BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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OPENING COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON THE PROPOSED DECISION ADOPTING GUIDING PRINCIPLES FOR THE AVOIDED COST CALCULATOR AND ESTABLISHING A DISTRIBUTIONAL EQUITY ANALYSIS PROCESS

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SUBJECT INDEX OF RECOMMENDED CHANGES

Pursuant to Rule 14.3(b) of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) provides the following Subject Index of Recommended Changes in support of its Opening Comments on the Proposed Decision (PD):

1. The final decision should direct the issuance of an Assigned Commissioner Ruling or Energy Division staff proposal by Q1 2027 setting forth recommendations on how to timely implement these principles in the ACC process, followed by one or more workshops and rounds of commentary seeking stakeholder input on improvements that implement the guiding principles; and
2. To avoid legal error, the PD's DEA proposal should be eliminated or rejected in its entirety from the final decision, and instead, the final decision should keep Track Three open and order further proceedings on the DER cost effectiveness equity issue consistent with Rule 7.5(a) of the Commission's Rules of Practice and Procedure.

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison Company (SCE) respectfully submits its Opening Comments on Honorable Assigned Commissioner Houck's *Proposed Decision Adopting Guiding Principles for the Avoided Cost Calculator and Establishing a Distributional Equity Analysis Process*, issued October 15, 2026 (the "PD"). The PD seeks to address the Track Three issues, which entail whether and how to identify and define guiding principles for the avoided cost calculator (ACC) process, and how equity issues should be considered in evaluating distributed energy resources (DER) cost effectiveness.[1]

SCE appreciates the PD's thoughtful consideration of parties' interest in and proposals for establishing guiding principles for the ACC process, and supports its rational for adopting the guiding principles of accuracy, transparency, and consistency. SCE recommends that the final decision order further work in this proceeding focused on ensuring the new guiding principles

[1] *See* PD, pp. 4-5, citing the March 4, 2026, Amended Scoping Memo.

are appropriately implemented in the ACC process, as transparency and consistency, in particular, have been ongoing concern of parties regarding the ACC, as the PD discusses.[2]

While SCE supports resolving, in this proceeding, how equity issues should be considered in evaluating DER cost effectiveness, the PD does not accomplish that outcome. Rather, the PD adopts a Distribution Equity Analysis (DEA) framework that has nothing to do with equity in DER cost effectiveness. The PD's DEA framework instead focuses on issues not scoped in this proceeding: investor-owned electric utility (IOU) distribution planning and investment strategies, reliability performance, and distribution investment decisions.[3] The PD's DEA proposal far exceeds the scope of Track 3 (and this proceeding), and its introduction in the PD prejudices the parties, who had no notice that the Commission would consider distribution planning and reliability performance matters in this proceeding and no opportunity to be heard on the procedural or substantive merits of the DEA proposal. Therefore, to avoid legal error,[4] the final decision should remove or reject the DEA proposal in its entirety and instead should adopt a process for building a record to inform the Commission's resolution of the open issue in Track Three: how equity issues should be considered in evaluating DER cost effectiveness.

SCE discusses these issues in detail below and proposes modifications to the PD in Attachment A hereto.

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2 *See* PD, Sections 3.1 – 3.3.

3 *See* PD, p. 22, requiring the Energy Division to conduct analysis to "identify circuit-level patterns showing relationships between distribution planning equity, reliability performance, and equity-priority population characteristics, and ordering the IOUs to "explain the circuit-level patterns . . . ; provide context for distribution investment decisions; describe whether and how identified circuit-level findings inform utility planning and investment strategies in the GRC period of the filing; and describe how rate design and cost allocation decisions reflect these equity and reliability outcomes."

4 *See* Section II.B *infra*.

