STATE OF CALIFORNIA GAVIN NEWSOM

PUBLIC UTILITIES COMMISSION
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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 25-04-014:

This is the proposed decision of Administrative Law Judge Julie A. Fitch. 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 October 8, 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.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC: asf
Attachment

Decision **PROPOSED DECISION OF ALJ FITCH (Mailed 9/2/2026)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of San Diego Gas & Electric Company (U 902 M) to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan.	Application 25-04-014

DECISION DENYING REQUEST TO WITHDRAW FROM ADMINISTRATION OF REGIONAL ENERGY EFFICIENCY PORTFOLIO

TABLE OF CONTENTS

DECISION DENYING REQUEST TO WITHDRAW FROM ADMINISTRATION OF REGIONAL ENERGY EFFICIENCY PORTFOLIO

Summary

This decision rejects the application of San Diego Gas & Electric Company (SDG&E) to modify its energy efficiency business plan and withdraw from administering regional energy efficiency programs, for both electric and natural gas customers, in its service area. The decision finds that the application is both premature and unsupported by the record. SDG&E is required to continue performing administrative duties to deliver its regional energy efficiency program portfolio, including its codes and standards programs. SDG&E is encouraged to modify or cancel underperforming programs and/or rebalance its regional portfolio budget, in order to continue to improve the performance of its energy efficiency portfolio overall.

This decision also finds that with the current affordability challenges facing energy customers in California, this is an inopportune time to reduce the availability of energy efficiency programs in the San Diego region. SDG&E's regional energy efficiency programs are important tools to assist customers in managing their energy bills and investing in more energy-efficient homes and businesses. Nonetheless, the Commission continues to have an obligation to review these energy efficiency programs to ensure that the programs of the utilities are cost-effective and are able to adjust as needed to ensure that the programs continue to be in the best interest of customers.

In addition, this decision finds that it is legally permissible for the Commission to select alternative administrators for regional energy efficiency programs, but that such a step would require a focus on both the benefits and costs of the regional programs, an adequate plan for maintaining the ratepayer

and grid benefits on an ongoing basis, and a coordinated approach to a comprehensive and balanced regional portfolio overall. In this proceeding, the decision finds that SDG&E did not make an adequate showing on these points to warrant Commission approval to withdraw from regional energy efficiency administration.

A Settlement Agreement entered into by SDG&E and the Public Advocates Office of the California Public Utilities Commission is also rejected in this decision as not consistent with the whole record in this proceeding and not in the public interest.

This proceeding is closed.

1. Background

On April 25, 2025, San Diego Gas & Electric Company (SDG&E) filed this off-cycle energy efficiency business plan application proposing to discontinue administering the regional energy efficiency programs in its region.

Protests were filed by May 29, 2025 by the Public Advocates Office of the California Public Utilities Commission (Cal Advocates); Small Business Utility Advocates (SBUA); and San Diego Regional Energy Network (SDREN), Bay Area Regional Energy Network (BayREN), Tri-County Regional Energy Network (3CREN), Inland Regional Energy Network (IREN), Northern California Rural Regional Energy Network (NREN), and the City of San Diego, jointly. Southern California Edison Company (SCE) also filed a response to the application on May 29, 2025.

On June 9, 2025, SDG&E filed a reply to the protests and response. On August 8, 2025 the Assigned Commissioner's Scoping Memo was issued, providing for an initial round of briefs strictly on legal issues.

On September 5, 2025, Legal Briefs were filed by SDG&E; SCE; SBUA; and Clean Energy Alliance (CEA), BayREN, 3CREN, IREN, and SDREN, jointly. Reply Legal Briefs were filed on September 26, 2025, by Cal Advocates; SDG&E; SBUA; and BayREN, SDREN, 3CREN, CEA, and IREN, jointly.

On November 3, 2025, an administrative law judge (ALJ) ruling was issued amending the schedule to eliminate an interim decision on legal issues and instead asked parties to proceed to providing testimony on the policy and technical issues in the proceeding.

On January 15, 2026, Opening Testimony was submitted and served by the following parties: Cal Advocates; BayREN and 3CREN, jointly; SDCP and CEA, jointly; and SDG&E. On February 18, 2026, Rebuttal Testimony was submitted and served by the following parties: Cal Advocates; SBUA; SDCP and CEA, jointly; and SDG&E.

On April 3, 2026, SDG&E filed a motion requesting an amended schedule. On April 7, 2026, an ALJ ruling granted, in part, the amended schedule and set forth the remainder of the schedule for this proceeding. No party requested evidentiary hearings, so those were removed from the calendar.

On May 1, 2026, SDG&E filed a joint motion for adoption of a Settlement Agreement, on behalf of SDG&E and Cal Advocates. In the joint motion, SDG&E and Cal Advocates represent that a settlement conference was held on April 21, 2026 to which all parties were invited, as required by Rule 12.1(b) of the Commission's Rules of Practice and Procedure. The joint motion reports that no other parties who attended the settlement conference, which included SCE, SDCP, CEA, BayREN, NREN, and SBUA, joined in the Settlement Agreement. On June 1, 2026, comments on the Settlement Agreement were filed by California Efficiency + Demand Management Council (CEDMC); SDCP on behalf of CEA, SDREN, and City of San Diego, jointly (San Diego Parties); SBUA; and BayREN, IREN, NREN, and 3CREN, jointly (Joint RENs). On June 16, 2026, reply comments on the Settlement Agreement were filed by Cal Advocates and SDG&E individually.

On July 1, 2026, Opening Briefs in the overall proceeding were filed by Cal Advocates; SDG&E; IREN, 3CREN, BayREN, and NREN, jointly (Joint RENs); SDCP on behalf of SDCP, SDREN, City of San Diego, and CEA (San Diego Parties); and SBUA. On July 15, 2026, Reply Briefs were filed by BayREN, 3CREN, IREN, and NREN, jointly (Joint RENs); Cal Advocates; CEDMC; City of San Diego, CEA, SDCP, and SDREN, jointly (San Diego Parties); SBUA; and SDG&E.

On August 5, 2026, SDG&E filed a Motion for Leave to File a Sur-Reply to Respond to Reply Briefs. This motion was granted in an email ruling, and SDG&E filed its Sur-Reply to the Reply Briefs on August 14, 2026.

1.1. Submission Date

This matter was submitted on August 14, 2026 upon the filing of SDG&E's Sur-Reply to the Reply Briefs.

2. Legal Considerations

The August 8, 2025 Assigned Commissioner's Scoping Memo in this proceeding identifies five legal questions to be evaluated in the context of SDG&E's application. Those questions are as follows:

1. Is it legally permissible, in light of the requirements of Public Utilities Code Section 454.5(b)(9)(C)(i),[1] which state that an "electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective reliable,

[1] All references to "Section" or "Sections" are to the Public Utilities Code, unless otherwise noted.

and feasible," for the Commission to allow SDG&E to withdraw from administration of regional energy efficiency programs?

2. How would the requirements of Section 454.5(b)(9)(C)(i) be met if the Commission allowed SDG&E to withdraw from administering regional energy efficiency programs, particularly those that are cost-effective?

3. The Commission sets energy efficiency goals, every two years, to, among other things, comply with Section 454.55(a)(1), which requires the Commission to "identify all potentially achievable cost-effective electricity efficiency savings and establish efficient targets for an electrical corporation to achieve..." Section 454.55(b)(2) states that "if the commission concludes the targets established for electrical corporations to achieve pursuant to subdivision a) are not cost-effective, feasible, or pose adverse impacts to public health and safety, the commission shall revise the targets to the level that optimizes the amount of energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets." Sections 454.56(a) and (d) contain identical provisions for gas corporations.

   a. How does SDG&E's application address these requirements?

   b. More specifically, how are SDG&E's current regional programs not cost-effective, infeasible, or posing potential adverse impacts to public health and safety?

   c. If SDG&E improved the cost-effectiveness of its regional programs, would withdrawal from administering those regional programs be legally permitted?

4. Section 454.56(b) requires that a "gas corporation shall first meet its unmet resource needs through all available natural gas efficiency and demand reduction resources that are cost effective reliable, and feasible." Is it legally permissible for the Commission to allow SDG&E to withdraw from

administering regional energy efficiency programs, particularly those that are cost-effective, in light of these requirements? If the Commission allows SDG&E to withdraw from administering regional energy efficiency programs, how would these legal provisions be met?

5. SDG&E's application presumes that the Commission could rely more heavily on SDREN as a portfolio administrator in the San Diego region. What legal authorities does the Commission have to require SDREN to pursue the energy efficiency goals and targets, required by law, that are currently assigned to SDG&E?

2.1. SDG&E's Arguments

In its September 5, 2025 Opening Legal Brief in support of the application, SDG&E argues that the primary requirements placed on electrical corporations or investor-owned utilities (IOUs), particularly by Section 454.5, dictate the preferred resources, including energy efficiency, that must be procured, but do not specify that the IOUs must provide program administration. Further, SDG&E argues that the preferred resources that IOUs must purchase are required to be cost-effective, reliable, and feasible.[2]

SDG&E argues that its desire to withdraw from regional energy efficiency administration is not contrary to statute and "should not be construed as an attempt to stop procuring EE [energy efficiency] resources altogether." SDG&E argues that it may fulfill its statutory obligations through alternative mechanisms, including funding codes and standards programs, which produce significant energy savings, and through fiscal agency of statewide programs.[3]

SDG&E also points out that the Commission has broad plenary powers under Section 701 to supervise and regulate electrical and gas corporations.

[2] SDG&E Opening Legal Brief. September 5, 2025, at 1.

[3] SDG&E Opening Legal Brief, September 5, 2025, at 2.

Specific to energy efficiency, SDG&E cites to Section 399.4(a)(1), which states: "it is the policy of this state and the intent of the Legislature that the commission shall supervise the administration of cost-effective energy efficiency programs authorized pursuant to its statutory authority." SDG&E argues this includes approval of an IOU's proposal to withdraw from regional program administration, if the Commission determines that such withdrawal is appropriate from a policy perspective.[4]

SDG&E further recommends that the Commission revise the energy efficiency goal targets for SDG&E, because they are not cost-effective or feasible, due to the declining cost-effectiveness of SDG&E's regional portfolio over a period of time. Noting that SDG&E's regional electric load only accounts for about 8 percent of the state's total electric load forecast, SDG&E argues that its withdrawal from regional energy efficiency administration would have a minimal impact on statewide energy efficiency goals.[5]

2.2. Intervenors' Arguments

Cal Advocates generally agrees with SDG&E, arguing that Sections 454.5(b)(9)(C)(i), 454.55, and 454.56 do not prohibit SDG&E's request to withdraw from regional administration, as a matter of law, nor do they prohibit revising energy efficiency targets and policies.[6]

SCE, in its legal brief, does not take a position on whether the Commission should approve SDG&E's application. SCE focuses on the Commission's authority not to require IOUs to serve as portfolio administrators. SCE cites to D.05-01-055, where the Commission chose to have IOUs assume the primary

[4] SDG&E Opening Legal Brief, September 5, 2025, at 3-4.

[5] SDG&E Opening Legal Brief, September 5, 2025, at 6-7.

[6] Cal Advocates Legal Reply Brief, September 26, 2025, at 2-6.

portfolio administration function, after considering several alternatives. SCE points out that the landscape of energy efficiency administration has been changing, with the advent of regional energy networks (RENs), community choice aggregators (CCAs), and an independent California Market Transformation Administrator (CalMTA), to serve as alternative administrators of ratepayer-funded energy efficiency portfolios, alongside the IOUs.[7]

SCE argues that, in theory, an IOU could comply with the statutory energy efficiency requirements and Commission goals by relying on energy efficiency measures delivered by RENs, CCAs, and CalMTA, without necessarily administering a portfolio itself. However, SCE argues this would be risky without changes to the cost-effectiveness and other accountability requirements for these non-IOU administrators.

SCE also points out that the IOUs are currently facing challenges in achieving cost-effective portfolios under the pressure of affordability concerns. Ultimately, SCE argues that the IOUs are mandated by statute to achieve energy savings by investing in energy efficiency, provided that they can do so in a cost-effective manner, but they are not expressly required to serve as portfolio administrators or to administer regional programs.[8]

SCE also points out that when the RENs were originally established, they were under the oversight of the IOUs, due to the IOUs' legal obligations to meet specific energy efficiency targets and deliver cost-effective portfolios.[9] However, SCE also points out that the Commission's more recent treatment of the RENs

[7] SCE Opening Legal Brief, September 5, 2025, at 2-3 and 5-8.

