

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for the Self-  
Generation Incentive Program and Related  
Issues.

Rulemaking 20-05-012  
(Filed May 28, 2020)

**OPENING COMMENTS OF  
THE CALIFORNIA EFFICIENCY + DEMAND MANAGEMENT COUNCIL AND  
LEAPFROG POWER, INC.  
ON ASSIGNED COMMISSIONER'S RULING**

July 15, 2025

**Joseph Desmond**  
**Executive Director**  
**California Efficiency + Demand**  
**Management Council**  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: 925-785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)

**Luke Tougas**  
**Consultant for**  
**California Efficiency + Demand**  
**Management Council**  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: 510-326-1931  
E-mail: [l.tougas@cleanenergyresearch.com](mailto:l.tougas@cleanenergyresearch.com)

**Collin Smith**  
**Regulatory Affairs Manager**  
**Leapfrog Power, Inc.**  
2108 N Street, Suite N  
Sacramento, CA 95816  
Telephone: 267-742-1081  
E-mail: [marketdev.caiso@leap.ac](mailto:marketdev.caiso@leap.ac)

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**I. INTRODUCTION**

The California Efficiency + Demand Management Council (the “Council”) and Leapfrog Power, Inc. (“Leap”) submit these Opening Comments on Assigned Commissioner’s Ruling, issued in this proceeding on July 7, 2025 (“ACR”). These Opening Comments have been timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the instructions contained in the ACR.

**II. BACKGROUND**

The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California.<sup>1</sup> Our member companies employ many thousands of Californians throughout the state. They include energy efficiency (“EE”), demand response (“DR”), and distributed energy resources (“DER”) service providers, implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and energy efficient product manufacturers. The Council’s mission is to support appropriate EE, DR, and DER policies, programs, and technologies to create sustainable jobs, long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

Leap is a Demand Response Provider (“DRP”) founded in 2017 and headquartered in San Francisco, California. The company provides DR services to residential, commercial, industrial, and agricultural customers throughout the state of California. Through its technology platform, Leap enables DER providers in California to provide grid flexibility, delivering revenue for their

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<sup>1</sup> Additional information about the Council, including the organization’s current membership, Board of Directors, antitrust guidelines and code of ethics for its members, can be found at <http://www.cedmc.org>. The views expressed by the Council are not necessarily those of its individual members.

customers and integrating additional demand-side resources into the California electricity system. Leap believes that demand-side resources integrated into California's wholesale electricity market will play an increasingly important role in helping California achieve a resilient and zero carbon future. Leap is a registered DRP, as well as a registered Scheduling Coordinator, with the California Independent System Operator Corporation ("CAISO").

### **III. THE COUNCIL AND LEAP'S RESPONSE TO QUESTION FOR PARTY INPUT**

The ACR poses one question to which parties are requested to respond: "Should the Commission remove the DR requirement for all residential low-income customers applying to the Residential Solar and Storage Equity budget? Explain your reasoning."<sup>2</sup> The Council and Leap would answer this in the affirmative for all – not only low-income – customers participating in the Self Generation Incentive Program ("SGIP") if the availability of "qualified" DR programs is not significantly increased. The DR requirement, as currently implemented, is far too limited in the number of DR programs it lists as "qualified," which has been creating challenges for SGIP enrollments. The Council and Leap have stated on several occasions that if the list of qualified DR programs was expanded to include more non-investor-owned utility ("IOU") programs, it would alleviate these issues. Unfortunately, based on the recent rejection of several community choice aggregator ("CCA") Tier 2 advice letters requesting classification of specified DR programs as "qualified," it appears that this problem will not be resolved in the near future. In the absence of significant improvement in this area, the Council and Leap recommend that all customers, not only low-income customers, be exempt from the DR requirement.

### **IV. THE NARROWLY-DEFINED LIST OF QUALIFIED DEMAND RESPONSE PROGRAMS CREATES UNNEEDED COMPLEXITY AND HARDSHIP**

In Decision ("D.") 24-03-071, the Commission adopted a "qualified" DR program participation requirement as a condition for Self-Generation Incentive Program ("SGIP") participants to receive an energy storage technology incentive.<sup>3</sup> The following criteria, adopted in D.23-12-005, defined what constituted a "qualified" DR program:<sup>4</sup>

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<sup>2</sup> ACR, at p. 5.

<sup>3</sup> D.24-03-071, at Ordering Paragraph 21.

<sup>4</sup> D.23-12-005, Attachment 1.