II. DISCUSSION

A. The Final Decision Should Direct Proceedings to Ensure Implementation of the Guiding Principles in the ACC Process

SCE supports the PD's guiding principles of accuracy, transparency and consistency, and recommends that the Commission in its final decision direct the issuance of an Assigned Commissioner Ruling or Energy Division staff proposal by Q1 2027 setting forth recommendations on how to timely implement these principles in the ACC process, followed by one or more workshops and rounds of commentary seeking stakeholder input on improvements that implement the guiding principles.[5]

Accuracy, transparency, and consistency with the IRP portfolio have been widely-held concerns with the ACC process among parties, and in 2025 the Commission considered broader ACC process, transparency, and IRP-alignment issues, including through workshop and commentary. Parties proposed changes intended to improve the biennial ACC update process, including improved alignment with IRP inputs and additional opportunities for meaningful stakeholder review. D.25-11-005 responded by revising the biennial ACC process and establishing a general requirement to use the most recently adopted IRP portfolio, while prescribing specific sequencing for the 2026 cycle. Experience with the 2026 cycle demonstrates that those changes did not fully resolve the underlying transparency concerns, as parties were still required to evaluate the Staff Proposal using prior-cycle inputs and did not see results using the updated portfolio until after the methodology had been adopted.[6]

The 2026 cycle also demonstrated that the Commission's guiding principles are not always perfectly aligned and may require reasoned tradeoffs. As SCE explained in its 2026 ACC

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[5] *See* Rule 7.5(a)(1) – (3) of the Commission's Rules of Practice and Procedure, directing specific components for resolving issues in a quasi-legislative proceeding.

[6] *See e.g.*, SCE's September 29, 2026 Reply Comments of Southern California Edison Company on Draft Resolution E-5476, at Section 3, discussing these concerns and recommending further proceedings to address them (SCE's 2026 ACC Draft Resolution Reply Comments).

Draft Resolution Reply Comments, the Commission declined to consider proposals that would have updated certain ACC inputs because they were not reflected in the adopted IRP portfolio, even though those inputs have a substantially greater effect on ACC results than on IRP planning outcomes.[7] Where an input is highly consequential to ACC values but relatively inconsequential to IRP results, strict consistency with the most recent IRP assumptions may not always advance the Commission's accuracy objective, particularly where any divergence could be reconciled in a subsequent IRP cycle.[8] Accordingly, the Commission should initiate a stakeholder process before the 2028 ACC update to develop a more durable framework for balancing accuracy and consistency in the ACC process, including criteria for determining when ACC proposals that depart from adopted IRP assumptions should receive substantive consideration.

SCE respectfully urges the Commission to take necessary steps to ensure that the guiding principles are not just aspirational but are meaningfully implemented in the ACC process to the benefit of all stakeholders. This effort should build on concerns and recommendations developed in 2025 and lessons from implementation of D.25-11-005 during the 2026 ACC cycle.

B. The PD Errs in Considering and Adopting the DEA Proposal and It Should be Eliminated from or Rejected in the Final Decision

While accurately acknowledging that the purpose of the ACC "is to calculate demand-side avoided costs,"[9] specifically, "cost categories which utilities avoid through deployment of behind-the-meter resources,"[10] the PD abandons this purpose entirely with its Distribution Equity Analysis (DEA) proposal. The PD explains that the DEA should "identify circuit-level

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7 *See id.*

8 For example, a temporary divergence may result from timing differences between the IRP and ACC processes, such as the availability of a more recent IEPR forecast, or from factual developments indicating that an existing assumption warrants revision. Because such inputs may ultimately be incorporated or corrected in a subsequent IRP cycle, limited deviations for ACC purposes need not create a lasting inconsistency between the two proceedings. *See* SCE's 2026 ACC Draft Resolution Reply Comments, p. 7.

9 *See* PD, p. 12, stating "Party comments generally did not support adopting equity as a guiding principle for the ACC whose purpose is to calculate demand-side avoided costs."

