



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

Order Instituting Rulemaking to Enhance  
Demand Response in California.

Rulemaking No. 25-09-004  
(Issued September 18, 2025)

**FILED**

12/23/25

10:28 AM

R2509004

**POST PREHEARING CONFERENCE STATEMENT OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)**

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Dated: December 23, 2025

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Pursuant to the Presiding Administrative Judge’s (ALJ) instructions during the December 16, 2025, prehearing conference in this proceeding, Pacific Gas and Electric Company (PG&E) submits its post prehearing conference (PHC) statement. PG&E understands the urgent need to adopt frameworks for load management/demand response that are flexible to meet an evolving landscape of challenges, including electrification, large load additions, and an environment with more types and numbers of stakeholders than in the past.

**I. INTRODUCTION AND SUMMARY**

To move forward productively, the Commission will need to prioritize which issues to address first. Then other issues must be organized to enable related or interdependent issues to be addressed in a coordinated manner to meet timing needs for future proceedings, like the next demand response (DR) application. Throughout this process, the potential costs involved must also be kept in mind and provision for including costs factors in future policy and implementation decisions must be accommodated. This on-ramp for cost considerations is necessary because load management also needs to serve the goal of affordability.

PG&E’s comments respond to some of the speakers’ comments at the PHC and the ALJ’s December 16, 2025, e-mail about Flex Alert. The huge number of issues raised by speakers reinforced the need to organize the issues and establish priorities among them. PG&E offers these comments to assist with that task. The organization and timing proposed in these comments are summarized in the following table.

SUMMARY OF TARGET DATES, PRIORITIES, AND CATEGORIZATION

Target for decision	Topics	Categorization
May 2026 Immediate priority	Bridge Authorization and Funding; process for making proposals and comments.	Ratesetting
May 2026 Immediate priority	Flex Alert; process needed for presenting proposals, party comments.	Ratesetting
December 2026 High priority for next DR application (Track 1)	Issues needed to be addressed for next DR application, assuming a 1-year bridge and DR filing extension. If the decision is later, the bridge will need to be longer. The decision is needed at least 12 months before the DR application filing date.	Quasi-Legislative
	Guiding principles revisions, prohibited resources policy revision, dual participation policy revision, technology incentives, open standards and interoperability, cost effectiveness, streamlining compliance requirements.	
	Valuation methodologies and evaluation metrics, CAISO market integration topics, RA valuation and slice-of-day implementation, and their sub-issues.	
2027 High priority (Track 2)	Systems and processes needed for dynamic rates, dual participation and BTM device-level enrollment.	Possibly Ratesetting

**II. DISCUSSION**

**A. The most immediate priority is to establish bridge year authorization for IOUs to continue operating their DR programs**

The current schedule has a final decision in this OIR in the third quarter of 2026. That will not leave sufficient time for Southern California Edison (SCE), San Diego Gas & Electric, and PG&E (together, “IOUs”) to incorporate the new policy guidance in the next demand response application, which is due November 2026. Therefore, Commission authorization for the IOUs to continue conducting the demand response programs authorized in D.23-12-005 after the current cycle ends in 2027 (bridge year authorization) and deferring the next application for at least a year is a very high priority. This bridge year authorization will allow time to develop new programs based on the final decision, file an application, litigate the proposals, and reach

decision on the next application.

The Commission might follow the precedent set in R.13-09-011 and address bridge funding through a ruling that permits each IOU to submit a Tier 2 advice letter (AL) that would include proposals regarding 1) the use of existing budgets and 2) any necessary fund-shifting required to support DR program year 2028, rather than a bridge year Application for 2028. The expedited process used in R.13-09-011 took 4 months total, from ALJ guidance to IOU proposals to a Decision. Additionally, the IOUs could be authorized to file an AL to propose new programs or pilots, revisions to evolve continuing programs, or close existing programs, as long as the IOU stays within its authorized budget.<sup>1 2</sup>

Approval of bridge year authorization after the current DR cycle ends in 2027 has support from many parties. PG&E proposes that the ALJ establish a schedule for parties to comment on the bridge year issue, e.g. how many years, funding mechanism, changes in authorized DR programs, opportunity to propose new pilots, waiver of the current November 2025 application filing date, and setting a new date for the next DR application. The bridge year issue probably would fall in the ratesetting category, since it is about authorizing spending and cost recovery for DR programs in additional years. The ALJ schedule should establish an expedited schedule with a target date for a Commission resolution on bridge funding by May 2026.

## **B. FLEX Alert**

On December 16, 2025, the ALJ asked the parties “whether the Commission should extend Flex Alert marketing campaign funding, which was most recently reauthorized in D.23-12-005 for the years 2024 and 2025.” In that decision, the Commission ordered IOUs to fund

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<sup>1</sup> The IOUs could also be authorized to file additional ALs to propose changes that align with the Mid-Cycle AL criteria (D.23-12-005 OP 14), which allow IOUs to request program modifications that "manage or increase program enrollment, improve program efficiency, increase potential load reduction available, improve program value, reduce costs, and/or bring the program in alignment or comply with Commission policies" as needed.

<sup>2</sup> The authorization process outlined above would be exempted from compliance with the fund shifting rules adopted in D.23-12-005, at p. 29, as long as shifting does not exceed overall budget authorization for the 2024-2027 cycle.

Flex Alert marketing efforts for 2024-2025.<sup>3</sup> PG&E has understood the scope of R.25-09-004 to be policy based and not about individual DR programs. Therefore PG&E has not considered Flex Alert in scope for this rulemaking.

