BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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OPENING COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON BRIDGE YEAR FUNDING PROPOSED DECISION

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SUMMARY OF RECOMMENDATIONS

1. The Commission should modify the Proposed Decision to sunset the Emergency Load Reduction Program (ELRP) pilot.

If the Commission authorizes an extension of the ELRP pilot:

2. The Commission should modify the Proposed Decision to require a cost-effectiveness review of the ELRP program during the bridge years 2028-2029.
3. The Commission should modify the Proposed Decision to eliminate minimum dispatch hours.
4. The Commission should modify the Proposed Decision to reduce ELRP incentives from $2/kilowatt hour (kWh) to $1/kWh.
5. The Commission should modify the Proposed Decision to adjust the ELRP budget to reflect the removal of closed subgroups.

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OPENING COMMENTS OF THE PUBLIC ADVOCATES OFFICE ON BRIDGE YEAR FUNDING PROPOSED DECISION

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) respectfully submits these comments on the September 25, 2026, *Proposed Decision Approving Two-Year Bridge Funding for Demand Response Programs* (PD).[1] Cal Advocates' Comments address legal and technical errors in the PD, pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules).

Among other things, the PD authorizes two-year bridge funding for the years 2028 - 2029 (Bridge Years) for demand response programs offered by the state's large investor-owned utilities (IOUs), sets the filing date for the next IOU demand response applications, and extends the Emergency Load Reduction Program (ELRP) pilot with modifications.[2] Modifications to the ELRP pilot include, but are not limited to, restricting bridge year funding to specific sub-groups (A.4 and A.5[3] for all IOUs and

[1] *Proposed Decision Approving Two-Year Bridge Funding for Demand Response Programs*, September 25, 2026 (PD).

[2] PD at 2.

[3] Decision (D.) 23-12-005, *Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots, and Budgets for the Years 2024-2027*, December 20, 2023 at 129; issued in Application (A.) 22-05-002. ELRP sub-groups A.1 (non-residential customers [includes dual-participating BIP]), A.4 (virtual power plant aggregators), and A.5 (vehicle grid integration aggregators) consist of non-market integrated aggregators that receive incentives for dispatch called during events via incremental load reduction or exports.

sub-group A.1 for San Diego Gas & Electric Company (SDG&E)),[4] and a reduction in minimum dispatch hours.[5, 6]

In authorizing ELRP bridge funding, the PD makes the following errors:

- The PD commits a legal error where it authorizes bridge funding for the ELRP pilot.
- The PD commits a technical error where it omits an Ordering Paragraph that directs the IOUs to conduct an independent cost-effectiveness evaluation of the ELRP pilot prior to IOU submission of the next demand response applications.
- The PD commits legal and technical error where it authorizes minimum dispatch hours.
- The PD commits a technical error where it omits a reduction in incentive rates for the ELRP pilot.
- The PD commits a technical error where it does not proportionately reduce the ELRP budget to reflect the elimination of the sub-groups ordered closed.

To correct the above errors, the PD should be revised as described below.

II. DISCUSSION

A. The PD Errs Where it Authorizes Bridge Funding for the ELRP Pilot.

The Commission should sunset the ELRP pilot after 2027 to ensure that it only approves rates that are just and reasonable.[7] It is neither just nor reasonable to use ratepayer funds to continue the ELRP pilot absent a clear termination timeline and cost-effectiveness requirements.[8] In Decision (D.) 12-04-045, the Commission established that all demand response pilots must provide a "Pilot Plan" which must

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[4] PD at 15 and Finding of Fact 5 – 6 at 27.

[5] PD at 19 – 20 and Conclusion of Law 7 at 27.

[6] Subgroups A.2., A.4., and A.5. are the only ELRP subgroups with minimum dispatch requirements.

[7] See, Public (Pub.) Utilities (Util.) Code Section 451.