10 PD, p. 10.

patterns showing relationships between distribution planning equity, reliability performance, and equity-priority population characteristics," and orders the IOUs in their General Rate Cases to "explain the circuit-level patterns and provide context for distribution investment decisions; describe whether and how identified circuit-level findings inform utility planning and investment strategies . . . and describe how rate design and cost allocation decisions reflect these equity and reliability outcomes"[11] – issues that have nothing to do with the scope of this proceeding. The ACC measures avoided distribution costs only at the system level and is used in DER cost-effectiveness evaluation for entire programs. The ACC and current DER cost-effectiveness methodologies are incapable of evaluating the costs, benefits, and equity considerations of specific DERs, their impact on specific distribution circuits, or any evaluation of distribution investments at any level of granularity.[12] The PD does not draw any correlation between distribution planning and reliability issues and the scope of Track Three. Rather, its explanation simply leaps from DER equity to "the equity of distribution planning" – seemingly conflating DER distributional equity analysis with distribution planning equity – and improperly expands the scope of this proceeding:

> *In D.25-11-005 the Commission affirmed that the ACC calculates the benefits to the system provided by DER avoided costs. However,* ***reliability and equity are also important elements for the Commission to consider related to distribution planning*** *and the integration of DERs on the grid.* ***Grid constraints should also be considered when evaluating the equity of distribution planning****. We find that a separate equity analysis is needed to complement existing cost effectiveness tests to consider the effects of the proliferation of DERs comprehensively.*[13]

Nothing in the scope of Track Three or this proceeding includes the broad set of utility distribution planning equity and reliability issues contemplated in the PD, including grid

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[11] PD., p. 22.

[12] DER cost-effectiveness testing compares avoided utility system costs with the costs of programs or DERs that provide an alternative mechanism for meeting the same needs. DER cost-effectiveness testing cannot evaluate the reasonableness or equity considerations of the base utility system costs, such as distribution investment, against which the DER programs are evaluated.

[13] PD, p. 13 (emphasis added, footnote omitted).

constraints, distribution investment decisions, utility planning and investment strategies, rate design and cost allocation decisions (hereinafter, "distribution planning equity"). The Amended Assigned Commissioner's Amended Scoping Memo and Ruling ("Amended Scoping Memo") dated March 4, 2026 explains that "[t]he purpose of this Order Instituting Rulemaking (OIR) is to achieve consistency of cost effectiveness assessments, improve data access and use, and consider equipment performance standards for distributed energy resource (DER) customer programs." Track Three is "to examine guiding principles" and address two questions:

> *1. Whether the Commission should adopt guiding principles that ensure alignment with other Commission proceedings* ***as well as the manner in which equity issues should be considered when evaluating DER cost effectiveness****; and*
>
> *2. How should the Commission identify and define guiding principles for the ACC? Should accuracy, transparency and consistency be included as guiding principles? If so, how should these terms be defined and applied? If not, what should the principles be? If so, is this sufficient or should there be other principles included?"*[14]

The scope is expressly limited to equity in the context of *DER cost effectiveness*, not distribution planning equity. There is no correlation between equity in evaluating DER cost effectiveness and distribution planning equity that would support the latter being in scope. Nothing in the record supports a correlation. Indeed, nothing in the comments of parties filed in 2025 supports veering into distribution planning equity in this proceeding. The comments of parties on distributional equity analysis highlighted in the PD are brief[15] and, unlike the PD, do not conflate distributional equity analysis with distribution planning equity. Parties' comments also clearly contemplate further opportunities to develop the record on distributional equity analysis and the question of how equity issues should be considered when evaluating DER cost

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[14] March 4, 2026 Amended Scoping Memo, pp. 2-3 (emphasis added). Note that the PD on p. 4 adds a third question that was in the Amended Scoping Memo's Track Three scope and essentially repeats the second part of question 1.

[15] *See* Association of Bay Area Governments (ABAG) March 12, 2025 comments at p. 29; Small Business Utility Advocates (SBUA) March 19, 2025 comments at p. 2; the Joint IOUs' March 19, 2025 comments at p. 2.

effectiveness[16] – yet parties have not been provided that opportunity.[17] Moreover, no party had the opportunity to be heard on the procedural or substantive merits of the PD's DEA proposal because it was never introduced to the parties for commentary in advance of the PD.[18] Thus, the record lacks adequate support for any distributional equity analysis outcome, much less the PD's brand new DEA proposal.

