

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



FILED

12/01/25

04:59 PM

R2509004

Order Instituting Rulemaking
to Enhance Demand Response
in California.

Rulemaking 25-09-004

**REPLY COMMENTS OF THE CALIFORNIA SOLAR & STORAGE ASSOCIATION
ON ORDER INSTITUTING RULEMAKING TO ENHANCE DEMAND RESPONSE IN
CALIFORNIA**

Jon Hart
Policy Director
California Solar & Storage Association
1107 9th St. #820, Sacramento, California 95814
(619) 517-3723
jon@calssa.org

December 1, 2025

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Pursuant to Rules 14.3 of the California Public Utilities Commission’s (Commission or CPUC) Rules of Practice and Procedure, the California Solar & Storage Association (CALSSA) hereby submits reply comments on the *Order Instituting Rulemaking to Enhance Demand Response in California* (ruling), issued on September 29, 2025.

1. Create a Valuation Methodology for DER Exports to the Grid

Numerous parties¹ request that exports to the grid be eligible within demand response (DR) programs and that the Commission create a qualifying capacity methodology for energy exported to the grid from distributed energy resources (DERs) and/or DR programs that provide resource adequacy (RA). Additionally, the California Independent System Operator (CAISO) recommends coordinating policy changes within the DR proceeding with the CAISO’s Demand and Distributed Energy Market Integration (DDEMI) initiatives, “especially the Commission’s Qualifying Capacity values in CAISO Resource Adequacy (RA) processes. The CAISO will collaborate with the Commission, Energy Division staff, and parties to ensure coordination between this proceeding and the CAISO’s processes.”² Given the broad support for this issue across industry, utilities, and trade groups and the promised collaboration with the CAISO, CALSSA urges the Commission to include this issue within scope of the proceeding.

2. Direct Metering Should Be Allowed in Programs

¹ Pacific Gas and Electric pg 13; Leap pg 8; Enphase pg 2; California Energy Storage Alliance pg 3; Tesla pg 5; Advanced Energy United pg 12.

² CAISO pg 4.

Several parties discuss the benefits and needs of allowing device-level metering on DERs that can be directly metered.³ CALSSA agrees that directly metered technologies are widespread and that directly metering a resource is more accurate than using whole-premise metering. Additionally, as Tesla notes,⁴ device meters do not need to each be revenue grade to have high-accuracy metering. When aggregating metering over dozens and potentially hundreds of thousands of devices in a single aggregation, random errors are cancelled out. Thus, metering that is built into devices and tested to high levels of accuracy should be allowed to provide this metering.

3. Alternative Baseline and Valuation Methodologies

CALSSA supports parties' proposals to include alternative baselines and valuation methodologies within the scope of this proceeding.⁵ As these parties highlight, current baselines do not value resources that reduce load regularly or even daily. There is great value in permanently reducing or modifying load, and current baseline methodologies do not account for that. Thus, creating new valuation methodologies, especially for resources that are used regularly during non-event days, would be very beneficial.

4. Third-Party Access and Competitive Neutrality

Parties raise the issue of creating and maintaining third-party access to DR programs and fostering competitive neutrality within programs.⁶ CALSSA supports this position and asks that the Commission include this within the guiding principles.

5. Other Issues to Be Included in Scope

Pacific Gas and Electric (PG&E) proposes several issues to be included within scope that CALSSA strongly supports. PG&E proposes renaming the proceeding⁷ to better reflect the technologies and capabilities available today and in the future. While the term "Load

³ Advanced Energy United pg 10; Tesla pg 7; Vehicle to Grid Integration Council pg 3; Leap pg 8; Ava Community Energy pg 5; EnergyHub pg 4.

⁴ Tesla pg 7.

⁵ Enerwise Global Technologies pg 4; Kaluza pg 5.

⁶ Enerwise Global Technologies pg 5; Kaluza pg 4; CalCCA pg 13; EnergyHub pg 4.

⁷ PG&E pg 4.

Management,” as proposed by PG&E, may not be the most appropriate name for the proceeding because it still suggests that these programs are limited to customer load and cannot or should not export, CALSSA agrees with the principle that recasting DR as something more dynamic, flexible, and inclusive of exports would be helpful in creating the next generation of Virtual Power Plant programs. Reconceptualizing what is now called demand response so that virtual power plant (VPP) technologies and programs are not limited to load to better reflect that they are bidirectional, that they can export energy to the grid, and that they are flexible would help in creating the next generation of VPP programs.

Additionally, PG&E states that “[t]o enable more adaptable resources that can pivot as needs evolve, a more flexible VPP policy framework must be erected to enable load to provide multiple grid services, including generation, transmission, and distribution. For instance, rather than today’s almost exclusive focus on peak load shedding, future VPPs should provide continuous load shaping, proactively and reactively, with higher incentives for firm resources that grid operators can dispatch at the right time and place with the right characteristics to address specific grid needs.”⁸ CALSSA strongly supports the idea that VPPs can provide multiple grid services and should have programs and tariffs in place to enable this. The Commission’s DR programs that currently exist do not provide the flexibility, rules, or pricing structures to fully enable and reflect the value of VPPs. Thus, CALSSA strongly supports PG&E’s suggestion to include this issue within scope of the proceeding.

Lastly, PG&E recommends that the scope include exploring “a VPP structure that is partially market integrated as a supply-side DR resource and partially a load-modifying DR resource.”⁹ CALSSA agrees that the current bifurcated supply-side and load-modifying DR structure is limiting BTM resources from providing greater value and that there should be additional pathways for these resources to provide capacity and other services, whether integrated into the CAISO markets or not. Creating standardized parameters for load-modifying programs that load-serving entities can use to reduce the need to procure additional RA, as well as other types of program structures beyond market-integrated DR, should be included within the scope of this proceeding.

⁸ PG&E pg 6.

⁹ PG&E pg 6.

6. Conclusion

CALSSA appreciates the Commission's efforts to expand beyond the traditional approach to DR programs and looks forward to engaging further in this proceeding.

Respectfully submitted,

By: /s/ Jon Hart

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Policy Director

California Solar & Storage Association

1107 9th St. #820, Sacramento, California 95814

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