

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



Order Instituting Rulemaking to Enhance Demand
Response in California.

R.25-09-004
Filed December 30, 2025

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**COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 M) ON STAFF
PROPOSAL TO EXTEND FLEX ALERT FUNDING TO 2026**

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I. INTRODUCTION

San Diego Gas & Electric Company (SDG&E) hereby submits its opening comments in response to the *Administrative Law Judge's Ruling Seeking Comments on Staff Proposal to Extend Flex Alert Funding to 2026* (Ruling) dated December 30, 2025. SDG&E appreciates that the Commission is evaluating the future of the Flex Alert campaigns. The campaigns have been funded by the investor-owned utilities (IOUs) since 2021, with some significant impact to ratepayers. As detailed below, SDG&E asks that the Commission take a fresh look at the program, its results, and its funding sources, and recommends that the Flex Alert program no longer be funded solely (or mostly) by the three large IOUs' ratepayers if it is continued.

II. SDG&E'S RESPONSES TO QUESTIONS PRESENTED IN THE STAFF PROPOSAL

Section 4 of the Staff Proposal contains four questions to which the Ruling is seeking responses from parties. As directed in the Ruling, SDG&E responds to the questions below in the order in which they appear in the Staff Proposal and indicates which particular question is being responded to.

Question 1 - Should the Flex Alert Marketing Program continue in 2026?

The state should decide the future fate of the Flex Alert program from a comprehensive perspective that includes who benefits, who should pay, and if the effort to build a statewide audience for the general awareness of Flex Alerts has been worthwhile when compared to its costs. The evaluation that was done on the Flex Alert campaigns did not evaluate such questions, nor did

it look at the performance or costs of the program when compared to local programs, or more targeted programs.

Importantly, when considering whether to continue the Flex Alert program in 2026, the Commission should ask the following additional question: *Whether the three IOUs should be the primary funders of the Flex Alert marketing campaign?* SDG&E's position is that the funding for this statewide program should be provided by a much broader group than the ratepayers for the three IOUs if the program continues. There are several reasons for this.

First, the purpose of the Flex Alert marketing campaign is to support grid emergencies as determined by the California Independent System Operator (CAISO), the statewide grid operator. Yet, per the Staff Proposal, only three utilities are asked to fund it. The smaller investor-owned utilities, public utilities, and the municipalities, which are all required to procure adequate power per their resource adequacy requirements, are exempt from contributing to the Flex Alert effort. This is inequitable to SDG&E's distribution charge ratepayers, from which the cost is collected.¹ Given this obvious inequity, a new funding methodology is needed.

Second, the proposal cites promoting and ensuring grid reliability now as a key reason for the Flex Alert campaign. However, in the past, the Commission stated that the reason for the IOUs' need to contribute heavily to Flex Alerts marketing was to support the Power Saver Rewards (PSR) program, *i.e.*, the residential sub-group of the Emergency Load Reduction Program (ELRP) which ran from 2022 through 2025.²

¹ Demand response is funded in the distribution charge to all distribution customers, including those who obtain their commodity service from Community Choice Aggregators (CCAs). Thus, the CCA customers are also paying for the Flex Alert campaigns, before the POUs or smaller IOUs.

² R. 25-09-004, Ruling, December 30, 2025, at page 1. PSR began in 2022.

D.23-12-005 found it reasonable to require IOU ratepayers to continue to fund Flex Alerts through 2025 given its relationship with the Power Saver Rewards program.³ Notably, the Commission concluded:

Given the need to ensure grid reliability and the role played by Flex Alert paid media advertising in notifying customers when the Power Saver Rewards program has been called, it is reasonable to continue Flex Alert funding for two years through 2025, ***to match the current end date of Power Saver Rewards as authorized in this decision.*** While the concerns of parties in the record of this proceeding regarding the appropriateness of ratepayer funding for statewide Flex Alert media campaigns and the effectiveness of past Flex Alert paid media campaigns are legitimate, the programmatic need for Flex Alert paid media campaigns through 2025 ***to support Power Saver Rewards is clear, immediate, and compelling.***

In addition, as Power Saver Rewards is a ratepayer-funded program open only to customers of the IOUs, it is appropriate for ratepayers to also fund the mechanism, Flex Alert paid media advertising, that triggers and gives notice of a Power Saver Rewards event.⁴

The Commission stated that it required the IOUs to fund Flex Alerts only because of the link to the PSR sub-group in ELRP. Yet, as of December 2025, the PSR sub-group has ended in the ELRP. ELRP no longer has a dedicated mass market/residential sub-group in which customers can participate for compensation. If the Commission wanted to extend the Flex Alert funding through the end of this Demand Response (DR) cycle, at the end of 2027, it certainly could have been included in the last DR proceeding. However, it tied the need for the large IOUs to fund it to the existence of the PSR group in ELRP. Because of that fact, the Commission ended Flex Alert funding to coincide with the end of the PSR.

It is noteworthy that the proposal does not state how the need has now shifted to grid reliability statewide since the PSR pilot group has ended, nor how the marketing campaign on its own, without PSR, is going to support that need. But if the need is truly statewide, that should be a

³ D.23-12-005, p. 30-31.

⁴ *Id.* at p. 31.

very good reason why it should be funded either through taxpayers, or from a wider group of utilities that goes beyond the IOUs alone. Indeed, if there are serious statewide reliability issues, a mere marketing campaign will not solve them, and it is likely that larger policy issues need to be addressed by the CAISO and the Commission.