[8] SCE Opening Legal Brief, September 5, 2025, at 9.

[9] *See* D.12-11-015 at 10 and D.12-05-015 at 151.

was covered in D.23-06-055,[10] where the Commission took responsibility for oversight and compliance functions, while keeping IOUs in the fiscal management role of collecting and disbursing funds.

Finally, SCE notes that the RENs were initially envisioned to provide a small role in the energy efficiency portfolios, for purposes of gap-filling and pilot-type activities. For example, in 2015, according to SCE, REN budgets made up approximately 3.4 percent of the total energy efficiency program budget. In the 2024-2027 cycle, according to SCE, the total REN budget is close to 18 percent of the portfolio.[11]

Ultimately, SCE argues that the Commission has the legal authority to allow an IOU to withdraw from regional portfolio administration. SBUA agrees with SCE's argument here, in its reply brief.[12] SCE prefers that if the Commission allows an IOU to withdraw from administration, the Commission should institute additional policies and controls to apply more uniform requirements to all administrators operating in the energy efficiency space. We discuss these policy recommendations in more detail in Section 3 of this decision.

SBUA generally believes that the Commission has the authority to permit SDG&E to discontinue administering regional energy efficiency programs, but only "upon a robust showing that all statutorily required cost-effective efficiency resources will be preserved or delivered more cost-effectively by alternative administrators."[13] Basically, SBUA argues that Commission approval is required to be conditional, and that if the Commission finds that none of the programs

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[10] *See* D.23-06-055 at 16 and 11.

[11] SCE Opening Legal Brief, September 5, 2025, at 14-15.

[12] SBUA Reply Legal Brief, September 267, 2025, at 1-2.

[13] SBUA Opening Legal Brief, September 5, 2025, at 1.

administered by SDG&E are cost effective, then the plain language of Section 454.5(b)(9)(C)(i) permits the Commission to find that continued administration is not beneficial to ratepayers and withdrawal is an option.[14]

SBUA also notes that the statutory language allows the Commission to define cost-effectiveness. SBUA suggests that the Commission retain discretion to consider a wide range of factors, including Total System Benefit (TSB) and non-energy benefits (NEBs), when evaluating cost effectiveness. In addition, SBUA argues that if the Commission finds that SDG&E's administration is the most cost-effective choice for ratepayers, then it should not approve SDG&E's withdrawal from regional portfolio administration.[15] If, on the other hand, the Commission determines that a REN can administer a portfolio more cost-effectively, then SDG&E should be permitted to withdraw, according to SBUA. Finally, SBUA argues that if SDG&E is allowed to withdraw, then the Commission must ensure that other alternative administrators can effectively fulfill the statutory obligations required for energy efficiency program effectiveness.[16]

The Joint RENs generally argue that it is not legally permissible for SDG&E to be allowed to withdraw from regional energy efficiency portfolio administration. The Joint RENs refer back to the Energy Action Plan, developed jointly by the California Energy Commission (CEC), California Power Authority, and the Commission in 2003, which established a "loading order" for electric resource procurement and prioritized investment in energy efficiency and

[14] SBUA Opening Legal Brief, September 5, 2025, at 2.

[15] SBUA Opening Legal Brief, September 5, 2025, at 3.

[16] SBUA Opening Legal Brief, September 5, 2025, at 5-6.

demand-side resources first, followed by renewable resources, and finally clean conventional electricity supply.[17]

Joint RENs argue that this concept was enshrined in statute in Section 454.5, and that the "efficiency first" concept is an "ongoing obligation and not a one-time exercise."[18] Thus, Joint RENs argue, even if SDG&E programs are found not to be cost-effective, reliable, or feasible, that determination does not relieve SDG&E of its obligations to invest in energy efficiency going forward. SBUA agrees with this argument, in its reply brief.[19]

Joint RENs also refer to the SDG&E Bundled Procurement Plan, in which SDG&E itself expresses the continuity and ongoing nature of its energy efficiency obligations.[20] Thus, Joint RENs argue it is not clear how, if SDG&E withdraws as an administrator, it will identify and capture cost-effective, reliable, and feasible energy efficiency resources that become available in the future.[21]

Joint RENs also point out that among the programs that SDG&E seeks to withdraw from administering are programs that are, by SDG&E's own reporting, cost-effective under the Commission's evaluation framework. This includes a number of individual programs, as well as the resource acquisition segment of the portfolio overall, according to Joint RENs.[22] This means, according to the Joint RENs, that certain programs are delivering net benefits to customers and

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[17] Joint RENs Opening Legal Brief, September 5, 2025, at 4.

[18] Joint RENs Opening Legal Brief, September 5, 2025, at 5.

[19] SBUA Reply Legal Brief, September 26, 2025, at 2.

[20] Joint RENs Opening Legal Brief, September 5, 2025, at 6.

[21] Joint RENs Opening Legal Brief, September 5, 2025, at 7.

[22] Joint RENs Opening Legal Brief, September 5, 2025, at 8-9.

the system, and the loss of those opportunities cannot easily be squared with the ongoing statutory obligations.[23]

SDG&E disputes the cost-effectiveness of the programs in its Reply Brief, citing to the California Energy Data and Reporting System (CEDARS) data as more up to date, instead of information contained in its Annual Report which was cited by the Joint RENs.[24] SDG&E also points out that the program list that the Joint RENs rely on contains some codes and standards programs, which SDG&E proposes, in its application, to continue to administer.

Further, Joint RENs argue that although the Commission is authorized by statute to revise IOU energy savings goals, it is a stretch to argue that the targets can be eliminated entirely for regional programs, leaving only codes and standards and statewide programs. Instead, Joint RENs argue that a more reasonable interpretation of the statutes is that IOU savings goals can be "optimized," but not eliminated, for regional portfolio purposes.[25] SDG&E, in its Reply Brief, argues that the Joint RENs have a narrow interpretation of optimization, which for SDG&E could include closing programs and withdrawing from administering the regional portfolio.[26]

Overall, Joint RENs argue that SDG&E has not shown that its goals and targets are not cost-effective, infeasible, or pose adverse risks to health and safety, and therefore they have not met the requirements to support the first step in analyzing whether the goals and targets must be revised in the first place.[27]

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[23] Joint RENs Opening Legal Brief, September 5, 2025, at 9.

[24] SDG&E Reply Legal Brief, September 26, 2024, at 5-6.

[25] Joint RENs Opening Legal Brief, September 5, 2025, at 11 and 13.

[26] SDG&E Reply Legal Brief, September 26, 2025, at 8-9.

[27] Joint RENs Opening Legal Brief, September 5, 2025, at 12.

Next, Joint RENs argue that SDG&E's arguments about program overlap are not based in detailed factual support. Joint RENs argue that the Commission has numerous processes in place to avoid program duplication, including Joint Cooperation Memoranda (JCM) between administrators that explain how activities are complementary and coordinated. In addition, Joint RENs point out that SDREN's programs had not yet launched as of the time of SDG&E's application, so no evidence of redundant services can be found.

Joint RENs also argue that SDG&E's argument that approving its application would save $300 million in costs over a six-year period ignores the parallel loss of benefits, in the form of TSB and avoided costs to the grid, that the energy efficiency programs deliver over the same period.[28]

Further, Joint RENs argue that Sections 454.55 and 454.56 do not provide the Commission with legal authority to require SDREN or another administrator to pursue the goals and targets that are currently assigned to SDG&E. In addition, Joint RENs point out that SDREN's territory is not a complete overlap with SDG&E's, and therefore SDG&E's withdrawal from offering regional energy efficiency programs would leave some customers without any access to energy efficiency opportunities.[29] Joint RENs do support, however, the Commission considering policy changes that could allow non-IOU portfolio administrators to assume portions of SDG&E's portfolio, should the Commission grant SDG&E's application.[30]

SDG&E, in its Reply Brief, returns to focusing on the cost savings to all of its ratepayers that would be accomplished by cancelling its regional programs,

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[28] Joint RENs Opening Legal Brief, September 5, 2025, at 15.

[29] Joint RENs Opening Legal Brief, September 5, 2025, at 16-17.

[30] Joint RENs Opening Legal Brief, September 5, 2025, at 19-20.

arguing that all of its ratepayers would benefit from the bill savings, whereas only 0.05 percent of SDG&E's customers enroll in a regional energy efficiency program in any given year.[31]

Finally, SDG&E argues that the Commission has no obligation to appoint a different administrator of energy efficiency programs in its region, should the Commission grant SDG&E's application. Instead, SDG&E continues to argue that the Commission may simply adjust SDG&E's energy efficiency targets and goals downward, to account for the fact that cost-effective energy efficiency opportunities in SDG&E's territory continue to be on the decline.[32]

2.3. Discussion

In terms of the legal consideration relevant to SDG&E's application, we look chiefly to Section 454.5(b)(9)(C)(i), which requires that each "electrical corporation shall first meet its unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible."[33] In addition, Section 454.55 is critical to the legal analysis, requiring that "the commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve, pursuant to Section 454.5,"[34] and "if the commission concludes the targets established for electrical corporations to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose potential adverse impacts to public health and safety, the commission shall revise the targets to the level that optimizes the amount of

[31] SDG&E Reply Legal Brief, September 26, 2025, at 9.

[32] SDG&E Reply Legal Brief, September 26, 2025, at 10-11.

[33] Section 454.56(b) contains the same concept, but for gas corporations instead of electric.

[34] Section 454.55(a)(1).

energy efficiency savings and demand reduction and shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets."[35]

No party specifically mentions in its Legal Briefs another requirement of Section 454.55, which is that the Commission was required by 2023 to "undertake a comprehensive review of the feasibility, costs, barriers, and benefits of achieving a cumulative doubling of energy efficiency savings and demand reduction by 2030." We note that the Commission and the energy sector as a whole is still intended to be on a path to the doubling of energy efficiency savings by 2030, which means capturing as much energy savings as can be achieved cost-effectively and feasibly.

The statutory authority in Sections 454.55 and 454.56 clearly require electric and gas corporations to invest in energy efficiency that is cost-effective, reliable, and feasible. SDG&E and SCE are correct in their arguments that nothing in these code sections dictates a particular administrative structure in order to achieve the energy efficiency required. SCE also correctly cites to D.05-01-055, in which the Commission determined that the electric and gas corporations, or IOUs, should be the primary administrators for energy efficiency programs.

Inherent in the determinations of D.05-01-055 and the arguments of SDG&E, SCE, SBUA, and Cal Advocates in this proceeding is that the Commission has the discretion to determine who administers the programs that make up the energy efficiency portfolios. But just as the Commission has the discretion *not* to require the utilities to administer regional energy efficiency

[35] Section 454.55(b)(2).

programs, so too does the Commission have the authority *to require* that the electrical corporations serve in this regional administrative capacity.

Also important is the statutory language that requires that the Commission approve energy efficiency that is "cost-effective, reliable, and feasible" and that the targets assigned to the electrical corporations for energy efficiency may be revised by the Commission if they "pose potential adverse impacts to public health and safety." In addition, the Commission "shall modify, revise, or update its policies as needed to address barriers preventing achievement of those targets."

Taken together, these requirements obligate the Commission to make factual findings that current energy efficiency targets and requirements are not achievable and/or pose potential adverse impacts to public health and safety, and should be revised, if the targets are to be adjusted.

Thus, as a preliminary legal matter, we conclude that allowing SDG&E to withdraw from administering regional energy efficiency programs is legally permissible. However, determining whether SDG&E should be authorized to withdraw from regional energy efficiency administration must be based on factual and policy considerations.

We also agree with the Joint RENs that the requirement for electrical corporations to invest in cost-effective, reliable, and feasible energy efficiency is an ongoing obligation. Thus, logically, if SDG&E were to be authorized to withdraw from administering regional energy efficiency programs as a result of this application, SDG&E and the Commission would still be required to continue regularly evaluating whether there are new energy efficiency opportunities in SDG&E's territory that meet the statutory requirements. This ongoing evaluation is easier to maintain if there are existing programs providing feedback from customers and implementers about implementation effectiveness, costs, and benefits.

We also agree with the Joint RENs that the first step in deciding whether SDG&E's energy efficiency goals and targets should be revised is to determine whether the goals are not cost-effective, are infeasible, or pose adverse risks to health and safety. We discuss these considerations in the next section of this decision.