Even the U.S. Department of Energy (DOE) framework on which the PD relies[19] provides no support for the PD's leap from DER cost effectiveness equity to distribution planning equity with its DEA proposal. As the March 2024 Practical Guide explains, the DOE framework allows utilities, regulators, and stakeholders to determine the distributional equity impacts of utility DER investments in the context of DER cost-effectiveness evaluation.[20] The DOE's guide explains:

> Much of the energy equity work to date addresses a wide range of energy inequities that can affect all aspects of electric and gas utility planning and operations. This guide refers to such analysis

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16 *See e.g.*, Attachment A to the April 29, 2025 Administrative Law Judge's (ALJ) Ruling at p.7, summarizing SBUA's recommendation of ***"[a]n expedited CPUC workshop*** for stakeholder consideration of distributional equity analysis"; *see id*. at p. 15, summarizing the Joint IOUs' comments: "[t]he Joint IOUs recommend ***further workshops*** to explore the feasibility and applicability of DEA, considering issues such as its application, timeframe, target populations, and potential pilot programs." *See also* SBUA's March 19, 2026 comments at p. 3: "While SBUA supports a DEA separate from the CPUC cost effectiveness test, ***SBUA understands that it may take one or more workshops with corresponding analyses, before the CPUC could determine whether, and how, to apply a DEA along with a cost effectiveness test***."

17 Although the March 4, 2026 Amended Scoping Memo at p. 3 contemplates further comments on the DER cost-effectiveness equity issue "if needed", the Commission did not solicit any further comments on the equity issue. *See* Section II.C *infra* proposing further process on the Track Three equity issue.

18 *See* fn. 9, *supra*. Also, the March 4, 2026 Amended Scoping Memo determined, without further party input on the equity issue, that "[t]here are no issues of material disputed fact for Track Three" and thereby summarily foreclosing the opportunity for parties to potentially submit evidence and have hearings on the equity issue.

19 *See* PD, p. 14 and Finding of Fact 4, citing the distributional equity analytical framework in the DOE's March 2024 *Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources, A Practical Guide,* available at Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources. A Practical Guide.

20 *See Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources*, p. v. (emphasis added).

> as "system-wide energy equity analysis." ***In contrast, the distributional equity analysis explained in this guide focuses on a much narrower set of questions relating to the energy equity impacts associated with new utility distributed energy resource investments***.[21]

Moreover, the DOE's guide cautions:

> Distributional equity analysis, or DEA, is an emerging concept; to date, literature is limited on conducting DEAs on electric or gas utilities' distributed energy resource investments. ***The materials provided in this guide should be viewed as early, nascent guidance*** useful for advancing this important topic further. Additional experience, information, and analyses over time will be important to help build upon the concepts and guidance provided in this document. ***The importance of carefully and thoughtfully designing and applying a DEA cannot be overstated***. ***Robust stakeholder input is critical at each stage of a DEA***, and analytical decisions made when preparing a DEA should carefully and thoroughly account for the likely impacts on the customers and communities.[22]

The PD's DEA proposal fails to heed this important guidance because it is not the product of careful, thoughtful design and stakeholder input, and does not focus on the much narrower set of questions relating to the equity impacts associated with utility DER investments. Rather, the PD's DEA proposal pivots to distribution system planning and investment, which is not the focus of the DOE framework and is not within the scope of this proceeding.

In short, the PD improperly exceeds the scope of this proceeding and denies parties notice and an opportunity to be heard on its DEA proposal. In so doing, the PD prejudices parties and fails to consider critical issues with respect to its DEA proposal, including its impact on Commission proceedings that are currently examining distribution planning equity, its implementation costs, benefits, and the consequences the proposal may have on the utilities' ratemaking and GRCs. For example:

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[21] *Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources*, p. v. (emphasis added).

[22] *See id.* (emphasis added).

- While purporting to leverage the metrics and reporting in R.21-06-017 (the High DER OIR),[23] the PD's DEA proposal appears to duplicate, pre-empt and conflict with the phased work currently underway in that proceeding to establish reporting requirements for the IOUs to annually evaluate distribution planning equity. In Resolution E-5480, the Commission explained that the "equity metrics are for evaluation purposes only and are not to be used for forecasting or distribution planning. The intention is an annual assessment and does not involve modifying the planning process based on equity considerations."[24] Yet, the PD's DEA proposal seeks to use these metrics before they are fully evaluated and in a manner that appears to implicate distribution planning and investment decisions, contrary to Resolution E-5480.