1. Economic supply-side market integrated DR programs counted for RA irrespective of whether the administrator is an IOU, CCA or third-party DRP.
2. Load modifying DR programs that satisfy the following two requirements:
  - a. The program is indirectly integrated with the CAISO energy market such that the program's dispatch signal is linked to the energy prices in the Day-Ahead or real- time market – operational domain.
  - b. The program's load impact is counted towards RA obligations directly or indirectly through an approved process (such as, via a process for reducing RA obligations by integrating the program's load impact with CEC's peak forecasts) – planning domain.
3. Any DR pilot authorized and designated by the Commission in a DR proceeding including R.22-07-005 as a “qualified” DR program eligible to meet the DR enrollment requirement.
4. Critical Peak Pricing or Peak Day Pricing. These options, which at this time do not meet requirement 2a above, shall be discontinued as a “qualified” DR program if they still do not meet requirements listed here when the dynamic rate(s) under consideration in R.22-07-005 (to comply with CEC adopted Load Management Standards (California Code of Regulations – Title 20, Article 5, Section 1623) are made available to customers.

In D.24-03-071, the Commission authorized a subset of programs that met these criteria as “qualified” for customers applying for SGIP energy storage incentives.<sup>5</sup> These programs are listed below:<sup>6</sup>

**List of Qualified DR Programs for Meeting SGIP Requirement**

<b>PA (IOU, POU)</b>	<b>Program Name</b>	<b>Eligible Customers</b>
PG&E	Capacity Bidding Program	Residential, Commercial, Industrial, Agricultural
PG&E	Peak Day Pricing	Commercial, Industrial, Agricultural
PG&E	SmartRate	Residential
SCE	Capacity Bidding Program	Residential, Commercial, Industrial, Agricultural
SCE	Critical Peak Pricing	Commercial, Industrial, Agricultural
SCE	Critical Peak Pricing	Residential

<sup>5</sup> D.24-03-071 at p. 75.

<sup>6</sup> *Id.*, Appendix E.

SDG&E	Capacity Bidding Program	Residential, Commercial, Industrial, Agricultural
SDG&E	Critical Peak Pricing	Commercial, Industrial, Agricultural
SDG&E	Time-of-Use Plus Pricing Plan	Residential
SDG&E	Time-of-Use Plus Pricing Plan	Commercial

As the ACR cites, D.23-12-005 directed that in order to add a new DR program to the “qualified” list, “Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company are each directed to submit Tier 2 advice letters on an as needed basis to establish and update the eligible program lists for purposes of determining what a ‘qualified’ Demand Response (DR) program is in order to satisfy DR incentive conditions.”<sup>7</sup> Though this was not mentioned in the ACR, D.24-03-071 included similar instructions, stating, “This list of qualified DR programs will be maintained by the [SGIP Program Administrators] on the SGIP website and updated as the list of ‘qualified’ DR programs get updated by the Commission or the IOUs as per D.23-12-005 direction, or by the SGIP PAs through Tier 2 Advice Letter.”<sup>8</sup>

This process to add new “qualified” DR programs has been utilized on seven occasions to date: 1) PG&E Advice Letter (“AL”) 7577-E, 2) PG&E AL 7486-E, 3) SCE AL 5491-E, 4) SCE AL 5500-E, 5) PCE AL 41-E, 6) CSE AL 165-E, and 7) CEA AL 12-E.<sup>9</sup> Of these seven, to the Council’s and Leap knowledge, only one has been approved so far – PGE’s Automated Response Technology (“ART”) Program. At least four have been denied – all CCA DR programs – and the status of the remaining two are unknown.

The Council and Leap were initially supportive of a DR requirement because behind-the-meter energy storage is a natural fit for providing DR. This support was predicated on the expectation that the list of qualifying DR programs would not be so limited that it actively inhibited customers from enrolling in the SGIP. However, the recent disposition letters of the CCA advice letters listed above have demonstrated that the “qualified” DR program criteria are acting as a barrier to SGIP participation because only IOU DR programs and tariffs have so far been granted “qualified” status.

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<sup>7</sup> D.23-12-005, at Ordering Paragraph 10.

<sup>8</sup> D.24-03-071, at pp. 75-76.

<sup>9</sup> ACR, at pp. 3-4.

The ACR asserts that “both PG&E and SCE have aggregators who enroll residential customers in [the Capacity Bidding Program (“CBP”)].”<sup>10</sup> It is not clear that this is true. Just three months ago, on April 15, a coalition of CCAs (“Joint CCAs”) conducted an ex parte meeting with Commissioner Karen Douglas, in which they clarified that no residential aggregators are currently participating in PG&E’s or SCE’s respective CBPs.<sup>11</sup> Although several residential aggregators have registered as CBP providers (and are listed as providers on the IOUs’ websites), in practice, no aggregators actually offered CBP to residential customers when D.24-03-071 was issued, nor through mid-April of this year. It is possible that this has changed over the last three months, but as of April 15, according to the Joint CCAs’ presentation, unbundled customers were being informed that they needed to unenroll from CCA service in order to qualify for SGIP incentives. This creates a serious unintended outcome of the DR requirement because it forces CCA customers to leave their current retail provider in order to qualify for SGIP incentives. The Joint CCAs’ presentation also demonstrates how changing retail providers can negatively impact customers financially, as the 6-month transition rate these customers are placed on can result in more volatile and higher bills.<sup>12</sup> The addition of the ART program as a qualified program also does not rectify this issue, as it is only available in PG&E’s service territory and its attractiveness to storage customers is largely untested.

