STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

FILED

02/13/26

02:26 PM

R2509004

February 13, 2026

Agenda ID #24041
Quasi-Legislative

TO PARTIES OF RECORD IN RULEMAKING 25-09-004:

This is the proposed decision of Commissioner John Reynolds. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's March 19, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ MICHELLE COOKE

Michelle Cooke
Chief Administrative Law Judge

MLC:abb
Attachment

Decision: **PROPOSED DECISION OF COMMISSIONER JOHN REYNOLDS**
Mailed (2/13/2026)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Enhance Demand Response in California.	Rulemaking 25-09-004

Decision Extending Flex Alert Paid Media Campaign Funding to 2026

Summary

This decision authorizes the continuation of the Flex Alert paid media campaign (Program) ordered in D.23-03-056 for calendar year 2026. The 2026 calendar year budget for the Program shall be $15 million.

1. Background

A Flex Alert is an appeal for Californians to voluntarily reduce their electricity use to help maintain a stable, reliable power grid. In Rulemaking (R.) 20-11-03, the Commission adopted funding for the Flex Alert paid media campaign (Program) as part of its effort to respond to heat-related outages in 2020. Through Decision (D.) 21-03-056 and D.21-12-015, the Commission authorized Program funding for the years 2021, 2022, and 2023.

More recently, the Commission adopted Program funding in Application (A.) 22-05-002, et al. That proceeding adopted demand response programs for Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) - collectively the investor-owned utilities (IOUs). Through D.23-12-005, the Commission authorized Program funding for the years 2024 and 2025.

On November 21, 2025, an Administrative Law Jude (ALJ) ruling set a prehearing conference (PHC) for December 16, 2025. That ruling also set a process for filing a joint PHC statement and post-PHC statements.

On December 30, 2025, the ALJ issued a ruling seeking comment on a staff proposal. On January 20, 2026, California Community Choice Association (CalCCA), California Efficiency + Demand Management Council (Council), Leapfrog Power, Inc. (Leap), PG&E, Public Advocates Office (Cal Advocates), Small Business Utility Advocates (SBUA), SCE, SDG&E, The Utility Reform Network (TURN), and Utility Consumers' Action Network (UCAN) filed opening comments to the ruling. On January 30, 2026, PG&E, SBUA, SDG&E, TURN, and UCAN filed reply comments.

On February 12, 2026, the assigned Commissioner issued the Scoping Memo and Ruling (Scoping Memo) for this proceeding

2. Issues Before the Commission

The Scoping Memo, among many issues, included the issue of whether to extend the contract and funding for the Program, which we consider here.

3. Discussion and Analysis

3.1. Flex Alert Staff Proposal

The December 30, 2025, ruling included the Staff Proposal to Extend Flex Alert Funding to 2026 (Staff Proposal). The Staff Proposal explains that:

> *A Flex Alert is an appeal for Californians to voluntarily reduce their electricity use to help maintain a stable, reliable power grid. Flex Alerts are most often issued during the summer and fall months when statewide electricity demand increases sharply due to increased*

> *air-conditioning use, helping to unlock the benefits of shifting energy use away from hours of peak demand.*[1]

The Staff Proposal notes results from an Opinion Dynamic's study showing that the Program has contributed to 93 percent of Californians reporting awareness of Flex Alerts, about two-thirds of households reporting reduced energy use on Flex Alert days, as well as over 30 percent reporting unplugging appliances or turning off air conditioning during a Flex Alert.[2] Moreover, the Staff Proposal notes that the Program informs Californians on ways to promote grid stability, avoid outages, and engage in wise energy use, which is important given increased energy demand from new data centers, electric vehicles, and building electrification.[3]

Program funding goes towards paying a statewide third-party vendor for a public marketing, education, and outreach (ME&O) campaign.[4] The contract for the Program has been funded by bundled and unbundled ratepayers of the three large IOUs and managed by SCE.[5] The Staff Proposal recommended maintaining the current annual Program contract budget of $22 million and extending the contract with the current third-party vendor, Doyle Dane Bernbach Communications Group (DDB).[6] The Staff Proposal recommended extending the

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[1] Staff Proposal: Extend Flex Alert Funding to 2026 (Staff Proposal) at 1.

[2] Staff Proposal at 2 (citing Opinion Dynamics, Flex Alert Marketing Campaign, (September 12, 2024), *available at*: https://pda.energydataweb.com/api/view/4033/CPUC%20Flex%20Alert%20Performance%20Analytics%20Report%20FINAL%202024-09-12.pdf.