- The PD's DEA proposal improperly duplicates and misapplies the High DER Equity Metrics Framework. The PD's DEA proposal is particularly problematic because Resolution E-5480 already establishes a detailed reporting and analytical framework for evaluating equity in the Distribution Planning and Execution Process (DPEP). That framework requires the IOUs to submit circuit- and project-level information through their annual Grid Needs Assessment (GNA) and Distribution Upgrade Project Report (DUPR) filings, including data concerning five separately tracked equity-priority populations: CARE, FERA, Medical Baseline, Tribal, and disadvantaged-community populations. Energy Division is then responsible for applying the adopted econometric models and publishing an annual Equity Metrics in DPEP Report. The first such report is expected in the first quarter of 2028 and will evaluate the 2026-2027 DPEP cycle based on the GNA and DUPR filing submitted in August 2027. Given that the High DER

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[23] *See* PD, p. 16, stating "the DEA should be developed and implemented in conjunction with the equity metrics and reporting framework previously established by the Commission."

[24] Resolution E-5480, at p. 2.

proceeding already requires the collection and evaluation of the very circuit-level population and distribution-planning information on which the PD's proposed analysis would rely, it is unclear what distinct analytical purpose would be served by requiring the additional Integrated Equity and Reliability Analysis Report (IERA).

- The PD further fails to identify any defined planning standard, decision criterion, or other actionable requirements that would follow from the circuit-level patterns identified in the proposed IERA report. That omission is material. Resolution E-5480 expressly provides that the equity metrics are evaluative and are not forecasting or distribution-planning criteria, and that the annual assessment does not itself modify the planning process based on equity considerations. Even so, the PD would require the IOUs to address the results in subsequent GNA and GRC filings without explaining what findings would warrant action, how the results should be reconciled with established distribution-planning criteria, or what action the utilities could appropriately take. The proposed 2028 workshop does not rectify these deficiencies. A workshop conducted after publication of the report would not provide a timely opportunity to define the methodology, intended use, or actionable implications of the analysis before it is introduced into the annual DPEP cycle. It also does not appear aligned with the existing GNA/DUPR filing calendar, creating a substantial risk that the IOUs would be directed to address report results without sufficient time, procedural guidance, or record support. Furthermore, the identification of a statistical relationship, standing alone, does not establish that a planning disparity exists, identify its cause, or demonstrate that additional distribution investment is warranted.
- The PD's DEA proposal appears to duplicate, and with its new IERA report, modify – without any supporting record – the form and content of the reliability

reporting the Commission recently adopted in R.24-05-023 (Safety, Reliability, and Resiliency of Electrical Distribution Systems OIR) – reporting that seeks to ensure transparent utility reliability information, including data sets, data points, and reporting structure "to aid the Commission's understanding of whether there are patterns of outages that disproportionately affect tribal governments, rural, disadvantaged, and/or low-income communities", that "complies with the Commission's practices and enhances the safety, reliability, and resilience of the distribution grid." [25] [26]

None of these concerns is considered in the record because parties have had no opportunity to weigh in on procedural or substantive issues related to the PD's DEA proposal.

In *Southern California Edison Co. v. Public Utilities Commission (2006)*, the California Court of Appeal annulled a Commission decision because it contained a proposal that "was beyond the scope of issues identified in the scoping memo" and the Commission "violated its own rules by considering the new issue" in the decision even when the ALJ amended its scoping memo to include the new proposal(s) and gave parties three business days to respond to them. The Court found the three business days was "insufficient time for the parties to comment on the issues raised by the proposals, including issues of public policy, economic effects, legal implications, and effective administration and implementation of the proposed new rules."[27] The Court concluded that the Commission failed to proceed in the manner required by law and that the failure was prejudicial.[28]

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[25] *See* D.26-08-007 (August 13, 2026), at pp. 1, 7.

[26] *See* PD, stating "[t]ogether, the data from the Equity Metrics in DPEP Report adopted in Resolution E-5480 and the Customer Reliability Report adopted in D.26-08-007 provide the foundation for a new Integrated Equity and Reliability Analysis Report."