Third, the Flex Alert media being funded has largely been a mass or general market advertisement/marketing campaign (messaging being sent via broad mass communication channels such as radio, television, etc.). The evaluation report did not attempt to quantify benefits of the campaign. Advertising and marketing are generally understood to be designed to drive customers to a particular product or action. In SDG&E's specific case, it currently does not have a residential DR program, now that PSR has ended. Therefore, SDG&E is not compensating its residential customers for load shed in any DR program. And yet, the Flex Alert campaign would be purposed to drive general market customers to take such action when a statewide emergency is taking place, which may or not be impacting SDG&E locally, or which may not result in benefits at all to SDG&E's customers. SDG&E's customers are being asked to contribute to the costs of the campaign but may not benefit at all from such rate impacts.

It is possible that the very idea of a broad statewide marketing campaign to alert the public to grid emergencies, while it results in awareness, has not been proven to be worth the high cost currently being proposed at all. This becomes even clearer when we note that no Flex Alert events have been called since 2022. Yet the three largest IOUs have contributed approximately \$22 million in total annually to raise awareness; awareness of something that has not been needed in that period, nor called upon, nor has it delivered any benefits since 2022. As California continues to navigate an affordability crisis, that is a significant amount of funding in today's fiscal climate.

It is also worth noting that, per the year 5 recap report presentation deck supplied by the DDB Agency contracted to implement the Flex Alert campaign, aided awareness of Flex Alert has

eroded from tracked 2024 levels. It stated, “Three years out from the last Flex Alert was called, the program is less top of mind for customers,” *i.e.*, awareness is diminished.⁵ The report raises serious questions about what customer awareness is consistent after 5 or more years of investment, and what options customers have to respond that yields benefits. That is concerning since the goals of the campaign are to ensure the public is aware of what Flex Alerts are, and what actions they can take when such events happen.

Lastly, Governor Newsom issued his executive order which asks the California Public Utilities Commission (CPUC) to identify underperforming programs and return any unused energy program funds to customers receiving electric and gas services from utilities as one or more credits on their bills.⁶ SDG&E respectfully requests this Flex Alert proposal be reviewed considering this specific order. The CPUC is also asked to evaluate whether the rules and orders it has issued may be unduly adding to electric rates or whose funding might more appropriately come from a source other than ratepayers.

Given the rate pressure within California and the Governor’s order, no program funded by ratepayers that is not regularly needed or does not result in commensurate hard benefits should be approved to continue without serious consideration to ensure cost effectiveness, and creative thinking that includes finding new funding sources.

Question 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?

SDG&E requests that the Flex Alert program no longer be funded solely or mostly by the three large IOUs’ ratepayers if it is continued.⁷ This simply is not equitable. If the program continues

⁵ Slide 13 of the recap deck from DDB, presented at the workshop attended by Energy Division, the IOUs, and the creative agency, December 18, 2025.

⁶ See www.gov.ca.gov/2024/10/30/governor-newsom-issues-executive-order-tackling-rising-electricity-bills/

⁷ This is consistent with SDG&E’s position in its Pre-Hearing Conference Statement in this rulemaking.

and is funded outside of ratepayers, the most straightforward source likely would be from taxpayers. As such, it would not be an IOU which holds the implementation contract, and it should be a statewide agency (California Energy Commission or CAISO). Ideally, the state government should determine the Flex Alert budget going forward and direct the implementation of the program.

If the campaign is continued in 2026, SDG&E strongly urges the Commission to not allow DDB to roll over unused funds to be additive to the new budget. The total spend for 2026 should be at a much lower level (discussed below) in total, *i.e.*, ~\$4 million. SDG&E also urges the Commission to limit DDB to using already created art and collateral (videos, TV advertisements, print, etc.) instead of creating any new collateral to contain costs.

Long-term there may be more creative solutions that might be prudent as well as more equitable; perhaps it is necessary to devise a new funding methodology entirely. For example, it might be fair to require all the entities which are required to participate through the CAISO to collectively fund the Flex Alert program in some fair and proportional manner.⁸ For example, entities which consistently under procure may need to be called upon to fund the Flex Alert campaign, if it continues, to a greater extent based on a performance methodology. There are most likely many methodologies that would be fairer than the current one.

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

Again, SDG&E would advocate no ratepayer funding to be used for Flex Alerts. Without wider oversight, and *if* the Commission continues to fund the Flex Alert program through rates in the short-term, then SDG&E would suggest a statewide IOU budget of **no more than ~\$4 million annually. This amount is sufficient for the alerts portion of past budgets.**⁹ This amount is

⁸ This type of approach, through the CAISO, may also be needed since not all entities are under the direct jurisdiction of the California Public Utilities Commission, and there may need to be different governance of the Flex Alerts so that more LSEs contribute.

⁹ Slide 6 of the DDB report. Past budgets allocated 60% to general Flex Alert awareness, around 20%, or \$4.4 million for alert messaging during emergencies, and 20% to marketing PSR. The amount for PSR is

workable and reasonable and would be used to directly support the grid during emergencies. This approach is most certainly adequate as more programs are developed by more load serving entities and the state government considers a longer-term solution with the CAISO. Based on our own experience, the current agency can certainly do this more affordably.

Question 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?

SDG&E has addressed all other issues related to the Flex Alerts in its opening statements above.

III. CONCLUSION

The Flex Alert campaigns are expensive and cannot be linked to strong direct IOU ratepayer benefits. SDG&E requests the Commission evaluate the future of these efforts more fully and, in the short term, reduce the budget the IOUs are required to pay for such campaigns given the need to reduce rates and support overall affordability.

Respectfully submitted,

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no longer needed. If the goal is to support the grid during emergencies, then the amount for just alerts should be sufficient.