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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

On September 29, 2025, the Commission issued the Order Instituting Rulemaking (OIR) to Enhance Demand Response in California. The objectives of this Rulemaking are to evaluate and enhance the consistency, predictability, reliability, and cost-effectiveness of demand response resources. The Commission will accomplish enhancements by updating our demand response guiding principles, policies, and data system and process requirements.

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 16, 2025, prior to PHC, the ALJ sent a procedural email to the service list of this proceeding asking parties to consider the addition of Flex Alert marketing campaign funding into the scope of issues. The PHC was held later on December 16, 2025, to address the issues of law and fact, determine the

need for hearing, set the schedule for resolving the matter, and address other matters as necessary.

On December 30, 2025, the ALJ issued a ruling requesting comments on a staff proposal to extend Flex Alert funding to 2026.

After considering the opening comments to the OIR, reply comments to the OIR, pre-PHC statements, post-PHC statements, and discussion at the prehearing conference, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo. I have also determined that no environmental and social justice issues have been raised at this time.

2. Issues

The issues to be determined or otherwise considered are:

1. Should the Commission authorize bridge year funding extensions for existing demand response programs, pilots, and budgets approved by Decision (D.) 23-12-005?
    a. What existing program authorizations should the Commission consider modifying, if any?
    b. What processes are needed to extend the authorizations granted in D.23-12-005?
2. Should the Commission authorize an extension of the existing Flex Alert marketing campaign budget and contract?
3. What guiding principles should the Commission adopt for demand response policies?
4. What standardized data systems, communication protocols, and data transfer processes should the Commission adopt or amend to support demand response, including supply side demand response and dynamic rates, with consideration of cost/benefits tradeoffs?
5. What policies should the Commission adopt or amend to make demand response resources more consistent, predictable, reliable, and cost-effective, including but not limited to:

a. Dual participation;
b. Valuation methodologies and evaluation metrics;
c. CAISO market integration topics;
d. Resource adequacy valuation;
e. Cost-effectiveness evaluation; and
f. Prohibited resource policy?

3. Need for Evidentiary Hearing

Issue 1 may include contested, material issues of fact. The assigned ALJ shall determine whether evidentiary hearings are needed for Issue 1 based on the joint case management statement.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the rulemaking:

Issue 1 Schedule		
Event	**Date with Evidentiary Hearings**	**Date without Evidentiary Hearings**
Ruling on Bridge Year Funding	February 2026	
Opening Comments on Bridge Year Funding	March 2026	
Reply Comments on Bridge Year Funding	April 2026	
Joint Case Management Statement on Bridge Year Funding	May 2026	
Evidentiary hearing on Bridge Year Funding, if needed	June 2026	-
Opening Briefs on Bridge Year Funding, if needed	July 2026	June 2026

Reply Briefs on Bridge Year Funding, if needed	August 2026	July 2026
Proposed Decision on Bridge Year Funding	Quarter 3 or 4, 2026	
Commission Decision on Bridge Year Funding	no sooner than 30 days after Proposed Decision	

The purpose of the joint case management statement is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits. A forthcoming ruling on bridge year funding will provide parties with more detailed scheduling information and directions.

Issues 2-5 Schedule	
Event	**Date**
OIR Issued with Staff Proposal on Guiding Principles	September 29, 2025
Opening Comments on OIR and Guiding Principles	November 12, 2025
Reply Comments on OIR and Guiding Principles	December 1, 2025
Ruling Issued on Flex Alert Extension	December 30, 2025
Opening Comments on Flex Alert Extension	January 20, 2026
Reply Comments on Flex Alert Extension	January 30, 2026
Proposed Decision on Flex Alert Extension	February 2026

Commission Decision on Flex Alert Extension	no sooner than 30 days after Proposed Decision
Staff Proposal on Data Systems and Processes	Quarter 2, 2026
Workshop on Data Systems and Processes	within 20 days of Staff Proposal Issuance
Opening Comments on Data Systems and Processes	within 40 days of Staff Proposal Issuance
Reply Comments on Data Systems and Processes	within 15 days of Opening Comments
Proposed Decision	Quarter 4, 2026
Commission Decision on Systems and Processes as well as Guiding Principles	no sooner than 30 days after Proposed Decision

Later in the proceeding, the Commission expects additional record development to inform one or more proposed decisions. Due to the complexity and number of issues in this proceeding, it is the Commission's intent to complete this proceeding within 24 months of the date of this ruling. (See Pub. Util. Code Section 1701.5(b).)

5. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.[1]

[1] https://www.cpuc.ca.gov/PUC/adr/

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing. Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

6. Category of Proceeding and Ex Parte Restrictions

The Commission preliminarily determined that this is a quasi-legislative proceeding.[2] However, due to the addition of Issue 1—bridge year funding for the demand response programs—a ratesetting category for Issue 1 has been added. Issue 1 is categorized as ratesetting, and ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

For Issues 2-5—all other issues, except bridge year funding—this ruling confirms the Commission's preliminary determination that there are quasi-legislative issues. Accordingly, for Issues 2-5, ex parte communications are permitted without restriction or reporting requirement pursuant to Article 8 of the Rules.

7. Public Outreach

Pursuant to Public Utilities Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where

[2] OIR at 12.

feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

In addition, the Commission served the Order Instituting Rulemaking on A.22-05-002, et al. (Demand Response 2023-2027 Program Budget Cycle); R.13-09-011 (Previous Demand Response Rulemaking); R.22-07-005 (Demand Flexibility); R.23-10-011 (Resource Adequacy); R.21-06-017 (High Distributed Energy Resources Future); R.25-04-010 (Energy Efficiency); R.24-01- 018 (Energization); A.24-09-014 (PG&E General Rate Case Phase II); R.19-01-011 - (Building Decarbonization); R.20-05-012 (Self Generation Incentive Program); A.24-06-014, et al. (SCE Commercial & Industrial Dynamic Pricing); R.23-12-008 (Transportation Electrification); R.22-11-013 (Distributed Energy Resource Cost-Effectiveness Issues, Data Access and Equipment Performance Standards); A.18-11-015, et al. (Cost Recovery for Improvements to the Click-Through Authorization Process); and A.24-10-014 (PG&E Billing Modernization Initiative).

8. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by January 15, 30 days after the prehearing conference.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the online docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/public-advisors-office or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Filing, Service, and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.[3]

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10, with one exception, such that all parties are excused from the Rule 1.10 requirement to serve on the ALJ both an electronic and a paper copy of filed or serviced documents. Therefore, when serving documents on Commissioners, their personal advisors, and the ALJ, parties must only provide electronic service, unless otherwise instructed by the ALJ. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

[3] The form to request additions and changes to the Service list may be found at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission's subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

12. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add "@cpuc.ca.gov" to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

13. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Brandon Gerstle is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing for Issue 1 (bridge year funding) may be needed.
4. The presiding officer is Administrative Law Judge Brandon Gerstle.

5. The category of Issue 1 (bridge year funding) of this proceeding is Ratesetting.

6. The category of Issues 2-5 (all other issues, except bridge year funding) of this proceeding is Quasi-Legislative.

Dated February 12, 2026, at San Francisco, California.

/s/ JOHN REYNOLDS
John Reynolds
Assigned Commissioner