment of the energy efficiency potential and goals in R.13-11-005 will have an impact on the TSB forecasts, cost-effectiveness forecasts, annual budgets, and program segmentation of the portfolio.

Conclusions of Law

1. The statewide funding allocation should be updated as recommended by PG&E in its application and as shown in Table 1 of this decision.

2. The statewide funding contributions proposed in the IOU applications should be revised as indicated in Table 2 of this decision.

3. The statewide funding allocation should be revisited during each four-year portfolio application proceeding.

4. The required minimum statewide funding contribution for the IOUs should be reduced to 20 percent of their total portfolio funding for 2024-2027, and 10 percent for SoCalGas.

5. The required minimum statewide funding contribution for the IOUs should be revisited in the next four-year portfolio application.

6. The IOUs should reflect the updated statewide funding contributions in their 2023 True-Up advice letters.

7. The PAs should coordinate among themselves and propose an assessment process for the statewide programs in their next portfolio applications due in 2026.

8. The statewide upstream lighting program should be closed.

9. SCE's proposal to offer midstream and upstream incentives in a local program where the measures are not covered in a statewide program should be rejected because it could limit new statewide program designs and/or create complex coordination problems.

10. The HER and UAT Programs should be transitioned to become statewide programs over the next two years, to be administered by SDG&E, which should submit the statewide contract advice letters no later than December 31, 2025.

11. SDG&E should lead a study on the potential of the Residential Multi-Family and Strategic Energy Management Programs to transition to statewide administration. The study should be co-funded by the other IOUs and should be submitted as part of the next four-year portfolio applications in 2026.

12. BayREN's proposal to administer the Home Energy Score program statewide should be approved and BayREN should be required to submit a

Tier 2 advice letter with the details of the program. The program should be funded with an additional $9.9 million added to BayREN's budget.

13. All of the PAs segmented their portfolios appropriately, according to the direction of D.21-05-031 and the segmentation should be approved.

14. The IOUs' funding caps should be increased if a new CCA or REN is approved by the Commission after the four-year budgets are approved. The IOU caps should be augmented by the amounts approved for the CCAs and RENs.

15. The IOU role as a fiscal agent for the CCAs and RENs operating within its territory should be limited to collecting and disbursing funds under the direction of the Commission and should not include a compliance and monitoring function.

16. The budgets submitted by the PAs for 2028-2031 are reasonable forecasts of the revenue collections necessary for the energy efficiency portfolios in those years and should be approved, as adjusted in this decision.

17. PAs should continue to apply unspent and uncommitted funds from any prior portfolio cycles to offset budgets and collection for the subsequent portfolio cycle. Unspent and uncommitted funds should also be reported in the Energy Efficiency annual reports.

18. RCEA's proposal for R-REN meets the criteria outlined in D.12-11-015 and D.19-12-021 and should be approved. R-REN should be required to submit three separate JCMs because of its geographic diversity and overlap with other PAs.

19. A CAEECC POG sub-group should be created to add a stakeholder dimension to the portfolio oversight function.

20. For simplicity, it is reasonable to update the proportions for funding the CAEECC using the new statewide funding proportions, as shown in Table 1 of this decision.

21. It is reasonable for the CAEECC equity and market support metrics working groups to be re-engaged when new indicators, goals, or baselines, are needed for these segments of the portfolio.

22. It is reasonable to require the PAs to ensure adequate measurement and verification requirements in third party contracts to maintain the reliability of TSB results and other key program impacts.

23. It is reasonable to require the PAs to consult with partners to identify mutually beneficial approaches to verifying upstream and midstream installations to ensure key information is documented and tracked for upstream and midstream programs.

24. Because evaluations can cover multiple years and/or multiple cycles, it is reasonable for evaluation funds to be carried forward to pay for any authorized evaluation activity, to provide flexibility to use evaluation funds.

25. It is reasonable to update the IOUs' percentage contributions to evaluation invoice payments to reflect the IOUs' shares of the EM&V budget adopted by this decision.

26. It is reasonable to direct the IOUs to submit their monthly accounting information, as required by D.01-11-066, to CEDARS instead of to the assigned ALJ(s) and Energy Division, for greater transparency and posterity of this information.

