

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to  
Enhance Demand Response in  
California.

Rulemaking 25-09-004

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON THE  
ORDER INSTITUTING RULEMAKING TO ENHANCE DEMAND RESPONSE IN  
CALIFORNIA**

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In accordance with the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the California Energy Storage Alliance (“CESA”) hereby respectfully submits these opening comments on the *Order Instituting Rulemaking to Enhance Demand Response in California* (“OIR”), issued by the Joint Commissioners on September 29, 2025.

**I. California Energy Storage Alliance Background and Interest in Proceeding**

CESA is a 501(c)(6) membership-based advocacy organization committed to advancing the role of energy storage in the electric power sector. CESA works to build a more affordable, efficient, reliable, safe, and sustainable electric power system for all Californians. Representing over 70 members, CESA serves as the leading voice for energy storage in California and has a direct interest in this proceeding in shaping the policies, procedures, and rules that govern the integration, valuation, and participation of storage resources in the state’s energy markets. CESA member companies deliver storage solutions across residential, commercial, and industrial markets, spanning a wide range of technologies, applications, system sizes, and durations.

CESA has a strong interest in this proceeding, as the Commission’s re-evaluation of demand response policies directly affects the role of energy storage in providing flexible, reliable grid services. The growth of behind-the-meter storage, electrification, and advanced controls enables new forms of responsive demand that blur traditional distinctions between load reduction and energy supply. CESA seeks to ensure that the Commission’s frameworks for dual participation, valuation methodologies, and Resource Adequacy qualification appropriately recognize the capabilities of storage resources and aggregated DERs. Updating these rules to reflect storage-enabled demand response will help unlock additional grid flexibility, support market integration, and advance California’s clean energy and reliability goals.

CESA intends to submit comments and participate in workshops and other discussions and activities in this proceeding to ensure that regulatory frameworks fully recognize and enable the capabilities of energy storage and storage-enabled demand response resources.

## **II. Responses to Preliminary Scoping Memo Topics and Questions**

**CESA recommends this proceeding provide an opportunity to review and update the Commission’s Load Impact Protocols** so that they are fit for assessing behind-the-meter storage resources, including systems capable of exporting to the grid. Clear and accurate methodologies are essential to properly recognize these resources—whether as demand-side assets influencing the California Energy Commission’s load forecast or as supply-side resources eligible to provide Resource Adequacy under contracts with Load-Serving Entities.

**In addition, the scoping memo should also include evaluation of program designs that recognize and value the full range of benefits provided by diverse demand response resources.** This includes exploring improved measurement and valuation methodologies for non-

exporting behind-the-meter (BTM) storage resources. For example, thermal energy storage, which converts and stores energy in non-electric forms such as chilled water or ice, is one such resource that can provide load flexibility and reliability value but cannot be accurately captured through standard electric metering alone.

Accordingly, the Commission should consider updates to sub-metering requirements to better capture resource performance and enable fair compensation for non-exporting storage technologies. Doing so would support greater participation from a broader set of DR resources, enhance grid flexibility, and advance equitable market access for emerging technologies that contribute to reliability and decarbonization goals.

**CESA recommends the Commission, within the scope of this proceeding, consider the establishment of a clear preference hierarchy for measurement in DR programs:** (1) resource-level submetering at the device or aggregator boundary (electrical and, where applicable, thermal-to-electrical conversions for TES) with timestamped telemetry suitable for settlement; (2) utility revenue meter data only when resource-level submetering is infeasible; and (3) statistical baselines only. Baselines systematically misstate performance for storage-enabled DR because the counterfactual varies with weather, operations, and customer schedules. Submetering produces settlement-quality, baseline-independent MWh and kW/availability attributes, supports dual participation and Resource Adequacy qualification, and enables fair, technology-neutral compensation for both exporting and non-exporting BTM resources.

Lastly, **CESA urges the Commission to adopt a reasonable and efficient timeline for considering and implementing needed reforms.** The proceeding schedule should not defer substantive reform discussions. Guiding principles are important but should not delay development

of actionable updates that unlock the full and timely participation of demand response and distributed energy resources in meeting system needs.

### **III. Conclusion**

CESA appreciates the opportunity to submit these comments on the OIR and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,

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**CALIFORNIA ENERGY STORAGE ALLIANCE**

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