3. Policy and Factual Considerations

The August 8, 2025 Assigned Commissioner's Scoping Memo in this proceeding identified the following policy and factual questions associated with SDG&E's application.

6. Should the Commission, as a matter of policy, allow SDG&E to withdraw from administering all regional energy efficiency programs except codes and standards?
7. Is it prudent to eliminate or reduce SDG&E customer access to regional energy efficiency programs at a time when affordability is a key concern and energy efficiency potentially represents a low-cost way for customers to reduce their energy bills?
8. Is it reasonable to assign primary regional responsibility for energy efficiency programs to a REN, when RENs were designed to augment and fill gaps in primary energy efficiency portfolios administered by utilities?
9. Is it prudent for primary regional energy efficiency administrative responsibility to be assigned to SDREN, which has only just been launched in 2025 and has no proven track record?
10. What specific programs that SDG&E proposes to close would overlap with what specific programs of SDREN?
11. What programmatic gaps would be left if SDG&E was permitted to withdraw from administering regional

energy efficiency programs and SDREN retained only its current approved programs?

12. What geographic gaps would be left if SDG&E was permitted to withdraw from administering regional energy efficiency programs and SDREN retained only its current approved programs?
13. What would be the impact on disadvantaged communities, hard-to-reach customers (including, but not limited to, small businesses), and/or Environmental and Social Justice communities of SDG&E withdrawing as administrator of regional energy efficiency programs?
14. Is SDG&E's proposal consistent with the Commission's Environmental and Social Justice Action Plan?
15. If the Commission grants SDG&E's application request, what protections should the Commission implement to ensure that customers maintain equitable access to energy efficiency services?
16. If the Commission grants SDG&E's application request, what is the responsibility of other portfolio administrators in the region? What other changes to Commission policy would need to be made if other portfolio administrators want to take on a larger role?
17. What are the root causes of SDG&E's regional portfolio being lower in cost-effectiveness than other similar portfolios administered by the other three utilities? Could SDG&E's regional portfolio be rebalanced to achieve more ratepayer benefits?
18. What are the bill savings that would result from the approval of SDG&E's application, in the context of total ratepayer monthly bills, for different customer classes (e.g., residential, large commercial, small commercial, etc.)?
19. What is the magnitude of ratepayer benefits and grid benefits that would be lost if SDG&E withdraws from administering regional energy efficiency programs?

20. Are regional energy efficiency programs the most cost-effective way to satisfy projected increased load growth in SDG&E territory? What other alternatives exist that should be prioritized if the Commission grants this application?
21. Given significant load growth projected by the California Energy Commission's load forecast in the coming decade, what would be the cost impact for procuring other resources to serve load, if cost-effective regional energy efficiency benefits are not invested in by SDG&E in its territory?
22. If SDG&E is permitted to withdraw from regional energy efficiency program administration, what is the rationale for retaining responsibility for codes and standards programs? Should SDG&E retain this function?
23. Would approval of SDG&E's application result in just and reasonable rates to ratepayers?
24. If the Commission grants SDG&E's request, what are the impacts to other portfolio administrators in SDG&E territory and how should the Commission mitigate any negative and/or unreasonable impacts to those portfolio administrators?
25. For purposes of the discussion in this decision, we have divided these issues into the following general categories:
    - Costs and benefits of SDG&E's proposal to withdraw;
    - Program and geographic overlap; and
    - Equity and social justice impacts.

3.1. Costs and Benefits

In this section, we discuss the economic and grid impacts claimed by SDG&E in its application, in the form of both costs of energy efficiency and its associated benefits, as well as the cost savings that would accrue to ratepayers if SDG&E's application is approved.

3.1.1. SDG&E's Proposal

SDG&E chiefly argues that SDG&E's regional energy efficiency programs persistently fail to meet the Commission's cost-effectiveness requirements.[36] SDG&E argues that this "persistent underperformance reflect structural characteristics of SDG&E's service territory that make regional EE [energy efficiency] administration increasingly difficult to justify."[37]

SDG&E represents that its regional programs achieved a Total Resource Cost (TRC) test ratio of 0.66 in 2022 and 2023, 0.81 in 2024, and 1.05 in 2025, with its resource acquisition segment overall (including statewide programs) achieving a 1.19 TRC ratio in 2025.[38]

SDG&E notes that despite its good-faith efforts, the cost-effectiveness of its programs has not improved to acceptable levels. Therefore, SDG&E argues that the problem is not temporary or correctable, but rather reflects fundamentals about SDG&E's territory. Those fundamentals, as cited by SDG&E, include: small service territory, mild climate, and limited industrial load.[39]

SDG&E also points out that over twenty statewide programs will continue to be funded by SDG&E ratepayers and available to their participation. In addition, SDG&E will continue to fund the SDREN programs, the Energy Savings Assistance Program for low-income customers, and other demand-side programs, including demand response and distributed generation options.[40] However, SDG&E argues that low participation rates in its regional energy

[36] SDG&E Opening Legal Brief, September 5, 2025, at 8.

[37] SDG&E Opening Brief, July 1, 2026, at 5.

[38] SDG&E Opening Brief, July 1, 2026, at 10.

[39] SDG&E Opening Brief, July 1, 2026, at 7-8.

[40] SDG&E Opening Brief, July 1, 2026, at 9.

efficiency programs help justify the need for their cancellation. SDG&E represents that fewer than 0.05 percent of its customers, who pay into the public purpose program (PPP) funds that fund energy efficiency, participate in regional programs each year.[41] SDG&E therefore argues that this low participation rate makes its regional programs "infeasible" within the meaning of Section 454.5.

Finally, SDG&E provides a list of bill reductions for particular customer types that would occur if SDG&E's application is approved and the $300 million costs of its regional programs over six years are no longer collected from its customers. SDG&E represents the following potential monthly savings:

- Residential: $1.36 for residential gas and electric service.
- Large Hotel: $787.73.
- Medium Hotel: $160.42.
- Medium Restaurant: $272.24.
- Small Restaurant: $34.52.

SDG&E cites to Governor Newsom's Executive Order N-5-24, recognizing an affordability "crisis" in energy bills and directing the Commission to take immediate action to modify or sunset underperforming or underutilized programs whose costs exceed the value and benefits to ratepayers. SDG&E further argues that the California State Auditor's March 2025 report reinforces this concern, finding a significant number of energy efficiency programs not cost-effective and recommending that the Commission take action to end programs that consistently fail to meet cost-effectiveness or energy-savings goals.[42]

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[41] SDG&E Opening Legal Brief, September 5, 2025, at 9.

[42] SDG&E Opening Brief, July 1, 2026, at 12-13.

3.1.2. Input from Parties

Cal Advocates argues that the Commission should consider SDG&E's proposal in light of the Governor's Executive Order and the State Auditor's Report cited by SDG&E. Cal Advocates refers to the Commission's formal response to the Auditor's Report, which states that certain programs can only be cancelled in a proceeding such as SDG&E's application. Cal Advocates argues that high electricity rates constrain household and business budgets and hinder the state's push towards decarbonization.[43] Cal Advocates argues that continued funding by ratepayers of SDG&E's regional programs would not be just and reasonable and therefore the programs should be closed.

On the cost-effectiveness of SDG&E's regional programs, Cal Advocates argues that SDG&E's portfolio has consistently failed to achieve a TRC test score of 1.0 or greater. Cal Advocates points to 2022-2024, when SDG&E's resource acquisition segment produced an average TRC score of 0.90. Cal Advocates then argues that excluding statewide programs makes the portfolio TRC score drop to 0.87, and notes that SDG&E importantly does not propose to withdraw from funding statewide programs.[44] Cal Advocates also refers to the individual resource acquisition programs that SDG&E's application proposes to close, and provides a table showing those individual TRC scores.[45] Either way, Cal Advocates argues that SDG&E's regional programs are not cost-effective at either the program or portfolio level.

Cal Advocates further argues that the programs are not feasible because the cost to achieve savings from the regional programs is increasing and the

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[43] Cal Advocates Opening Brief, July 1, 2026, at 7-11.

[44] Cal Advocates Opening Brief, July 1, 2025, at 12-14.

[45] Cal Advocates Opening Brief, July 1, 2026, at 16-17.

programs have failed to meet their energy savings goals.[46] Because of the low cost-effectiveness values based on the TRC test, which compare the cost of energy efficiency with the avoided cost of supply-side resources, Cal Advocates argues that energy efficiency is not the lowest cost resource and therefore represents an unreasonable use of ratepayer funds.[47]

Finally, Cal Advocates argues that the Commission should require any new energy efficiency programs authorized within SDG&E's service territory to meet the cost-effectiveness requirements that are applied currently to IOU programs, including in the resource acquisition category.[48]

The Joint RENs look at the same cost-effectiveness scores by program presented by SDG&E and come to the opposite conclusion. The Joint RENs state that a 2025 regional resource acquisition TRC score of 1.05 qualifies as cost-effective, according to the Commission's standards. The Joint RENs also note that a TRC score is not the only standard by which an IOU's portfolio value is assessed. The Joint RENs argue that the SDG&E regional programs delivered $53 million in TSB to ratepayers in 2025, and point out that some programs with lower TRC values nevertheless deliver TSB on par with or exceeding expenditures.[49]

Thus, Joint RENs argue that SDG&E has not sufficiently justified removing the regional portfolio and has not provided a reasonable explanation for how the gap would be mitigated in a timely manner and throughout its territory. [50]

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[46] Cal Advocates Opening Testimony, July 1, 2026, at 19.

[47] Cal Advocates Opening Testimony, July 1, 2026, at 20-21.

[48] Cal Advocates Opening Testimony, July 1, 2026, at 22-24.

[49] Joint RENs Opening Testimony, July 1, 2026, at 4-5.

[50] Joint RENs Opening Brief, July 1, 2026, at 5.

Instead, Joint RENs argue that rebalancing SDG&E's regional portfolio should be pursued as a "key alternative" to withdrawal.[51]

Further, Joint RENs argue that it is not prudent to eliminate or reduce ratepayer access to regional energy efficiency programs at a time when affordability is a key concern. Joint RENs argue that energy efficiency is "potentially the lowest cost and safest option for customers to reduce their energy bills, and moreover, regional energy efficiency programs create demand for skilled workforce to complete code-compliant equipment installations."[52] Joint RENs are concerned that the elimination of regional programs would have repercussions not only for the customers receiving energy efficiency upgrades but also for the businesses that deliver those services, along with their families and communities.[53]

Finally, Joint RENs point out that energy efficiency programs are only a portion of the PPP charges, which make up approximately 1.42 percent of SDG&E's bills, while they can provide bill savings directly to individual ratepayers, as well as benefit the system as a whole by supporting grid reliability, greenhouse gas reductions, and progress toward energy and climate goals.[54]

Similarly, the San Diego Parties argue that abandoning regional energy efficiency programming is not an effective or equitable means to address affordability challenges. Instead, they dispute the SDG&E and Cal Advocates framing of the bill savings that would result from the approval of this application as an affordability measure, when in fact the proposal fails to account for the

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[51] Joint RENs Opening Brief, July 1, 2026, at 11.

[52] Joint RENs Opening Brief, July 1, 2026, at 7.

[53] Joint RENs Opening Brief, July 1, 2026, at 7.

[54] Joint RENs Opening Brief, July 1, 2026, at 12.

"corresponding loss of substantial, quantifiable benefits such as the forecast $893 million in total average annual bill savings between 2026-2031 and $11.2 billion in total average lifecycle bill savings associated with SDG&E's portfolio."[55] The San Diego Parties object to a "misleading affordability narrative" that distorts the value of energy efficiency or justifies weakening the energy efficiency programming that serves the San Diego area. Instead, San Diego Parties urge the Commission to view the SDG&E regional portfolio in the proper context, where energy efficiency remains a critical "tool for addressing energy burdens, advancing equity, and supporting California's long-term clean energy and affordability objectives."[56]

San Diego Parties point out that energy efficiency costs are not a key driver of rate increases for consumers. Instead, San Diego Parties state that energy efficiency expenditures in the San Diego region have decreased by approximately 116 percent over the past ten years.[57] Ultimately, San Diego Parties argue that energy efficiency revenue requirements have become a smaller portion of customers' bills while other components have grown substantially.[58]

The San Diego Parties frame these issues not as the absence of energy efficiency opportunities in the San Diego region, but rather a question of performance of the SDG&E regional portfolio. San Diego Parties state that "SDG&E has not shown that it meaningfully attempted to mitigate alleged portfolio underperformance."[59] Instead, San Diego Parties argue that SDG&E's

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[55] Prepared Direct Testimony on Behalf of SDCP and CEA, Exhibit SD CCA-01, at 1-9.