27. It is reasonable to direct the IOUs to describe how they have incorporated or otherwise addressed impact evaluation recommendations, for greater transparency and accountability to these recommendations.

28. Because equity segment programs can have a primary purpose to provide non-energy benefits, it is reasonable to provide for and direct the completion of a non-energy benefits study to develop quantification/estimation methods for non-energy benefits for equity segment customers and for consideration in the equity goals development process.

29. PAs should be able to include energy savings from the installation of water efficiency measures in their TSB calculations.

30. PAs should be required to use NMEC, randomized control trials, SEM, or another meter-based method unless they are not feasible or cost-effective.

31. Because the primary purpose of equity segment programs is to serve hard-to-reach or underserved customers or disadvantaged communities, it is reasonable that equity segment programs must be designed and targeted to reach, serve and ultimately benefit hard-to-reach or underserved customers or disadvantaged communities.

32. In order to provide guidance for designing equity segment programs, it is reasonable to define an underserved customer, as follows:

- For the residential and public sectors, an underserved customer is a member of an underserved community, as defined by Pub. Util. Code Section 1601(e).
- For the commercial, industrial and agricultural sectors, a customer must be a member of an underserved community as defined by Pub. Util. Code Section 1601(e), and must also be an underserved business group as defined by Government Code Section 12100.63(h)(2) to be considered an underserved customer.

33. It is reasonable for PAs to propose inclusion of additional groups in the definition of underserved customers. Such proposals should be included in annual reports and must include (1) data of how a group or category is being

missed by the current definition, (2) a description or explanation of why this group or category should be considered underserved, and (3) how the PA proposes to integrate tracking of this group or category into existing metrics.

34. It is reasonable to modify the definition of "hard-to-reach" customers as follows:

> California Native American Tribes are hard to reach; California has a history of disenfranchisement and dispossession of California Tribes that has created barriers to providing programs and services, including energy efficiency programs to California Tribal communities. California Native American Tribes are defined consistent with the Commission's Tribal Consultation Policy, and any subsequent modification(s).
>
> Specific criteria were developed by staff to be used in classifying a customer as hard-to-reach. Two criteria are considered sufficient if one of the criteria met is the geographic criterion defined below. If the geographic criterion is not met, then at least three (other) criteria must be met. The exception is for California Native American Tribes, who do not need to meet any additional criteria.
>
> There are common as well as separate criteria when defining hard-to-reach for residential versus small business customers. The barriers common to both include:
>
>> Customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a combination of language, business size, geographic, and lease (split incentive) barriers. The common barriers to consider include:
>>
>> - Geographic criterion –
>>   - Businesses or homes in areas other than the United States Office of Management and Budget Combined Statistical Areas of the San Francisco Bay Area, the Greater Los Angeles Area and the Greater Sacramento Area or the Office of Management and Budget metropolitan statistical areas of San Diego County, or

    - Businesses or homes in disadvantaged communities, as identified by the California Environmental Protection Agency pursuant to Health and Safety Code Section 39711.

- Language criterion – Primary language spoken is other than English.

For small business added criteria to the above to consider:

- Business Size – 25 or fewer employees and/or classified as Very Small (Customers whose annual electric demand is less than 20 kilowatts (kW), or whose annual gas consumption is less than 10,000 therm, or both), and/or
- Leased or Rented Facilities – Investments in improvements to a facility rented or leased by a participating business customer.

For residential added criteria to the above to consider:

- Income – Those customers who qualify for the California Alternative Rates for Energy, Energy Savings Assistance, or the Family Electric Rate Assistance Programs, and/or
- Housing Type – Multi-family and Mobile Home Tenants (rent and lease).

35. For the public sector, customers classified as "local government" that meet the geographic criterion above should also be considered hard-to-reach.

36. It is reasonable to direct PAs to provide explanation of program segmentation for their 2024-2027 portfolios.

37. The equity and market support segment objectives submitted by the CAEECC metrics working groups, as modified by this decision, are reasonable and should be approved.

38. The equity and market support segment indicators submitted by the CAEECC metrics working groups that are included in Section 7.6 of this decision are reasonable and should be approved.

39. The PAs should work with the CAEECC metrics working groups as well as the Reporting PCG to develop a report addressing the questions in Section 7.7 of this decision related to demographic data.