[3] Staff Proposal at 1.

[4] Staff Proposal at 1-2; *see* D.23-12-005 at 27.

[5] Staff Proposal at 1.

[6] Staff Proposal at 1; *see* D.23-12-005 at 27.

contract with DDB as soon as possible, as this will allow the Program to be in place to contribute to grid stability in 2026.[7]

3.2. Party Positions on Flex Alert Staff Proposal

CalCCA, Council, PG&E, SBUA, TURN, and UCAN support continuing the Program to calendar year 2026.[8] SCE supports implementing the continuation of the Program in 2026, if the Commission finds the Program provides sufficient benefits.[9] Most note the Program provides benefits during periods of grid stress.[10]

CalCCA, Council, PG&E, and UCAN support extending DDB's contract for calendar year 2026.[11] PG&E and TURN support holding a competitive bidding process for a new contract if the program is extended beyond calendar year 2026.[12] TURN criticized the late issuance of the Staff Proposal and states it may be necessary to extend the DBB contract for calendar year 2026.[13] SBUA and SCE do not take a position.[14] However, SCE notes that a competitive solicitation

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[7] Staff Proposal at 1.

[8] CalCCA Opening Comment at 3; Council Opening Comment at 2; PG&E Opening Comment at 1-2; SBUA Opening Comment at 1-2; UCAN Opening Comment at 2; TURN Opening Comment at 2-3.

[9] SCE Opening Comment at 2.

[10] CalCCA Opening Comment at 1-4; Council Opening Comments at 1-2; PG&E Opening Comments at 1-2; TURN Opening Comments at 1-2; UCAN at Opening Comment 1-2.

[11] CalCCA Opening Comment at 4; Council Opening Comment at 2; PG&E Opening Comment at 4; UCAN Opening Comment at 3.

[12] PG&E Opening Comment at 5; TURN 4-5.

[13] TURN Opening Comment at 4-5.

[14] SBUA Opening Comment at 2; SCE Opening Comment at 3.

for a new contract in calendar 2026 would not allow the Program to operate in time for summer 2026.[15]

Council and UCAN support the $22 million budget.[16] CalCCA and SBUA do not oppose the $22 million budget.[17] SBUA and UCAN suggest allocating some funding to evaluate Program effectiveness.[18] UCAN also suggests allocating some funding to online engagement tools.[19] PG&E proposes a budget of up to $12 million, which would return the Program to the funding level set in D.21-03-056.[20] PG&E notes the $22 million budget was previously justified based on availability of an additional $10 million from the state general fund—via Assembly Bill 128 (Ting), Stats. 2021; ch. 21—and later, based on the adoption the Power Saver Rewards (PSR) program under the Emergency Load Reduction Program (ELRP) pilot.[21] PG&E argues returning the Program to D.21-03-056 funding level is reasonable, given the conclusion of the PSR program.[22] SCE similarly states that because of the conclusion of PSR program, the Commission might consider modifying the Program budget.[23] TURN recommends less funding, in part because of the conclusion of the PSR program, but also due to

[15] SCE Opening Comment at 3-4.

[16] Council Opening Comment at 2; UCAN Opening Comment at 4.

[17] CalCCA Opening Comment at 5; SBUA Opening Comment at 3.

[18] SBUA Opening Comment at 3; UCAN Reply Comment at 4.

[19] UCAN Opening Comment at 4.

[20] PG&E Opening Comment at 5-7.

[21] PG&E Opening Comment at 6.

[22] PG&E Opening Comment at 5-7.

[23] SCE Opening Comment at 4.

efficiencies associated with running the Program for years and learnings from the Opinion Dynamics' performance assessment.[24]

TURN and PG&E recommend an alternative statewide funding mechanism if the program is continued beyond calendar year 2026.[25] UCAN generally supports statewide funding for the Program.[26]

Leap and Cal Advocates oppose the continuation of the Program.[27] SDG&E is critical of the Program's current design.[28] Leap and Cal Advocates argue the $22 million budget is disproportionately large compared to approved demand response programs.[29] Specifically, Cal Advocates notes "*the Commission authorized a cumulative budget of $31.12 million for all other demand response ME&O activities combined over the entire 2024-2027 cycle.*"[30] All three argue with the conclusion of the PSR program, the Flex Alert Program is no longer justified.[31]

Cal Advocates and SDG&E argue that extending the Program to calendar year 2026 is inconsistent with Governor's Executive Order (EO) N-5-24.[32] Cal Advocates and SDG&E take issue with the Program not meeting the affordability mandate of EO N-5-24 because the IOU ratepayers solely fund the

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[24] TURN Opening Comment at 5-6.