[8] See, *Opening Comments of the Public Advocates Office on the Administrative Law Judge's Rulings Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue, and Proposing Supplemental Questions*, April 30, 2026 (Cal Advocates' Opening Comments on Staff Proposal) at 6 – 7.

include nine elements.[9] Among these elements, the Commission requires that each Pilot Plan contain a "clear budget and timeframe to complete the pilot and obtain results within a portfolio cycle" and "where appropriate, propose methodologies to test the cost-effectiveness of the pilot."[10] Additionally, D.12-04-045 states: "[p]ilots that are continuations of pilots from previous portfolios should clearly state how the continuation differs from the previous phase."[11] Contrary to the above, the PD does not include a clear completion timeframe for the ELRP pilot, an explanation of how this continued funding differs from the previous phases of the pilot, or a methodology to test its cost-effectiveness. If extended, the ELRP pilot would run for up to nine years without any cost-effectiveness evaluation or defined endpoint. Bridge funding is meant to provide short-term funding for programs, not to establish de facto policy and create long-term pseudo-programs.[12]

Moreover, continued funding of ELRP is unnecessary. ELRP was developed specifically in response to the 2020 grid emergency to reduce grid stress during emergency conditions and avoid rotating outages.[13], [14] Since 2022, California

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[9] D.12-04-045, *Decision Adopting Demand Response Activities and Budgets for 2012 Through 2014*, April 30, 2012, at 182-183; issued in A.11-03-001, et al.

[10] D.12-04-045 at 183.

[11] D.12-04-045 at 183.

[12] D.23-12-005, Conclusion of Law 109, at 212.

[13] D.21-03-056 Finding of Fact 17 at 64. "[ELRP] will allow the large electric IOUs and CAISO [California Independent System Operator] to access reasonably certain controlled load reduction during times of high grid stress and emergencies involving inadequate market resources, with the goal of avoiding rotating outages while minimizing cost to ratepayers."

[14] For example, see Leuwam Tesfai (Executive Director of the Commission) Testimony to the California State Assembly Budget Subcommittee No. 4 on Climate Crisis, Resources, Energy, and Transportation, April 29, 2026, at 1:30:20, "Something that you point out, the state of play in 2022, because, largely driven by the pandemic but other factors as well, we were really behind on resource procurement. There were a lot of slowdowns for construction also large challenges with supply chain. Still some challenges with supply chain but it has been significantly improved. And so just looking at 2020 to today, we have been able to deliver on the amount of new resources we need on the grid. Right. We have brought on 31,000 MW of new clean resources. And then we also have over 22,000 that are under contract and in development. And so, the state of play about being behind on resource development has really changed significantly", available at: https://www.assembly.ca.gov/media/assembly-budget-subcommittee-no-4-climate-crisis-resources-energy-and-transportation-20260429

Independent System Operator (CAISO)-declared Energy Emergency Alerts (EEAs) have consistently decreased, there was only one EEA in 2023 and no declared EEAs from 2024 to 2026.[15] Even during the summer 2026 California heat waves, there was not a single CAISO-declared EEA.[16] In short, extending the ELRP program is unreasonable.

The Commission should not extend the ELRP pilot and subject ratepayers to the burden of these unjustified and unreasonable expenditures. Sunsetting the EPRP pilot will save ratepayers $107 million over the two Bridge Years.[17] Contrary to the requirements set forth in D.12-04-045, the ELRP pilot has no completion timeline or methodology to test its cost-effectiveness. As such, continued funding of the ELRP pilot is an unjust and unreasonable use of ratepayer funds. Consistent with Pub. Util. Code section 451,[18] the Commission must not extend ELRP during the Bridge Years and sunset the pilot after 2027.

B. The PD Errs Because it Does Not Include a Requirement for a Cost-Effectiveness Evaluation of the ELRP Pilot to be Conducted During the Bridge Years.

If the Commission authorizes an extension of the ELRP pilot for the Bridge Years, it must include a requirement that the IOUs conduct an independent cost-effectiveness evaluation of the pilot. The PD acknowledges parties' concerns over the fact that the ongoing multi-year ELRP pilot has not undergone a cost-effectiveness analysis and the

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[15] *CAISO Summary of Restricted Maintenance Operations, Flex Alerts, Transmission and Energy Emergencies Issued from May 2022 to Present*, revised July 6, 2026. Accessed October 7, 2026 at https://www.caiso.com/documents/grid-emergencies-history-report-1998-to-present.pdf. See also, CAISO 90 Day Emergency Notification History (August 1, 2026 - October 6, 2026), accessed October 7, 2026 at https://www.caiso.com/emergency-notifications/notification-history.

