BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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Application of Association of Bay Area Governments (CPUC ID 941) for Approval of the Bay Area Regional Energy Network 2028-2031 Portfolio Plan and 2028-2031 Business Plan.	Application 26-03-009 (Filed March 16, 2026)
And Related Matters	A.26-03-010 A.26-03-011 A.26-03-012 A.26-03-013 A.26-03-014 A.26-03-015 A.26-03-017 A.26-03-018 A.26-03-019 A.26-03-020 A.26-03-021 A.26-03-028

OPENING COMMENTS OF THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION IN RESPONSE TO THE ADMINISTRATIVE LAW JUDGE'S RULING OF SEPTEMBER 17, 2026

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I. INTRODUCTION

Pursuant to Rule 13.8 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure and the procedural schedule affirmed in the Assigned Commissioner's Scoping Memo and Ruling dated July 24, 2026, the Administrative Law Judge's Ruling Clarifying Issues dated September 17, 2026, and the email ruling of Administrative Law Judge Valerie Kao establishing extensions to the deadline for opening testimony set forth in the Scoping Memo, the Local Government Sustainable Energy Coalition (LGSEC) respectfully submits these Opening Comments in Application (A.) 26-03-009 and Related Matters. This submission addresses some, though not all, of the policy, structural, and

evidentiary questions set forth by the Commission concerning the 2028–2031 Energy Efficiency Portfolio Plans and 2028–2035 Business Plans.

II. RESPONSES TO SELECTED QUESTIONS

Q2 — Is equity segment funding sufficient to achieve the Commission's policy objectives?

Local Government Sustainable Energy Coalition members are responsible for advancing municipal decarbonization and electrification efforts, within a context in which overall energy affordability is of keen importance. In general, local governments would like to see tangible, measurable outcomes from equity segment investments. In that respect, before the Commission can determine whether equity segment funding is "sufficient," it needs a clearer answer to a threshold question: sufficient to achieve what, specifically?

The Commission's equity-related policy objectives, as presently articulated, are so wide ranging that funding adequacy cannot be meaningfully assessed against them. D.21-05-031 defines equity segment programs by their primary purpose, to provide energy efficiency to hard-to-reach, underserved customers and disadvantaged communities as a means to advance the Environmental and Social Justice (ESJ) Action Plan, rather than to achieve a quantified outcome.[1] The Commission's September 2024 evaluation of third-party equity programs tracks the equity segment through indicators, which the Commission distinguishes from metrics because indicators carry no associated targets, with segment-level accountability goals under development.[2] Without a target, there is no benchmark against which funding can be judged sufficient or insufficient.

[1] See CAEECC, Energy Efficiency Equity Resource Page, https://www.caeecc.org/energy-efficiency-equity-program-resource

[2] Opinion Dynamics, CPUC Third-Party Equity Programs Process and Effectiveness Evaluation Final Report, September 12, 2024 at pages 12, 17-18.

The portfolio administrators' filing confirms this gap.[3] In their August 1, 2025 advice letters, the administrators reported that the equity and market support segments have no goals, asked the Commission to select one equity (i.e., participation count, share of portfolio participants who are equity-target, or equity-target bill savings) and one market support construct, and set aside $1 million to evaluate baselines and assess future targets.[4] Until those objectives exist, there is no basis with which funding can be determined to be sufficient.

The administrators also acknowledge that a participation-based construct "may encourage PAs to target easier-to-reach equity-target customers, such as those in DACs while discouraging attention on HTR customers, especially in rural areas,"[5] and that a bill-savings approach "may discourage fuel substitution measures for equity-target customers."[6] Whatever construct the Commission selects should include safeguards against unintended adverse consequences, such as separate reporting for rural and Tribal hard-to-reach customers, and bill savings described with and without electrification measures, as the administrators suggest.[7]

LGSEC recommends the Commission require portfolio administrators to report equity segment outcomes against concrete, locally meaningful metrics; for example, measurable affordability impacts for the communities served, not simply dollars obligated or participant counts. There is also a definitional question that underlies this inquiry: if equity is treated as a freestanding funding segment, sufficiency can be assessed by segment budget alone. But if equity considerations are properly understood as interconnected with every other segment of portfolio delivery, then a different, more integrated approach to funding adequacy is warranted, one that evaluates equity outcomes across the full portfolio rather than only within a walled-off equity segment.

