CPUC Docket: A.26-01-003 et al.
Exhibit Number: TURN-01E
Witness: Jennifer Kallay

PREPARED TESTIMONY OF JENNIFER KALLAY

ON THE ENERGY SAVINGS ASSISTANCE (ESA) PROGRAMS

ADDRESSING PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND SOUTHERN CALIFORNIA GAS COMPANY'S 2028-2033 INCOME-QUALIFIED PROGRAM APPLICATIONS AND RELATED MATTERS

Submitted on Behalf of

THE UTILITY REFORM NETWORK

Jennifer Kallay, Principal Associate
Synapse Energy Economics
485 Massachusetts Avenue, Suite 3
Cambridge, Massachusetts 02139
Email: jkallay@synapse-energy.com

November 18, 2026 (errata)~~November 13~~~~September 14, 2026~~ (corrected)

Table of Contents

INTRODUCTION AND OVERVIEW 1

SUMMARY OF FINDINGS AND RECOMMENDATIONS 3

ESA PROGRAM – ISSUE 3.A. 9

Budgets 9

Escalation 22

Goals 24

ESA PROGRAM – ISSUE 3.B. ..... 27~~26~~

Coordination on Electrification ..... 27~~26~~

Health, Comfort, and Safety (HCS) Measures ..... 28~~27~~

ESA PROGRAM – ISSUE 3.C. ..... 32~~31~~

Expanding Access to Cooling and Electrification and Bill Impact Analysis ..... 32~~31~~

ESA PROGRAM – ISSUE 3.D. ..... 35~~34~~

Multifamily Whole Building Program (MFWB) ..... 35~~34~~

ESA PROGRAM – ISSUE 3.E. ..... 37~~36~~

ESA Fund-Shifting, Unspent and Uncommitted Funds, and Carryover Rules ..... 37~~36~~

OTHER CARE/ESA/FERA ISSUES – ISSUE 4.B. IQP EVALUATIONS, STUDIES, PILOTS, WORKING GROUPS, AND REPORTING ..... 40~~39~~

Income-Qualified Potential Study ..... 40~~39~~

Pilots ..... 41~~40~~

Reporting ..... 43~~42~~

INTRODUCTION AND OVERVIEW

Q. Please state your name, title, and employer.

A. My name is Jennifer Kallay. I am a Principal Associate at Synapse Energy Economics ("Synapse"), located at 485 Massachusetts Avenue, Suite 3, Cambridge, MA 02139.

Q. Please describe Synapse Energy Economics.

A. Synapse Energy Economics is a research and consulting firm specializing in electricity and gas industry regulation, planning, and analysis. Our work covers a range of issues, including economic and technical assessments of demand-side and supply-side energy resources; energy efficiency policies and programs; power sector transformation; integrated resource planning; electricity market modeling and assessment; renewable resource technologies and policies; and climate change strategies. Synapse works for a wide range of clients, including state attorneys general, offices of consumer advocates, trade associations, public utility commissions, environmental advocates, the U.S. Environmental Protection Agency, U.S. Department of Energy, U.S. Department of Justice, the Federal Trade Commission, and the National Association of Regulatory Utility Commissioners. Synapse has over 40 professional staff with extensive experience in the electricity and natural gas industries.

Q. Please summarize your professional and educational experience.

A. I have 19 years of professional experience analyzing the benefits and costs of energy efficiency efforts for jurisdictions in the United States and Canada including California, Massachusetts, Rhode Island, Hawaii, Vermont, New Jersey, Arkansas, Minnesota, Virginia, Prince Edward Island, Ontario, New Mexico, Alberta, New Brunswick, and Nova Scotia. Since 2012, I have supported the Rhode Island Division of Public Utilities & Carriers in assessing the impacts of utility energy efficiency plans and delivery strategies on customers. My work entails reviewing different regulatory approaches to spur energy efficiency; assessing the ability of utility energy efficiency plans to tap into cost-effective

potential; researching best practice program designs and policies; understanding and accounting for the full benefits of energy efficiency; and conducting rate and bill impact, participant, and cost-effectiveness analyses. I received a Bachelor of Arts in Journalism from the University of Maryland and a Master of Energy and Environmental Analysis Degree from Boston University. My resume is attached as Appendix A.

Q. Have you previously testified before the California Public Utilities Commission?

A. Yes, I filed testimony on behalf of The Utility Reform Network (TURN) on the Energy Savings Assistance (ESA) Bridge Year Program and Budgets for program year 2027 in Dockets Application (A.) 25-06-022 (SDG&E), A.25-06-023 (SoCalGas), A.25-06-024 (PG&E) and A.25-06-025 (SCE), consolidated in A.25-06-022 et al. I also assisted with TURN's initial comments on the Staff Proposal for Phase Out of Natural Gas Efficiency Incentives in Rulemaking (R.) 25-04-010.[1]

Q. On whose behalf are you providing evidence in this case?

A. I am providing evidence on behalf of TURN.

Q. What is the purpose of this testimony?

A. The purpose of this testimony is to describe and assess the applications of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (collectively, the utilities or investor-owned utilities) for the proposed 2028-2033 ESA Plans.

Q. How is this testimony organized?

A. I summarize my findings and recommendations in tables at the outset of this testimony. In the sections that follow, I discuss each finding and recommendation

[1] CPUC. Rulemaking 25-04-010. Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, Evaluation. *Comments of The Utility Reform Network on Staff Proposal for Phase Out of Natural Gas Efficiency Incentives.* April 24, 2025.

in more detail. I organize these tables and the rest of my testimony according to the scoping issues set forth by the Scoping Memo and Ruling.[2] Each issue contains headers to identify the topics that I address within that issue.

Q. Are any issues in this testimony carried over from the 2027 Bridge Year proceeding?

A. Yes. In the 2027 Bridge Year proceeding, I presented recommendations on the inclusion of escalation in ESA budgets and offered three ESA reporting requirement enhancements. The Commission declined to issue any direction regarding both escalation and reporting in the 2027 Bridge Year decision and encouraged stakeholders to raise these issues in the 2028-2033 Income Qualified Programs (IQP) cycle applications, to the extent these issues persist.[3,4] I include findings and recommendations on these issues in this testimony as they remain relevant.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

Q. Please describe your findings and recommendations.

A. Table 1 below provides a summary of my findings and recommendations.

[2] CPUC. Applications 26-01-003, 26-01-005, 26-01-010, and 26-01-011. *Assigned Commissioner's Scoping Memo and Ruling.* April 7, 2026.
[3] CPUC. Decision 26-07-007. *Decision Authorizing 2027 Bridge Funding for Investor-Owned Utilities' Income-Qualified Assistance Programs.* Issued July 8, 2026. Page 57.
[4] Id., pages 53-54 and Findings of Fact No. 26.

