

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



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**COMMENTS OF THE UTILITY REFORM NETWORK
ON RULING SEEKING COMMENTS ON FLEX ALERT STAFF PROPOSAL**

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I. INTRODUCTION

The Utility Reform Network (“TURN”) submits these opening comments pursuant to Administrative Law Judge Gerstle’s December 30, 2025 *Ruling Seeking Comments on Staff Proposal to Extend Flex Alert Funding to 2026*. TURN appreciates the opportunity to comment on this issue.

The “Staff Proposal: Extend Flex Alert Funding to 2026” (“Staff Proposal”), attached as Appendix A to Administrative Law Judge Gerstle’s Ruling, calls on parties to extend the current Flex Alert marketing contract. The Staff Proposal explains that “Extending the current contract, as soon as possible, allows the marketing campaign to be in place to contribute to grid stability in 2026.”¹ TURN appreciates the goal of contributing to grid stability and recognizes the Flex Alert Program’s success in doing so over the past several years.² However, TURN has several concerns about the existing structure of the program and the Staff Proposal. TURN’s primary recommendations for the Commission are:

- The Commission should identify a new funding mechanism for the Flex Alert program to replace the unfair mechanism employed currently, which

¹ Staff Proposal, p. 1.

² Opinion Dynamics, 2022 Flex Alert Marketing Education and Outreach Effectiveness Study (Sept 12, 2024), <https://pda.energydataweb.com/api/view/4033/CPUC%20Flex%20Alert%20Performance%20Analytics%20Report%20FINAL%202024-09-12.pdf> (“Opinion Dynamics Assessment”).

imposes a disproportionate cost burden on investor-owned utility (“IOU”) customers.

- The Commission should authorize bridge funding to continue the Flex Alert Program in 2026, giving the Commission time to identify a new funding mechanism before 2027.
- The Commission should require a competitive bidding process for a vendor to ensure California ratepayers are getting the most cost-effective Flex Alert service.
- For 2026, the Commission should reduce the program’s past budget to reflect the sunseting of the Power Saver Rewards Program, the Flex Alert Program’s maturity, and available performance analysis.

II. RESPONSES TO QUESTIONS FOR PARTIES

TURN responds to the four questions for parties set out in the Staff Proposal below.

1. Should the Flex Alert Marketing Program continue in 2026?

The Flex Alert Marketing Program has provided valuable grid benefits over the past several years and should continue in 2026. However, the Commission should reconsider the program’s funding mechanism, which currently unfairly burdens IOU customers with disproportionate costs, despite the program’s statewide benefits. TURN recommends that the Commission authorize bridge funding for 2026 and that the

Commission use the additional time to identify a new funding mechanism than can be implemented in 2027.

Stakeholders have raised concerns regarding the Flex Alert Program’s inequitable cost burden on IOU customers in the past. When the last iteration of the Flex Alert media campaign was authorized in D.23-12-005, Southern California Edison (“SCE”) raised concerns regarding the unfair funding structure. D.23-12-005 quotes SCE’s question to the Commission,

...[H]ow does authorizing IOU ratepayer funding in this proceeding for a Flex Alert marketing campaign comport with D.13-04-021, Finding of Fact 8, which states: “It is logical that the entity controlling the Flex Alert program also be responsible for administering and securing funding for the program, and that the funding is provided by all customers who benefit from the conservation and load reduction due to flex Alerts, not just the ratepayers on the investor-owned utilities.”³

D.23-12-005 continued the IOU funding structure in spite of these concerns.⁴ The Commission acknowledged SCE’s concerns as “legitimate” but reasoned, “the programmatic need for Flex Alert paid media campaigns through 2025 to support Power Saver Rewards is deemed “clear, immediate, and compelling.”⁵ The Power Saver Rewards Program expired in 2025 so this reasoning no longer applies. IOU ratepayers’ disproportionate contributions to Flex Alert, on the other hand, remain a live issue.

One option the Commission could consider is whether the Commission’s sister agencies may be better suited to administer and fund the program. Both the California Independent System Operation (“CAISO”) and the California Energy Commission

³ D.23-12-005, p. 28, *citing* SCE’s April 21, 2023, Response of SCE To Question In The January 27, 2023, Assigned Commissioner’s Ruling at 23-25.

⁴ D.23-12-005, p. 31.

⁵ *Id.*

(“CEC”) have statewide reach and can access customers of California’s publicly-owned utilities, as well as IOU customers. Given the Flex Alert Program’s statewide benefits, the Commission and its sister agencies should explore whether the CEC or the CAISO could be better suited to administer and fund the program. The CAISO currently issues Flex Alerts and has a mechanism to distribute costs statewide in its Transmission Access Charges (“TACs”). Using a statewide mechanism like the TACs to distribute Flex Alert costs could distribute costs among all ratepayers across the state, as is appropriate for a program with statewide benefits.

TURN understands the near-term need for the Flex Alert Program and accordingly recommends bridge funding for 2026. In light of the ongoing inequitable funding structure and the sunset of Power Saver Rewards, TURN strongly recommends that the Commission use the additional time provided by bridge funding to reevaluate the program’s funding mechanism in order to impose a fair alternative by 2027. TURN urges the Commission to come to a clear conclusion regarding an alternative funding mechanism by the end of 2026.

2. Should the Commission order Southern California Edison to extend or renew the existing Flex Alert Marketing Program contract with DDB through 2026, and if so, under what conditions or modifications if any?

The Commission should order SCE to facilitate a competitive bidding process to find a vendor that will offer the best value to California ratepayers. It is unfortunate that the Staff Proposal was issued so late in 2025. By waiting to raise these questions for parties, staff has left very little time for a bidding process and as a result, it may be

necessary to provide a bridge year contract for DBB. Defaulting to the existing vendor does not serve ratepayers, particularly given the disproportionate costs that IOU ratepayers currently bear. The Commission should ensure that a bridge year is followed by a competitive bidding process for 2027 and beyond.

3. *How much should the Flex Alert Marketing Program Budget be in 2026?*

The 2026 Flex Alert Marketing Program budget should be based on the actual cost of running an effective marketing program. The 2026 budget should also reflect several developments, including 1) the expiration of the Power Saver Rewards Program; 2) the potential for reduced costs given that the program is several years into operation; and 3) the wealth of detailed information about how to improve program performance provided in the Opinion Dynamics performance assessment.

The sunseting of the Power Saver Rewards Program should permit the Commission to significantly decrease the 2026 budget for the Flex Alert Program. Additionally, some of the initial startup costs included in the early years of the Flex Alert Program's budget may no longer apply now that the program has been in operation for several years. Finally, Opinion Dynamics' performance assessment provided detailed analysis on how to improve the Flex Alert Program's performance. The Opinion Dynamics assessment includes, for example, evaluations of each marketing channel employed and detailed information regarding behavior and performance for different

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