The Commission's adopted indicator framework and the California Energy Efficiency Coordinating Committee (CAEECC) support an integrated approach. Equity indicators endorsed

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[3] Pacific Gas and Electric Company, Advice Letter 5095-G/7664-E (Aug. 1, 2025), and attached Equity and Market Support Goal Constructs Report (Aug. 1, 2025).
[4] *Advice Letter 5095-G/7664-E, at 3–4, and attached Goal Constructs Report.*

[5] *Getting to Implementation: The Status of Local Climate Action in California* (Nov. 2023), by UC Berkeley's Center for Law, Energy, & the Environment, the Institute for Local Government and Next 10.
[6] *Equity and Market Support Goal Constructs Report*, Table 10 (construct E-3, "Cons"), at page 29
[7] *Goal Constructs Report*, Table 8, construct E-2, at page 27; Table 10, construct E-3, at page 29.

by CAEECC's Equity and Market Support Working Group, many of which the Commission adopted in D.23-06-055, count equity-target participants in the market support and resource acquisition segments,[8] track the share of hard-to-reach (HTR) and disadvantaged-community (DAC) participants across the portfolio,[9] and measure participants' expected first-year bill savings.[10] CAEECC cautions that its list of equity programs in the Commission's CEDARS reporting system is not exhaustive, because portfolio administrators offer programs with equity components outside the designated Equity segment.[11]

In this context, LGSEC recommends that any assessment of funding sufficiency draw on portfolio-wide indicators rather than on equity segment budgets alone. LGSEC further advocates that, as the Commission's evaluator suggested, portfolio administrators document in each equity program's implementation plan how the program's goals, metrics, and indicators align with its program theory and logic model, how the data will be collected and by whom, and how and when they will be reported to the Commission.[12]

LGSEC urges the Commission to treat local government capacity as a core equity investment rather than an overhead item. Local governments are trusted messengers for hard-to-reach residents and small businesses. They are often the party that connects a household, tenant or business owner to a program.[13] That role depends on staff who understand the programs, can help customers navigate eligibility and contractors, and can coordinate across multiple offerings. Where local government staffing and technical capacity is thin, equity funding is more likely to go unspent or to miss the communities it is intended to reach.[14]

LGSEC recommends that the Commission expressly allow equity and market support funding to build and maintain local government capacity, with multi-year commitments so that staff and community relationships are not lost between funding cycles. The administrators' proposed market support construct would count the local jurisdictions with participation in a

[8] 3P Equity Evaluation, Indicators 3 and 4.
[9] 3P Equity Evaluation, Indicators 11 and 12.
[10] 3P Equity Evaluation, Indicators 2 and 10, at page 32.
[11] CAEECC Equity Resource Page.
[12] 3P Equity Evaluation at page 12, Recommendation 2B.

[13] D.18-05-041; ESJ Action Plan v. 2.0; CAEECC Equity Resource Page.
[14] D.18-05-041; 3P Equity Evaluation at 6; CAEECC Equity Resource Page.

portfolio, but they concede that engagement in a jurisdiction "does not necessarily demonstrate building, enabling, or maintaining demand for EE product and services."[15] LGSEC agrees, and recommends that any jurisdictional measure reflect depth of commitment and local capacity, not a bare count.[16]

The administrators' stakeholder surveys bolster this point: a local government respondent in the Eastern Sierra called the lack of "local, capable capacity to actually do the work" a bottleneck to advancing energy efficiency projects; a Fresno local government respondent explained that the disadvantaged communities who most need these programs often lack the bandwidth or capacity to learn about or use them.[17]

Q6 — Should all portfolio administrators use a single definition of Equity Targeted Customer?

LGSEC supports a single, simplified definition that is suitably expansive to cover a diversity of equity-related characteristics. From the perspective of the customers these programs are meant to serve, complexity is a barrier, not a safeguard. A resident should not need to understand the distinctions between Hard-to-Reach, Disadvantaged Communities, and Underserved to know whether they qualify for assistance; nor should a local government administering or referring residents to these programs need to navigate three overlapping definitions to make that determination.