Table 1. Summary of findings and recommendations

Scoping Issue & Topic	Findings	Recommendations
3.A. Budgets	SoCalGas~~'~~ and SDG&E propose~~s~~ to maintain or slightly decrease the ~~same~~ percent~~-~~ investment in gas-burning space heating and conventional water heating measures ~~throughout~~ over the plan period. ~~SDG&E and~~ PG&E has~~ve~~ higher investments in these measures in the early years of the cycle.	In 3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis below, I make several recommendations to require collaboration among utilities on electrification and further constrain the utilities' implementation of gas-burning space heating and conventional water heating measures during this program cycle. I recommend the Commission require the investor-owned utilities (IOU) to provide updated budgets, reflecting the implementation of these recommendations.
	SCE and SDG&E applied Commission guidance for allocating energy efficiency program fuel substitution costs to ratepayers and PG&E did not.	The Commission should require PG&E to allocate its electrification costs to electric ratepayers, consistent with the Commission's guidance for energy efficiency programs and approach taken by the other IOUs for ESA.
	The Commission has not issued guidance on how to allocate electrification costs for fuel switching.	The Commission should issue guidance on cost allocation for ESA fuel switching that is consistent with the guidance for fuel substitution, and the IOUs should allocate the costs of fuel switching to ratepayers according to this guidance.
	PG&E is authorized to install some fuel switching measures now and does not explain why it does not propose to implement these measures now.	The Commission should require PG&E to implement authorized fuel switching measures through ESA Main now.
3.A. Escalation	The presentation of budgets is not transparent in the utility filings with respect to escalation.	The Commission should direct the utilities to provide budgets with and without escalation and isolate for any proposed escalation by program and cost category.
	The application of the escalation rate assumptions by program and cost category is not clear.	The Commission should direct the utilities to provide the methodology used to calculate escalation by program and cost category and the justification for the applied methodology.

Scoping Issue & Topic	Findings	Recommendations
3.A. Goals	The households treated goal may undermine the priorities of the ESA program by conflicting with the kWh and therm savings goals.	While the Commission should continue to require reporting on the number of households treated as a metric, it should suspend the number of households treated as a goal to enable the IOUs to focus on meeting the priority needs of ESA customers.
	The utilities are not using consistent approaches to report kWh and therm savings from electrification efforts.	The Commission should require the utilities to report kWh and therm savings from electrification efforts consistently and specify an approach for this reporting.
3.B. Coordination on Electrification	SoCalGas proposes to install gas appliance measures that will compete with the fuel substitution measures proposed by SCE. The two utilities do not plan to coordinate to help customers assess which option is more affordable.	The Commission should require SCE and SoCalGas to work together to determine if fuel substitution measures can save customers money. I discuss this in more detail in the 3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis section.
3.B. Health, Comfort, and Safety (HCS) Measures	SCE is not following the Commission's guidance to characterize HCS measures as those with less than one kWh or one therm of annual energy savings. As a result, SCE identifies many more measures as HCS than the other IOUs and appears to be allocating a surprising portion of its budgets to HCS.	The Commission should require SCE to characterize its HCS measures in a way that is consistent with the approach defined by the Commission and taken by the other IOUs. This will allow the Commission and other stakeholders to compare SCE's proposed HCS spending with that of other IOUs and confirm is it reasonable.

1

2

Scoping Issue & Topic	Findings	Recommendations
3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis	There is a lack of formal guidance on coordination on the development of the bill impact analysis and the application of the results.	• The Commission should require all utilities to coordinate on the development and application of an electrification bill impact analysis for this program cycle; for SoCalGas, this requires cooperation with SCE if the customer is also served by SCE. • The Commission should issue formal guidance on the application of an electrification bill impact analysis to ESA. Regarding the guidance on the application of electrification bill impact analysis to ESA, I suggest the following: o In cases where electrification is projected to result in bill savings or no change in bills for a customer as compared to the fossil-fueled alternative, ratepayer funds must be used to support electrification so long as electrification is technically feasible. In no case should the installation of fossil-fueled equipment be allowed if technically feasible electrification is projected to cost the same or less than the fossil-fueled equipment. o In cases where technically feasible electrification is projected to result in a bill increase for a customer as compared to the fossil-fueled alternative, ratepayer funds may support electrification if the customer is informed about it and chooses it. The Commission should require the IOUs to document this choice.

1

2

Scoping Issue & Topic	Findings	Recommendations
3.D. Multifamily Whole Building Program (MFWB)	SCE and SoCalGas propose to deliver multifamily as a segment within ESA Main and therefore propose to merge planning and reporting for ESA Main and MFWB. This proposal does not allow the Commission and stakeholders to monitor the performance of the shift from regional to local administration models.	The Commission should require all IOUs to continue to plan and report MFWB separately from ESA Main.
3.E. Fund-Shifting, Unspent and Uncommitted Funds, and Carryover Rules	The utilities' proposal to allow shifting funds between years does not constrain their ability to hold onto underspent budgets that could offset ESA ratepayer charges and address affordability.	The Commission should require application of all unspent and uncommitted funds to offset the budget in the next program year. The Commission should further require the submittal of a Tier 1 Advice Letter to confirm the application of all unspent and uncommitted funds and identify the remaining collection needed.
	There is a potential for significant and persistent overspending, such that borrowing against future years depletes future year budgets to the point that the funds cannot sustain the programs.	The Commission should limit borrowing from future year budgets to a specified percent of those budgets. I recommend 10 percent as a reasonable cap for borrowing from future year budgets without more formal notification and modification.
4.B. Income-Qualified Potential Study	The IOUs did not use the 2025 Income-Qualified Potential Study's fuel substitution potential to set goals due to several shortcomings. The 2025 Income-Qualified Potential Study did not include an estimate of fuel switching potential.	The Commission should address the shortcomings of the fuel substitution potential and include fuel switching in the scope of the next Income Qualified Potential Study. The IOUs should update their fuel substitution and fuel switching budgets and goals for the remaining years of the plan to reflect the potential from the next Income Qualified Potential Study.
4.B. Pilots	There is not sufficient evidence to support SDG&E's proposal to pilot electrification. SDG&E's current rates make electrification a better deal for customers in its service territory. PG&E and SCE have been offering electrification and have documented their learnings and challenges.	The Commission should reject SDG&E's proposal to pilot electrification and require SDG&E to leverage the experiences of the other utilities to roll out electrification as part of ESA.

Scoping Issue & Topic	Findings	Recommendations
4.B. Reporting	The IOUs do not identify HCS measures or report investments, savings, benefits, and cost-effectiveness for these measures in their ESA Plans.	The Commission should require the IOUs to identify HCS measures in plans and reports and provide the costs, savings, benefits, and cost-effectiveness associated with these measures.
	The tables included in the 2028-2033 ESA Plan do not provide a separate accounting of the costs, savings, benefits, and cost-effectiveness for electric and gas portfolios.	The Commission should require the IOUs to separately plan and report electric and gas portfolio costs, savings, benefits, and cost-effectiveness.
	SCE is converting gas and propane therm savings from electrification to kWhs and combining these savings with their kWh savings from other energy savings measures. This practice is not transparent, it diverges from the way other utilities are reporting their goals, and it makes it difficult to compare the goals and cost of attaining those goals across the IOUs. The introduction of fuel substitution and fuel switching in this planning cycle is exacerbating this issue as there are more fuel types with different units of reporting.	I propose that the Commission require the IOUs to plan and report savings separately for each fuel, in native units for that fuel type. The Commission should also require the IOUs to provide energy savings aggregated across all fuel types in MMBtus.
	Greenhouse gas emissions reductions are a priority for the state and missing from the ESA plans and reports.	The Commission should require the IOUs to include greenhouse gas emissions reductions in ESA planning and reporting.

ESA PROGRAM – ISSUE 3.A.