40. The IOUs should be required to set aside $1 million from the EM&V budgets for the market support and equity goal studies to be conducted by a vendor hired by one of the IOUs by mutual agreement among them.

41. The IOUs should set aside EM&V budget for one IOU to hire a vendor or vendors to conduct the AKAB surveys.

42. The IOU PAs, as well as MCE, should be required to make MAP approaches available to address residential and commercial downstream retrofit opportunities in their territories.

43. It is reasonable to permit each PA to set aside up to 2.5 percent of their energy efficiency budget or $15 million, whichever is less, for ongoing load shifting that is not event-based. IDSM programs that use NMEC Rulebook guidelines should be proposed through Tier 2 advice letters submitted no later than March 15, 2024 for programs to be launched during 2024-2027.

44. Because SoCalREN represents a diverse area with a large number of underserved communities in its geographic area, it should establish a community-based design collaborative.

45. Statewide programs should take precedence over other programs that may overlap with them in the resource acquisition segment, because statewide programs are intended to achieve cost efficiencies.

46. REN programs that only meet the criterion of serving hard-to-reach customers should be designed to target, and market exclusively to, hard-to-reach customers or specific hard-to-reach customer segments.

47. IOUs should convey information of RENs' efforts to exclusively identify hard-to-reach customers or buildings to target marketing for overlapping REN programs to third-party bidders during the solicitation process of buildings with a potential to be served by both IOUs' third-party implementers and RENs.

48. To advance effective regional strategies and complementary program offerings, PAs should communicate with each other regularly in the course of administering their portfolios and preparing applications for future cycles; this regular communication is particularly important in light of the IOUs' solicitations, which could result in the launch of new programs at any time and potentially implicate existing programs offered by other PAs.

49. It is reasonable to modify the timing and submission of JCMs to more accurately reflect Commission approval of portfolios.

50. The True-Up advice letter, required by the terms of D.21-05-031, will be impacted by the reassessment of energy efficiency potential and goals that is underway in R.13-11-005. Therefore, the due date for the True-Up advice letter in 2023 should be revised to be 60 days after the issuance of the decision by the Commission on energy efficiency potential and goals.

O R D E R

IT IS ORDERED that:

1. This decision establishes ten approved energy efficiency portfolio administrators, in two categories, as follows:

(a) Investor-Owned Utilities (IOUs): Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern

California Edison Company, and Southern California Gas Company; and

(b) Non-IOUs: Marin Clean Energy, the Bay Area Regional Energy Network (REN), Inland REN, Rural REN, Tri-County REN, and Southern California REN.

The investor-owned utility portfolio administrators shall reflect the statewide contribution changes included in Tables 1, 2, and 3 of this decision in their True-Up advice letters due in 2023 according to Decision 21-05-031.

2. San Diego Gas & Electric Company shall transition the Residential Behavioral Home Energy Reports and Residential Audit Programs to statewide programs in 2024 and 2025, and shall submit the statewide contract advice letters by no later than December 31, 2025. The advice letters shall address appropriate privacy and customer consent proposals to coordinate data sharing.

3. The portfolio administrators (PAs) must coordinate among themselves and propose a statewide program portfolio assessment process to review and recommend changes to the portfolio of statewide programs. This proposed assessment process and any initial results shall be included in the PAs' portfolio applications to be filed in 2026.

4. San Diego Gas & Electric Company shall lead a study, co-funded by the other investor-owned utility portfolio administrators based on the percentages of the final column of Table 3 of this decision, of residential multi-family programs and strategic energy management programs for potential transition to statewide administration. The study shall be included in the applications filed in 2026 for the next four-year energy efficiency portfolio.

5. The Bay Area Regional Energy Network (BayREN) shall be the statewide administrator of a new Home Energy Score program to be funded by an additional $9.9 million between 2024 and 2027, as included in the budgets

approved in Tables 7 and 9 of this decision. By no later than July 1, 2026, BayREN shall submit a Tier 2 advice letter with details of the statewide plan.

6. If a new community choice aggregator (CCA) elects and is approved to administer energy efficiency funding (pursuant to Public Utilities Code section 381.1(e) and (f)) after the investor-owned utilities' (IOUs') budgets are established for the four-year portfolio period, the impacted IOUs' budget caps shall be increased commensurate with the budget approved by the Commission for the CCA. The IOUs shall record the additional collections in their existing energy efficiency balancing accounts.