[16] See, *CAISO Summary of Restricted Maintenance Operations, Flex Alerts, Transmission and Energy Emergencies Issued from May 2022 to Present*, revised July 6, 2026. Accessed October 7, 2026 at https://www.caiso.com/documents/grid-emergencies-history-report-1998-to-present.pdf. See also, CAISO 90 Day Emergency Notification History (August 1, 2026 - October 6, 2026), accessed October 7, 2026 at https://www.caiso.com/emergency-notifications/notification-history.

[17] PD at Attachment A.

[18] Pub. Util. Code Section 451. "All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful."

Commission's commitment to consider cost-effectiveness beyond 2029.[19] However, the PD fails to require that the IOUs conduct a cost-effectiveness evaluation of the ELRP pilot during the Bridge Years. This omission constitutes error for at least three reasons: 1) results of the cost-effectiveness evaluation of the ELRP pilot will be necessary to inform the next IOU demand response program applications as they relate to the future funding of an ELRP like program, 2) it is inconsistent with the Governor's Executive Order (EO) N-5-24 (EO N-5-24),[20] and 3) no reasonable justification to postpone a cost-effectiveness evaluation exists in the record.[21]

First, a cost-effectiveness evaluation of the ELRP pilot must be conducted during the Bridge Years to inform the next IOU demand response applications. The results of the cost-effectiveness evaluation will be necessary prior to the 2030-2034 IOU demand response application process so that the Commission can determine whether continued funding for ELRP is just and reasonable beyond the Bridge Years. The PD states that the Commission will consider the cost-effectiveness of ELRP later in this Rulemaking and/or as a part of the 2030-2024 demand response application review process.[22] However, failing to require that the IOUs conduct a cost-effectiveness evaluation during the Bridge Years will unreasonably delay the results of the evaluation. If results of the cost-effectiveness evaluation are delayed, the Commission will enter the 2030-2034 demand response application process without information that is necessary to reasonably determine the pilot's cost-effectiveness. This result would jeopardize the Commission's ability to determine whether funding ELRP beyond the Bridge Years is just and reasonable.

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[19] PD at 16. "We appreciate Cal Advocates', TURN's, and UCAN's concern about the lack of a cost-effectiveness evaluation for the ELRP pilot, and determine that the Commission will consider its cost-effectiveness beyond 2029."

[20] Executive Order (EO) N-5-24, Gavin Newsom, Governor of California, October 30, 2024 (EO N-5-24; accessed October 7, 2026 at: https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf.

[21] Cost-effectiveness would be demonstrated if the ELRP pilot received a TRC score of 1.0 or greater.

[22] PD at 15.

Second, extending the ELRP pilot without the requirement for a cost-effectiveness evaluation is inconsistent with EO N-5-24. EO N-5-24 directs the Commission "to modify or sunset any underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers."[23] In other words, the Commission needs to prioritize the elimination or reform of programs that do not demonstrate cost-effectiveness. Continuation of ELRP beyond the Bridge Years in the absence of an established cost-effectiveness evaluation would undermine the directives of EO N-5-24 by perpetuating ratepayer funding without certainty that ratepayers receive net benefits. The Commission must require that the IOUs complete an independent cost-effectiveness evaluation of the ELRP pilot during the Bridge Years in order to determine whether the ELRP pilot provides net ratepayer benefits as directed in EO N-5-24.

Finally, both the factual record and the PD provide no reasonable justification to postpone a cost-effectiveness evaluation of the ELRP pilot. The PD states that "[n]ot conducting a cost-effectiveness evaluation for the ELRP pilot for the bridge years will avoid delay."[24] However, this statement addresses the purported urgency in authorizing bridge funding for ELRP. It does not preclude the inclusion of an ordering paragraph that requires a cost-effectiveness evaluation to be conducted during the Bridge Years so that results are available prior to the 2030-2034 IOU demand response applications. The PD addresses demand response programs over the Bridge Years, including issues related to ELRP. Therefore, it is reasonable for the Commission to require a cost-effectiveness evaluation for ELRP in the final decision on bridge funding. The Commission need not wait for another opportunity to require a cost-effectiveness evaluation of ELRP.

