



California Public Utilities Commission



FILED

03/10/26

02:10 PM

R2509004

IOUs Bridge Year Funding

ENERGY DIVISION STAFF PROPOSAL, R.25-09-004

2028-2029 Bridge Year

Staff Recommendation:

The Commission should authorize a two-year “bridge” extension of the IOUs’ 2027 DR program operations for 2028-2029 and direct IOUs to file a new five-year application for 2030-2034 by Jan. 1, 2029.

The 2028-2029 bridge years should be an extension of the IOUs’ 2027 DR program¹ budgets and operations, excluding pilots.

Additionally, the Commission should provide an exemption of the SCT requirement for the bridge years, as directed in D.24-07-015, and provide funding for the IOUs to incorporate the SCT in their DR Cost Effectiveness Reporting tools in time for the submission of their 2030-2034 DR applications.

Background:

The new DR rulemaking (R.25-09-004), seeks to enhance DR policy and rules so that DR in California is consistent, predictable, reliable, and cost-effective. Several policy updates and new policy developments are expected in this proceeding.

To implement Commission policy in a timely manner, it is reasonable to require the IOUs to implement the policy updates from R.25-09-004 in the immediately succeeding application cycle. However, the current deadline for the IOUs’ 2028-2032 DR budget cycle applications does not align with the DR policy proceeding’s expected timeline.

In D.23-12-005, the Commission directed PG&E, SDG&E, and SCE to submit their 2028-2032 proposed DR applications to the Commission by November 1, 2026.² According to the scoping memo, the schedule of this proceeding includes a decision in Q4 2026 as well as one or more additional proposed decisions at a later date. Therefore, the November 1, 2026, application deadline will not provide sufficient time for the IOUs to incorporate the policy developments from R.25-09-004 in their applications.

Additionally, D.24-07-015 ordered “all commission activities, including filings and submissions requiring cost-effectiveness analysis of Distributed Energy Resources, except where directed otherwise by statute or Commission decision, shall also review and consider the results of the Societal Cost Test...” after April 1, 2025. The IOUs are therefore required to review and consider the SCT results in their upcoming DR applications.

¹ “Programs” refers to ongoing approved programs that are subject to cost-effectiveness guidelines and does not include pilots that were approved or extended in D.23-12-005

² D.23-12-005 Ordering Paragraph (OP) 64.

Staff recommends the Commission authorize a two-year “bridge” extension of the IOUs’ 2027 DR program operations for 2028-2029 and direct IOUs to file a new five-year application for 2030-2034. This would allow time for the IOUs to design and propose DR programs in years 2030-2034 that comply with the Commission’s developed policies in R.25-09-004. The application deadline for years 2030-2034 should be extended to January 1, 2029.

Staff also propose an exemption to the SCT requirement for the bridge years, as directed in D.24-07-015, and inclusion of funding for the IOUs to incorporate the SCT in their DR Cost Effectiveness Reporting tools in time for the submission of their 2030-2034 DR applications.

ED Staff recommend the 2028-2029 bridge years to be an extension of the IOUs’ 2027 non-pilot DR program budgets and operations, as approved in Decision (D.) 23-12-005 and D.24-12-029 ³ with additional funding for SCT implementation as proposed below.

Table 1: Proposed Budgets for IOUs’ Bridge Years (per year)

Annual budget (\$thousands) for 2028 and 2029 (per year)	PG&E	SCE	SDG&E
Budget Category 1: Supply-Side Demand Response Program	\$ 59,187	\$ 131,639	\$ 1,776
Budget Category 2: Load-Modifying Demand Response Program	\$ 9	\$ 3	\$ -
Budget Category 3: Demand Response Auction Mechanism	\$ 3,500	\$ 966	\$ 1,648
Budget Category 4: Emerging and Enabling Technology	\$ 3,175	\$ 9,121	\$ 774
Budget Category 5: Pilots	\$ 27,805	\$ 20,413	\$ 6,720
Budget Category 6: Marketing, Education, and Outreach	\$ 3,678	\$ 3,983	\$ 282
Budget Category 7: Portfolio Support	\$ 13,112	\$ 13,528	\$ 4,041
SCT Budget (added to Category 7)	TBD	TBD	TBD
Total Bridge Year Funding (per year)	\$ 82,661 +SCT	\$ 159,240 +SCT	\$ 8,521 +SCT

³ D.23-12-005 budget numbers and Attachment 3 were corrected in D.24-12-029 - Order Correcting Errors.