7. The budgets for the energy efficiency program portfolio period 2024-2027 are approved in Table 7 of this decision. The investor-owned utility portfolio administrators may collect and distribute the funds not to exceed the four-year total included in Table 9 of this decision for the portfolio period 2024-2027.

8. The portfolio administrators may use the budget forecasts in Table 8 of this decision for planning purposes and revenue requirements for 2028-2031.

9. In general, unspent and uncommitted funds from one portfolio cycle shall offset budgets and collections in the subsequent portfolio cycle for all portfolio administrators. For any unspent and uncommitted funds, portfolio administrators shall:

(a) use any unspent and uncommitted funds from prior approved portfolio periods, with the exception of funds required to be sent to the California Energy Commission according to Assembly Bill 841 (Stats. 2020, Ch. 372), to offset budget and collection needs during the 2024-2027 portfolio period approved in this decision;

(b) use any unspent and uncommitted funds from past years within the cycle to offset collections within the remainder of the portfolio period; and

(c) report any funds collected and spent over the four-year portfolio cycle, annually and cumulatively, and any unspent funds applied to offset collections in subsequent years in the annual reports.

10. The proposal for a Rural Regional Energy Network (R-REN) filed by the Redwood Coast Energy Authority is approved and funded as detailed in Tables 5 and 6 of this decision. R-REN shall submit one Tier 1 advice letter within 90 days of the issuance of this decision, containing three separate joint cooperation memos (JCMs):

(a) A JCM with Pacific Gas and Electric Company (PG&E) (for the North Coast);

(b) A JCM with PG&E and Tri-County Regional Energy Network (for the Central Coast); and

(c) A JCM with PG&E, Southern California Edison Company, Southern California Gas Company, and Southern California Regional Energy Network (for the San Joaquin Valley and High Sierra).

11. The California Energy Efficiency Coordinating Committee (CAEECC) shall create a Portfolio Oversight Group (POG) to add a stakeholder dimension and input to energy efficiency portfolio oversight, as described in Section 5.1 of this decision. To the extent feasible with current funding, CAEECC shall begin the POG development in 2023. Pacific Gas and Electric Company, as the current holder of the contract for CAEECC facilitation, shall include in the January 2024 advice letter for the CAEECC budget and meeting schedule, a proposal with the following elements:

(a) A budget sufficient to fund the development and execution of the POG in 2024;

(b) A proposed meeting schedule; and

(c) A description of the scope of CAEECC's development and execution of the requirements in Section 5.1 of this decision.

12. This decision supersedes Decision 15-10-028 with respect to funding allocations for the California Energy Efficiency Coordinating Committee (CAEECC): Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company shall apply the new statewide funding allocations as shown in Table 1 of this decision, with 80 percent of funds based on electric load share and 20 percent of funds based on gas load share percentages. CAEECC's funding source shares shall be adjusted based on updates to the statewide program allocations in future decisions.

13. Taking into account recommendations of the California Energy Efficiency Coordinating Committee working groups on equity and market support metrics, the portfolio administrators shall jointly submit a Tier 2 advice letter by no later than May 1, 2024 clarifying all of the indicators adopted in this decision, including any modifications from metrics and indicators adopted in Decision 18-05-041, and identifying information that could be used as baselines for future targets or methodologies for how the indicator information can be used as baselines.

14. Within 90 days after the issuance of this decision, the portfolio administrators shall modify existing contracts and their standard contract terms to ensure adequate measurement and verification requirements, such that source data can be tracked and verified per Section 5.3.1 of this decision.

15. Portfolio administrators shall ensure adequate measurement and verification requirements in third-party contracts for all segments, such that source data can be tracked and verified. Each portfolio administrator shall

identify and describe the approaches they will take to verify upstream and midstream installations, beginning with the annual reports due in 2025; such description shall also document the consultation conducted with partners and Energy Division staff to identify these approaches.

16. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company's percentage contribution to evaluation invoice payments shall be updated to their respective percentage of the evaluation, measurement and verification budget adopted by this decision.