[27] *See Southern California Edison Co. v. Public Utilities Commission,* 140 Cal. App. 4th 1085, 1106.

[28] *See Southern California Edison Co. v. Public Utilities Commission,* 140 Cal. App. 4th 1085, 1106-07 (2006) (the prevailing wage proposal was beyond the scope of issues identified in the scoping memo, the PUC violated its own rules by considering the new issue, and three business days was insufficient time for the parties to respond to the new proposals; therefore the PUC failed to proceed in the manner required by law (Pub. Util. Code, § 1757.1, subd. (a)) and that the failure was prejudicial.)

The PD similarly fails to proceed in a manner required by law by considering and adopting a new DEA proposal is beyond the scope of the issues in the Amended Scoping Memo and on which parties have had no opportunity to comment.[29] Being able to comment on the PD does not cure the due process deficiencies because, per the Commission's own rules, parties' comments are limited to factual, technical and legal errors,[30] and do not provide parties the opportunity to comment on issues of public policy, economic effects, legal implications, and effective administration and implementation of DEA proposal.

Accordingly, the Commission should decline to consider the PD's DEA proposal. It should be eliminated or rejected in its entirety from the final decision, and instead, the final should order further proceedings on the Track Three DER cost effectiveness equity issue as discussed in Section C below.

C. The PD Should be Modified to Adopt a Process for Building a Record on How Equity Issues Should Be Considered in Evaluating DER Cost Effectiveness

Because the PD does not resolve the Track Three issue of how equity should be considered when evaluating DER cost effectiveness, the Commission's final decision should keep Track Three open and direct further proceedings focused on how equity should be evaluated in DER program design, participation, and program outcomes and how to determine whether the distribution of a program's costs and benefits among customers is equitable. The final decision should make clear that distribution planning equity is not within the scope but rather is being appropriately considered in other proceedings, such as the High DER and Safety,

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[29] In addition to exceeding the scope of this proceeding, the PD's proposal fails to follow Rule 7.5(a)(1), which requires the issuance of an "assigned Commissioner's ruling or an industry division staff report setting forth recommendations on how to resolve the issues identified in the scoping memo", which has not been satisfied for the DER cost effectiveness issues in scope, much less the PD's DEA proposal that exceeds the scope.

[30] *See* Rule 14.3(c) of the Commission's Rules of Practice and Procedure: "[c]omments shall focus on factual, legal or technical errors in the proposed or alternate decision and in citing such errors shall make specific references to the record or applicable law. Comments which fail to do so will be accorded no weight."

Reliability, and Resiliency of Electrical Distribution Systems rulemakings. Consistent with Rule 7.5 of the Commission's Rules of Practice and Procedure, SCE recommends the subsequent Track Three process entail the issuance of an Assigned Commissioner's Ruling or Energy Division staff proposal setting forth recommendations on how to resolve the DER equity issue, with one or more workshops and rounds of commentary[31] that facilitate the kind of robust stakeholder input and careful, thoughtful design that is warranted for advancing this important topic.

III.

CONCLUSION

SCE appreciates the opportunity to submit these Opening Comments on the PD. SCE respectfully requests the Commission incorporate in its final decision the proposed modifications described above and as listed in Attachment A.

Respectfully submitted,

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[31] *See* Commission's Rules of Practice and Procedure 7.5 (a)(1) – (a)(3).

Appendix A

SCE's Proposed Modifications to Findings, Conclusions, and Orders

SCE's Proposed Modifications to Findings, Conclusions, and Orders

Proposed text deletions are in bold and strikethrough (**~~abcd~~**) only for affected findings, conclusions, and orders.

Proposed text additions are in bold and underlined (**abcd**) only for affected findings, conclusions, and orders.

