

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



Order Instituting Rulemaking to Modernize  
the Electric Grid for a High Distributed  
Energy Resources Future.

R.21-06-017  
(Filed June 24, 2021)

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**COMMENTS OF THE UTILITY CONSUMERS' ACTION NETWORK ON THE  
JANUARY 8, 2026, RULING SEEKING COMMENT ON THE PUBLIC ADVOCATE  
OFFICE'S 2025 DISTRIBUTION GRID ELECTRIFICATION MODEL STUDY AND  
REPORT**



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**I. INTRODUCTION**

The Utility Consumers' Action Network (UCAN)<sup>1</sup> submits the following Comments pursuant to the January 8, 2026, *Administrative Law Judge's Ruling Soliciting Comments on the Public Advocates Office's 2025 Distribution Grid Electrification Model 2025 Study and Report* (Ruling). The Ruling granted a motion by the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) to admit its Distribution Grid Electrification Model 2025 Study and Report (DGEM 2025 Study) into the record of R.21-06-017. The Ruling also granted the request by Pacific Gas & Electric Company (PG&E) to allow parties to comment on the DGEM 2025 Study, and established that comments are due February 5, 2026, and reply comments are due February 12, 2026.

Cal Advocates states that the DGEM 2025 Study “offers information to aid the ongoing discourse on electrification planning and help decision-makers understand the impacts of electrification, make sound policy choices regarding distribution planning, and determine where future research is needed.”<sup>2</sup> Additionally, the Ruling describes reasons why R.21-06-017 was

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<sup>1</sup> 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.

<sup>2</sup> Administrative Law Judge's Ruling Soliciting Comments on the Public Advocates Office's 2-25 Distribution Grid Electrification Model 2025 Study and Report (Ruling), at 2, citing to Motion of Public Advocates Office to Admit

opened back on June 24, 2021, including “to help prepare California’s electric grid for a high penetration of distributed energy resources (DER)...” and to consider “the operational needs necessary to efficiently operate a high DER grid, unlock economic opportunities for DERs to provide grid services, limit market power, reduce ratepayer costs, increase equity, support grid resiliency, and meet State policy objectives.”<sup>3</sup> UCAN has participated in this proceeding since its inception on behalf of ratepayers, believing that a future grid capable of incorporating a high number of DERs could bring down system costs, provide grid resiliency, increase equity, and ultimately provide significant and meaningful ratepayer savings amidst an affordability crises. Working with outside experts and keeping ratepayer interests in mind, UCAN offers the following observations and comments on Cal Advocates’ DGEM 2025 Study and Report.

## **II. DISCUSSION**

UCAN appreciates the comprehensive modeling performed by Cal Advocates. The DGEM 2025 Study serves as a critical "independent check" on the bottom-up cost estimates provided by the Investor-Owned Utilities (IOUs) in their Electrification Impact Study (EIS) Part 2 reports. Specifically, UCAN offers four observations regarding the study's findings and three specific comments on how the Commission should utilize this data to protect ratepayers.

### **A. UCAN Observations**

#### **1. The DGEM 2025 Study Confirms that "Managed Charging" is the Single Largest Lever for Ratepayer Savings.**

The most significant finding in the DGEM 2025 Study is the quantification of cost savings achievable through load flexibility. Cal Advocates estimates that mass shifting of peak

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its Distribution Grid Electrification Model 2025 Study and Report (2025 DGEM Study and Report) into the Record at 3.

<sup>3</sup> Ruling at 1-2.

EV load could save between \$5 billion and \$18 billion in distribution grid costs by 2040. This finding aligns with UCAN's long-standing position that passive Time-of-Use (TOU) rates are insufficient. To realize the "Managed" scenario, which produces the lowest infrastructure costs, the Commission must move beyond voluntary price signals toward automated, "set-it-and-forget-it" load management technologies that shift charging out of the peak 4:00 PM – 9:00 PM window.

## **2. DGEM 2025 Cost Estimates Suggest Potential "Gold-Plating" in Utility Forecasts**

UCAN observes a stark contrast between the costs predicted by DGEM 2025 Study and those found in the IOU EIS Part 2 drafts (specifically PG&E). DGEM 2025 Study estimates a central scenario cost of \$25 billion across all three IOUs through 2040.<sup>4</sup> In contrast, PG&E's draft EIS Part 2 suggests their service territory alone could require investments exceeding this amount, driven largely by secondary system costs.<sup>5</sup> This discrepancy suggests that the IOUs may be using conservative engineering assumptions (such as replacing transformers rather than utilizing thermal headroom) that inflate costs. The DGEM 2025 Study provides a necessary baseline to challenge these inflated utility estimates.

## **3. Downward Pressure on Rates is Promising but Contingent on Cost Control.**

Cal Advocates finds that electrification could exert a downward pressure on rates of approximately 0.2 to 4.5 cents per kWh by 2040 due to increased sales volume spreading out fixed costs.<sup>6</sup> However, UCAN observes that this "downward pressure" is merely a mathematical potential, not a guarantee. If utilities are permitted to overbuild infrastructure (the "High Peak"

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<sup>4</sup> Public Advocates Office at the California Public Utilities Commission (Cal Advocates) Distribution Grid Electrification Model 2025 Study and Report (DGEM 2025 Study) at 4, 14, 15, 52, 82.