The complexity is not hypothetical; Commission materials define these terms differently and by dissimilar criteria. Hard-to-reach is predicated on a combination of language, geographic, business-size, and leased-facility barriers, with additional customer-level criteria such as enrollment in the California Alternate Rates for Energy (CARE) or Family Electric Rate Assistance (FERA) programs and housing type.[18] Disadvantaged communities are defined in D.18-05-041 by pollution exposure and concentrations of low income, unemployment, and other socioeconomic factors, and in the ESJ Action Plan by CalEnviroScreen scores.[19] Underserved is

[15] *Goal Constructs Report* (MS-1, metric 3D, 'count of local jurisdictions with participation').
[16] CAEECC Equity Resource Page; 3P Equity Evaluation at 6 n.4.
[17] CAEECC Equity Resource Page.
[18] 3P Equity Evaluation at 6; CAEECC Equity Resource Page.
[19] 3P Equity Evaluation at pages 12-13; Recommendation 2C.

defined in Assembly Bill (AB) 841 and the ESJ Action Plan by five alternative community criteria, and elsewhere by lower rates of participation in energy efficiency programs, with standards that vary by sector.[20] Some of these definitions depend on the customer's particular characteristics; others are based on the census tract or community features in which the potential client is located. A portfolio administrator or local government applying them must first decide which definition, and which unit of analysis, governs.

LGSEC recommends a single definition operationalized through a simple checklist of qualifying criteria, where meeting any one criterion is sufficient for eligibility, rather than requiring a customer or administrator to determine which specific sub-definition applies. This approach preserves the substantive reach of present definitions while removing the administrative complexity that falls disproportionately on local governments and the residents they serve.

This method has precedent. The definition of underserved community drawn from AB 841 and the ESJ Action Plan already operates as a list of alternative criteria, any one of which is sufficient.[21] Consistent with that model, LGSEC recommends that a customer qualify where either the customer or the customer's community meets any listed criterion, and that any unified definition preserve the inclusion of California Tribal lands that appears in the Commission's ESJ community definitions.[22]

LGSEC also notes that the Commission's evaluator recommended consolidating California's energy equity documentation, including a dictionary of key terms, so that terminology is consistent across energy equity actors;[23] a single Equity Targeted Customer definition would help achieve the same objective.

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[20] 3P Equity Evaluation at page 16.
[21] 3P Equity Evaluation at pages 12, 30.
[22] CAEECC Equity Resource Page.
[23] Fuel substitution measures convert all or part of a customer's existing energy use from one CPUC-regulated fuel to another, such as natural gas to electricity; fuel switching measures involve non-utility fuels such as propane or fuel oil. See CPUC, *Fuel Substitution in Energy Efficiency*, https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/building-decarbonization/fuel-substitution-in-energy-efficiency; see also D.19-08-009 (adopting the Fuel Substitution Test). The distinction matters because customers who rely on propane or fuel oil, often in remote areas and on

Q6(a) — What level of stringency/flexibility should portfolio administrators have in determining Equity Targeted Customer status?

LGSEC advocates for a standard that is as simple as possible to administer. The qualification burden imposed by an overly stringent or granular standard falls hardest on local governments attempting to help their communities navigate these programs; if a resident's community plausibly qualifies but the determination process is too burdensome or uncertain to traverse, the practical effect is the same as if the community did not qualify at all. LGSEC recommends the Commission favor a low-burden, more inclusive determination process over a highly precise but difficult-to-administer one.

The Commission's independent evaluator found that novel program eligibility requirements were among the factors that delayed the launch of most third-party equity programs expected to begin in 2023: eligibility complexity carries real costs in program delivery.[24]

Q6(c) — Should potential population size be considered in setting Equity Targeted Customer definitions?

LGSEC's members lack the data needed to answer this question with confidence, and that information gap is itself relevant to the Commission's inquiry. Current reporting offers visibility only at the climate zone level, too coarse a geography for a local government to determine what level of service its jurisdiction is receiving relative to other communities.