[56] San Diego Parties Opening Brief, July 1, 2026, at 5.

[57] Prepared Direct Testimony on Behalf of SDCP and CEA, Exhibit SD CCA-01, at 5:24-25.

[58] San Diego Parties Opening Brief, July 1, 2026, at 6.

[59] San Diego Parties Opening Brief, July 1, 2026, at 10.

most recent portfolio performance data reflects that regional energy efficiency is capable of delivering cost-effective and beneficial results under the existing framework. San Diego Parties state that, "in sum, SDG&E's portfolio-specific experience cannot and does not establish that EE [energy efficiency] in the San Diego region is no longer a least-cost or beneficial resource, particular where the state's longstanding loading order, project load-growth, and available performance data all continue to support EE as an important and economically rational strategy."[60] SDREN also points out, in its testimony,[61] that SDG&E's mid-cycle advice letter forecast its resource acquisition segment of its portfolio to achieve a 1.12 TRC ratio for 2024-2027 program years.

San Diego Parties also dispute the budget savings of $300 million over six years claimed by SDG&E if the application is approved. First, San Diego Parties claim the estimate is based on inflated budget assumptions that do not reflect actual spending. In addition, San Diego Parties argue that this savings estimate treats the full reduction in expenditures as "dollar-for-dollar savings without accounting for the quantifiable benefits those dollars currently deliver to San Diegans and the system."[62]

SBUA makes a similar argument, stating that the Commission should not "focus narrowly on unsubstantiated, potential short-term cost reductions that may ultimately conflict with long-term reliability and policy benefits." SBUA argues that SDG&E's cost savings estimate does not account for avoided energy costs, bill reductions, and system value that energy efficiency programs produce

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[60] San Diego Parties Opening Brief, July 1, 2026, at 10.

[61] SDREN Opening Testimony, SDREN-01, at 13.

[62] San Diego Parties Opening Brief, July 1, 2026, at 11-15.

over time.[63] Further, SBUA argues that any estimate of ratepayer savings from eliminating programs should be limited only to savings associated with programs with a verified TRC ratio of below 1.0, and not the entirety of the total spending. Thus, SBUA argues SDG&E's calculation of $300 million in savings is misleading, and ignores the positive net benefits of the many programs.[64]

SBUA argues that the Commission's responsibility in considering this application is not limited to assessing whether SDG&E's proposal may produce some short-term rate reductions, but rather whether a withdrawal from the regional energy efficiency administration role will result in continued compliance with SDG&E's statutory obligations to procure unmet resource needs first with available energy efficiency and demand response measures. SBUA argues this obligation is not discretionary, and that SDG&E has not met its burden to demonstrate that this obligation will continue to be met.[65] Thus, SBUA urges rejection of the SDG&E application as inconsistent with the statutory requirement to prioritize cost-effective energy efficiency as the higher priority in the loading order.[66]

CEDMC recommends that the Commission reject SDG&E's and Cal Advocates' affordability claim that SDG&E's withdrawal from regional programs would save $300 million in costs. CEDMC argues this figure treats avoided spending as savings, while omitting lost total system benefits, avoided cost benefits, participant bill savings, non-energy benefits, replacement program

[63] SBUA Opening Brief, July 1, 2026, at 5.

[64] SBUA Opening Brief, July 1, 2026, at 6.

[65] SBUA Opening Brief, July 1, 2026, at 3-4.

[66] SBUA Opening Brief, July 1, 2026, at 4-5.

spending, transition costs, reliability value, customer access, and the value of Market Support and Equity programs.[67]

CEDMC also urges the Commission to reject any conclusion that regional energy efficiency in the San Diego region is inherently infeasible or categorically no longer cost-effective. CEDMC cites to recent cost-effectiveness data stated by others, including the 1.19 TRC ratio for the resource acquisition segment of the programs and 1.05 if the statewide programs are removed.[68]

3.1.3. Discussion

As a starting point, the $300 million in cost savings that SDG&E and Cal Advocates emphasize as the benefit of the SDG&E application is quite misleading, as pointed out by the San Diego Parties. That figure ignores the entire benefits side of the equation provided by the programs. According to SDG&E's Opening Testimony,[69] closure of the regional portfolio would result in a forecast of lost TSB of at least $286 million, which should be compared against the $300 million in cost savings. Doing so leaves a net savings of only approximately $14 million over six years, a significantly smaller amount than represented by SDG&E. On this, we agree with the San Diego Parties, when they argue that SDG&E is touting the cost savings without appropriately acknowledging the lost benefits to customers and the grid. We also agree with the argument of the Joint RENs that SDG&E's representation ignores TSB provided by the programs.

In addition, these are short-term cost savings that ignore the value of the longer-term benefits provided by energy efficiency programs, in terms of

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[67] CEDMC Reply Brief, July 15, 2026, at 6-8.

[68] CEDMC Reply Brief, July 15, 2026, at 9-11.

[69] SDG&E Prepared Direct Testimony of Hollie Bierman, SDG&E-01, at HB-10.

wholesale energy cost reductions and grid benefits, as well as diminishing equity benefits, which may not all be quantifiable, but are nonetheless real for customers. The risk of the loss of these benefits, in an environment where system-wide load growth continues to be anticipated, is not worth the tradeoff for the modest cost savings on customer bills in the short term.

According to the Commission's current cost-effectiveness requirements, the SDG&E regional portfolio was cost-effective in 2025, showing a 1.19 TRC ratio for the resource acquisition programs. The resource acquisition programs are the segment of the portfolio required by the Commission to achieve a TRC ratio of at least 1.0, by the terms of D.21-05-031. Even if the statewide programs are removed, the regional resource acquisition program of SDG&E was cost-effective in 2025, with a TRC ratio of 1.05. These facts are undisputed in this proceeding.

It is also the case that the cost-effectiveness of the SDG&E regional portfolio, including the Equity and Market Support segments of the portfolio, has been improving over the past several years, contrary to the claims of SDG&E that it is getting more difficult to justify a regional energy efficiency portfolio that is cost-effective and feasible because of structural characteristics.

A more careful review of the particular programs in SDG&E's regional portfolio reveals that a clear majority (all except one) of the individual programs have TRC ratios that are at or near 1.0. There is one program that had a low TRC ratio of 0.03 in program year 2024,[70] the Federal Customer Services Program. Simple math reveals that the elimination of that one program would significantly improve the cost-effectiveness of SDG&E's regional portfolio overall without the

[70] Opening Testimony of Cal Advocates, Exhibit CA-01, at 2-3.

need to cancel the entire portfolio. It stands to reason that there could be other cost reduction or budget reallocation steps that SDG&E could take to improve the cost-effectiveness of its regional portfolio. SDG&E seems to argue that a marginal cost-effectiveness ratio should allow SDG&E to give up entirely and cancel its portfolio, rather than contribute any additional work to improve it.

Based on these straightforward cost-effectiveness facts, we find that SDG&E has not made a convincing case that it is impossible for SDG&E to construct a regional energy efficiency portfolio that is cost-effective and feasible. In fact, it seems that a rebalancing of budgets could readily address the situation, at least for the near term. Thus, we agree with the San Diego Parties' framing of the question before us as primarily one of administrator performance and diligence at fielding and maintaining an effective portfolio, and not a question of the inherent feasibility of designing and implementing a cost-effective portfolio.

While it may become the case at some point in the future that it is not possible to construct a cost-effective and feasible portfolio in the San Diego region, or indeed in any region, because of the advance of higher building codes or appliance standards, for example, it is also clear that that situation is not upon us currently. We agree with CEDMC that there appear to be continuing opportunities in the San Diego region for a functional regional portfolio that provides benefits to SDG&E distribution customers.

California has a long history of commitment to energy efficiency investments, beginning with the 1974 passage of the Warren-Alquist Act that tasked the CEC with developing building codes and appliance standards. This Commission has overseen utility investment in energy efficiency also since the 1970s. The Joint RENs correctly refer to the Energy Action Plan and its establishment of the loading order, where energy efficiency continues to be listed as the top priority resource for investment, before other demand-side and supply-side resources.[71] Our commitment to cost-effective energy efficiency is unwavering, and we expect the utilities to continue pursuing these opportunities.

Further, we agree with the Joint RENs and the San Diego Parties that energy efficiency programs are among the most effective tools in the regulatory environment that we can provide to customers facing affordability challenges, to help them make permanent reductions in their energy use. For a residential customer, the estimated $1.36 per month in energy bill savings if this application was approved seems unlikely to be fair compensation for the loss of ability to access programs that could help save considerably more on an energy bill, with the installation of efficiency measures. The loss of the energy efficiency benefits, which could result in increased load for SDG&E and increased bills for its customers, moves in the opposite direction from affordability, and this is especially true for customers participating in the programs. SDG&E's framing of this application would ultimately undermine longstanding efforts to provide subsidies in a targeted way to customers in order to support affordability objectives.

We are also not persuaded by SDG&E's arguments about low participation in the regional programs leading to the lack of feasibility of continuing to operate a regional portfolio. The number of customers in SDG&E's territory that can be served in a given year by programs is not a meaningful metric; it is not necessarily a reflection of the need for or the customer interest in the programs. A portfolio may serve a small number of individuals or businesses in a given

[71] The Joint Energy Action Plan is available at the following link: https://www.cpuc.ca.gov/industries-and-topics/natural-gas/energy-action-plans

year, but still provide positive benefits that exceed the costs of the programs, as well as provide grid benefits to the service area overall.

We also build on our earlier conclusion that SDG&E has an ongoing statutory obligation to identify and invest in cost-effective energy efficiency programs. It is not clear, in the absence of having a staff team devoted to overseeing a regional energy efficiency portfolio on the ground in the San Diego region, how SDG&E would continue to identify those opportunities or support that investment, beyond the statewide program funding. As mentioned earlier, our energy efficiency programs are required, by law, not only to be identifying and investing in opportunities, but are also required to double their impact by 2030. Thus, far from it being prudent for the Commission to reduce SDG&E's goals and targets for energy efficiency, it is clear that from a statewide policy perspective, SDG&E should be diligently identifying every possible source of achievable energy savings to meet the state's energy efficiency goals.

The IOUs are the only entities in the energy efficiency space where their participation is mandated by statute, and the Commission therefore has the obligation to oversee the required investments. In doing so here, we conclude that SDG&E has not made a convincing case that the costs of its regional portfolio exceed its benefits, as measured under the Commission's current cost-effectiveness rules. In fact, we find that there appear to be opportunities for SDG&E to improve both the cost-effectiveness of its regional portfolio as well as its overall performance, in furtherance of the state's energy efficiency goals.

3.2. Program and Geographic Overlap

In this section, we discuss the issues raised by SDG&E in its application and by parties in their responses, with respect to program and geographic overlap in the San Diego region.

3.2.1. SDG&E's Proposal

SDG&E argues that there is significant overlap in energy efficiency programs in SDG&E's region, due to the fact that SDREN's territory overlaps with most of SDG&E's regional offerings.[72] SDG&E lists only five programs that would be closed that do not overlap with SDREN's offerings.[73] Otherwise, SDG&E asserts that there is considerable overlap in programs offered by SDG&E and SDREN.

3.2.2. Input from Parties

Cal Advocates undertakes an extensive comparison of the names of SDG&E and SDREN program offerings,[74] and concludes that there is substantial overlap in the programs. Cal Advocates also goes a step further than SDG&E's original application, advocating that SDG&E withdraw not only from its regional portfolio administration, but also from its codes and standards program. Cal Advocates argues that both SDG&E and SDREN have regional codes and standards programs that are designed to accomplish similar goals, striving to "offer a comprehensive set of strategies to effectively address current and anticipated C&S [codes and standards] policy drivers and increase compliance support for permitting agencies and permit applicants."[75] Cal Advocates argues that having both SDG&E and SDREN offer codes and standards programs in the same service territory leads to duplication and ratepayer funding overlap, especially assuming SDG&E withdraws from administering its regional

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[72] SDG&E Testimony, Exhibit SDG&E-01, at HB-2.

[73] SDG&E Testimony, Exhibit SDG&E-04, at HB-5.

[74] Cal Advocates Testimony, Exhibit CA-01, at 2-15.

