

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



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Demand Response in California.

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**COMMENTS OF UTILITY CONSUMERS' ACTION NETWORK ON
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON STAFF
PROPOSAL TO EXTEND FLEX ALERT FUNDING TO 2026**



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I. INTRODUCTION

In response to the Administrative Law Judge's Ruling (Ruling) issued on December 30, 2025, *Seeking Comments on Staff Proposal to Extend Flex Alert Funding to 2026*, the Utility Consumers' Action Network ("UCAN")¹ respectfully submits these Opening Comments. This Staff Proposal recommends that the Commission "should consider extending the funding for the Flex Alert paid media campaign ("marketing") for 2026."² The program is currently funded by the large electric utilities, PG&E, SCE and SDG&E. The current contract is managed by SCE and expired at the end of 2025. The proposal is to keep the current annual budget of \$22 million and extend the current contract with Doyle Dane Bernbach Communications Group ("DDB") through 2026. The Staff Proposal includes an "Impact Evaluation" on the Flex Alert Marketing

¹ UCAN is a 501(c)(3) non-profit public benefit corporation dedicated to protecting and representing the interests of residential and small business customers in the San Diego Gas & Electric service territory. Approximately 98% of UCAN's members are residential customers. UCAN has been active in Commission proceedings since 1983 and strives to meet the Commission's goals for rates that are equitable and affordable for all ratepayers.

² Administrative Law Judge's Ruling Seeking Comments on Staff Proposal to Extend Flex Alert Funding to 2026 (Ruling), Attachment A at 1.

Campaign issued April 3, 2025, from Opinion Dynamics.³ The Ruling seeks comments on the Staff Proposal which includes four questions, listed below. UCAN offers the following responses to the questions in the Staff Proposal and provides recommendations and modifications for the Flex Alert Marketing Program.

II. QUESTIONS FOR PARTIES

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

UCAN Response:

Yes, the Flex Alert Marketing Program should continue with certain important modifications. UCAN recommends shifting the strategic focus from simply maximizing marketing reach to optimizing actual behavioral response. As indicated in the Staff Proposal, demand is climbing due to electrification and data center proliferation. In this context, Flex Alerts function as what can be called a "soft battery" which is essentially a virtual capacity resource that's orders of magnitude more cost-effective for ratepayers than constructing new combustion turbines for peaking capacity.

While supporting the continuation of the Flex Alert Marketing Program, UCAN believes certain modifications will improve it. UCAN recommends moving beyond the traditional model where consumers are passive recipients of broadcast alerts. Instead, UCAN sees great value in engaging ratepayers as active grid partners in which people understand their role in the system. The 2026 program should be modified to cultivate more of a "collective responsibility" framework. Ratepayers should recognize that participating in a Flex Alert isn't simply doing the utility a favor or helping the utility avoid operational costs. Rather, participation is a collective action that directly suppresses long-term infrastructure investment which ultimately protects their

³ Ruling, Attachment A, at 2, fn. 1.

own future rates. The program should continue as a bridging mechanism which is managing immediate grid stress while building out the infrastructure needed for long-term system reliability and affordability.

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?

UCAN Response:

UCAN supports extending the DDB contract to maintain continuity through the 2026 summer season, with certain important modifications and conditions. UCAN recommends attaching conditions that fundamentally modify the messaging strategy. Currently, much of the messaging relies on altruism or generic conservation appeals which is "save energy because it's the right thing to do." However, this does not reflect current behavioral economics and is therefore underutilizing important effective techniques for consumer engagement.

The contract modification should require DDB to work with the IOUs to integrate behavioral science principles, specifically nudging mechanisms, rather than continuing with broad, unfocused broadcasting. This includes evidence-based messaging design. Specifically, the renewal conditions should mandate A/B testing of messaging that explicitly links conservation behavior to long-term rate stability. UCAN looks at it from the ratepayer's perspective: they feel essentially powerless about their utility bills. The rates are regulated, they can't switch providers, and costs keep climbing. Flex Alerts represent one of the few moments where consumers have agency over system costs. UCAN believes this is powerful framing and we can do a better job at utilizing it.

UCAN recommends the messaging shift away from "Help the Grid", which might sound like helping just the utility avoid problems, toward "Help Us Solve This Challenge Together." It's a

subtle but critical reframing: we can position ratepayers as active participants in a collective effort to avoid expensive Peaker plants and transmission upgrades. Helping ratepayers understand their effectiveness in preventing billion-dollar infrastructure investments could also result in more sustained participation. Without this re-framing, ratepayers will experience advertising fatigue and the program will lose its effectiveness.

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

UCAN Response:

UCAN finds the \$22 million budget to be reasonable, provided it is viewed through the lens of avoided cost. If effective Flex Alert participation avoids even a fraction of the cost required to procure emergency capacity or construct new Peaker plants, the Return on Investment (ROI) for ratepayers is positive.

However, UCAN advises that a portion of this budget be designated and restricted for the development of "feedback loop" visualization tools (discussed in response to Question 4) rather than media buys. Spending \$22 million purely on TV and radio ads without investing in the digital infrastructure to show consumers the result of their actions is an inefficient use of ratepayer funds. The budget should support the creation of tangible feedback mechanisms that validate the consumer's effort.

4. Are there any further issues, procedural requirements, contingencies, or program elements not addressed above that parties believe are necessary for the continuation and administration of the Flex Alert Program?

UCAN Response:

Yes. UCAN recommends the Commission direct the IOUs to move beyond financial incentives and marketing slogans and implement “Feedback Visualization Dashboards.” This is grounded in solid behavioral economics research.

Current literature on nudging and social proof shows these feedback mechanisms are often more effective and sustainable than small monetary payments. Under the current approach, when we ask consumers to conserve during a Flex Alert, they experience real discomfort, a warmer house, delayed laundry, whatever it is, but they never see the impact. There's no feedback loop. They made a sacrifice but are not getting feedback about their true impact in the form of lowered system costs which ultimately could bring down rates.

UCAN proposes that the 2026 program mandate IOUs to create post-event dashboard reports that get sent to participants. These would not be generic "you saved X kWh" messages but instead would include more information about the bigger picture. For example:

- Visual gauges showing the grid status, “here's where we were in the red zone at 5 PM, here's how collective consumer action brought us back to the green zone by 7 PM.”
- Tangible impact metrics that translate abstract energy concepts into real value. Information such as "Your community's actions yesterday prevented the need to dispatch a natural gas Peaker plant," or "Collective conservation helped defer \$150 million in transmission upgrades that would have hit your rates in 2028" could help educate ratepayers of their direct impact on costs.

Financial incentives, such as paying consumers small amounts of money for their participation, can actually backfire. This has the effect of commoditizing the interaction. People start doing the math: "Is \$2 worth being uncomfortable? Probably not." But a nudging

mechanism using visual gauges and social feedback reinforces the social value and collective impact of the action. This type of feedback is intrinsically motivating in a way that money isn't.

To genuinely protect ratepayers, we need to maximize the effectiveness of every Flex Alert. That requires closing the feedback loop so consumers can clearly see how their participation solved a real problem and prevented costly infrastructure investments.

III. CONCLUSION

UCAN appreciates the opportunity to comment on the Staff Proposal to Extend Flex Alert Funding to 2026. The program is vital, but it must evolve to utilize behavioral science and transparent feedback loops to empower ratepayers as active partners in grid reliability. This will help with program participation and sustainability in the long run and provide better value for ratepayers.

Respectfully submitted,
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