Budgets

Q. Please summarize the proposed budgets for electric and gas ESA portfolios.

A. Table 2~~Table 2~~Table 2 below shows the 2028 to 2033 proposed budgets for each utility, by year and across years. The table shows that the utilities propose to invest 53 percent of total ESA funding in gas portfolios from 2028 to 2033. SoCalGas' budget accounts for 58 percent of the total ESA funding for gas portfolios.

Table 2. ESA proposed budgets, 2028-2033[5,6]

		Proposed						
Utility	**Units**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2028-2033**
Electric								
PG&E	$	70,465,884	78,493,182	80,721,168	82,179,105	84,003,273	78,899,703	474,762,315
SCE	$	104,794,099	107,699,038	110,867,623	113,892,246	116,968,056	120,311,238	674,532,300
SDG&E	$	10,745,632	12,482,904	12,859,290	12,868,269	13,265,458	12,631,503	74,853,056
Total	**$**	**186,005,615**	**198,675,124**	**204,448,081**	**208,939,620**	**214,236,787**	**211,842,444**	**1,224,147,671**
Gas								
SoCalGas	$	124,172,251	127,733,769	131,548,296	135,363,828	139,274,896	143,273,452	801,366,491
PG&E	$	67,702,516	75,415,018	77,555,632	78,956,395	80,709,027	75,805,597	456,144,185
SDG&E	$	16,118,450	19,524,542	20,113,250	20,995,599	21,643,643	21,507,693	119,903,177
Total	**$**	**207,993,217**	**222,673,329**	**229,217,178**	**235,315,822**	**241,627,566**	**240,586,742**	**1,377,413,853**

Q. How are the utilities' proposed ESA electric budgets changing as compared to the 2027 proposed plan?

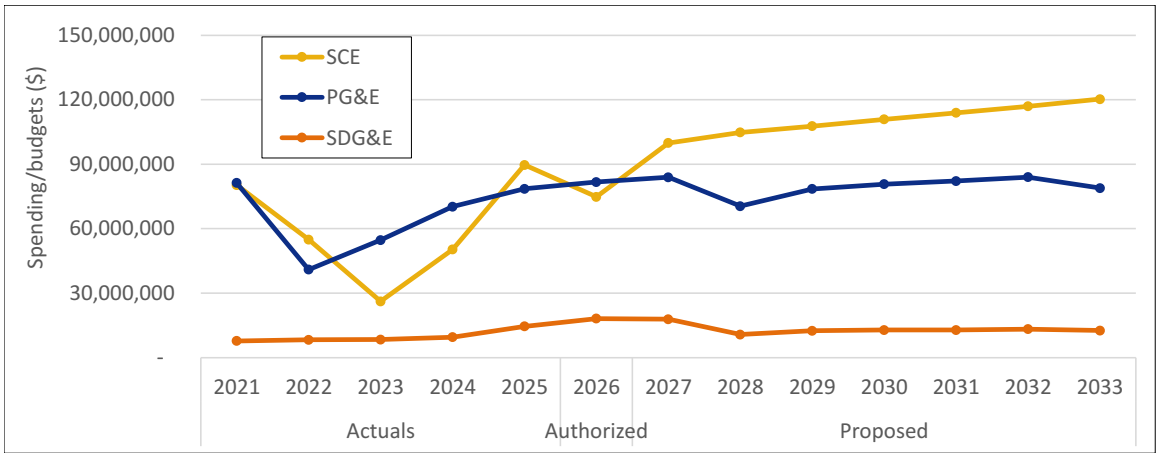
A. Figure 1 below shows the 2028 to 2033 proposed electric utility budgets as compared to actuals for 2021 to 2025, the authorized plans for 2026, and the proposed plans for 2027. 2027 reflects the budgets proposed in the 2027 Bridge Year applications (A.25-06-022 et al.) rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets determined by the Commission in D.26-07-007. SCE is proposing to increase the 2033 budget

[5] Sources: TURN PG&E 001 Q004 tab 02 (Q4) of IQPPY28-33_DR_TURN_001-Q001Atch001.xlsx, TURN SCE 002 Q004 tab 02 of TURN SCE-02_ Discovery Tables_Q1.xlsx, TURN SDG&E 001 Q004 tab 02 of Discovery Tables_Final_5-11_AMENDMENT.xlsx, and TURN SoCalGas 002 Q004 tab 02 of SoCalGas Response_TURN-DR-SoCalGas_Discovery Tables_04.27.2026.xlsx.

[6] All the discovery responses referenced in this and the following footnotes are attached to this testimony as Appendix B.

by 20 percent as compared to 2027 while PG&E and SDG&E are proposing to decrease budgets by 6 and 29 percent respectively (also relative to 2027).[7]

Figure 1. ESA electric actual spending and authorized and proposed budgets, 2021-2033[8]



Q. What proportion of the ESA budgets do the electric utilities allocate to electrification?

A. The three figures below show SCE (Figure 2), PG&E (Figure 3), and SDG&E's (Figure 4) ESA budgets for electrification[9] and energy efficiency programs, administration, direct implementation, marketing and outreach, and evaluation,

[7] PG&E and SDG&E propose lower budgets in 2033 as compared to 2032. If I compare 2032 to 2027, PG&E's budget is level and SDG&E's budget declines 26 percent.

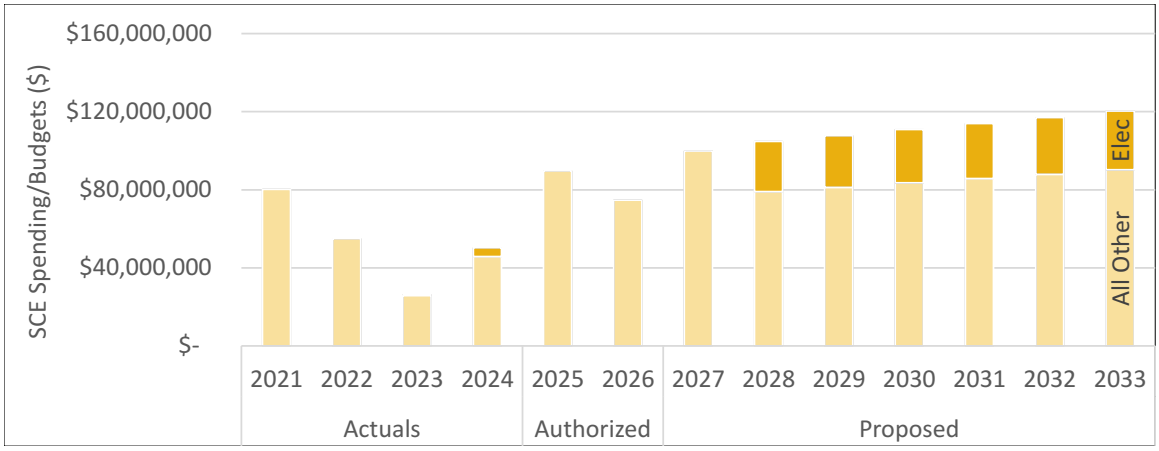
[8] Sources:

- 2021-2025 actuals are from the ESA Summary Table 1A - Expenses Summary tab of the Annual Reports.
- 2026 authorized: 2027 Bridge Year Proceeding TURN PG&E 002 Q01, D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 6 (for SCE), and 2027 Bridge Year Proceeding TURN SDG&E 001 Q15.
- 2027-2033 proposed: TURN PG&E 001 Q004 tab 02 (Q4) of IQPPY28-33_DR_TURN_001-Q001Atch001.xlsx, TURN SCE 002 Q004 tab 02 of TURN SCE-02_ Discovery Tables_Q1.xlsx, and TURN SDG&E 001 Q004 tab 02 of Discovery Tables_Final_5-11_AMENDMENT.xlsx.