Therefore, as shown in Appendix A, the Commission must modify the PD to include an ordering paragraph that requires a cost-effectiveness evaluation of the ELRP pilot to be completed during the Bridge Years with results available prior to IOU submission of the 2030-2034 demand response applications. The Commission should

[23] EO N-5-24 at 2.

[24] PD, Findings of Fact 6, at 26.

require the utilities to provide results of the cost-effectiveness evaluation as a part of the IOU 2030-2034 IOU demand response applications to determine whether continued funding for ELRP is just and reasonable beyond the Bridge Years.

C. The PD Errs in Authorizing Minimum Dispatch Hours for the ELRP Pilot.

The PD makes a legal and technical error where it sets ELRP minimum dispatch hours at 18 hours per year for sub-groups A.4 and A.5. This proposed minimum dispatch requirement represents a modest reduction of 2 for sub0gourp A.4 and 12 hours for sub-group A.5. The PD states the reduction would improve pilot efficiency and costs because it would lead to one and four fewer events for A.4 and A.5, respectively.[25] However, as discussed in greater detail below, the proposed 18-hour minimum dispatch requirement is an unjust and unreasonable use of ratepayer funds, is not supported by the record, and violates a prohibition on ELRP capacity payments. Therefore, the Commission must modify the PD to eliminate minimum dispatch hours.

Minimum dispatch hours function as ratepayer subsidies to aggregators by providing a guaranteed revenue mechanism, rather than as a system reliability tool based on grid needs. In D.21-12-015, the Commission adopted minimum dispatch hours to encourage participation from new aggregators and resources.[26] Further, D.23-12-005 describes ELRP as a "pay for performance program that compensates voluntary incremental load reductions provided by customers during an event triggered in response to CAISO-declared EEAs [Energy Emergency Alerts]."[27] However, if there are no, or few, CAISO-declared EEAs in a given year, then the minimum dispatch hours for ELRP sub-groups A.4, and A.5 undermine the pilot's goal of avoiding rotating outages while

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[25] PD at 19.

[26] D.21-12-015, *Phase 2 Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2022 and 2023*, December 6, 2021 at 32-34, 40, and Finding of Fact 63 at 143; issued in R.20-11-003.

[27] D.23-12-005, *Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots, and Budgets for the Years 2024-2027*, December 20, 2023 at 129; issued in Application (A.) 22-05-002.

minimizing cost to ratepayers.[28] It is an unjust and unreasonable use of ratepayer funds to subsidize aggregators with guaranteed compensation via minimum dispatch requirements in the absence of grid emergencies.[29] Since 2022, CAISO-declared EEAs have consistently decreased, with no declared EEA since 2023 - including during the most recent summer 2026 heat waves.[30] Minimum dispatch hours absent a grid emergency result in payments to aggregators to merely be on "standby" because there is no need for the resource. Therefore, the Commission must remove the minimum dispatch hours for ELRP sub-groups A.4, and A5. This modification will ensure that ELRP is called upon only when system reliability needs are high, prevent unnecessary dispatch, and minimize cost to ratepayers.

Additionally, the record does not support an 18-hour minimum dispatch requirement. Indeed, no party recommends an 18-hour minimum requirement in either opening or reply comments on the Staff Proposal.[31] Both Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) propose reducing minimum dispatch hours to 10 hours per year for subgroups A.4 and A.5.[32] PG&E states that "[i]n recent years, meeting the minimum hours requirement has been difficult

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[28] If there are no or few emergency events, then the minimum dispatch hours force the IOUs to call upon these resources to meet those minimum hours even if completely unnecessary for grid reliability and are more expensive than available alternatives.

[29] See, Public (Pub.) Utilities (Util.) Code Section 451.

