

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**Item #20 (Rev. 1)
Agenda ID# 24267
RESOLUTION E-5450
July 2, 2026**

R E S O L U T I O N

Resolution E-5450. Pacific Gas & Electric Request for Modifications to the Automated Response Technology Program

PROPOSED OUTCOME:

- Approves four proposed changes to Pacific Gas & Electric’s Automated Response Technology Program (ART) program, including changes to the Day Of adjustment requirement, the timeline for the performance evaluation, tariff language changes to comply with the California Independent System Operator tariff, and minor grammatical and formatting changes to the tariff.
- Denies two proposed changes to Pacific Gas and Electric’s Automated Response Technology Program (ART), one which would raise the capacity payment and another which would change the timing of the performance calculation and the capacity payments.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution

ESTIMATED COST:

- There are no costs associated with this resolution

By Advice Letter PG&E 7748-E, Filed on October 31, 2025.

SUMMARY

This Resolution approves, with modifications, Pacific Gas & Electric (PG&E) Advice Letter (AL) 7748-E. In this advice letter, PG&E requested six distinct changes to its Automated Response Technology (ART) Program. Requests to increase capacity incentives and to remove zeroing out of negative performance are denied. Requests to remove the optionality of Day of Adjustments, increase the Performance Evaluation timeline to 30 days, make tariff changes to comply with the tariff of the California Independent System Operator (CAISO), and to make clarifying and formatting changes to the ART tariff are approved.

BACKGROUND

On December 20, 2023, the Commission issued Decision (D.) 23-12-005, *Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots, and Budgets for the Years 2024-2027*, which approved PG&E's ART program and authorized PG&E to recover \$23.8 million for ART in 2024-2027.¹ D.23-12-005 Ordering paragraph 14 also authorized PG&E to propose modifications to the design of the ART program via a Tier 2 Mid-Cycle Review (MCR) AL, due no later than November 1, 2025, "with limited deviations as necessary to ensure cost effectiveness".²

D.23-12-005 Ordering Paragraph 14 also further limits the MCR ALs to those that "manage or increase program enrollment, improve program efficiency, increase potential load reduction available, improve program value, reduce costs, or bring the program in alignment or comply with Commission policies."³

PG&E filed Advice Letter 7748-E on October 24, 2025. In the Advice Letter, PG&E requests six distinct changes to the ART program and tariff:

- a) Increase the monthly Capacity Prices by 30 percent to increase program enrollment and available potential load reduction, subject to the netting effects of proposal (b) below.

PG&E notes that under the current incentive levels, ART has seen slightly lower-than-expected participation based on its original forecast. Current projections are 81 MW in 2027, down from the original 104 MW forecasted

¹ D.23-12-005, Ordering Paragraph 25.

² D.23-12-005, Ordering Paragraph 14.

³ D.23-12-005, Ordering Paragraph 14.

in PG&E's 2023-2027 applications. PG&E indicates that its conservative estimate under the new incentives would still achieve the 104 MW originally forecast.

PG&E provides additional support for the incentive increase by citing a PG&E survey with responses from ten potential ART participants (Respondents). PG&E argues that the responses indicate a need for the incentive increase. PG&E specifically says, "50% of respondents agree that Capacity Prices should increase. However, it should be noted that the breakdown of responses in the AL says, "4 of the 10 respondents agree that Capacity Prices should increase."⁴

PG&E does not provide a formal cost-effectiveness analysis but says that the proposed incentives would not need additional funding from the approved budgets in D.23-12-005 unless significantly more MWs are attracted to the program than forecast.

- b) Update the Settlement Performance Calculation to include negative performance or customers with increases in Measured Average Hourly Load Impact.

PG&E argues that this new treatment of negative load reduction would align the program with Commission decisions and policies, but provides no citations to support this claim. PG&E claims that "Representing actual Provider portfolio performance is essential to the integrity and cost-effectiveness of the program."⁵

- c) Extend the Performance Analysis period from 15 to 30 calendar days and limit the Performance Payment period to 10 calendar days after the conclusion of the analysis.

According to PG&E, implementing this change will improve program efficiency and offer providers a firm commitment to the payment timeframe. Six out of the ten survey respondents preferred a 30-day processing timeline.

- d) Remove the optional component of the day-of adjustment in the Customer Specific Energy Baseline (CSEB).

⁴ PG&E AL 7748-E, p.6

⁵ PG&E AL 7748-E, p.9.

PG&E argues that its experience in implementing this adjustment over the past year emphasizes the need for uniformity across Providers and a consistent performance evaluation application.