[9] Electrification can include fuel substitution and fuel switching. Fuel substitution is defined as energy efficiency projects where all or a portion of the measures involve converting an existing energy use from one regulated fuel to another (e.g., natural gas to electricity). Fuel switching is defined as energy efficiency projects where all or a portion of the measures involve converting an existing energy use from one regulated fuel to another non-regulated fuel (e.g., propane, wood, or oil, to electricity).

measurement, and verification (EM&V) (identified as all other) from 2021 to 2033. The budget that the electric IOUs propose to allocate to electrification differs greatly by utility. From 2028 to 2033, SCE, PG&E, and SDG&E propose to spend 25, 10, and 9 percent of their total electric budgets on electrification respectively.

Figure 2. SCE ESA electric budgets for electrification and all other, 2021-2033 [10]



[10] Sources:

- Electrification Budgets: TURN PG&E 001 Q014 and Q015.
- All Other Budgets: Calculated by subtracting the electrification budgets from the electric portfolio budgets (see sources for Figure 1).

Notes:

- For 2025, electric portfolio budgets are actuals and electrification budgets are authorized.
- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

Figure 3. PG&E ESA electric budgets for electrification and all other, 2021-2033 [11]

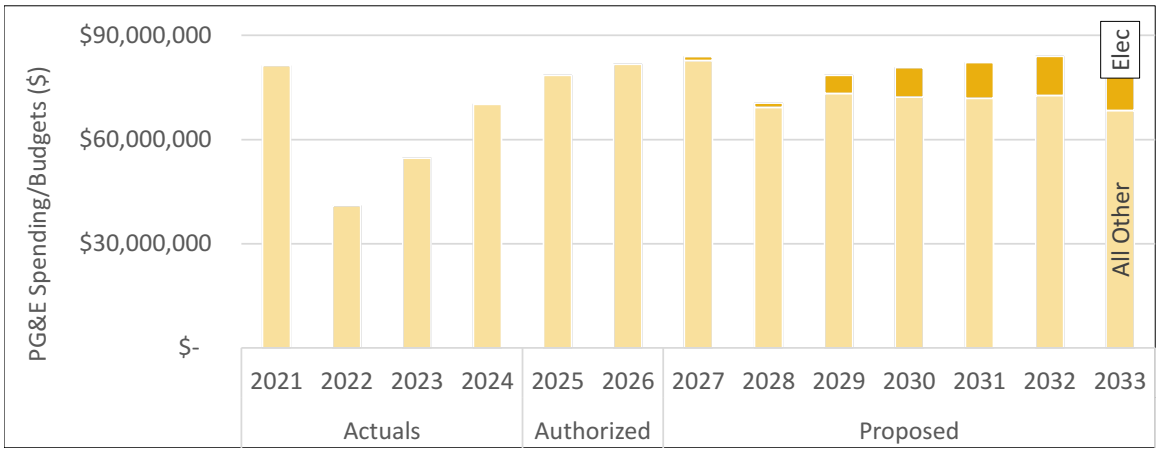
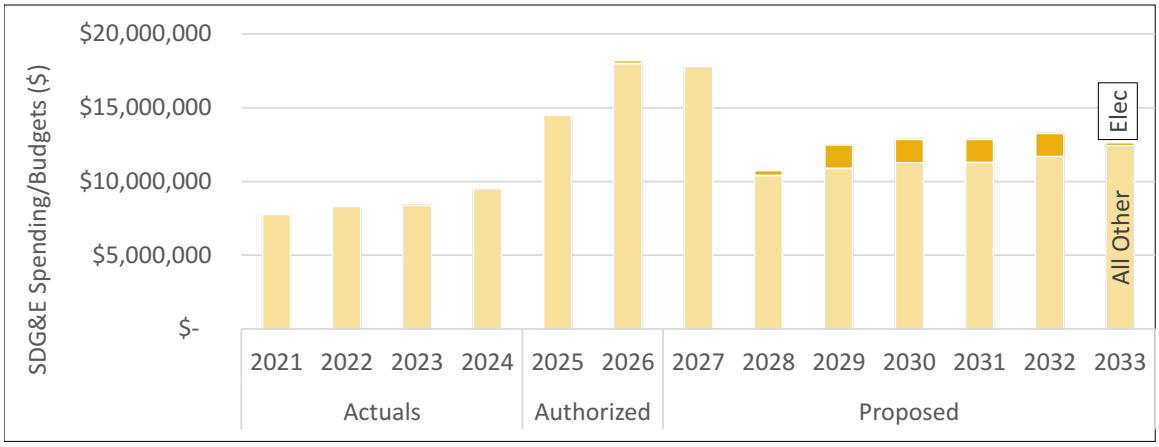


Figure 4. SDG&E ESA electric budgets for electrification and all other, 2021-2033 [12]



[11] Sources:

- Electrification Budgets: TURN SCE 002 Q014 and Q015
- All Other Budgets: Calculated by subtracting the electrification budgets from the electric portfolio budgets (see sources for Figure 1).

Notes:

- For 2025, electric portfolio budgets are actuals and electrification budgets are authorized.
- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

[12] Sources:

- Electrification Budgets: TURN SDG&E 001 Q014 and Q015 plus the Pilot for 2028-2033
- All Other Budgets: Calculated by subtracting the electrification budgets from the electric portfolio budgets (see sources for Figure 1).

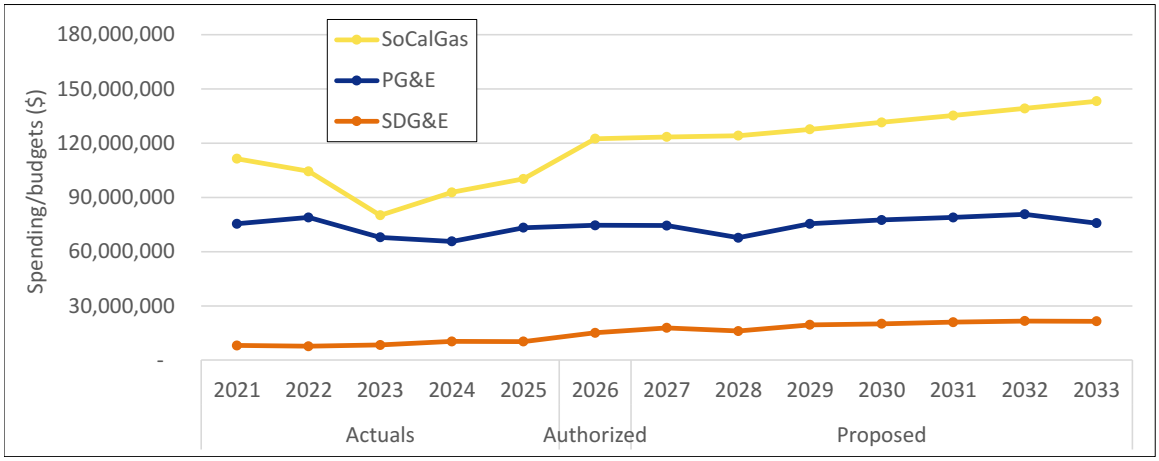
Notes:

- For 2025, electric portfolio budgets are actuals and electrification budgets are authorized.