[30] See, CAISO Summary of Restricted Maintenance Operations, Flex Alerts, Transmission and Energy Emergencies Issued from May 2022 to Present, revised July 6, 2026. Accessed October 7, 2026 at https://www.caiso.com/documents/grid-emergencies-history-report-1998-to-present.pdf. See also, CAISO 90 Day Emergency Notification History (August 1, 2026 - October 6, 2026), accessed October 7, 2026 at https://www.caiso.com/emergency-notifications/notification-history.

[31] *IOUs Bridge Year Funding Energy Division Staff Proposal*, March 10, 2026.

[32] *Opening Comments of Pacific Gas and Electric Company in Response to Administrative Law Judge Gerstle Rulings on Demand Response Staff Proposal on Bridge Year Funding*, April 30, 2026 (PG&E Opening Comments on Staff Proposal), at 4-5; *Opening Comments of San Diego Gas & Electric Company on Administrative Law Judge's Ruling Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue*, April 30, 2026 (SDG&E Opening Comments on Staff Proposal) at 15.

because weather and grid conditions did not meet the emergency triggers."[33] Only one party proposed an increase to subgroup A.4 minimum dispatch hours.[34]

The 18-hour minimum dispatch hour requirement proposed in the PD appears to be based on alleged concerns that ELRP enrollment and participation require minimum compensation.[35] However, establishing minimum dispatch hours based on an expectation of minimum compensation functionally transforms the minimum dispatch hour requirement into a capacity payment.[36] This is explicitly disallowed in ELRP.[37] In D.21-03-056, the Commission established ELRP compensation parameters for all customers, including instituting a prohibition on capacity payments.[38] Specifically, the Commission states that "[a]fter-the-fact pay-for-performance will be made at a prefixed energy-only ELRP Compensation Rate applied to ILR [incremental load reduction]. There are no capacity-like payments or enrollment incentive[s]…".[39] In other words, ELRP is a pilot program designed to respond to grid emergencies and there is no inherent expectation of compensation. As such, the apparent rationale in the PD for the proposed

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[33] PG&E Opening Comments on Staff Proposal at 4 – 5.

[34] *Reply Comments of the California Solar & Storage Association in Response to Administrative Law Judge's Ruling Seeking Comments on Demand Response Staff Proposal on Bridge Year Funding and Modifying the Schedule for the Bridge Year Funding Issue*, May 21, 2026 (CSSA Reply Comments on Staff Proposal), at 2. Proposing an increase in sub-group A.4 hours to 30 hours per year.

[35] PD at 19. "We acknowledge dissenting parties' concerns that significantly reducing the minimum dispatch hours has the potential to discourage program enrollment as aggregators lose certainty on a minimum level of compensation they can expect from participation in the ELRP pilot." Note that the PD does not identify the "dissenting parties".

[36] See, e.g., *Reply Comments of the California + Demand Management Council on Administrative Law Judge's March 10 and April 8, 2026 Ruling Seeking Comments on Demand Response Bridge Years*, May 21, 2026 (CEDMC Reply Comments) at 6. "Taken together, the minimum dispatch hours and high volumetric energy incentive fulfill a similar role to capacity payments, which are standard in capacity programs and contracts. That is, the minimum dispatch hours and incentive provide a rough approximation of the capacity revenue available through ELRP. They are similar to the resource adequacy payments that most market-integrated demand response resources receive, which is the primary revenue stream motivating demand response participation in the wholesale market."

[37] D.21-03-056, *Decision Directing Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to Take Actions to Prepare for Potential Extreme Weather in the Summers of 2021 and 2022*, March 26, 2021 R 24-25; issued in R.20-11-003.

[38] D.21-03-056 at 24-25.

[39] D.21-03-056 at 24-25.

18-hour minimum dispatch requirement contradicts established prohibitions on capacity payments for ELRP participants.

In sum, the proposed 18-hour minimum dispatch requirement is an unjust and unreasonable use of ratepayer funds, is not supported by the record, and subverts a prohibition on ELRP capacity payments. Therefore, as shown in Appendix A, the Commission must modify the PD to eliminate minimum dispatch hours.