Findings of Fact	*Proposed Modification*
4. The U.S. Department of Energy report titled "Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources" established a framework for conducting a Distributional Equity Analysis.	4. The U.S. Department of Energy report titled "Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources" established a framework for conducting a Distributional Equity Analysis **that focuses on a narrow set of questions relating to the equity impacts associated with new utility distributed energy resource investments, not on system-wide energy equity analysis (i.e., distribution planning equity) which is being addressed in other Commission proceedings.**
8. [proposed new]	**8. The issue of how to consider equity in the context of DER cost effectiveness remains open in Track Three.**
9. [proposed new]	**9. The Commission should not add system-wide energy equity analysis (i.e., distribution planning equity) to the scope of this proceeding because it is being addressed in other proceedings.**

Conclusions of Law	*Proposed Modification*
8. [proposed new]	**8. Track Three should remain open to address 1) how to timely implement the guiding principles adopted in this decision in the ACC process, and 2) how to consider equity issues in evaluating DER cost effectiveness.**
Ordering Paragraphs	*Proposed Modification*
1. This decision adopts the following guiding principles for the avoided cost calculator process: accuracy, consistency, and transparency.	1. This decision adopts the following guiding principles for the avoided cost calculator process: accuracy, consistency, and transparency. **Track Three should resolve the implementation of these guiding principles in the ACC process by March 31, 2027.**
2. This decision adopts a new Distribution Equity Analysis framework: a. Beginning in 2028, the Commission will publish an Integrated Equity and Reliability Analysis Report to identify circuit-level patterns showing relationships between distribution planning equity, reliability performance, and equity-priority population characteristics. b. The Commission's Energy Division staff will convene a public workshop on the Integrated Equity and Reliability Analysis Report. The workshop will call for both presentation of the report and feedback from impacted entities consistent with this decision. c. The Commission's Energy Division staff shall publish an updated version of the Integrated Equity and Reliability Analysis Report as updated data from the "Equity Metrics in DPEP" and "Reliability" reports becomes available in subsequent reporting cycles. d. The Commission's Energy Division staff shall direct Pacific	2. **Track Three remains open to resolve the issue of how equity issues should be considered in evaluating DER cost effectiveness**. ~~This decision adopts a new Distribution Equity Analysis framework: a. Beginning in 2028, the Commission will publish an Integrated Equity and Reliability Analysis Report to identify circuit-level patterns showing relationships between distribution planning equity, reliability performance, and equity-priority population characteristics. b. The Commission's Energy Division staff will convene a public workshop on the Integrated Equity and Reliability Analysis Report. The workshop will call for both presentation of the report~~

Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to include and address the Integrated Equity and Reliability Analysis Report results in the annual Grid Needs Assessment after the results are published and assessed.	~~and feedback from impacted entities consistent with this decision. c. The Commission's Energy Division staff shall publish an updated version of the Integrated Equity and Reliability Analysis Report as updated data from the "Equity Metrics in DPEP" and "Reliability" reports becomes available in subsequent reporting cycles. d. The Commission's Energy Division staff shall direct Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to include and address the Integrated Equity and Reliability Analysis Report results in the annual Grid Needs Assessment after the results are published and assessed.~~
3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each include and address the Integrated Equity and Reliability Analysis Report results in their respective subsequent General Rate Case application as described below: a. Explain the circuit-level patterns identified in the report and provide context for distribution investment decisions; b. Describe whether and how identified circuit-level findings inform utility planning and investment strategies in the GRC period of the filing; and c. Describe how rate design and cost allocation decisions reflect these equity and reliability outcomes.	~~3. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall each include and address the Integrated Equity and Reliability Analysis Report results in their respective subsequent General Rate Case application as described below: a. Explain the circuit-level patterns identified in the report and provide context for distribution investment decisions; b. Describe whether and how identified circuit-level findings inform utility planning and investment~~

	~~strategies in the GRC period of the filing; and c. Describe how rate design and cost allocation decisions reflect these equity and reliability outcomes.~~
4. Upon publication of an updated version of the Integrated Equity and Reliability Analysis Report, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall rely on the most recent version of the report to fulfill the General Rate Case filing requirements in Ordering Paragraph 3.	~~4. Upon publication of an updated version of the Integrated Equity and Reliability Analysis Report, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall rely on the most recent version of the report to fulfill the General Rate Case filing requirements in Ordering Paragraph 3.~~