Q. How are the utilities' proposed gas ESA budgets changing as compared to the 2027 proposed plan?

A. Figure 5 below shows the 2028 to 2033 proposed gas utility ESA budgets as compared to actuals for 2021 to 2025, the authorized plans for 2026, and the proposed plans for 2027. 2027 reflects the budgets proposed in the 2027 Bridge Year applications (A.25-06-022 et al.) rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets determined by the Commission in D.26-07-007. SDG&E and SoCalGas are proposing to increase annual budgets between 2027 and 2033 by 20 and 16 percent, respectively. PG&E is proposing a 2 percent increase in annual budgets over the same period.[13]

Figure 5. ESA gas actual spending and authorized and proposed budgets, 2021-2033[14]



- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

[13] PG&E and SDG&E propose lower budgets in 2033 as compared to 2032. If I compare 2032 to 2027, PG&E's budget is 8 percent higher and SDG&E's budget is 21 percent higher.

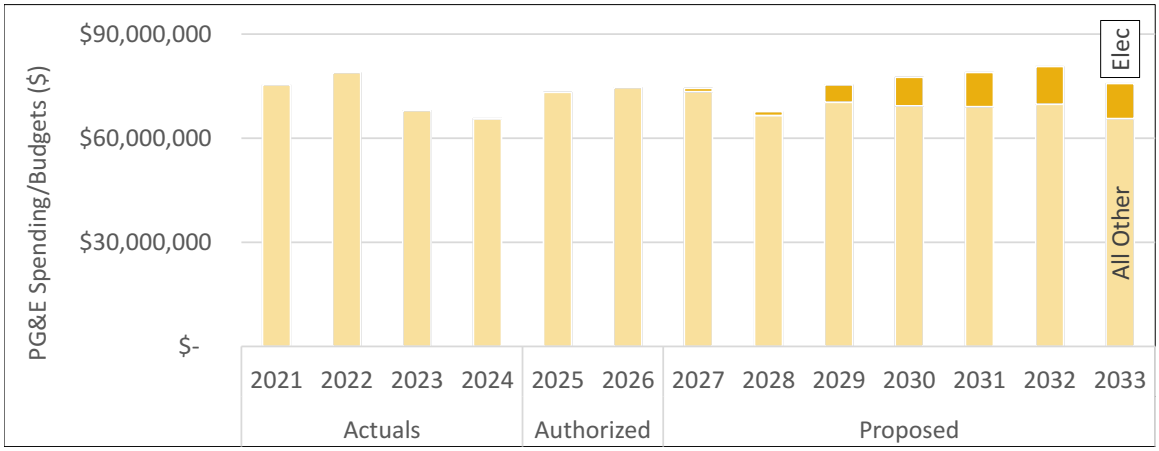
[14] Sources:

- 2021-2025 actuals are from the ESA Summary Table 1A - Expenses Summary tab of the Annual Reports.
- 2026 authorized: 2027 Bridge Year Proceeding TURN PG&E 002 Q01, 2027 Bridge Year Proceeding TURN SDG&E 001 Q15, D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 6 (for SoCalGas).

Q. What proportion of total ESA budgets do the gas utilities allocate to electrification?

A. The three figures below show PG&E (Figure 6), SDG&E (Figure 7), and SoCalGas's (Figure 8) ESA budgets for electrification and energy efficiency programs, administration, direct implementation, marketing and outreach, and EM&V (identified as all other) from 2021 to 2033. The budget that the gas IOUs propose to allocate to electrification also differs greatly by utility. For 2028 to 2033, PG&E proposes to spend 10 percent of its gas budget on electrification, SDG&E proposes 2 percent of its gas budget, and SoCalGas proposes no allocation of funds.

Figure 6. PG&E ESA gas budgets for electrification and all other, 2021-2033 [15]



- 2027-2033 proposed: TURN PG&E 001 Q004 tab 02 (Q4) of IQPPY28-33_DR_TURN_001-Q001Atch001.xlsx, TURN SDG&E 001 Q004 tab 02 of Discovery Tables_Final_5-11_AMENDMENT.xlsx, and TURN SoCalGas 002 Q004 tab 02 of SoCalGas Response_TURN-DR-SoCalGas_Discovery Tables_04.27.2026.xlsx.

Notes: 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

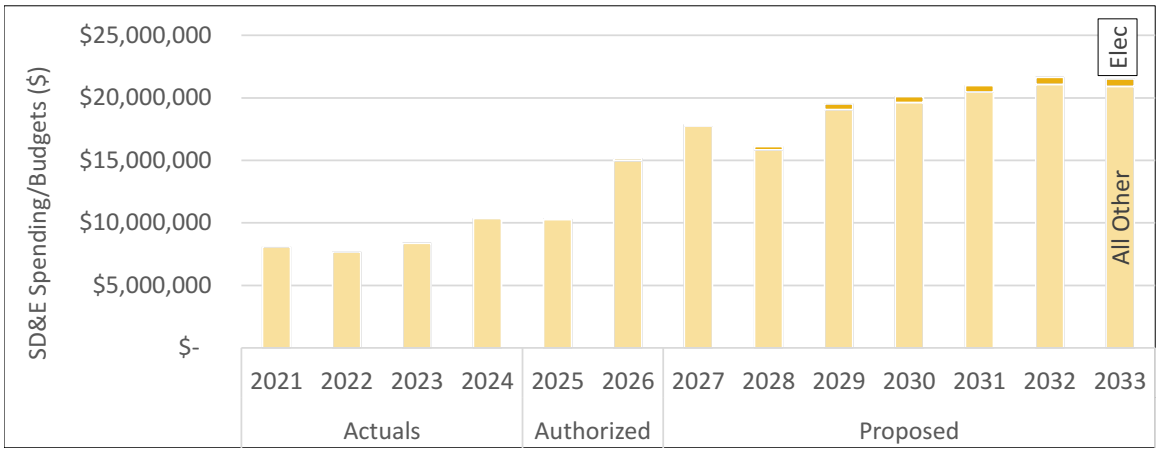
[15] Sources:

- Electrification Budgets: PG&E: TURN PG&E 001 Q014 and Q015.
- All Other Budgets: Calculated by subtracting the electrification budgets from the gas portfolio budgets (see sources for Figure 5).

Notes:

- For 2025, gas portfolio budgets are actuals and electrification budgets are authorized.