[75] Cal Advocates Testimony, Exhibit CA-01 at 2-21.

portfolio, because economies of scale that come from administering the full portfolio would be lost.[76]

The Joint RENs argue that the Commission's approach to the energy efficiency portfolio is generally to design REN programs to fill gaps in the main IOU portfolio. Joint RENs point out that, by design, the REN portfolios are distinct from IOU portfolios and have certain limitations and areas of focus, with corresponding requirements that apply to those characteristics. Joint RENs point out that RENs are required, according to D.19-12-021, to be made up of local government agencies, and that those organizations are answerable to their constituents and communities, which is distinct from the role of an IOU.

The Joint RENs also argue that Cal Advocates and SDG&E oversimplify how the energy efficiency portfolio operates, and that the "existence of multiple programs in one region does not constitute duplication,"[77] pointing out that REN programs are explicitly designed to serve hard-to-reach customers, equity populations, and local market needs, including piloting innovative approaches and filling gaps.

The San Diego Parties argue that SDG&E's potential withdrawal from offering regional programs would create significant programmatic gaps and "set San Diego behind on clean energy, affordability, and grid reliability efforts." The San Diego Parties argue that this is chiefly because SDREN is the only other portfolio administrator in the region and its portfolio was expressly designed to fill gaps in SDG&E's existing portfolio. San Diego Parties represent that SDREN and SDG&E have engaged in extensive coordination to prevent overlap in

[76] Cal Advocates Opening Brief, July 1, 2026, at 27.

[77] Joint RENs Reply Brief, July 15, 2026, at 6.

programming, which San Diego Parties assert means that SDREN does not fulfill any part of the role that SDG&E currently occupies.[78]

San Diego Parties dispute what they characterize as the "broad and generalized" claims of Cal Advocates of "vast overlap" between the SDREN and SDG&E portfolios. San Diego Parties claim that Cal Advocates is relying on program names and high-level descriptions to substantiate claims of overlap, which are unfounded.[79] The San Diego Parties also point out that SDREN has not proposed any expansion of its role, and therefore the Commission should not make any assumptions about SDREN when resolving SDG&E's application.

The San Diego Parties also argue, in their Reply Briefs, that the Commission should require SDG&E to continue administration of its regional programs through the end of the current portfolio cycle in 2031, to allow appropriate time for a transition.[80]

SBUA is concerned that a withdrawal from regional program administration by SDG&E risks undermining continuity in regional programs for small business customers. SBUA argues that the application does not analyze whether, when, or how currently-participating customers will be served by any replacement energy efficiency programs in the region.[81] Further, SBUA is concerned that there has been no transition plan for how to serve the full range of customers, and that any gap in service or narrowing of service will disproportionately affect small and diverse commercial customers.[82] Ultimately,

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[78] San Diego Parties Opening Brief, July 1, 2026, at 18.

[79] San Diego Parties Opening Brief, July 1, 2026, at 18-19.

[80] San Diego Parties Reply Brief, July 15, 2026, at 12.

[81] SBUA Opening Brief, July 1, 2026, at 8-9.

[82] SBUA Opening Brief, July 1, 2026, at 9.

SBUA argues, the Commission must reconcile the fact that some of SDG&E's current programs may not be considered, based on TRC value, cost-effective, with the fact that energy efficiency programs as a whole remain essential to achieving California's resource procurement, equity, affordability, and climate policy goals. And, in the words of SBUA, "it seems unlikely that this tension could be resolved by a carte blanche approval of SDG&E's withdrawal request."[83] SBUA also suggests that SDG&E should retain responsibility to administer regional energy efficiency programs if the Commission approves this application and if successor portfolio administrators fail to deliver successful energy efficiency programs.[84]

SBUA also includes, in its Reply Brief, a recommendation that the Commission require a "gap analysis" prior to SDG&E's regional withdrawal, which would introduce the potential for additional time for a transition.[85]

In its Sur-Reply, SDG&E objects to the SBUA comment about requiring a gap analysis, and also the San Diego Parties' recommendations to require a longer transition period for regional withdrawal by SDG&E, to begin after 2031. SDG&E argues that these suggestions rely upon speculative assumptions about future expansion by other portfolio administrators. SDG&E continues to argue that statewide programs and other administrators' regional programs will still provide opportunities for customers to participate in energy efficiency programs in the region. SDG&E further argues that a longer transition period for SDG&E to withdraw from regional administration would delay the bill savings promised by cancelling their regional portfolio, depend on uncertain opportunities for cost-

[83] SBUA Opening Brief, July 1, 2026, at 9-10.

[84] SBUA Opening Brief, July 1, 2025, at 11.

[85] SBUA Reply Brief, July 15, 2026, at 5.

effective programs, and extend certain coordination activities which are already complicated and expensive.[86]

3.2.3. Discussion

We begin by pointing out that programmatic and geographic overlap is not prohibited. IOU and REN programs overlap geographically *by design* and in keeping with long-standing Commission policy. As pointed out by SDREN and CEA, REN programs are designed to complement SDG&E's regional programs. Accordingly, the relevant issue is not whether programs overlap, but rather whether that overlap results in unnecessary duplication, inefficient use of ratepayer funds, or inadequate coordination among programs. SDG&E and SDREN are up to date in their responsibilities for negotiating JCMs, which are among the Commission's requirements to ensure coordination and communication.

The Cal Advocates arguments about extensive program overlap appear to be based primarily, if not entirely, on a comparison of the names of programs. Program names, on their own, represent an overly simplistic approach to comparing programs. This approach fails to account for substantive differences in program design, delivery, and purpose, all of which are readily apparent upon closer examination of these elements.

In addition, we affirm existing policy that complementary roles are not only possible, but essential. The way the portfolio is currently structured, the IOU's role is to manage core programs and support grid needs, while the RENs support outreach, particularly in equity communities, and technical assistance. This complementary role is designed to maximize efficiency, capitalize on

[86] SDG&E Sur-Reply, August 15, 2026, at 6-11.

organizational strengths, avoid duplication, and close service gaps. To the extent that there are any issues of overlap in the existing structure in the San Diego region, the record in this proceeding points to the need to improve coordination and strategic alignment, not to reduce or eliminate SDG&E's role.

Further, as noted by SCE in its Legal Brief, the landscape of administrators operating in the energy efficiency market has evolved over the past decade. However, there has been no fundamental change to the determination made in D.05-01-055, that the IOUs should be the main administrators of the energy efficiency portfolios overseen by the Commission. The regional portfolios of the IOUs are the foundation upon which other energy efficiency portfolio administrators build their offerings. In D.12-11-015, the Commission set the initial criteria for REN programs, which are characterized by their relationship to the underlying IOU portfolios; RENs were conceived chiefly to fill gaps and to add equity benefits.[87] That fundamental structure has not been changed by the Commission, even as the number of administrators and the size of their budgets have expanded.

It is possible that the Commission could reevaluate this structure and make changes to it, but an application by a single IOU such as this proceeding is not the place to weigh those considerations. If the Commission wanted to reconsider the energy efficiency portfolio structure overall and reevaluate the role of the IOUs, RENs, and CCAs operating in the energy efficiency space, the place to do that would be in a rulemaking proceeding where all options could be considered. We do not propose to take on that task in the near term, but

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[87] *See*, for example, D.12-11-015, Conclusion of Law 13, where the initial REN criteria were approved.

acknowledge that such a framework re-evaluation could become necessary at some time in the future in an energy efficiency rulemaking proceeding.

We do also agree with the San Diego Parties and the Joint RENs, who point out that the REN relationship with the Commission in the energy efficiency market is a voluntary one in both directions. The RENs are voluntarily taking part in energy efficiency administration by applying to the Commission for funding to administer programs; they have no statutory obligation to do so. The Commission also has the discretion to approve or disapprove REN program and portfolio proposals; it is not obligated to fund any REN activities. The fact that the Commission has repeatedly chosen to fund REN activities signifies that there is value to the REN portfolios that may not be simplistically measured by cost-effectiveness tests and that there is important complementarity to the contributions of each of the portfolio administrators in a given region.

In addition, given the current administrative framework where REN programs are designed to be complementary to an IOU's foundational regional offerings, it makes little sense to remove the foundation. SDREN's programs were not designed to operate on a standalone basis. In addition, SDREN is a relatively new REN and SDCP is a relatively new CCA. Institutional knowledge and capability to deliver regional foundational energy efficiency programs is not built overnight. SDG&E, in its application, makes not even the pretense of a showing that it has coordinated with any other administrators to plan for a transition where SDG&E undertakes a coordinated and orderly exit from its current regional energy efficiency role. Had SDG&E made such a showing and brought forward partners willing to step into the role, our conclusion may have been different. But as it stands, SDG&E bases its showing in support of this application primarily on the nominal bill savings from reduced public purpose charges.

If an IOU were to propose a withdrawal from regional energy efficiency portfolio administration in the future, it would need to present, at a minimum, a comprehensive strategy for preserving or enhancing the benefits to its customers and the grid, a plan and timeline to transition the necessary administrative duties to other willing administrators, and a strategy to maintain a comprehensive and balanced portfolio in the overall region.

We also note that there is little focus in the record of this proceeding on the issue of the lack of geographic overlap for some customers of SDG&E. As pointed out by SDREN, its geographic coverage does not overlap 100 percent with SDG&E's service area. Therefore, some of SDG&E's electric customers — approximately 8 percent—are outside of SDREN's geographic coverage area and would not have access to regional electric programs at all if SDG&E withdraws as regional administrator. Although these customers would continue to have access to regional gas-related programs administered by Southern California Gas Company, they would not have a corresponding regional electric energy efficiency portfolio available to them. Though SDG&E argues that statewide programs are sufficient to provide energy efficiency opportunities for those customers, we are not persuaded by this argument. At the very least, this regional program gap for some SDG&E customers has the potential to have negative equity impacts. Those considerations are discussed further in the next section.

3.3. Equity and Social Justice Impacts

In this section, we discuss the equity and social justice elements of SDG&E's proposal and parties' concerns about those potential impacts.

3.3.1. SDG&E's Proposal

SDG&E argues that approval of its withdrawal from administering regional energy efficiency programs will not undermine equity and environmental and social justice objectives. SDG&E refers to the statewide programs, its low-income programs, and SDREN's "comprehensive program portfolio" that covers 92 percent of SDG&E's territory, "directly overlaps" with SDG&E's regional offerings, and has a mission to "reach every corner of the region."[88]

3.3.2. Input from Parties

As described briefly earlier, Joint RENs are concerned that the elimination of regional programs would have repercussions not only for the customers receiving energy efficiency upgrades, but also for the businesses that deliver those services, along with their families and communities.[89] Joint RENs further argue that there is no demonstration that SDG&E has engaged with equity communities or workforce stakeholders to make plans to accommodate their concerns.

Joint RENs also argue that multiple studies and policy analyses show that cutting energy efficiency funding disproportionately harms historically marginalized communities, which already face higher energy burdens, environmental hazards, and fewer economic opportunities. Joint RENs state that the proposed regional withdrawal from energy efficiency would "cause upheaval for the region's ratepayers and market actors generally, and vulnerable customers and communities would likely be affected first and worst."[90] Joint

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[88] SDG&E Opening Brief, July 1, 2026, at 5.

[89] Joint RENs Opening Brief, July 1, 2026, at 7.

[90] Joint RENs Opening Brief, July 1, 2026, at 9.

RENs further argue that SDG&E's withdrawal from regional energy efficiency administration would be inconsistent with the Commission's Environmental and Social Justice Action Plan, particularly Goal 2, which is focused on increasing investment in clean energy resources to benefit environmental and social justice communities, especially to improve local air quality and public health.[91]

The San Diego Parties express concern that SDG&E fails to identify any record evidence demonstrating that SDG&E's application was informed by community feedback as to SDG&E's withdrawal or an appropriate plan for serving customers on a going-forward basis. The San Diego Parties argue that the San Diego region needs energy solutions that are "locally driven, equity-focused, and accountable to the communities they serve."[92]

CEDMC argues that the record shows that SDG&E did not make any meaningful effort to consult with customers or participants that would be most impacted by SDG&E's withdrawal of regional programs. According to CEDMC, "low participation may identify a program-design issue or a need for better outreach, but it does not indicate low need."[93]

SDG&E responds to these criticisms by arguing that low participation and cost-effectiveness levels are caused by structural factors, not lack of operational effort by SDG&E.[94]

In its Reply Brief, SBUA argues that low participation rates do not establish that regional energy efficiency programs are infeasible or not cost-effective. Similarly, low participation, according to SBUA, does not "show

[91] Joint RENs Opening Brief, July 1, 2026, at 9-10.