D. The PD Errs Because it Does Not Reduce Incentive Rates for the ELRP Pilot.

The PD makes a technical error where it fails to reduce in the ELRP incentive from $2/kWh to $1/kWh. Cal Advocates and several other parties support a reduction in the ELRP incentive rate. Cal Advocates recommends that the Commission reduce the incentive from $2/kWh to $1/kWh.[40] PG&E supports a reduction to $1/kWh while SDG&E supports a reduction to $1.5/kWh for group A.1, and $1/kWh for groups A.4 and A.5.[41, 42] As discussed in greater detail below, the benchmark to which the ELRP incentive was derived is no longer appropriate due to changed grid conditions. To correct this error, if the ELRP pilot is extended during the Bridge Years, the PD should be modified to reduce the ELRP incentive from $2/kWh to $1/kWh.

In D.21-12-015, the Commission deemed the $2/kWh compensation level appropriate due to the emergency nature of the ELRP.[43, 44] At that time, the $2/kWh ELRP incentive aligned with the 2021 California State Emergency Program (CSEP).[45] However, the CSEP incentive is no longer an appropriate benchmark for ELRP because it was an incentive structure based on an emergency proclamation designed for rapid

[40] Cal Advocates' Opening Comments on Staff Proposal at 9 – 11.

[41] PG&E Opening Comments on Staff Proposal at 5.

[42] SDG&E Opening Comments on Staff Proposal at 23.

[43] D.21-12-015 at 44.

[44] See also, Cal Advocates Opening Comments on Staff Proposal at 9 – 11.

[45] D.21-12-015 at 43.

response.[46] As discussed in Section II. A. above, the reasons to match this incentive to CESP no longer exist because the grid no longer faces emergency shortages. CSEP ended after 2021 and grid conditions have changed drastically since the 2021 resource shortages. Despite the changed circumstances, the Commission has maintained the ELRP non-residential incentive at $2/kWh.[47, 48] Since the ELRP pilot has been authorized for several years with an indefinite pilot timeline, a continued $2/kWh compensation rate in alignment with the emergency nature of CSEP as a permanent baseline is unreasonable for a program that is being utilized five years after the emergency ended.[49]

Moreover, the $2/kWh ELRP compensation rate corresponds with the CAISO market's hard energy bid cap, which may be raised from $1,000 per megawatt hour (MWh) to $2,000 per MWh under certain conditions.[50, 51] CAISO data reveals that the $2/kWh compensation rate is not necessary to incentivize energy reduction. Specifically, demand response resources have not submitted reference level change requests to bid above $1,000/MWh, even when conditions permit bids up to $2,000/MWh.[52] Although

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[46] D.21-12-015 at 44.

[47] D.23-12-005, Conclusion of Law 113, at 213.

[48] Note that the Commission reduced the ELRP incentive to $1/kWh for the residential sub-group. However, the residential sub-group sunset in 2025.

[49] The California Energy Commission's (CEC) Demand Side Grid Support program (DSGS) Participation Option 1 provides an energy payment at a rate of $2/kWh of verified incremental load reduction. Although DSGS Participation Option 1 is suspended for the 2026 program year, it is uncertain whether future budget processes may fund Participation Option 1. Notably, if the CEC's DSGS program is discontinued or certain DSGS Participation Options are suspended, then the risk that the ELRP pilot will experience participant attrition with a $1/kWh compensation rate due to the more attractive incentives available from DSGS is no longer relevant.

[50] One megawatt hour (MWh) equals 1,000 kilowatt hours (kWh). Hence, a price of $1,000/MWh is equivalent to $1/kWh, and $2,000/MWh is equivalent to $2/kWh.

[51] Federal Energy Regulatory Commission (FERC), *Order No. 831, Offer Caps in Markets Operated by Regional Transmission Organizations and Independent System Operators*, RM16-5-000 (issued Nov. 17, 2016, effective Feb. 21, 2017), available at: https://www.ferc.gov/sites/default/files/2020-05/OrderNo.831.pdf

[52] CAISO, *Demand Response Issues and Performance 2022*, Department of Market Monitoring, February 14, 2023, available at: demand-response-issues-and-performance-2022-report-feb14-2023.pdf

the ELRP pilot operates outside the CAISO market and carries no market obligations, it is a reasonable proxy because it serves a similar function as market-based demand response to reduce load during scarcity.[53] Hence, if no CAISO demand response resources seek higher compensation beyond $1,000/MWh under extreme conditions, this indicates that the $2/kWh ELRP compensation rate is excessive.