17. This decision supersedes Decision 01-11-066 with respect to submission of monthly accounting information by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, (collectively the IOUs). In lieu of submitting the required monthly accounting information to the assigned Administrative Law Judge(s) and Energy Division, the IOUs shall submit their monthly accounting information to the California Energy Data and Reporting System.

18. Beginning with the mid-cycle budget advice letter submissions due in 2025, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall include specific descriptions of how they have incorporated or otherwise addressed impact evaluation recommendations.

19. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (collectively, the IOUs) shall, with input from a stakeholder working group and oversight by Energy Division staff, conduct a non-energy benefits study to update and improve quantification of non-energy benefits as an indicator for

equity segment program performance. The IOUs may expend up to $500,000 of evaluation, measurement and verification funds for this study.

20. Within 240 days after Energy Division staff provides notice to the service list of the formation of a stakeholder working group to inform the non-energy benefits study, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit a joint Tier 1 advice letter detailing the non-energy benefits study's working group recommendations and next steps to begin the study.

21. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall complete the non-energy benefits study by no later than October 1, 2026. Beginning with the Quarter 1 2028 quarterly report, the portfolio administrators must track and report non-energy benefit indicators for the equity segment.

22. For programs that meet all of the below characteristics, portfolio administrators shall now be required to use, as described in Section 6.2 of this decision, normalized metered energy consumption (NMEC), randomized control trials, strategic energy management, or another meter-based savings evaluation method, or otherwise the justify in the implementation plan why meter-based methods are not used for feasibility or cost-effectiveness reasons. These characteristics include:

(a) New programs approved by this decision launching on or after January 1, 2024, except for third-party programs for which the request for proposals or request for abstracts is issued prior to October 1, 2023;

(b) Uses a downstream (at the customer site) delivery approach;

(c) Is a resource acquisition retrofit program;

(d) Is in the residential or commercial sector; and

(e) Is eligible to use the NMEC rules (according to the NMEC Rulebook).

23. Portfolio administrators shall complete and submit the Program Segmentation Justification, included in Attachment A, as a functional Excel spreadsheet in the California Energy Data and Reporting System "Documents" page alongside their Quarter 2 2024 Quarterly Claims reports.

24. The objectives and indicators for the equity and market support segments of the portfolios, as listed in Sections 7.5 and 7.6 of this decision are adopted.

25. Portfolio administrators shall work with the metrics working groups of the California Energy Efficiency Coordinating Committee and the Reporting Policy Coordination Group to jointly submit a report addressing the demographic questions in Section 7.7 of this decision by no later than September 1, 2025. Based on analysis included in the report, the portfolio administrators shall propose, in their next portfolio proposals due in 2026, their preferred approaches to regular reporting of demographic energy efficiency program participation information.

26. Portfolio administrators shall work with the California Energy Efficiency Coordinating Committee metrics working group to develop indicators to measure community engagement, and should include the agreed-upon indicators in their Mid-Cycle advice letters in 2025. The submission may also reflect non-consensus views. After the advice letters are addressed by the Commission, the portfolio administrators shall report on the adopted community engagement indicators in their annual reports.

27. The investor-owned utility (IOU) portfolio administrators shall set aside at least $1 million from their collective evaluation, measurement, and verification (EM&V) budgets and shall select one utility from among them to hire a vendor

or vendors to conduct a study to set goals for the market support and equity segment indicators. By no later than March 1, 2025, the IOU portfolio administrators must submit a joint Tier 3 advice letter that:

(a) Defines the process for proposing and adopting long-term market support and equity goals;

(b) Defines options for two or three goal constructs each for market support and equity segments, where a construct describes how to recognize success by:

   i. Demonstrating alignment with objectives;

   ii. Identifying which metric(s) or indicator(s) should be used for goals;

   iii. Whether goals should be set statewide, by territory, or by portfolio administrator;

   iv. Anticipated timeline for goal achievement; and

   v. Necessary baseline information.

(c) Defines what study or studies process is necessary to quantify goals, and propose a budget for each study that is capped by the $1 million set aside from the EM&V budgets, as directed above.