[25] PG&E Opening Comment at 6-7; TURN Opening Comment at 2-3.

[26] UCAN Reply Comment at 2.

[27] Leap Opening Comment at 2; Cal Advocates Opening Comment at 6.

[28] SDG&E at 1, 5, 7.

[29] Leap Opening Comment at 2; Cal Advocates Opening Comment at 9-10.

[30] Cal Advocates Opening Comment at 9.

[31] Cal Advocates Opening Comment at 6-8; Leap opening comment at 2-3. *See* also SDG&E Opening Comment at 2-4. SDG&E argues it should be funded by taxpayers or a broader group of ratepayers.

[32] Cal Advocates Opening Comment at 8-9; SDG&E Opening Comment at 5.

Program which benefits non-IOU ratepayers.[33] For the reasons stated above, Cal Advocates argues that extending the Program to calendar year 2026 is not just and reasonable.[34]

Additionally, SDG&E calls into question whether the awareness the Program creates benefits its ratepayers, and notes that awareness has diminished.[35] SDG&E also states the Program should be funded "*either through taxpayers, or from a wider group of utilities that goes beyond the IOUs alone*."[36] SDG&E recommends that if the Program is taxpayer-funded, a statewide agency—like the California Energy Commission of California Independent System Operator (CAISO)—should hold the implementation contract.[37] SDG&E states that if the Program is authorized by the Commission in the short-term, the budget should be limited to $4 million.[38]

SCE, the contract manager for Program, made several recommendations for implementing the extension of DDB's contract to calendar year 2026. First, SCE notes the purchase order timeline for the current contract with DDB remains open through March 31, 2026, and a final decision by the Commission's March 19, 2026, voting meeting could extend the current contract.[39] Second, SCE recommends that a Commission decision authorizing a 2026 contract extension

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[33] Cal Advocates Opening Comment at 8-9; SDG&E Opening Comment at 5.

[34] Cal Advocates Opening Comment at 6, 10.

[35] SDG&E Opening Comment at 5.

[36] SDG&E Opening Comment at 4.

[37] SDG&E Opening Comment at 5-6.

[38] SDG&E Opening Comment at 6-7.

[39] SCE Opening Comment at 3-4.

should authorize a 2026 Program funding level, a funding split between the IOUs, and an administrative cost allocation.[40]

Parties also made several recommendations on modifying the program. SBUA, CalCCA, and PG&E called for an evaluation of the Program to inform future funding.[41] SCE, PG&E, and UCAN recommend shifting from a broad awareness campaign to an outcome- or action-driven approach.[42] UCAN also recommends online resources to show the public the impact of its actions.[43] PG&E and SCE recommend incorporating more cost-efficient communication, for example using Connected TV and earned media.[44] SCE recommends targeting customers with certain usage patterns and integrating them with smart devices.[45] SCE notes that its recommendations should be considered if the Commission extends the Program beyond 2026.[46]

3.3. Adopted Flex Alert Paid-Media Funding Direction For Calendar Year 2026

We find that it is reasonable to extend the Program through December 31, 2026. The Program promotes reliability and lower peak energy prices, due to its ability to reduce peak electricity demand and the broad public awareness of the Program. Moreover, most parties support the extension of the program to calendar year 2026.

[40] SCE Opening Comment at 3-4.

[41] CalCCA Opening Comment at 2; PG&E Opening Comment at 5, 8; SBUA Opening Comment at 3-4.

[42] PG&E Opening Comment at 6-8; SCE Opening Comment at 6; UCAN Opening Comment at 2.

[43] UCAN Opening Comment at 5-6.

[44] PG&E Opening Comment at 6-8; SCE Opening Comment at 6.

[45] SCE Opening Comment at 6.

[46] SCE Opening Comment at 5.

It is reasonable to authorize a one-year Program budget of $15 million for the 2026 calendar year. Given the lapse of the PSR program, it is appropriate to reduce the budget closer to the budget approved by D.21-03-056. However, due to inflation and the passage of time, we increase the $12 million budget approved in D.21-03-056 to $15 million. Funding the program brings about benefits, such as having households across the state reduce energy use on Flex Alert days.