To adapt ELRP to current conditions, reduce ratepayer costs, and minimize impacts to pilot performance, the PD should be modified to reduce the ELRP incentive from $2/kWh to $1/kWh.

E. The PD Errs Because it does not Reduce the ELRP Budget.

If the Commission authorizes an extension of ELRP, the PD should be modified to reduce the ELRP budget. The PD includes a technical error by leaving the ELRP budget unchanged even though ELRP is proposed to be extended only for sub-groups A.4 and A.5 for all of the IOUs and A.1 for SDG&E.[54] Sub-groups A.1, A.2, A.3, B.1, and B.2 are ordered closed at the end of 2027.[55, 56] If the ELRP budget for the Bridge Years is not reduced to reflect the closure of sub-groups A.1, A.2, A.3, B.1, and B.2, the PD effectively increases the budget for the remaining sub-groups and harms ratepayers through corresponding higher rates.

Precedent supports a proportional reduction in the ELRP budget to reflect the closure of sub-groups A.1, A.2, A.3, B.1, and B.2. In D.23-12-005, the Commission

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CAISO, *Demand Response Issues and Performance 2023*, Department of Market Monitoring, March 6, 2024, available at: https://www.caiso.com/documents/demand-response-report-2023-mar-6-2024.pdf

CAISO, *Demand Response Issues and Performance 2024*, Department of Monitoring, Revised March 14, 2025, available at: demand-response-issues-and-performance-2024-mar-14-2025.pdf

CAISO, *Demand Response Issues and Performance 2024*, Department of Monitoring, September 21, 2026, available at: demand-Response-Issues-and-Performance-2025-sep-21-2026.pdf

[53] D.21-12-015, Attachment 2 at 2.

[54] PD at 23 and Conclusions of Law 10 at 27.

[55] PD at 15. Note that SDG&E's ELRP pilot does not have sub-groups A.1-BIP and A.2-BIP.

[56] By only extending funding for Sub-groups A.1, A.4, and A.5, the PD closes sub-groups A.1 (other than SDG&E), A.2, A.3, B.1, and B.2.

ordered the ELRP sub-group A.6 to be closed at the end of 2025.[57] D.23-12-005 includes a corresponding reduction in each IOU's ELRP budget to account for the closure of sub-group A.6.[58] Therefore, like in D.23-12-005, the PD should be modified to include proportional reductions of the IOUs' ELRP budgets to account for closure of sub-groups A.1 (other than SDG&E), A.2, A.3, B.1, and B.2.

Additionally, if the Commission adopts Cal Advocates' recommendations discussed in these Opening Comments, the final decision should further reduce the ELRP budget to reflect eliminated minimum dispatch hours and reduced incentive rates.

III. CONCLUSION

The Commission has an obligation to ensure the rates it approves are just and reasonable. Cal Advocates' recommendations contained herein are submitted to correct legal and factual errors in the PD that would lead to adoption of unjust and unreasonable rates. Therefore, Cal Advocates requests that the Commission adopt the recommendations contained herein to correct the legal and technical errors in the PD.

Respectfully submitted,

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[57] D.23-12-005, Conclusions of Law 113, at 213.

[58] D.23-12-005, Conclusions of Law 118, 119, 122 at 213.