Figure 7. SDG&E ESA gas budgets for electrification and all other, 2021-2033 [16]



- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

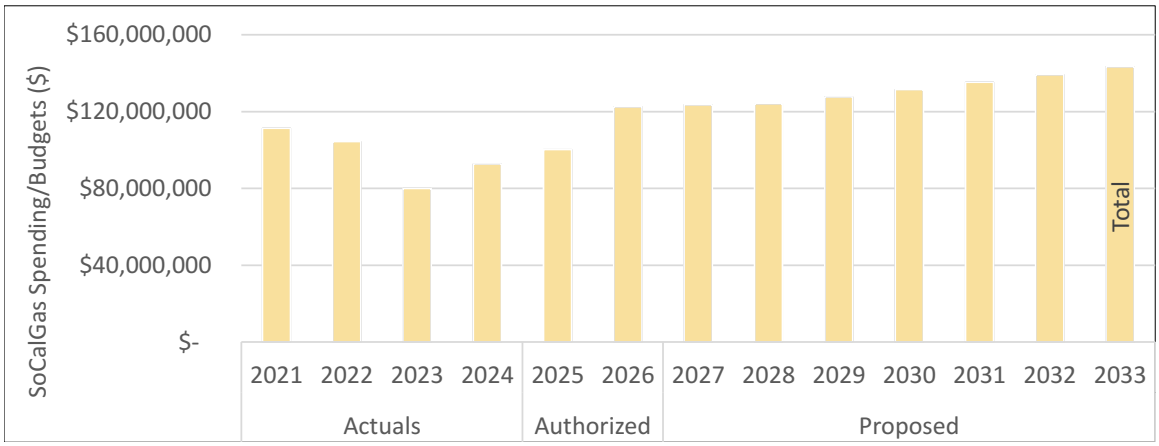
[16] Sources:

- Electrification Budgets: TURN SDG&E 001 Q014 and Q015.
- All Other Budgets: Calculated by subtracting the electrification budgets from the gas portfolio budgets (see sources for Figure 5).

Notes:

- For 2025, gas portfolio budgets are actuals and electrification budgets are authorized.
- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

Figure 8. SoCalGas total ESA gas budgets (no planned electrification), 2021-2033 [17]



Q. What investments do the gas IOUs make in gas-burning space heating measures?

A. Table 3 below provides a summary of gas IOU proposed investments in gas-burning space heating measures and the percent of the total ESA gas budget that this investment represents. SDG&E proposes to invest the most in gas-burning space heating measures ~~in 2028 and 2029,~~ as a percent of its gas budget (18 percent on average from 2028 to 2033) ~~(20 percent in 2028)~~. These investments increase from $3.3 million in 2028 to $3.9 million in 2033. ~~drop off significantly from 2030 on to $70,000 annually or 0.3 percent of gas budgets.~~ PG&E investments represent 0.5 percent of gas budgets in 2028 and decline to nearly zero percent from 2032 on. SoCalGas investments remain steady at 3.9 percent of its annual ESA budget throughout the plan period.

[17] Sources:
- Electrification Budgets: TURN SoCalGas 002 Q014 and Q015 and tabs 06 and 07 of SoCalGas Response_TURN-DR-SoCalGas_Discovery Tables_04.27.2026.xlsx.
- Total Budgets: see Figure 5.

Notes:
- For 2025, gas portfolio budgets are actuals and electrification budgets are authorized.
- 2027 reflects the budgets proposed in the 2027 Bridge Year applications rather than the authorized budgets, as the electric and gas portfolios are not broken out in the authorized budgets.

Table 3. IOU proposed ESA investments in gas-burning space heating systems[18,19]

		Proposed					
Utility	Units	2028	2029	2030	2031	2032	2033
PG&E	$	346,566	401,650	325,622	298,133	36,192	28,104
PG&E	% of gas budget	0.5%	0.5%	0.4%	0.4%	0.0%	0.0%
SDG&E	$	3,267,876	3,410,656	66,708	68,349	70,046	71,801
SDG&E	% of gas budget	20.3%	17.5%	0.3%	0.3%	0.3%	0.3%
SoCalGas	$	4,836,395	4,981,486	5,130,931	5,284,860	5,443,405	5,606,707
SoCalGas	% of gas budget	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%

		Proposed						
Utility	Units	2028	2029	2030	2031	2032	2033	2028-2033
PG&E	$	346,566	401,650	325,622	298,133	36,192	28,104	1,436,267
PG&E	% of gas budget	0.5%	0.5%	0.4%	0.4%	0.0%	0.0%	0.3%
SDG&E	$	3,267,876	3,410,656	3,526,557	3,644,995	3,767,481	3,890,375	21,507,941
SDG&E	% of gas budget	20.3%	17.5%	17.5%	17.4%	17.4%	18.1%	17.9%
SoCalGas	$	4,836,395	4,981,486	5,130,931	5,284,860	5,443,405	5,606,707	31,283,784
SoCalGas	% of gas budget	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%

Q. What ESA investments do the gas IOUs make in conventional water heating measures?

A. Table 4 below provides a summary of gas IOU proposed ESA investments in conventional water heating measures and the percent of the total gas budget that this investment represents. SoCalGas investments in conventional water heating measures are the largest of the gas IOUs and remain steady at 21 percent of its ESA budget throughout the plan period. SDG&E proposes ~~to~~a slight decline in investments from 6.6 percent in 2028 to 6.0 percent in 2033 though the absolute dollars invested increase from $1.1 million to $1.3 million. ~~invest 6.6 percent of its gas budget in conventional water heating measures in 2028. These investments drop off significantly to roughly $85,000 or 0.4 percent of gas budgets annually from 2030 on.~~ PG&E investments represent 2.5 percent of gas budgets in 2028 and decline to 1.2 percent in 2033.

[18] PY 2028 - 2033 ESA Table A-1, Planning Assumptions for the ESA Main and PY 2028 - 2033 ESA Table A-1A, Planning Assumptions for the ESA MFWB Program.

[19] Includes boilers, furnaces, furnace replacements, and high efficiency forced air units. Does not include furnace repairs and health, comfort, and safety furnace repair/replacements.

Table 4. IOU proposed ESA investments in conventional water heating measures[20,21]

		Proposed					
Utility	Units	2028	2029	2030	2031	2032	2033
PG&E	$	1,700,317	1,035,681	1,148,640	1,163,690	1,187,951	922,474
PG&E	% of gas budget	2.5%	1.4%	1.5%	1.5%	1.5%	1.2%
SDG&E	$	1,056,930	1,135,654	34,943	82,250	84,300	86,419
SDG&E	% of gas budget	6.6%	5.8%	0.2%	0.4%	0.4%	0.4%
SoCalGas	$	26,261,967	27,049,827	27,861,321	28,697,160	29,558,076	30,444,817
SoCalGas	% of gas budget	21.1%	21.2%	21.2%	21.2%	21.2%	21.2%

		Proposed						
Utility	Units	2028	2029	2030	2031	2032	2033	2028-2033
PG&E	$	1,700,317	1,035,681	1,148,640	1,163,690	1,187,951	922,474	7,158,753
PG&E	% of gas budget	2.5%	1.4%	1.5%	1.5%	1.5%	1.2%	1.6%
SDG&E	$	1,056,930	1,135,654	1,129,443	1,213,701	1,253,967	1,294,411	7,084,105
SDG&E	% of gas budget	6.6%	5.8%	5.6%	5.8%	5.8%	6.0%	5.9%
SoCalGas	$	26,261,967	27,049,827	27,861,321	28,697,160	29,558,076	30,444,817	169,873,168
SoCalGas	% of gas budget	21.1%	21.2%	21.2%	21.2%	21.2%	21.2%	21.2%

Q. Are you concerned about the level of proposed investment in gas-burning space heating and conventional water heating measures?

A. Yes. I am most concerned about SoCalGas' and SDG&E's proposals to maintain or slightly decrease ~~the same~~ the percent of investment in gas-burning space heating and conventional water heating measures throughout the plan period. SCE's ramp-up of electrification should reduce these types of investments. It would also be good for ~~SDG&E and~~ PG&E to taper investments in gas-burning space heating and conventional water heating measures earlier in the cycle.