SCE shall execute a contract extension with DDB by March 31, 2026, with a new expiration date of December 31, 2026. This contracting timeline will allow for program implementation during the summer months of 2026; whereas no other process has been identified for the Program to operate during the summer months of 2026. Moreover, an expedited implementation process is needed, given the earliest date the Commission can vote on this decision is on March 19, 2026, SCE and DDB must agree on a contract extension, DDB must prepare to implement the program, and summer grid conditions start in June. SCE shall consult with the Commission's Energy Division staff on the contract extension, implementation, and administration of the Program. The contract shall terminate on December 31, 2026, unless the Commission orders the contract extended.

For the reasons stated above, it is appropriate for all customers in the distribution service territories of the three large IOUs to fund the Flex Alert paid media campaign program authorized in this decision. While alternative funding structures may be desirable, in order to realize the benefits of the Program in 2026, a one-year ratepayer-funded extension is reasonable. Failure to fund the Program now would result in losing the Program and its benefits, especially the Program's ability to help alleviate stressed grid conditions.

PG&E, SCE, and SDG&E shall share the cost of the calendar year 2026 budget of $15 million, based on the three large IOUs' Commission-jurisdictional shares of CAISO peak load: 45 percent for SCE, 45 percent for PG&E, and 10 percent for SDG&E. Costs shall be tracked to Category 6 ME&O costs. Also, 3 percent of the total budget for the three large IOUs may be used for administrative costs. These terms are consistent with the Commission's Program terms in D.23-12-005.

Parties suggested numerous recommendations for improving the Program's implementation in 2026. However, given the short timeline to extend DDB's contract and the imminent arrival of summer grid conditions, there is not enough time to modify the Program for calendar year 2026 through this decision. This is supported by the expedited implementation process noted above. Nonetheless, we encourage DDB to consider parties' recommendations and DDB's own experience to maximize the benefits of the Program for ratepayers in its implementation of the contract in calendar year 2026.

4. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. There are no public comments on the Docket Card of this proceeding that relate to the issue addressed by this decision.

5. Comments on Proposed Decision

The proposed decision of ALJ Brandon Gerstle in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on __________, and reply comments were filed on _____________ by ________________.

6. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Brandon Gerstle is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. A Flex Alert is an appeal for Californians to voluntarily reduce their electricity use to help maintain a stable, reliable power grid. Flex Alerts are most often issued during the summer and fall months when statewide electricity demand increases sharply due to increased air-conditioning use, helping to unlock the benefits of shifting energy use away from hours of peak demand.

2. The Flex Alert ME&O Study produced by Opinion Dynamics states that the Program has contributed to 93 percent of Californians reporting awareness of Flex Alerts, about two-thirds of households report reducing energy use on Flex Alert days, as well as over 30 percent report unplugging appliances or turning off air conditioning during a Flex Alert.

3. The Program informs Californians about ways to promote grid stability, avoid outages, and engage in wise energy use.

4. The extension of the contract with DDB, as soon as possible, will allow the Program to be in place to contribute to grid stability in 2026.

Conclusions of Law

1. It is reasonable to extend Program through December 31, 2026.

2. It is reasonable to authorize a one-year Program budget of $15 million for calendar year 2026.

3. SCE should extend the Program contract with DDB through December 31, 2026, and administer the Program in calendar year 2026.

4. SCE should consult with the Commission's Energy Division staff on the contract extension, implementation, and administration of the Program.

5. It is reasonable for all customers in the distribution service territories of the three large IOUs to fund the Program authorized in this decision.

6. The three large IOUs should fund Program costs based on their Commission-jurisdictional share of CAISO peak load, as follows: 45 percent for SCE, 45 percent for PG&E, and 10 percent for SDG&E.

7. The three large IOUs should track Program costs to Category 6 ME&O costs.

8. The three large IOUs should limit total administrative costs to 3 percent of the total Program budget.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company shall execute a contract extension with the Doyle Dane Bernbach Communications Group by March 31, 2026, to provide Flex Alert paid media campaign services with an expiration date of December 31, 2026.

2. Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company shall fund the Flex Alert paid media campaign with funds collected from all benefitting customers

(i.e. bundled investor-owned utility, community choice aggregator, and Direct Access customers) using Public Purpose Program balancing accounts, with a calendar year 2026 budget cap of $15 million, and up to 3 percent of that budget is authorized to cover administration costs.

This order is effective today.

Dated March ___, 2026, at Sacramento, California