The ALJ questions if the Commission should extend Flex Alert. That wording assumes that a Commission decision would be involved. Since the current authorization for Flex Alert expires at the end of 2025 under D.23-12-005, PG&E agrees that a Commission order approving Flex Alert for 2026 along with additional authorized funding, is needed before Flex Alert could be extended beyond 2025.

If the ALJ and Assigned Commissioner decide to add Flex Alert to the scope for this proceeding, the ALJ should issue a ruling giving the parties the opportunity to comment and identify the Flex Alert issues that parties should address, such as the years for the extension, the appropriate level of funding for future years, the CAISO's role, oversight and direction by Energy Division and/or CAISO, running a competitive RFP for the service provider, etc. The procedural schedule should be expedited to enable a Commission decision no later than May 2026. This matter would be ratesetting.

**C. Issues needed for next DR application.**

A large number of issues raised by parties could impact the proposals in the IOUs' next DR applications. Just as examples, guiding principles revisions, the prohibited resources policy reconsideration, dual participation modifications, open standards and interoperability, cost effectiveness, technology incentives, and streamlining compliance requirements are issues that could cause programs to change or impact the application. These issues need to be decided at least a year before the next DR application is due. Therefore, they should be on a schedule for the Commission decision by December 2026, if there is a one-year bridge authorization and deferral of the next DR application to late 2027. If the Commission needs more time to issue its

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<sup>3</sup> D.23-12-005, OP 13. The Commission required SCE to administer the contract for DDB to provide services for Flex Alert. That contract expires at the end of 2025, consistent with the Commission decision.

decision on the issues impacting the next application, a longer bridge period authorization and longer deferral for the next DR application would be needed. In this scenario, PG&E recommends creating two issue groups for policy issues. This track would include a decision by December 2026 and would address high-priority issues like dual participation, the prohibited resources policy revisions and use of renewable fuels so that large load customers currently making decisions about locating in the state have greater certainty regarding load management rules and compliance pathways. The track would also include issues described in the next section below, but possibly with their own decision. These matters should be quasi-legislative.

**D. Additional issues needed for next DR application: valuation methodologies and evaluation metrics, CAISO market integration topics, RA valuation and slice-of-day implementation, exports, and their sub-issues.**

A number of parties stated that valuation for DR programs/load management and resource adequacy (RA) issues need to be addressed. Bifurcation policy revisions, integration with the CAISO's Demand and Distributed Energy Market Integration (DDEMI) initiative, and exports figured prominently in some PHC speakers' remarks. PG&E believes that valuation methodologies and evaluation metrics, CAISO market integration topics, RA valuation and slice-of-day implementation, and their sub-issues are interrelated and interdependent. Therefore, they should be grouped for consideration and decision together. Hopefully, the schedule and target for Commission decision on this second group of issues would be similar to timing for decision on prohibited resources, renewable fuel, dual participation issues, etc. for the next DR application, e.g., December 2026. However, as TURN pointed out in arguing for imposition of the ex parte rules to valuation and evaluation, this set of issues could have a significant impact on cost and affordability. Therefore, the Commission may want to take more time to carefully work through the second group of issues. Additional comments and/or testimony will likely be necessary because these topics are very complex. These matters should be quasi-legislative.

If system issues that are unsuitable for the next DR Application are instead included in this proceeding, these matters could move into the subsequent ratesetting track for systems and processes (if the Commission does not accept PG&E's proposal for a limited systems and data

access scope). Wherever these system issues are placed, consideration and decision of systems to support load management must balance the costs of the systems and the benefits, i) to determine if the costs would be justified in light of the importance of affordability for customers, and ii) to provide for a cost recovery method to support implementation.

**E. Systems, data access, and processes**

Systems and processes for data access were raised in many parties' opening comments, but the range of the topics is very broad, and also potentially in scope in the DER Customer Programs OIR, R.22-11-013, Track 2. Parties noted that coordination on these issues would be needed with the DER Customer Programs OIR and potentially other cases, too. Therefore, data access systems and processes should not be included in scope for this rulemaking, with a limited exception.

The limited exception would be systems and processes needed for dynamic rates, dual participation, and BTM device-level enrollment if dual participation policy is revised to allow for each device behind the meter to participate in different programs. These areas are necessary for DR programs and will be needed for operation of dynamic rates and dual participation in the next cycle. The scope of systems and processes for dynamic rates, dual participation and BTM device enrollment also needs to consider cost recovery methodology or mechanisms, because without provision for cost recovery, the systems cannot be built. With the GRC II ALJ's permission,<sup>4</sup> PG&E would present estimated budgets for its system costs in its RTP proceeding, the current GRC II.<sup>5</sup> However, the establishment of one or more cost recovery mechanisms, such as a balancing account to record system costs for future recovery, could be addressed in this

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<sup>4</sup> There is a pending motion in PG&E's GRC II, A.24-09-019, Motion Of Pacific Gas And Electric Company (PG&E) To Adopt A Schedule For The Bifurcated Real-Time Pricing Track (Motion) (dated November 6, 2025), for approval to submit additional supplemental RTP testimony. The testimony would include cost estimates and request for cost recovery for PG&E systems and PG&E's share of statewide systems, to be served Q3 2027 or 11 months after final decision in EDROIR on RTP systems and processes, whichever is later. (Motion, p. 6)

<sup>5</sup> PG&E's RTP Supplemental Testimony on p. 4-14 (October 29, 2025) stated: "PG&E proposes that its post-pilot RTP deployment plans, associated cost estimates and cost recovery method be presented, vetted and adopted in an update to this Supplemental RTP Testimony in Q3 2027."