[92] San Diego Parties Opening Brief, July 1, 2026, at 3.

[93] CEDMC Reply Brief, July 15, 2026, at 12.

[94] SDG&E Reply Brief, July 15, 2026, at 10.

whether individual measures are cost-effective, whether participating customers realize meaningful bill savings, or whether regional energy efficiency programs produce broader system benefits." [95]

3.3.3. Discussion

As we have already stated earlier, we agree with SBUA that low participation rates alone do not say anything about the value of the programs themselves. We also do not accept that participation rates are necessarily low in San Diego in general. No data was provided in this proceeding that compares SDG&E's participation rates to any other entity's, and also as we stated earlier, participation rates are scaled based on budget available and are not a meaningful metric for measuring program effectiveness.

In terms of impacts on equity and social justice communities, it is clear that the closure of SDG&E's regional portfolio would, all other things being equal, have a negative impact on equity and hard-to-reach customers, because of the removal of some of the Equity and Market Support programs from the regional portfolio. However, perhaps because SDREN's programs have, by definition, more of a focus on equity communities, the impact may be more muted than it could have been. Still, the fact that another administrator's portfolio may mitigate a negative impact does not mean that the removal of the regional equity portion of the portfolio is itself justified.

As stated above, we see no basis for the removal of energy efficiency program offerings at a time when customers are facing rising energy bills and need options for making bill reductions, which could occur through investments in energy efficiency. While we understand that low-income energy efficiency

[95] SBUA Reply Brief, July 15, 2026, at 2.

programs will continue to be administered by SDG&E, the rising cost of energy overall means that more customers who are not low-income are still challenged by their bills and need program alternatives that provide long-term benefits. A time of affordability challenges is precisely *not* the time to remove energy efficiency opportunities at the local level. Instead, SDG&E should be strategizing for opportunities to extend equity impacts by ensuring that SDG&E's regional programs deliver material bill savings to the customers in their area that are most in economic need and ensuring that the programs that are in place provide effective energy efficiency results in the most cost-effective manner.

Overall, we maintain our focus on ensuring that there is a balanced, comprehensive, and cost-effective regional energy efficiency portfolio available to all customers in the SDG&E service territory.

3.4. Other Policy Considerations

This section discusses several other issues raised by SDG&E's application and/or in other parties' responses to the application.

3.4.1. SDG&E's Proposal

SDG&E, in its Reply Brief, points to the other programs that would still be available to its customers in the absence of SDG&E administering its regional portfolio. SDG&E also characterizes the fact that the San Diego Parties do not oppose the application as evidence that discontinuation of SDG&E's regional programs is "largely undisputed."[96]

3.4.2. Input from Parties

Joint RENs are concerned that if the Commission were to approve SDG&E's application to withdraw from regional energy efficiency administration, it would likely have precedential effects that reach beyond this

[96] SDG&E Reply Brief, July 15, 2026, at 2.

proceeding. Joint RENs argue that although the SDG&E region is unique, the proposed solutions in this application are inappropriate and/or much more complex in other regions.[97]

CEDMC similarly urges the Commission to avoid establishing any broad statewide precedent in this application regarding IOU withdrawal, successor portfolio design, REN responsibilities, or the like, suggesting that such topics should be addressed in a subsequent energy efficiency or standalone rulemaking proceeding.[98]

SDREN and CEA argue that a centralized administrator in a region is important for improving cost-effective outcomes, while fragmentation across multiple administrators risk complicating consistent portfolio optimization. Further, SDREN and CEA argue that regional energy efficiency programs offer the chance to capture emerging opportunities by leveraging local relationships to complement statewide programs.[99]

3.4.3. Discussion

On these issues, we agree with SDREN and CEA that having SDG&E in the anchor role as regional administrator should make portfolio improvements easier to make than they would be with multiple diffuse other administrators with no centralized role. We see SDG&E, and all of the IOUs, as important and trusted agents to promote energy efficiency in their regions. This is not to say that improvements to portfolio administration, performance, and coordination with other administrators are not possible. But we prefer to maintain the IOUs as the central administrators for energy efficiency in their regions at this critical

[97] Joint RENs Opening Brief, July 1, 2026, at 16.

[98] CEDMC Reply Brief, July 15, 2026, at 3.

[99] SDREN and CEA Opening Testimony, Exhibit SDREN-01, at 23-24.

time for affordability, to ensure a coordinated and uniform approach. As stated earlier, circumstances could change in the future, and we will reevaluate any shift in the framework for energy efficiency administration in a rulemaking proceeding, should this become ripe for reexamination in the future.

But for now, this decision does not authorize SDG&E to withdraw from administering regional energy efficiency programs. Therefore, there will be no precedent set for other IOU service territories or for the energy efficiency portfolio in general.

We also encourage SDG&E to work with Commission staff after the adoption of this decision to review each of their regional programs to identify strategies to improve cost-effectiveness ratios, coordination between SDREN and SDG&E, and customer program enrollment.

4. SDG&E and Cal Advocates' Settlement Agreement

On May 1, SDG&E and Cal Advocates (Settling Parties) filed a joint motion seeking adoption of their settlement agreement.

4.1. Settlement Terms

The settlement agreement contains four specific terms:

1. Pursuant to Rule 12.1(d), the Settling Parties agree that, upon adoption of the terms agreed to by the Settling Parties, SDG&E's Application is reasonable in light of the whole record, consistent with the law, in the public interest, and should be approved.
2. SDG&E shall, in addition to withdrawal from administration of its regional energy efficiency programs, also withdraw from administration of regional codes and standards programs.
3. New, expanded, or incremental energy efficiency programs and budgets, authorized after adoption of the Settlement Agreement, within SDG&E's service territory shall meet the cost-effectiveness requirements applied to IOUs, as

required in D.21-05-031 or a future Commission decision that supersedes D.21-05-031 relating to IOU energy efficiency cost-effectiveness requirements.

4. The Settling Parties shall submit a joint filing outside the instant proceeding, in which they mutually agree to propose that the Commission expedite consideration of cost-effectiveness standards statewide that should be applied to all portfolio administrators that administer energy efficiency programs with ratepayer funds.[100]

SDG&E and Cal Advocates argue, in the Settlement Agreement, that these terms are reasonable and in the public interest. They argue that the Settlement Agreement represents a reasonable compromise between the positions of the two settling parties, for the following general reasons:

- SDG&E's energy efficiency program portfolio is not cost effective, reliable, and/or feasible. Specifically, SDG&E's portfolio has consistently failed to achieve the TRC ratio forecast based on actual savings;
- SDG&E's resource acquisition portion of their portfolio has not achieved a TRC score of 1.0 or higher for several years;
- SDG&E's energy efficiency programs are not a least-cost procurement option when compared to supply-side resources because the programs fail to achieve a TRC ratio of 1.0 or greater;
- It is reasonable for the Commission to revise SDG&E's energy savings goal targets;
- The cost-effectiveness requirements recommended to be imposed on all new, expanded, or incremental energy efficiency programs and budgets will ensure ratepayer protections remain in SDG&E's territory after SDG&E withdraws from regional portfolio administration; and

[100] Joint Motion of SDG&E and the Public Advocates Office for Adoption of Settlement Agreement, May 1, 2026, at 11-12.

- The settlement addresses concerns shared by the State Auditor and parties, specifically SCE and SBUA, regarding non-cost-effective programs, affordability, and program overlap.[101]

Cal Advocates and SDG&E also argue that the Commission should consider its "long standing policy favoring settlements," which allows "parties to craft their own solutions reducing the risk of unacceptable outcomes" if cases are otherwise litigated to a final decision by the Commission.[102]

4.2. Responses of Parties

The following parties filed responses to the Settlement Agreement: CEDMC; NCREN, IREN, BayREN, and 3CREN jointly; SDCP on behalf of SDREN, CEA, and City of San Diego, jointly; and SBUA.

CEDMC does not take a position on whether SDG&E should be permitted to withdraw from administering regional energy efficiency programs, but disputes the characterization of the rationale, particularly in settlement terms 1 and 2.[103] CEDMC points out that the assertions about portfolio performance, cost-effectiveness, and affordability as justification for the requested withdrawal are contested issues. CEDMC argues that critical information is missing or misleading in the characterization of the cost-effectiveness of certain programs referred to in SDG&E's and Cal Advocates' testimony, including starting years of the programs, representation of closing dates of programs, inclusion of market support and equity programs alongside resource acquisition programs, and inclusion of programs that have not yet launched. CEDMC presents its own

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[101] Joint Motion of SDG&E and the Public Advocates Office for Adoption of Settlement Agreement, May 1, 2026, at 14-18.

[102] D.10-06-038 at 38; *see also* D.11-05-018 at 16 and D.14-12-040 at 34.

[103] CEDMC Response to Settlement Agreement, June 1, 2026, at 2.

analysis of the same data and concludes that SDG&E's resource acquisition programs in 2025 had a TRC ratio of 1.31, with all program segments resulting in a 1.41 TRC ratio.[104] This is based on publicly available data in the Commission's CEDARS database.

Further CEDMC argues that SDG&E fails to quantify ratepayer benefits, and includes no rigorous comparison of current administrative costs compared with projected post-transition costs, transition and implementation expenses, impacts on program participation and resulting energy savings, or net present value of benefits foregone due to disruption. CEDMC argues that without this information, any claim of improvements to affordability with SDG&E's regional withdrawal is speculative at best, and may actually worsen the affordability impact on SDG&E ratepayers when all factors are taken into account.

CEDMC further argues that program disruption has real costs, and the settlement agreement does not include any quantification of these risks or a mitigation strategy to minimize them. Further, no showing was made that any alternatives were considered.[105] Finally, CEDMC points out that an affordability objective is not served by a reduction in program effectiveness, and argues that SDG&E's proposal risks delaying savings, and diminishing market transformation outcomes, ultimately harming affordability.[106]

CEDMC also states that it does not agree with Terms 3 and 4 of the Settlement Agreement, because CEDMC does not agree that cost-effectiveness

[104] CEDMC Response to Settlement Agreement, June 1, 2026, at 3-4.

[105] CEDMC Response to Settlement Agreement, June 1, 2026, at 6.

[106] CEDMC Response to Settlement Agreement, June 1, 2026, at 7.

rules for all portfolio administrators need to be the same, particularly given the very different statutory roles of non-IOU administrators.[107]

NREN, IREN, BayREN, and 3CREN (Joint RENs) urge the Commission not to adopt the Settlement Agreement. They generally argue that the settlement is not reasonable, nor in the public interest. The Joint RENs note that although they attended the settlement conference, the Settlement Agreement represents only an agreement between two parties in this proceeding, and mere attendance at the meeting did not constitute participation in substantial negotiations toward a total settlement of the case. Joint RENs argue that the Settlement Agreement does not meet the standards of being reasonable in light of the whole record, consistent with the law, and in the public interest. Further, they assert that two parties should not be able to settle contested matters in a manner that is binding on all parties.

Joint RENs are also concerned that adoption of the Settlement Agreement, even though SDG&E and Cal Advocates state that it would not be precedential, could impact other provisions in the future, including having a material influence on how REN portfolios and future applications are evaluated, even outside of SDG&E's territory.[108]

Joint RENs also disagree with the rationale for Term 2, under which SDG&E would withdraw from administering codes and standards programs. Joint RENs argue that framing the rationale as program overlap leading to inefficiency oversimplifies the role of the codes and standards programs, undermines multi-administrator models, and may create unintended precedent

[107] CEDMC Response to Settlement Agreement, June 1, 2026, at 2.

[108] Joint REN Response to Settlement Agreement, June 1, 2026, at 3.

affecting REN portfolios.[109] Further, Joint RENs argue that reducing codes and standards resources does not benefit ratepayers, given the low code compliance rates in many jurisdictions, meaning that statewide programs are not sufficient on their own to improve compliance and deliver benefits in the San Diego region.[110]

With respect to Term 3, Joint RENs argue the Settlement Agreement would impose prescriptive requirements on the Joint RENs by imposing requirements for any new, expanded, or incremental energy efficiency programs and budgets. They argue that this term undermines the Commission's deliberative process in developing cost-effectiveness rules, and violates the due process rights of all parties to this proceeding who are seeking to engage on this issue before the Commission in this and other Commission proceedings. Joint RENs also argue this requirement "exceeds the scope of SDG&E's application and attempts to impose policy change with broad applicability through the Settlement Agreement."[111]

The San Diego Parties also argue the Commission should reject Term 3 as out of scope because it improperly interferes with issues pending elsewhere (specifically, R.25-04-010), even though SDG&E and Cal Advocates characterize it as narrowly tailored to SDG&E's territory and to new or incremental programs adopted after the Settlement Agreement. San Diego Parties also argue that the Settlement Agreement fails to establish a factual justification for Term 3, because SDREN has not proposed to step in and replace SDG&E's regional portfolio.