APPENDIX A
(Proposed Changes to the Proposed Decision's Findings of Fact, Conclusion of Law and Ordering Paragraph)

Recommended additions are underlined / deletions are ~~struck through~~

***IF THE COMMISSION SUNSETS THE ELRP PILOT*:**

Findings of Fact

Findings of Fact 7:

~~7. ELRP pilot subgroups A.4 and A.5 have historically shown better enrollment and performance numbers than other ELRP pilot sub-groups.~~

Findings of Fact 8:

~~8. ELRP pilot subgroup A.1 is the only emergency DR offering available to SDG&E's non-residential customers.~~

Findings of Fact 9:

~~9. Retaining a modified version of the ELRP pilot ensures the pilot's resources are available during grid emergencies through the pendency of the 2028-2029 bridge years, retains continuity for ELRP pilot participants, and tailors the pilot to improve the value for ratepayers.~~

Findings of Fact 10:

~~10. Reducing the ELRP pilot minimum dispatch for subgroups A.4 and A.5 will improve pilot efficiency, reduce fixed costs, and increase ratepayer value.~~

Findings of Fact 11:

~~11. Simplifying the ELRP pilot enrollment is a minor revision with the potential to improve customer experience.~~

Conclusions of Law

Conclusions of Law 5:

5. The Commission should ~~extend~~ sunset the ELRP pilot after December 31, 2027. ~~subgroups A.4 and A.5 in the IOUs' service territories for the 2028-2029 bridge years.~~

Conclusions of Law 6:

~~6. The Commission should extend ELRP pilot subgroup A.1 for SDG&E's service territory for the 2028-2029 bridge years.~~

Conclusions of Law 7:

~~7. The Commission should reduce the ELRP pilot minimum dispatch for subgroups A.4 and A.5 to a uniform 18 hours.~~

Conclusions of Law 8:

~~8. It is reasonable to consider the cost-effectiveness of ELRP beyond December 31, 2029, in the final decision on the IOUs' 2030-2034 DR applications.~~

Conclusions of Law 9:

~~9. The Commission should allow the IOUs to modify their ELRP pilot enrollment processes to improve customer experience by filing a joint Tier 3 advice letter, no later than January 30, 2027.~~

Ordering Paragraphs

XX. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall close their respective ELRP pilots after December 31, 2027.

***IF THE COMMISSION EXTENDS THE ELRP PILOT*:**

Findings of Fact

New Findings of Fact:

A. An independent cost-effectiveness evaluation of the ELRP pilot conducted during the bridge years will help inform the 2030-2034 IOU demand response application process.

B. The results of the independent cost-effectiveness evaluation of the ELRP pilot, as represented by a total resource cost score, should be available prior to IOU submission of their 2030-2034 demand response applications.

C. An ELRP incentive of $1/kWh would minimize cost to ratepayers while maintaining similar pilot performance.

Findings of Fact 10:
10. ~~Reducing~~ Eliminating the ELRP pilot minimum dispatch for subgroups A.4 and A.5 will improve pilot efficiency, reduce fixed costs, and increase ratepayer value.

Conclusions of Law

New Conclusions of Law:

AA. An independent cost-effectiveness evaluation of the ELRP pilot should be conducted during the 2028-2029 bridge years so that the cost-effectiveness of the ELRP pilot is known prior to each IOU's submission of their 2030-2034 IOU demand response applications.

BB. The results of the independent cost-effectiveness evaluation of the ELRP pilot, as represented by a total resource cost score, should be available by April 1, 2028, in time for the submission of the IOU 2030-2034 demand response applications.

CC. The ELRP incentive should be changed from $2/kWh to $1/kWh.

DD. The IOUs should reduce their ELRP budget to account for the closure of all Sub-groups except for A.4 and A.5 in 2027.

EE. The IOUs should reduce their ELRP budgets to account for the elimination of the ELRP pilot minimum dispatch.

FF. The IOUs should reduce their ELRP budgets to account for the reduction of the ELRP incentive from $2/kilowatt-hour to $1/kilowatt-hour

Conclusions of Law 7:

7. The Commission should ~~reduce~~ eliminate the ELRP pilot minimum dispatch hours for subgroups A.4 and A.5 ~~to a uniform 18 hours~~.

Ordering Paragraphs

AAA. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each utilize funds authorized in Attachment A, Budget Category 7: Portfolio Support, to hire a vendor or vendors to conduct an independent cost effectiveness evaluation of their respective ELRP pilots that provides

the cost-effectiveness of each pilot as a Total Resource Cost score for each year the ELRP pilot has been administered; the results of such evaluation shall made public by April 1, 2028, in time for the submission of the IOU 2030-2034 demand response applications.