<sup>5</sup> Pacific Gas & Electric (PG&E) Electrification Impacts Study Part 2 at 11, 14, 38, 71. "The study estimates that between \$23 and \$31 billion in distribution infrastructure investments will be required through 2040 to enable electrification across PG&E's service territory."

<sup>6</sup> DGEM 2025 Study at 15.

scenario) or if wildfire mitigation costs continue to escalate, ratepayers will never realize these savings. Therefore, the "downward pressure" finding should not be used to justify loose purse strings on capital projects; rather, it highlights the necessity of strict cost containment to ensure electrification benefits the ratepayer wallet.

#### **4. The Drastic Reduction in Unit Costs Found in the DGEM 2025 Study Justifies Rigorous Scrutiny of IOU Estimates.**

UCAN highlights a critical finding of the Cal Advocates DGEM 2025 Study: DGEM 2025 infrastructure unit cost estimates are approximately 55% lower than those in the DGEM 2023 study.<sup>7</sup> Cal Advocates attributes this massive drop to replacing theoretical circuit-length models with actual cost data from recent feeder projects. This variance demonstrates that theoretical engineering estimates often grossly overstate capital needs compared to real-world execution. This finding should serve as a warning to the Commission to view the IOUs' bottom-up estimates (derived from similar theoretical unit cost guides) with extreme skepticism.

#### **B. UCAN Recommendations**

##### **1. The Commission Should Use DGEM 2025 as the "Reasonableness Benchmark" for Secondary System Costs.**

The DGEM 2025 Study notes that "Data describing the costs of secondary distribution infrastructure... is incomplete."<sup>8</sup> Despite this data gap, Cal Advocates uses a ratio-based approach to estimate these costs. This stands in sharp contrast to PG&E's EIS Part 2, which modeled a massive, \$15+ billion expenditure on secondary transformers and service drops. UCAN urges the Commission to use the DGEM findings to scrutinize the IOU claims regarding secondary system upgrades. Specifically, the DGEM analysis suggests that secondary upgrades need not be linear with load growth if "smart panel" technologies or service-limiting devices are

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<sup>7</sup> DGEM 2025 Study at 58: Cost comparison to DGEM 2023 and DGEM 2025 Preliminary Results.

<sup>8</sup> DGEM 2025 Study at 84.

deployed. UCAN recommends the Commission order further study into Non-Wires Alternatives (NWAs) for the secondary grid (such as circuit splitters and collar adapters) that can avoid the trenching and civil work costs that drive the high IOU estimates.

Furthermore, Section 4.8 of the Report correctly identifies that secondary infrastructure limits may naturally encourage customers to adopt smart panels rather than paying for service upgrades.<sup>9</sup> The Commission should recognize this dynamic and avoid authorizing blanket secondary upgrades that would crowd out cost-effective, customer-owned load management solutions.

## **2. Future Research Must Improve MDHD Charging Location Granularity.**

The Report acknowledges significant uncertainty regarding Medium and Heavy-Duty (MDHD) vehicle charging locations, noting that data is "proprietary, uncertain, or incomplete."<sup>10</sup> Given that MDHD fleets create large, concentrated loads that can trigger expensive substation upgrades, accurate locational data is vital. UCAN recommends the Commission direct the IOUs to share more granular service request data with Cal Advocates (under non-disclosure agreements if necessary) to improve the spatial accuracy of future DGEM iterations. Without knowing where fleet depots will interconnect, ratepayers risk funding speculative substation upgrades that may become stranded assets if fleets deploy elsewhere.

## **3. Balancing DGEM against Utility Studies.**

The Ruling asks how DGEM could be "balanced against other studies in the record." UCAN asserts that DGEM 2025 should be treated as the Top-Down Economic Baseline, while IOU studies represent the Bottom-Up Engineering Ceiling. Where an IOU predicts a cost significantly higher than the DGEM model for a specific asset class (e.g., feeder upgrades), the

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<sup>9</sup> DGEM 2025 Study at 79.

<sup>10</sup> DGEM 2025 Study at 84.

burden of proof must shift to the utility to demonstrate why the specific local conditions require such a variance. The Commission should not simply "average" the two studies; instead, it should use the lower DGEM costs to set the expectation for efficient spending, compelling utilities to justify any deviation through rigorous benefit-cost analysis.

### **III. CONCLUSION**

The DGEM 2025 Study and Report is a vital tool for protecting California ratepayers from excessive grid modernization costs. It demonstrates that a future of high electrification does not strictly require astronomical rate hikes, if load flexibility is prioritized over concrete and copper. UCAN supports the admission of the Report into the record and urges the Commission to prioritize the "Managed" charging scenarios in its policymaking. To achieve the cost savings identified by Cal Advocates, the Commission must reject "business as usual" utility planning and enforce strict accountability for secondary system costs and managed charging adoption.

Respectfully submitted,  
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