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[109] Joint REN Response to Settlement Agreement, June 1, 2026, at 4.

[110] Joint RENs Reply Brief, July 15, 2026, at 7.

[111] Joint REN Response to Settlement Agreement, June 1, 2026, at 5.

Thus, San Diego Parties argue, Term 3 is based on a hypothetical situation that may not come to pass.

San Diego Parties also argue Term 3 is an ineffective means to address cost-effectiveness challenges, in part because the TRC test approach should be modified overall.

With respect to Term 4, Joint RENs argue it is out of scope and inappropriate for inclusion in a Settlement Agreement, and therefore should not be approved. Term 4, the Joint RENs point out, would make a two-party agreement apply to a broad range of stakeholders on "critical policy issues" relating to cost-effectiveness policy. Joint RENs argue this provision would give the two settling parties disproportionate weight toward their particular policy perspective which is not shared among all parties.[112]

Finally, Joint RENs argue that the Commission should retain its authority to deny or modify the Settlement Agreement, as necessary, because the Settlement Agreement only represents compromise between two parties and not all parties. Further, the Joint RENs argue that if the Commission is considering accepting the Settlement Agreement, evidentiary hearings may be needed due to there being issues of material fact to resolve with the non-settling parties.[113]

SDCP (on behalf of itself and SDREN, CEA, and City of San Diego) overall opposes the Settlement Agreement, calling it "a fundamental misuse of the Commission's settlement processes."[114] SDCP states that the San Diego parties do not oppose Terms 1 and 2, but they argue that Terms 3 and 4 violate California

[112] Joint REN Response to Settlement Agreement, June 1, 2026, at 6.

[113] Joint REN Response to Settlement Agreement, June 1, 2026, at 7.

[114] SDCP, on behalf of SDREN, CEA, and City of San Diego, Response to Settlement Agreement, June 1, 2026, at 1.

law and prior Commission decisions, are unreasonable in light of the whole record, and are contrary to the public interest.[115]

With respect to Term 3, SDCP argues that it extends beyond the permissible bounds of settlement agreements as defined in Rule 12.1(a) of the Commission's Rules of Practice and Procedure, while collaterally attacking final Commission decisions on this issue. In addition, SDCP argues it improperly attempts to bind future Commissions' authority. Further, SDCP state that Term 3 fails because it is not reasonable in light of the whole record because it does not weigh the interests of affected entities, including impacted parties and customers. Lacking a broad and diverse base of support, Term 3 also does not reduce time and cost of additional litigation, according to SDCP. SDCP states that the impact of Term 3 on SDREN would be to constrain its ability to adapt and evolve its portfolio based on regional needs, while eliminating programs that currently provide financial relief to customers.[116]

SDCP also opposes Term 4, which they argue is unrelated to a material issue for resolution in this proceeding and is therefore beyond the bounds of permissible settlement items. SDCP also argues Term 4 is unnecessary, because the settling parties maintain the authority to submit such a motion at any time without prior Commission approval. SDCP and the other San Diego parties also reserve their underlying factual and policy disputes as to SDG&Es portfolio performance overall.[117]

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[115] SDCP, on behalf of SDREN, CEA, and City of San Diego, Response to Settlement Agreement, June 1, 2026, at 2 and 18.

[116] SDCP, on behalf of SDREN, CEA, and City of San Diego, Response to Settlement Agreement, June 1, 2026, at 2 and 8-17.

[117] SDCP, on behalf of SDREN, CEA, and City of San Diego, Response to Settlement Agreement, June 1, 2026, at 3 and 17-18.

SBUA opposes the Settlement Agreement on all four of its terms. On Term 1, SBUA does not agree that the Settlement Agreement is reasonable in light of the whole record, consistent with law, or in the public interest. SBUA argues the Settlement Agreement is not in the public interest and would reduce energy efficiency programs for small business customers. On Term 2, SBUA is concerned that the codes and standards programs in SDG&E's territory would be reduced, unless it can be assured, by another administrator operating codes and standards programs, that there would not be a gap in service or a reduction in offerings to small business customers.[118]

On Term 3, SBUA conceptually supports developing programs that only seek cost-effective measures, but argues that the Settlement Agreement poses a significant risk for continuity of energy efficiency programs for small business customers and other hard-to-reach or disadvantaged/underserved customers. SBUA is concerned that if a successor organization to SDG&E in regional administration is required to follow the same cost-effectiveness requirements, it will create an incentive to abandon the equity and market support measures in favor of proposing solely resource acquisition measures.[119] SBUA also argues that Term 3 would "effectively establish a potentially arbitrary binding requirement"[120] on successor energy efficiency administrators within SDG&E territory that would not apply to RENs in other areas of the state.

SBUA also expresses concern that the settlement terms could effectively lock in current cost-effectiveness treatment, when SBUA has argued for improvements to the Commission's framework in other venues. SBUA argues

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[118] SBUA Response to Settlement Agreement, June 1, 2026, at 3.

[119] SBUA Response to Settlement Agreement, June 1, 2026, at 4-5.

[120] SBUA Response to Settlement Agreement, June 1, 2026, at 6.

this in response to Term 4 of the Settlement Agreement as well, worrying that if the Commission later revises the definition of "cost effective" to require consideration of non-energy benefits, a Societal Cost Test, or similar valuation criteria, it is unclear whether regional energy efficiency programs would be required to be restored under these new definitions.[121]

Finally, SBUA is generally concerned that valuable energy efficiency opportunities may be left unaddressed if the Settlement Agreement is approved. SBUA is particular concerned that the focus on cost-effectiveness could, in the commercial and industrial sectors, lead to addressing the needs of larger industrial customers at the expense of small business customers, in the energy efficiency arena.[122]

4.3. Replies of Settling Parties

In reply to the responses to the Settlement Agreement, Cal Advocates points out that SDCP, on behalf of SDREN, CEA, and City of San Diego, does not oppose Terms 1 and 2 to the Settlement Agreement, which would allow SDG&E to exit regional portfolio administration. With respect to the objections to Term 3, Cal Advocates points out that Scope Question 16 from the Scoping Memo in this proceeding opens the door to the proposal in Term 3, because it asks what other changes to Commission policy would be necessary if other portfolio administrators were to take on a larger role in the San Diego region.[123]

Further, Cal Advocates argues that Term 3 does not violate anyone's due process rights, because all parties had the opportunity to address the issues in Scope Question 16. The Scoping Memo and the settlement procedures allowed

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[121] SBUA Response to Settlement Agreement, June 1, 2026, at 7-8.

[122] SBUA Response to Settlement Agreement, June 1, 2026, at 9.

[123] Cal Advocates Reply to Responses, June 16, 2026, at 3-4.

for non-settling parties to participate and influence the outcome, according to Cal Advocates. Cal Advocates also argues that Term 3 does not impact portfolio administrators outside of SDG&E's territory and therefore does not support SDCP's assertion that it would "transform SDG&E's application into a broader policy-setting forum" or otherwise implicate policies with broader applicability that are under consideration in other proceedings.[124]

Cal Advocates also argues, in response to the Joint RENs' objections to Term 3, that the term does not infringe on the rights of non-settling parties, and only applies to the future expansions and new energy efficiency programs within SDG&E's territory after SDG&E discontinues regional portfolio administration, and not to existing RENs that operate in the SDG&E area.[125]

Cal Advocates further explains their expectation that with SDG&E's withdrawal from regional administration, there would no longer be a large portfolio to which to apply IOU cost-effectiveness rules. As such, if a REN expanded or another was created to take on the larger role, it should be subject to greater cost-effectiveness controls.

On the objections of the Joint RENs and the San Diego parties to Term 4 that it is unnecessary to resolve this application, Cal Advocates points out that this was intended to resolve conflicting positions between Cal Advocates and SDG&E.

Cal Advocates also objects to the Join RENs' request for evidentiary hearings, because they have not identified any disputed material facts. Thus, Cal

[124] Cal Advocates Reply to Responses, June 16, 2026, at 5-6.

[125] Cal Advocates Reply to Responses, June 16, 2026, at 7-8.

Advocates argues, the Joint RENs have failed to meet their burden to specify the facts that would require a hearing, pursuant to Rule 12.2.[126]

SDG&E's reply to the responses to the Settlement Agreement points out that SDREN, CEA, and the City of San Diego do not oppose Terms 1 and 2 of the Settlement Agreement, which SDG&E characterizes as alignment on the central premise of the proceeding, namely SDG&E's withdrawal from regional energy efficiency portfolio administration. SDG&E therefore argues that the core of this proceeding is undisputed and the Commission should approve the application and the Settlement Agreement.[127]

SDG&E, in its reply, makes the same argument as Cal Advocates on Term 3, stating that is specifically related to Scope Question 16 and does not extend beyond the SDG&E service territory or the scope of this proceeding. Further, SDG&E states that the concerns of the Joint RENs are misplaced, because Term 3 does not affect any currently-authorized budgets for 2024-2027 portfolios, nor does it impose any requirements on the Joint RENs in the new portfolio applications in A.26-03-009 et al.[128]

With respect to the objections to Term 4, SDG&E characterizes the term as procedural in nature and reflecting an agreement between the settling parties. SDG&E states that Term 4 "does not seek to adjudicate or predetermine statewide cost-effectiveness policy, nor does it request that the Commission take affirmative action." Further, SDG&E suggests it should not be construed as precedent, guidance, or an endorsement of any particular methodology.[129]

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[126] Cal Advocates Reply to Responses, June 16, 2026, at 10-11.

[127] SDG&E Reply to Responses, June 16, 2026, at 3-4.

[128] SDG&E Reply to Responses, June 16, 2026, at 5-6.

[129] SDG&E Reply to Responses, June 16, 2026, at 7.

SDG&E, similar to Cal Advocates, argues that the Joint RENs' suggestion that there are issues of material fact that may require evidentiary hearings is misplaced, because the Joint RENs failed to identify any specific material contested fact and instead based their position on speculation.[130]

In response to CEDMC, SDG&E objects to their disagreement with SDG&E's rationale for Terms 1 and 2 of the Settlement Agreement. SDG&E states that CEDMC's objections are not supported by record evidence, and notes that CEDMC did not make previous filings in this proceeding and therefore its objections should be given little weight.[131]

Further, SDG&E argues that CEDMC's analysis of the 2025 performance of SDG&E is incorrect. SDG&E states that its TRC ratio for its resource acquisition program segment is 1.19 when including statewide programs; when statewide programs are removed, the TRC ratio is 1.05.[132]

Finally, SDG&E responds to SBUA's comments on the Settlement Agreement and characterizes the SBUA objections as focused on broader technical issues underlying energy efficiency policy, and not the Settlement Agreement itself. Thus, SDG&E argues that SBUA's concerns should be disregarded in this proceeding.[133]

4.4. Discussion

When evaluating proposed Settlement Agreements, the Commission's standards are to consider whether the settlement is consistent with the law, reasonable in light of the whole record, and in the public interest.

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130 SDG&E Reply to Responses, June 16, 2026, at 8-9.

131 SDG&E Reply to Responses, June 16, 2026, at 9-10.

132 SDG&E Reply to Responses, June 16, 2026, at 11.

133 SDG&E Reply to Responses, June 16, 2026, at 11-12.

On the first criterion of consistency with the law, we have already determined in Section 2 of this decision that the Commission has the legal authority to allow SDG&E to withdraw from administering energy efficiency programs, while still requiring SDG&E to invest in all cost-effective and feasible demand-side management programs. Thus, approval of the Settlement Agreement would not be inconsistent with the law.

On the second criterion of reasonableness in light of the whole record, the Settlement Agreement fails. As we have already discussed above, based on the whole record in this proceeding, we determine that it would not be prudent for the Commission to allow SDG&E to withdraw from administering regional energy efficiency programs at this time. Thus, we have already effectively rejected Term 1 of the Settlement Agreement through discussion earlier in this decision. The factual and policy arguments made by other parties on the record of this proceeding are more persuasive than the agreement between SDG&E and Cal Advocates on the points that the two settling parties already essentially agreed upon at the commencement of this proceeding. To accept their Settlement Agreement Term 1 would be to ignore the record built by all of the other parties in this proceeding. Therefore, in sum, the Settlement Agreement is not reasonable in light of the whole record in this proceeding.