California has aggressive goals to limit greenhouse gas emissions and decarbonize the economy. Senate Bill 1279 establishes a state policy to achieve net zero greenhouse gas emissions by 2045.[22] Assembly Bill 3232 requires greenhouse gas emissions reductions in the building stock to 40 percent below 1990 levels by 2032.[23] The California Air Resources Board's *2022 Scoping Plan for Achieving Carbon Neutrality* calls for 100 percent of appliance sales to be electric by 2035

[20] PY 2028 - 2033 ESA Table A-1, Planning Assumptions for the ESA Main and PY 2028 - 2033 ESA Table A-1A, Planning Assumptions for the ESA MFWB Program.
[21] Includes boilers, tankless and storage water heaters, other domestic hot water, water heater replacements, and water heater repairs/replacements that are not identified as health, comfort, and safety measures. Does not include water heater repairs and health, comfort, and safety water heater repair/replacements.
[22] California Senate Bill 1279. August 27, 2026.
[23] Assembly Bill No. 3232. Chapter 373. Approved September 13, 2018.

for existing residential buildings and by 2045 for existing commercial buildings.[24] The 2022 Scoping Plan scenario assumes that almost 90 percent of energy demand from buildings will be electrified by 2045.[25]

In 2024, the Commission phased out incentives for non-exempt, non-cost-effective gas energy efficiency measures installed in residential and commercial new construction with no existing gas line, or with an existing gas line if gas usage would materially increase.[26] Building envelope measures, which provide energy benefits irrespective of fuel, are not a concern. Phase 2 of that phase-out is underway with a draft proposal to include ratepayer-funded energy efficiency incentives for non-cost-effective gas measures in existing homes with a Viable Electric Alternative (VEA) and for cost-effective gas measures with a VEA installed in new construction projects.[27] These policy changes do not impact ESA. However, they signal the Commission's recognition that phasing out energy efficient gas appliances is an important step to ensuring that California will achieve its decarbonization goals and avoid stranded ratepayer investments in gas energy efficient appliances.

Q. Should low-income customers be included in this transition?

A. Yes. Some low-income customers should be included in this transition away from ratepayer-funded gas measures during this program cycle, specifically those who are unharmed by electrification or can reduce their energy bills.

Q. What do you recommend?

---

[24] California Air Resources Board. *2022 Scoping Plan for Achieving Carbon Neutrality.* Table 2-1: Actions for the Scoping Plan Scenario: AB 32 GHG Inventory Sectors. Page 76.

[25] Id., pages 212-213.

[26] CPUC. D.23-04-035. *Decision Addressing Codes and Standards Subprograms Budgets and Staff Proposal on Reducing Ratepayer-Funded Incentives for Gas Energy Efficiency Measures*. April 6, 2023.

[27] CPUC Rulemaking 25-04-010. Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, Evaluation. *Comments of The Utility Reform Network on Staff Proposal for Phase Out of Natural Gas Efficiency Incentives.* April 24, 2025.

A. In the 3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis section below, I make several recommendations to require collaboration among utilities and further constrain the utilities' implementation of gas-burning space heating and conventional water heating measures during this program cycle. I recommend the Commission require the IOUs to provide updated ESA budgets that reflect implementation of these recommendations.

Q. Do you have any concerns with the IOUs' approaches to cost allocation for electrification?

A. Yes. PG&E proposes to allocate 50 percent of fuel substitution measure costs to electric customers and 50 percent to gas customers to approximate the share of savings attributable to each fuel type by these measures.[28] SCE and SDG&E follow the Commission's guidance for energy efficiency programs and propose to allocate all costs for fuel substitution to electric customers.[29,30] The utilities are not using a consistent approach to allocate electrification costs to electric and gas ratepayers.

Q. Has the Commission issued guidance on how to allocate electrification costs to ratepayers?

A. Yes, though not specifically for ESA. The Commission issued guidance related to fuel substitution, specifically for fuel substitution programs funded through the energy efficiency portfolios. The Commission found that "fuel substitution measures and associated program costs shall be funded by the ratepayers of the new fuel, not ratepayers of the fuel being substituted."[31] PG&E's approach to cost allocation for its fuel substitution budgets does not adhere to this guidance. The

[28] TURN PG&E 001 Q010(b).
[29] TURN SCE 002 Q017.
[30] TURN SDG&E 001 Q010(a).
[31] CPUC Decision 19-08-009. *Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.* Rulemaking 13-11-005. August 1, 2019. Page 59. Available at: https://www.cpuc.ca.gov/about-cpuc/divisions/energy-division/building-decarbonization/fuel-substitution-in-energy-efficiency (accessed 9/2/26).

Commission has not adopted guidance with regards to fuel switching for ESA or for the energy efficiency portfolios.

Q. What do you recommend?

A. I recommend the Commission require PG&E to allocate its electrification costs to electric ratepayers, consistent with Commission's guidance for the energy efficiency portfolios and approach taken by the other IOUs. I also recommend that the Commission issue guidance for ESA fuel switching that is consistent with the guidance for fuel substitution. I recommend that the Commission require the IOUs allocate the costs of fuel switching to ratepayers according to this guidance.

Q. Do you have any concerns with the IOUs' approach to fuel switching?

A. SCE and SDG&E propose both fuel substitution and fuel switching[32,33] while PG&E proposes fuel substitution only.[34] PG&E states that it is authorized to install some fuel switching measures including heat pump HVAC, heat pump water heaters, and induction cooking appliances.[35] PG&E does not explain in its application and supporting testimony why it does not propose to implement the approved fuel switching measures now.[36]

Q. Why is it important for PG&E to include fuel switching for low-income customers in its ESA Plan?

A. It is important to include fuel switching because some low-income customers do not receive utility-provided natural gas. SDG&E included fuel switching in its ESA Plan "in recognition that many Tribal communities lack access to utility-provided natural gas, which would otherwise prevent them from participating in SDG&E's electrification pilot."[37] Thus, as explained by SDG&E, "[a]llowing fuel switching for Tribal households advances California's equity, decarbonization,

[32] TURN SCE 002 Q008.
[33] TURN SDG&E 001 Q008.
[34] TURN PG&E 001 Q008(a).
[35] TURN PG&E 006 Q011.
[36] PG&E provided further discussion on fuel switching in its August 10, 2026 supplemental testimony and this discussion did not address a broader roll-out of fuel switching to individual customers outside of the San Joaquin Valley (SJV) Pilot.
[37] TURN SDG&E 001 Q029(a).

and energy access goals and ensures these communities can fully participate in programs that improve energy efficiency and reduce greenhouse gas emissions."[38] PG&E also serves customers who cannot access the gas system and has already piloted fuel switching solutions for some of those customers.[39] Further, PG&E's low-income customers should not be deprived of the opportunity to switch fuels if it will reduce their energy bills. The Commission should ensure that PG&E offers fuel switching to eligible electrification measures through ESA Main, not only fuel substitution.

Q. What do you recommend?

A. I recommend the Commission require PG&E to implement authorized ESA Main fuel switching measures now.

Escalation

Q. What findings on budget escalation did you provide in the 2027 Bridge Year proceeding?

A. I found that the utilities' definitions of the term 'escalation' were inconsistent, the presentation of budgets with and without escalation was not transparent in the utility filings, and the application of the escalation rate assumptions by program and cost category was not clear.