- e) Align the Customer Eligibility language with the updated California Independent System Operator (CAISO) tariff requirements.
- f) Clarify the terminology in the tariff on aggregated Customer Specific Energy Baseline (CSEB), day matching baseline, and day-of adjustment, and improve formatting by adding headings and bulleted lists.

NOTICE

Notice of AL 7748-E was made by publication in the Commission's Daily Calendar. Pacific Gas & Electric states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

The Public Advocates Office (Cal Advocates) timely protested AL 7748-E on November 20, 2025. Uplight submitted a response on November 19, 2025 and Leapfrog Power, Inc. (Leap) submitted a response on November 20, 2025.

PG&E responded to the protest by Cal Advocates and to the responses from Uplight and Leap on November 26, 2025.

Cal Advocates protested PG&E's request for a 30% increase in capacity incentive payments. Cal Advocates asked the Commission to reject PG&E's proposed ART capacity price increases because PG&E's incentive increase lacks justification and would be an unreasonable use of ratepayer funds. Cal Advocates cited the lack of a formal showing of the cost-effectiveness of the higher incentives, as required in D.23-12-005 Ordering Paragraph 14. Cal Advocates also notes that PG&E has not adequately demonstrated that the underperformance was due to lower incentives rather than operational or design issues within ART. Cal Advocates also disputed PG&E's characterization that 50% of respondents to its survey said incentives should increase, noting that only four out of ten agreed with that statement, while six said it was sufficient. While PG&E acknowledged the survey results as described CalAdvocates, it indicated in reply comments that its discussions with participants of ART suggest that higher incentives could help onboard new technologies.

Uplight raised two issues in its response. First, Uplight asked that the 30% capacity price increase be raised further to reflect the negative effect of PG&E's additional request to remove the exclusion for negative performance. Uplight suggests that the exclusion could reduce the proposed rate increase by approximately 20%. Uplight also argued against PG&E's request to increase the Performance Evaluation timeline from 15 to 30 days. Uplight argues that the longer timeline will not allow providers to use the most up-to-date performance data to make the most accurate incentive nominations for the next month.

Leap's response focused on the issue of uncompensated battery exports. PG&E identified it as a potential issue for ART but noted that the Advice Letter was not the proper vehicle to address uncompensated battery exports.

DISCUSSION

The Commission has reviewed the advice letter, the protests, and the responses and discusses the requests by topic below.

a) Capacity Price Increase.

The Commission agrees with Cal Advocates that the lack of a formal cost-effectiveness analysis is problematic. In addition, a 30% increase is a significant request after just one year of program activity. PG&E's original forecast in its 2023-2027 budget application was for 104 MW by 2027. The revised forecast in the advice letter for 2027 is 81 MW. It is unclear how this 30% increase would result in the additional 23 MW capacity being estimated by PG&E. PG&E says, "ART is fulfilling its promise as a successfully operationalized distributed energy resource DR program, despite lower-than-expected first-year enrollment growth."⁶

Additionally, there is no clear evidence that the incentives alone are the reason for the participation lower than its original forecast. As Cal Advocates points out, the program did not start in earnest until late spring of 2025. After just one year, it is hard to draw firm conclusions about the causes of the lower-than-forecasted participation.

⁶ PG&E AL 7748-E, p 3

The Commission is not convinced that the survey of 10 providers provides sufficient evidence to modify incentives approved in D.23-12-005. There will always be potential providers for whom the given incentives are not adequate for their business needs. This does not immediately translate into a need for higher incentives in a prudently managed, cost-effective program. The immediate jump to higher incentives as a potential solution to lagging participation is not justified at this time. The Commission denies PG&E's request to raise capacity incentives 30%.

b) Remove the Cap on Negative Performance

PG&E does not provide sufficient evidence to back the claims regarding the removal of the cap on negative performance. D.23-12-005 Ordering Paragraph 14 allows for only limited deviations. However, cap removal is a significant change to the baseline methodology with implications that are unclear to all parties involved. Uplight states they believe this will effectively reduce the capacity price, which could have uncertain effects on participation. PG&E does not provide sufficient analysis of how this change will affect the program as a whole.