The investor-owned utility (IOU) portfolio administrators shall propose a plan and budget to select one utility from among them to hire a vendor or vendors to conduct awareness, knowledge, attitude, and behavior surveys to inform baselines and progress by the portfolio administrators, as well as setting of targets and goals for the market support and equity segments of the portfolio. Funding for surveys shall come from the IOU portfolio administrators' collective evaluation, measurement, and verification budgets. The selected IOU portfolio administrator shall submit a Tier 2 advice letter by August 1, 2024 describing the detailed plans for the study and conducting the surveys as recommended by the California Energy Efficiency Coordinating Committee metrics working groups.

28. By no later than July 1, 2024, the investor-owned utility portfolio administrators (PAs) and Marin Clean Energy shall make available Market Access Program (MAP) approaches for residential and commercial downstream opportunities in their territories. These PAs shall also describe, in their MAP Implementation Plans, how their MAP offerings interact with the rest of their portfolios, such that third-party program implementers operating downstream retrofit programs are aware of the possible impacts of customers participating in MAP offerings. If applicable, the description of the role of the MAP in the portfolio shall also be included in any third-party advice letter submissions.

29. Portfolio administrators offering a Market Access Program shall include a list of external funding sources beyond the energy efficiency portfolio funding, if any, in their energy efficiency annual reports.

30. Portfolio administrators may propose processes for customers to implement multi-distributed energy resource projects and receive rebates or incentives for non-energy efficiency integrated demand-side management measures through their energy efficiency programs, by submitting Tier 3 advice letters no later than March 15, 2024. The advice letters shall include details of the use of non-energy efficiency funding, measurement approaches including any methods that will be used to ensure that impacts on consumption are not double-counted, and references to applicable rules and approved budgets from non-energy efficiency resource areas that will govern the distribution of those funds.

31. Portfolio administrators (PAs) may set aside no more than 2.5 percent or $15 million (for each PA), whichever is less, of their total budgets during 2024-2027 approved in this decision to fund innovative integrated demand-side

management (IDSM) projects, including ongoing load-shifting that is not event-based. Energy efficiency funding shall not be used for rebating capital costs of non-efficiency technologies.

32. Southern California Regional Energy Network shall submit a Tier 2 advice letter by September 30, 2025 containing the Community-Based Design Collaborative's developed process for funding community programs, and a plan for piloting the approach in 2026 and 2027 for potential statewide rollout later, and a process and plans for continuation of the community-based design collaborative if necessary. The advice letter shall address the factors discussed in Section 8.3 of this decision.

33. Southern California Regional Energy Network shall coordinate with the Community-Based Design Collaborative and with the other portfolio administrators to structure a process for community-based programs for all areas covered by the Commission's energy efficiency programs, for proposal in their 2028-2031 portfolio applications.

34. Statewide programs shall take precedence over other programs that may overlap with them in the resource acquisition segment.

35. Bay Area Regional Energy Network, Southern California Regional Energy Network, Tri-County Regional Energy Network, and Rural Regional Energy Network shall, for programs that only meet the criterion of serving hard-to-reach customers, include in their Joint Cooperation Memoranda a description of how they will identify customers or buildings to target marketing exclusively toward hard-to-reach customers.

36. This decision supersedes Decision (D.) 18-05-041 and D.21-05-031 with respect to the timing and submission of a Joint Cooperation Memoranda (JCM). Portfolio administrators must submit JCMs every two years, within 60 days after

Commission approval of true-up advice letters and mid-cycle advice letters, to the California Energy Data and Reporting System, with notice to the service list of Rulemaking 13-11-005 or a successor proceeding.

37. Application 22-02-005, et. al. is closed. Going forward, all outstanding energy efficiency portfolio oversight and policy issues shall be addressed in Rulemaking 13-11-005 or its successor.

38. The True-Up advice letter identified in Decision 21-05-031 as due on September 1, 2023 shall be due instead no later than 60 days after the Commission issues a decision updating the energy efficiency potential and goals in Rulemaking 13-11-005.

This order is effective today.

Dated ____________________________, at San Francisco, California.

ATTACHMENT A

Program Segmentation Justification Template

Attachment A:

Program Segmentation Justification Template

PA	Program Name	Program ID	Market Sector	Program Segment	Brief description of rationale for program segmentation	Metric / Indicator Identification - ID each metric and indicator for which the program will contribute segment progress information (If multiple metrics/indicators, repeat line item data in full with new metric described on each line. No other cell info should change except the metric identification)

(END OF ATTACHMENT A)