LGSEC recommends that, whatever the Commission decides regarding population-size considerations in the definition itself, it should separately direct portfolio administrators to make equity-related service data available at the county level, so that local governments and the Commission have the granularity needed to evaluate these questions on an ongoing basis. This request fits within existing Commission processes. D.23-06-055 directed the development of equity segment accountability goals, including identifying the granularity of reporting detail (e.g., statewide, by portfolio administrator, or by territory), and the portfolio administrators have

Tribal lands, are not served by the gas system and may face different cost and supply conditions than customers converting from utility natural gas.

[24] Pacific Gas and Electric Company, Advice Letter 5095-G/7664-E (Aug. 1, 2025), at 3–4 (submitted with the parallel advice letters of the other portfolio administrators, including SoCalREN, BayREN and the Rural RENs), and attached *Equity and Market Support Goal Constructs Report* (Aug. 1, 2025).

acknowledged that the Commission's CEDARS reporting system needs to be updated to make relevant data easier for stakeholders to retrieve.[25] CEDARS, through which the investor-owned utilities, RENs, and certain CCAs already report program data,[26] is the natural vehicle for adding county-level detail without creating a separate reporting process.

Q7(a)–(b) — Fuel switching: statutory alignment and equity/grid/system benefits

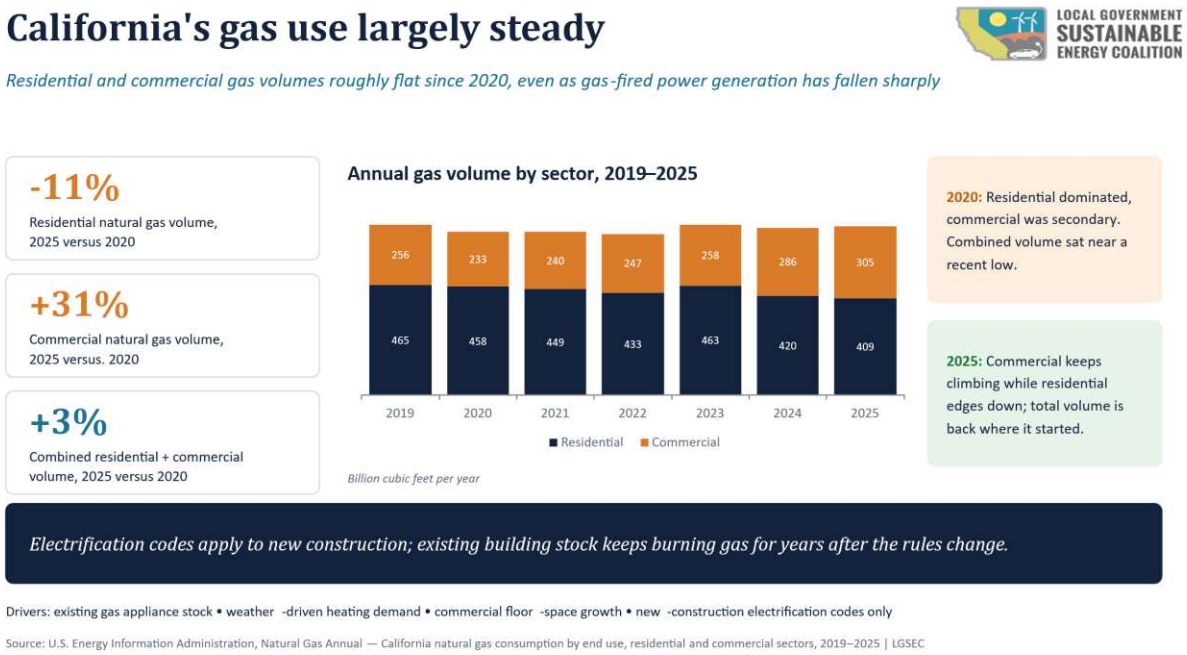
LGSEC's preliminary view is that fuel switching measures can and should be allowed, and that they offer benefits beyond greenhouse gas reduction alone, particularly for propane-dependent customers, where the case for switching is especially strong given the absence of a practical lower-carbon alternative fuel.[27]