Further, we also determine that the Settlement Agreement is not in the public interest. It would not be in the public interest to remove the opportunity for SDG&E customers to participate in regional energy efficiency programs to help produce energy bill savings at a time when energy bills are rising. As stated earlier, this is not the time for SDG&E to withdraw beneficial programs. And as SDG&E and Cal Advocates have not shown that SDG&E cannot field a regional energy efficiency that is cost-effective and feasible, it would not be in the public interest for the Commission to approve the application or the Settlement Agreement. The SDG&E regional energy efficiency resource acquisition program portfolio can be balanced to achieve cost-effectiveness as measured by the TRC test, and this longstanding tool used by the Commission to measure cost-effectiveness can also be used as a metric to assess the public interest.

Specifically with respect to Term 2 of the Settlement Agreement, this term compounds the negative impact on the public interest by proposing to remove one of the most cost-effective and consequential portions of SDG&E's portfolio, which provides advocacy for codes and standards upgrades. This portion of the regional portfolio is foundational to statewide efforts, including those of the CEC, which is responsible by statute for the adoption of building codes and appliance standards for California.

It is not clear from the Settlement Agreement the basis for the Cal Advocates and SDG&E agreement to withdraw not only from regional energy efficiency programs, but also from administering the extremely cost-effective codes and standards activities and in support of the CEC's efforts. However, we find this term (Term 2) to be especially harmful to the public interest, at this critical time when customers are facing affordability challenges in their energy bills and coordinated statewide efforts may be most helpful to help mitigate the negative impacts of rising bills. We also agree with BayREN and 3CREN when they point out that the codes and standards programs, although important, are not sufficient in and of themselves without support from voluntary regional programs such as those in SDG&E's regional portfolio.[134]

[134] Opening Testimony of BayREN and 3CREN, Exhibit BAY/TCR-01, at 3-17.

With respect to Term 3 of the settlement agreement, where SDG&E and Cal Advocates propose cost-effectiveness requirements that would apply to any future expansions of programs in the SDG&E region, we find this to be beyond the reasonable purposes of a settlement agreement. With Term 3, Cal Advocates and SDG&E attempt to step into the policymaking role of the Commission, to determine what cost-effectiveness rules should apply to energy efficiency programs overall. Because the Legislature has left it to the Commission to define and apply cost-effectiveness rules, the Commission retains the authority to make these determinations and does not accept Term 3 of the Settlement Agreement as in the public interest. Cost-effectiveness rules are one tool to evaluate the potential and actual impacts of programs, but the Settlement Agreement Term 3 goes too far in attempting to attach a set of requirements to programs not yet proposed by an administrator or evaluated by the Commission, in excess of the authority of a Settlement Agreement.

Cal Advocates and SDG&E attempt to justify this overreach by citing to Scope Question 16 from the Scoping Memo in this proceeding, which asks about other policy changes that might be needed if other non-IOU administrators were to take on a larger role. That question was intended to elicit from parties the policy implications that the Commission should consider that might follow a potential approval of the SDG&E application to withdraw. It was not an invitation for parties to attempt to step into the Commission's quasi-legislative role to set overall policy via a term in a Settlement Agreement.

Besides this process concern, we also find that Term 3 is unfounded and not in the public interest on the merits. It would take consideration of cost-effectiveness requirements out of their proper context and turn them into the sole litmus test for application to all future programs in the San Diego region, without regard to weighing the numerous considerations that go into determining whether funding a program or portfolio is appropriate and just and reasonable. Therefore, Term 3 should be rejected as not in the public interest.

Finally, Term 4 of the Settlement Agreement, where SDG&E and Cal Advocates agree to submit a joint proposal in a separate proceeding requesting that the Commission consider the development and adoption of statewide cost-effectiveness standards applicable to all administrators of ratepayer-funded energy efficiency programs, does not require the adoption of a Settlement Agreement to occur. SDG&E and Cal Advocates are free to make such a proposal at any time in an appropriate venue. However, to be clear, this decision is not inviting or requesting SDG&E and Cal Advocates to do so.

In sum, the Commission concludes that the Settlement Agreement of Cal Advocates and SDG&E is not consistent with the whole record in this proceeding and is not in the public interest. Therefore, the Settlement Agreement is hereby rejected.

5. 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(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No public comments were submitted in this proceeding.

6. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judges and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

7. Comments on Proposed Decision

The proposed decision of ALJ Julie A. Fitch 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 ________________.

8. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Julie A. Fitch and Valerie U. Kao are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. SDG&E's resource acquisition segment of its energy efficiency portfolio achieved a 1.19 TRC ratio in 2025, and a 1.05 TRC ratio if the statewide programs were removed from the calculation.

2. Cancellation of SDG&E's regional energy efficiency portfolio between 2027 and 2032 would result in an estimated $300 million in bill savings for SDG&E customers over these six years, including an average of $1.36 per month for the average residential electric and natural gas customer and an average of $34.52 per month for a small restaurant customer.

3. The projected $300 million in foregone bill collections represented by SDG&E's application represents a maximum budget estimate and does not reflect actual spending by SDG&E, which could be less.

4. The bill savings projected by SDG&E in its application do not take into account the commensurate loss of benefits to its customers in the form of grid

benefits and lower supply costs. When SDG&E's claimed bill savings from this application are compared against the lost benefits, the projected net benefits to SDG&E customers over the next six years would be $14 million total.

5. Governor's Executive Order N-5-24 and the California State Auditor's March 2025 report encourage the Commission to cancel programs that consistently fail to meet cost-effectiveness or energy savings goals.

6. Cost-effectiveness ratios based on the TRC test are only one of many measures of an energy efficiency program's value and effectiveness.

7. PPP charges, from which the energy efficiency programs are funded, make up approximately 1.4 percent of total SDG&E bills.

8. Regional energy efficiency programs represent tools available to consumers for addressing energy costs, advancing equity, and supporting California's long-term clean energy and affordability objectives.

9. Energy efficiency costs for SDG&E ratepayers have decreased and have not contributed to SDG&E rate increases over the past decade.

10. The cost-effectiveness of SDG&E's regional programs has been improving over the past five years, which does not support SDG&E's claims that it is impossible to field a cost-effective regional portfolio.

11. In 2024, the majority (over 80 percent; six of seven programs) of SDG&E's regional programs had cost-effectiveness ratios that are at or near 1.0 using the TRC test.

12. SDG&E's Federal Customer Services Program has a very low TRC value and should be considered for significant reform and/or elimination.

13. SDG&E could ensure cost-effectiveness of its regional energy efficiency by rebalancing its budget for particular programs and/or improving its performance.

14. There are continuing opportunities in the San Diego region for a regional energy efficiency portfolio that is cost-effective and provides benefits to SDG&E customers and its grid.

15. Percentages of customers who participate in an energy efficiency program in any given year are not a meaningful metric to show portfolio effectiveness.

16. Examining the names of individual energy efficiency programs is not a meaningful approach to identifying program overlap or duplication, and fails to account for substantive differences in program design, delivery, and purpose.

17. REN energy efficiency programs are required by D.12-11-015 to serve hard-to-reach customers, equity populations, and local market needs, including piloting innovative approaches and filling gaps in IOU programs.

18. SDREN's energy efficiency portfolio was explicitly designed and approved by the Commission to fill gaps in SDG&E's existing regional portfolio. SDREN's portfolio was not designed or approved to operate on a standalone basis absent SDG&E's regional energy efficiency portfolio.

19. Geographic overlap in energy efficiency programs is not prohibited by the Commission.

20. SDREN and SDG&E do not overlap 100 percent in terms of geography and customers.

21. Energy efficiency administrators with geographic overlap are required by the Commission to periodically negotiate and submit JCMs, to ensure coordination and minimize duplication. SDG&E and SDREN are current with respect to their JCM obligations.

22. Complementary roles for different administrators are essential to effective delivery of regional energy efficiency portfolios.

23. The role of a REN in the energy efficiency delivery structure of the Commission is voluntary, where RENs and potential RENs apply to the Commission for funding and approval of its activities. Thereafter, once approved, a REN is subject to the Commission's oversight for its approved activities and funding.

24. SDG&E withdrawing from administering regional energy efficiency programs would result in the loss of Equity and Market Support segment programs in the SDG&E region.

25. The Settlement Agreement between SDG&E and Cal Advocates is not reasonable in light of the whole record in this proceeding and is not in the public interest.

Conclusions of Law

1. Sections 454.5(b)(9)(C)(i) and 454.56(b) require electricity and natural gas corporations to meet their unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. These obligations are not time bound, and continue in perpetuity.

2. Section 454.55 requires a cumulative doubling of energy efficiency savings and demand reduction by 2030, beginning from 2023.

3. There is no statutory requirement that dictates which entities must administer energy efficiency under the Commission's oversight.

4. In D.05-01-055, the Commission assigned primary administrative responsibilities for energy efficiency programs to electrical and natural gas corporations.

5. In order to adjust the energy efficiency targets of an electrical or natural gas corporation, the Commission must make factual findings that the current

requirements are not achievable or feasible, not cost-effective, and/or post adverse risks to health and safety.

6. SDG&E has not met its burden in its application to show that its regional energy efficiency portfolio is infeasible, not cost-effective, or adverse to public health.

7. SDG&E has an ongoing obligation to identify and invest in cost-effective energy efficiency and demand reduction programs.

8. SDG&E should be diligently pursuing all energy efficiency opportunities in its region that are cost-effective and feasible.

9. SDG&E's regional energy efficiency portfolio performance can be improved by eliminating or lowering the budget for some programs, augmenting the budget for other successful programs, and generally improving the management and balancing of the portfolio.

10. By design and according to D.12-11-015 and D.19-12-021, REN energy efficiency programs are designed and approved by the Commission to complement and build upon IOU regional energy efficiency programs.

11. If the Commission decides to reevaluate the relative roles of IOUs and RENs in the energy efficiency delivery framework, it should do so in an overall energy efficiency rulemaking such as R.25-04-010 or its successor.

12. If an IOU seeks to withdraw from regional energy efficiency program administration in the future, it would need to show, at a minimum, an adequate plan for maintaining the ratepayer and grid benefits on an ongoing basis, a coordinated approach to a comprehensive and balanced regional portfolio overall, and a transition plan for administrative duties to be transferred to another willing administrator.

13. SDG&E did not make an adequate showing in this application for how, if the application were approved, ratepayer and grid benefits would be maintained and a balanced regional energy efficiency portfolio would be available overall on an ongoing basis.

14. The loss of Equity and Market Support segment programs in SDG&E's regional energy efficiency portfolio would be detrimental to equity, social justice, and hard-to-reach communities and make achievement of the objectives in the Commission Environmental and Social Justice Action Plan more difficult.

15. A time when customers are facing energy affordability challenges is not the time to contemplate removing energy efficiency program opportunities at the regional and local level. SDG&E should instead be strategizing for opportunities to extend equity impacts by ensuring that SDG&E's regional energy efficiency programs deliver material bill savings to customers in their regional with the highest economic need.

16. The Commission should maintain SDG&E's role as the central administrator for energy efficiency in its region, to ensure a coordinated approach to energy efficiency program delivery in the San Diego region.

17. The Commission should not approve this application and should not authorize SDG&E to withdraw from administering its regional energy efficiency portfolio.

18. The Commission should reject the Settlement Agreement between SDG&E and Cal Advocates as not reasonable in light of the whole record of this proceeding and not in the public interest.

O R D E R

IT IS ORDERED that:

1. The application of San Diego Gas & Electric Company to withdraw from administering its regional energy efficiency portfolio for the years 2027 through 2032 is denied.
2. San Diego Gas & Electric Company shall continue administering its regional energy efficiency programs, as well as its codes and standards programs, as required by the Commission in numerous decisions including, but not limited to, Decision (D.) 05-01-055, D.21-05-031, and D.23-06-055.
3. The Joint Motion for Adoption of Settlement Agreement filed on May 1, 2026 jointly by San Diego Gas & Electric Company and the Public Advocates Office of the California Public Utilities Commission is hereby rejected.
4. Application 25-04-014 is closed.

This order is effective today.

Dated _____, at Sacramento, California