This situation also compromises the level playing field between IOU and non-IOU DR programs. The Council and Leap observe that, so far, only IOU DR programs have been recognized as meeting the conditions to be “qualified” DR programs. This appears to bear out the concerns expressed by the Joint Parties in their April 19, 2025 Application for Rehearing (“AfR”) of D.24-03-071 that

this requirement would negatively impact CCA and third-party Supply-Side DR programs that provide Resource Adequacy (“RA”) capacity. This requirement also exacerbates the unequal treatment of third-party and CCA DR programs compared to the investor-owned utility (“IOU”) DR programs by exclusively and discriminatorily focusing SGIP funds on IOU DR programs.<sup>13</sup>

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<sup>10</sup> ACR, at p. 3

<sup>11</sup> “Self Generation Incentive Program (SGIP) Qualified Demand Response Program” Requirements and Customer Impacts,” dated April 15, 2025 at slide 2

<sup>12</sup> April 15, 2025 presentation at slide 3

<sup>13</sup> Joint Application for Rehearing of Decision 24-03-071 by the Leapfrog Power, Inc., CPower, Nostromo Energy, Inc., Center for Energy Efficiency and Renewable Technologies, California Efficiency + Demand Management Council, OhmConnect, Inc., Qcells North America, and Voltus, Inc., submitted in this proceeding on April 19, 2025, at p. 6.

**V. ELIMINATING THE DR REQUIREMENT FOR ALL CUSTOMERS WOULD BE BETTER THAN MAINTAINING AN OVERLY RESTRICTIVE LIST OF QUALIFIED DR PROGRAMS**

The Council and Leap continue to believe that a DR participation requirement, if implemented properly, is sound policy. The Commission should seek to maximize the value of the energy storage procured by customers through the SGIP, but this can only occur if the list of “qualified” DR programs is not so limited that it prevents customers from installing energy storage in the first place. However, the status quo creates a markedly more complex environment for both SGIP developers and their customers, who must now navigate a highly restrictive and changing list of qualified DR programs to receive incentives.

After D.24-03-071 was approved, many SGIP customers – most notably residential unbundled customers – were stuck in bureaucratic limbo as developers and CCAs struggled to find or create programs that could satisfy the decision’s narrowly-defined DR requirement. This was especially unfortunate because the initial decision to limit the number of qualified DR programs was at least partially meant to reduce complexity for customers.<sup>14</sup> Rather than prescriptively require customers to choose from a circumscribed subset of DR programs, it would be better for all customers – including low-income customers – if the Commission significantly broadened the list of qualified DR programs. Outside of the current “qualified” DR program list, low-income SGIP participants – like all participants – actually have many DR options available, including CCA DR programs, enrolling with third-party DR providers to provide valuable Resource Adequacy (“RA”) capacity, or participating in the California Energy Commission’s (“CEC”) Demand Side Grid Support (“DSGS”) program.

The Council and Leap appreciate the Commission’s focus on low-income customers, but exempting low-income customers from DR participation overlooks the fact that the underlying problem impacts all customers. Any adopted solution should apply to all SGIP participants, not a sub-set. Otherwise, the problematic implementation of the DR participation requirement seen today would only be partially addressed; in fact, the program’s complexity would be exacerbated as different subsets of SGIP customers would face different DR program requirements.

The Council and Leap continue to recommend that the Commission retain the DR participation requirement for all SGIP participants but only if the artificial scarcity of qualified

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<sup>14</sup> D.24-03-071, at p. 74.

DR programs is eliminated to include all CCA load modifying and supply side DR programs, third-party RA contracts, and all CEC DR programs. However, if the Commission does not expand this list, then the next best alternative is to exempt all SGIP participants from the DR requirement. This would still be an improvement on the status quo because it would eliminate this substantial barrier to SGIP participation.

#### **IV. CONCLUSION**

For the reasons explained above, the Council and Leap recommend that the Commission retain the DR participation requirement for all SGIP participants only if the range of qualified DR programs is expanded to include all CCA programs, third-party RA contracts, and all CEC DR programs; if this cannot be done, then an exemption should be adopted for all SGIP participants.

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Respectfully submitted,

/s/ JOSEPH DESMOND  
Joseph Desmond  
On Behalf of the  
California Efficiency + Demand  
Management Council and  
Leapfrog Power, Inc.  
849 E. Stanley Blvd #264  
Livermore, CA 94550  
Telephone: 925-785-2878  
E-mail: [policy@cedmc.org](mailto:policy@cedmc.org)