LGSEC recommends that fuel switching be pursued through a geographically comprehensive approach rather than customer by customer. Remote areas and Tribal lands are likely to be missed by opt-in, measure-by-measure approaches. Customers there are more likely to depend on propane or other delivered fuels are farther from contractors and distributors, may be served by weaker electric infrastructure, and are reached by fewer program providers. Unless the Commission directs portfolio administrators to plan for these areas deliberately, with area-based strategies, partnerships with Tribal and local governments, and funding structured to cover higher delivery costs, largescale fuel switching will be quite slow-going. Local government and Tribal capacity to plan and coordinate this work, discussed in response to Question 2, is essential to making an area-based approach succeed.

LGSEC notes that fuel substitution can also be challenging, particularly for commercial customers. As indicated in the figure below, while residential gas use has declined by approximately 11 percent, commercial gas use has increased by roughly 30 percent over the

[25] Goal Constructs Report, Tables 6 and 8 (constructs E-1 and E-2) at 25–26; Table 10 (construct E-3) at 28.
[26] Goal Constructs Report, Table 12 (construct MS-1, metric 3D) at 31–32; *see also* 3C-REN, Goal Prioritization Data Collection (2026), Market Support interview (recommending that a local-jurisdiction metric "include a meaningful threshold").
[27] Central California Rural REN, Goal Prioritization Data Collection (2026), Market Support interview #6 (local government/regional agency, Eastern Sierra, Inyo and Mono Counties) and Equity interview #4 (local government, City of Fresno).

same period, with aggregate demand generally flat since 2020. Local governments and school districts have limited capital budgets and technical capacity to plan and finance fuel-switching projects. The Commission's approach to fuel switching should account for this commercial-sector trend, not only residential uptake.



Bill-savings goals deserve particular care. The administrators note that fuel substitution measures "may not produce positive bill savings with current energy prices," so a goal built on bill savings alone "may discourage fuel substitution measures for equity-target customers." LGSEC recommends that bill savings be reported with and without electrification measures, and for gas and electric bills separately and together, so that the bill effects of electrification are neither hidden nor penalized.[28]

Small businesses present a particular challenge for fuel substitution. Restaurants, for example, depend on gas for cooking and often cannot easily replace it; these enterprises typically operate on thin margins, often lease their space and lack the authority or incentive to invest in a landlord's building, and may need service upgrades to support electric cooking equipment. Owners and managers are time-constrained and unlikely to respond to generic program outreach.

[28] Goal Constructs Report, Table 10 (construct E-3) at 28–29.

Stakeholders interviewed by the administrators came to similar conclusions: a Salinas local government respondent identified small commercial businesses such as mom-and-pop restaurants and local markets as hard to reach and in need of barriers to upgrading removed.[29]

LGSEC recommends that the Commission direct portfolio administrators to continually improve the program design and marketing to commercial customers, including through local government and community-based partners that have relationships with these businesses. LGSEC also reiterates that any unified Equity Targeted Customer definition should preserve the inclusion of California Tribal lands, as discussed in response to Question 6.

Q10 — Low-Global Warming Potential (GWP) measures claiming Total System Benefit

LGSEC's initial inclination is that allowing low-GWP measures with no energy savings to claim TSB aligns with the statutory authority and legislative intent of the Commission's energy efficiency policies, and that such measures offer benefits beyond greenhouse gas reduction alone.

Q11 — Electrification right-sizing: when is right-sizing effective versus when is panel upsizing needed?

LGSEC's opening position is that right-sizing measures are broadly valuable and should be pursued wherever feasible, with panel upsizing reserved for instances where rightsizing genuinely cannot meet a customer's electrification needs. Avoiding unnecessary panel upsizing has direct cost and equity benefits lower-income customers and public agencies facing constrained electrification budgets.

Q12 — How should right-sizing measures be considered in cost-effectiveness and net-to-gross (NTG) attribution?

[29] Central California Rural REN, Goal Prioritization Data Collection (2026), Market Support interview #20 (local government/CBO, City of Salinas).