The Commission also notes that both changing incentives and removing the cap would create a new dynamic to the program that would have uncertain effects, given the limited analysis provided and the short amount of time that the program has operated. These changes do not fall within the "limited deviations" limitation required under Ordering Paragraph 14. The Commission denies this request.

c) Extend Performance Evaluation Timeline

The Commission generally prefers that performance results be provided as quickly as possible. Nonetheless, the Commission agrees that a 30-day timeline for performance evaluation is appropriate at this time. The timeline also aligns with other PG&E demand response programs, such as the Capacity Bidding Program (CBP) and the Base Interruptible Program (BIP). Uplight raised concerns that the timeline would not allow it to use the most up-to-date data to create the most accurate nomination in the following month. The Commission acknowledges the need for a more timely process but notes that preliminary performance estimations can be derived from meter data available from ShareMyData. The Commission approves this request.

d) No Optionality of the Day-Of Adjustment

The Commission agrees that removing the optional aspect of the Day-Of Adjustment is reasonable to improve efficiency and program operation, as is supported by studies. The Commission approves this request.

e) Alignment with the CAISO Tariff

PG&E's requested tariff changes to align customer eligibility language with the CAISO tariff are within the authorized scope of Ordering Paragraph 14. The Commission approves this request.

f) Tariff Clarification and Formatting

PG&E's requested clarifying and formatting changes to the tariff are a limited deviation that is within the scope of Ordering Paragraph 14. The Commission approves this request.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

Uplight provided timely comments on June 18, 2026. PG&E provided timely reply comments on June 23, 2026.

Uplight raised two issues with the draft Resolution. Uplight objected to the denial of PG&E's request to raise incentive payments by 30% and objected to the approval of PG&E's request to extend the performance evaluation timeline from 15 to 30 days.

Uplight urged the Commission to reconsider its rejection of a 30% increase in the incentive rate. Uplight objects to the Commission characterization that the changes do not fall under the "limited deviations" authorization in Ordering paragraph 14 of D.23-12-005 and the rate increase is specifically allowed to increase enrollment. While the

decision permits the Advice Letter to include incentive changes to increase enrollment, PG&E still has the burden to show that these increases are needed and appropriate.

Uplight also objected to the determination that a cost-effectiveness showing was needed. Uplight noted the high cost-effectiveness score for ART in the 2023-2027 Application process and the fact that no new budget is requested. The Commission rejects this argument; OP 14 in D.23-12-005 limits the MCR AL, "...with limited deviations as necessary to ensure cost-effectiveness."⁷ Without a cost-effectiveness showing the Commission cannot be assure that ART remains cost-effective from a major incentive increase.

Uplight further disagreed with the Commission's approval of the performance evaluation timeline, reiterating that it would impose additional aggregator financial risk introduce a double penalty. PG&E in reply comments reiterated its operational need for the extended timeline and discussed the different other DR programs to show ART provided more flexibility than its other DR programs for aggregators which mitigated the financial risk.

Uplight's comments do not identify any factual or legal error in the draft Resolution. Accordingly no changes have been made

FINDINGS AND CONCLUSIONS

1. Commission Decision 23-12-005 Ordering Paragraph 14 allowed PG&E to file a Mid-Cycle Review Advice Letter for the Automated Response Technology program with limited deviations as necessary to ensure cost-effectiveness.
2. PG&E properly filed AL 7748-E by November 1, 2025, requesting six changes to the Automated Response Technology Program.
3. One year of performance is insufficient to warrant a significant increase in capacity prices.
4. There is no clear evidence that the incentives alone are the reason for the lower-than-forecasted participation in ART.
5. PG&E's request to no longer cap negative performance at zero is not supported with sufficient analysis and does not represent a limited deviation as is required in Ordering Paragraph 14 of D.23-12-005.

⁷ D.23-12-005, OP 14, p.

6. PG&E's concurrent requests to change capacity incentives and cap negative performance do not fall within the "limited deviations" limitation required under Ordering Paragraph 14 of D.23-12-005.
7. Extending the Performance Evaluation timeline from 15 days to 30 days is consistent with other Demand Response programs.
8. Efficiency and program performance are improved with the use of a Day-of Adjustment.
9. PG&E's requested tariff changes to align customer eligibility language with the CAISO tariff are within the scope of Ordering Paragraph 14 of D.23-12-005.
10. PG&E's requested clarifying and formatting changes to the tariff are a limited deviation that is within the scope of Ordering Paragraph 14 of D.23-12-005.

THEREFORE IT IS ORDERED THAT:

1. The request of the Pacific Gas & Electric to make various changes to the Automated Response Technology Program, as requested in Advice Letter 7748-E, is approved in part and denied in part as indicated in this Resolution.
2. PG&E shall submit a Tier 1 AL within 30 days of the effective date of this Resolution to update the Automated Response Technology Program tariff to reflect the modifications authorized in this Resolution.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 2, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added
upon adoption of the resolution

Dated July 2, 2026, at City of Fort Bragg Town Hall, 363 N Main Street, Fort Bragg,
CA 95437, California.