LGSEC recommends that right-sizing measures be assigned a higher net-to-gross attribution than comparable non-right-sizing measures, on the basis that a right-sizing intervention is more directly responsible for the customer's decision to proceed with electrification than would be the case absent the intervention. Put differently, where a right-sizing measure – such as a meter socket adapter or smart splitter – enables a project that would not otherwise have proceeded on cost grounds, the causal link between the program intervention and the customer's action is stronger. NTG attribution should reflect that.

Q13 — PG&E's proposal to continue energy efficiency funding for load shifting

LGSEC's primary concern with this proposal is administrative and programmatic coherence from a public agency's perspective: local governments and public works departments do not want to be required to engage with numerous separate programs to accomplish related goals. If a provider is already delivering energy efficiency services with load-shifting capability, that same provider should be able to offer ongoing load-shifting services directly, rather than requiring the customer to separately engage other equipment or program pathways with overlapping technical requirements to achieve the same outcome.

LGSEC urges the Commission to maintain funding for load shifting while any transition is worked out. Load shifting helps public agencies and their communities manage electricity costs and supports grid reliability as electrification adds demand. The programs and equipment that deliver it take time to build. A funding gap during the transition to a longer-term venue would strand projects already in development, erode contractor and local government capacity built around these services, and make it harder for customers to adopt electrification that relies on load management to stay affordable.

LGSEC recommends the Commission weigh this integration consideration — the practical, on-the-ground burden of fragmented program access for public agency customers — alongside the criteria PG&E and other parties propose for determining when and how to eventually transition load-shifting activities to a longer-term venue. Any transition should be sequenced so that load-shifting funding is not interrupted before the longer-term venue is in place.

III. CONCLUSION

LGSEC appreciates the opportunity to provide these Opening Comments and thanks the Commission, Assigned Commissioner and Administrative Law Judge for their consideration. LGSEC's recommendations intersect around a single goal: that programs produce measurable results for the residents and businesses that local governments serve with the least administrative complexity.

In summary, LGSEC respectfully recommends that the Commission:

1. **Define what equity segment funding must achieve before judging its sufficiency (Question 2).** Require portfolio administrators to report against concrete, locally meaningful metrics, such as measurable affordability impacts, rather than dollars obligated or participant counts; assess sufficiency using portfolio-wide indicators, not equity segment budgets alone; and treat local government capacity as a core equity investment, with multi-year funding and jurisdictional measures that reflect long-term commitment.

2. **Adopt a single, simplified definition of Equity Targeted Customer (Questions 6, 6(a) and 6(c)).** Build it as a checklist in which meeting any one criterion, by the customer or the customer's community, qualifies; preserve inclusion of Tribal lands; favor a low-burden, inclusive determination process; and direct portfolio administrators to make equity-related service data available at the county level through the CEDARS reporting system.

3. **Allow fuel switching and pursue it through a geographically comprehensive approach (Questions 7(a)–(b)).** Plan deliberately for remote areas and Tribal lands with area-based strategies and partnerships; account for commercial-sector gas use trends and the particular challenges facing small businesses; report bill savings with and without electrification measures, for gas and electric bills separately and together; and direct portfolio administrators to improve program design and marketing for commercial customers through local government and community-based partners.

4. **Allow low-GWP measures with no energy savings to claim Total System Benefit (Question 10).**

5. **Favor rightsizing and recognize its attribution (Questions 11 and 12).** Pursue right-sizing wherever feasible, reserving panel upsizing for instances where rightsizing cannot meet a customer's electrification needs and assign right-sizing measures a higher net-to-gross attribution than comparable non-right-sizing measures.

6. **Maintain load-shifting funding through any transition (Question 13).** Sequence any shift to a longer-term venue so that funding is not interrupted before that venue is in place and weigh the burden that fragmented program access places on public agency customers alongside the transition criteria that Pacific Gas and Electric Company and other parties propose.

These Opening Comments address selected questions only. LGSEC's silence on a question, or on another party's proposal, should not be read as agreement or disagreement. Several of LGSEC's positions, including those on Questions 7, 10 and 11, are preliminary, and LGSEC reserves the right to refine or supplement them, including in response to other parties' testimony, in accordance with the procedural schedule.

LGSEC thanks the Commission for its consideration of these recommendations and looks forward to continuing to participate in this proceeding.

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