Q. What proposed changes related to escalation did you recommend in the 2027 Bridge Year proceeding?

A. I recommended the following with regards to escalation:

- Requiring the utilities to clarify that the term 'escalation' refers to the increase in the costs of goods and services due to inflation and does not include other changes to the budget;

[38] *Id.*

[39] CPUC. Rulemaking 15-03-010. Order Instituting Rulemaking to Identify Disadvantaged Communities in the San Joaquin Valley and Analyze Economically Feasible Options to Increase Access to Affordable Energy in those Disadvantaged Communities. *Pacific Gas and Electric Company Pilot Evaluation Report.* December 11, 2024.

- Directing the utilities to provide budgets without escalation, budgets with escalation, and isolate for any proposed escalation by program and cost category for transparency for 2027 and moving forward; and
- Directing the utilities to provide the methodology used to calculate escalation by program and cost category and the justification for the applied methodology.[40]

Q. Are the utilities' filings clear that the escalation rate captures inflation and not other changes to the budget?

A. Yes. SDG&E states that it "applied a 3% annual escalation rate to labor and material costs, consistent with SDG&E's latest General Rate Case (GRC) decision for post-test-year base margin revenue increase, with long-term inflationary trends and utility sector cost forecasts."[41] SoCalGas proposes 3 percent escalation "to keep up with inflation."[42] PG&E applies escalation rates of 3.75 percent for labor and 3 percent for non-labor, for inflation and cost of living adjustments.[43] SCE assumes a 3 percent escalation for labor and a 2 percent escalation for non-labor, except for marketing, education, and outreach costs "which are escalated at five percent per year given historically higher observed and expected cost inflation." [44]

Q. Do you know what the proposed budgets are without escalation?

A. No. None of the tables in the 2028-2033 ESA Plan filing provide this information.

Q. Can you estimate the proposed budget without escalation?

A. No. The utilities provide the percentages that they use to escalate the costs in their filings and the sources for those assumptions. However, they escalate each

[40] CPUC Decision 26-07-007. *Decision Authorizing 2027 Bridge Funding for Investor-Owned Utilities' Income-Qualified Assistance Programs.* Issued July 8, 2026. Page 56.
[41] See page ESA-32 of SDG&E-03, Prepared Direct Testimony of Roland Mollen, Horace (TY) Tantum, and Mia Graff.
[42] See page OV and RC-97 of the Prepared Direct Testimony of Octavio Verduzco and Roy Christian.
[43] See page 4-126 of Pacific Gas and Electric Company's (U 39) Application for Approval of its 2028-2033 Income-Qualified Programs.
[44] See footnote 33 on page 33 of SCE-02, Testimony Supporting Southern California Edison Company's Energy Savings Assistance (ESA) Program and Budget for Program Years 2028-2033.

program and cost category differently in practice. The methodology the utilities use to escalate costs is not straightforward and they provide no explanation or rationale for the methodology they use. As a result, I cannot replicate their methodology.

Q. Do the issues that you raised in the 2027 Bridge Year proceeding remain?

A. Yes. Most of these issues continue to be present in the 2028-2033 ESA Plan filings. In the 2028-2033 IQP applications, the utilities' filings are clear that the escalation rate captures inflation and no other changes to the budget.

Q. Do you make the same recommendations in this proceeding?

A. I make two of the three recommendations again. I recommend:

- The Commission direct the utilities to provide budgets without escalation, budgets with escalation, and isolate for any proposed escalation by program and cost category for transparency.
- The Commission direct the utilities to provide the methodology used to calculate escalation by program and cost category and the justification for the applied methodology.

Goals

Q. What types of goals do PG&E, SCE, SDG&E, and SoCalGas propose in their 2028-2033 ESA Plans?

A. PG&E, SCE, SDG&E, and SoCalGas propose goals for portfolio-level kWh savings, kW savings, therm savings, and number of households treated for 2028 to 2033 in aggregate. The IOUs are proposing to allow shifts in savings across programs and years, in alignment with their proposal to modify fund-shifting.

Q. Are the types of goals proposed by PG&E, SCE, SDG&E, and SoCalGas for 2028 to 2033 different from the 2021 to 2026 and 2027 goals?

A. Yes. The 2021 to 2026[45] and 2027[46] goals were at the program level rather than at the portfolio level. In other words, there were separate goals for ESA Main and the Multifamily Whole Building Program (MFWB).

Q. Do you have any concerns with the proposed changes to the goals?

A. No. I do not have concerns with the proposed changes to the goals.

Q. Do you have any other input on the goals for the 2028-2033 ESA Plan?

A. Yes. The Commission is proceeding with "a new post 2020 design and delivery concept that would shift the focus of the ESA program away from a program treating a number of households, to one focusing on deeper savings and coordination across multiple clean energy programs."[47] This means that the number of households treated goal is a lower priority as compared to the energy savings goals. Also, the number of households treated goal conflicts with the energy savings goals in that treating more households is more administratively burdensome and can result in lower energy savings per dollar spent.

Q. What is the difference between a metric and a goal?

A. Metrics define the information that utilities, regulators, and other stakeholders use to monitor performance. A goal is the desired level of performance set for priority metrics.

[45] CPUC. D.21-06-015, Attachment 1 – Approved Budgets, Goals and Targets for CARE, FERA, and ESA (Program Years 2021-2026), Table 7.

[46] CPUC. Decision 26-07-007. *Decision Authorizing 2027 Bridge Funding for Investor-Owned Utilities' Income-Qualified Assistance Programs.* Attachment 1 – Energy Savings Assistance, California Alternate Rates for Energy, and Family Electric Rate Assistance Programs and Budgets for Program Year 2027. Issued July 8, 2026.

[47] CPUC. Decision 21-06-015. *Decision on Large Investor-Owned Utilities' and Marin Clean Energy's California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA), and Family Electric Rate Assistance (FERA) Program Applications for Program Years 2021-2026.* Issued June 7, 2021. Pages 116-132.

Q. Can the Commission continue to monitor the number of households treated?

A. Yes. It makes sense to continue to track households treated to monitor the breadth of participation and depth of engagement by household.

Q. What do you recommend?

A. I recommend continuing to report on the number of households treated as a metric while suspending households treated as a goal.[48] Suspending this goal will enable the IOUs to focus on meeting the priority needs of ESA customers.

Q. Do you have concerns with how the kWh and therm goals are estimated?

A. Yes. SCE is converting gas and propane therm savings from electrification to kWhs and combining these savings with their kWh savings from other energy savings measures.[49] PG&E and SDG&E are reporting therm savings from fuel substitution along with their therm savings from energy efficiency.[50] The utilities are not using consistent approaches to report kWh and therm savings from electrification efforts.

Q. What do you recommend?

A. I recommend the Commission require the utilities to report kWh and therm savings from electrification efforts consistently and specify an approach for this reporting.

[48] It may make sense to shift to goals in MMBtus over the longer term to better capture the changes in energy use due to fuel substitution and fuel switching, though it may be premature to shift goals to MMBtus in this proceeding. If the state moves to MMBtu goals, utilities should continue to track and report savings by fuel type in native units as well as in aggregate across fuel types in MMBtus.

[49] TURN SCE 004 Q006.

[50] TURN PG&E 001 Q015, tab 07 of IQPPY28-33_DR_TURN_001-Q001Atch001.xlsx and TURN SDG&E 001 Q015, tab 07 of Discovery Tables_Final_5-11_AMENDMENT.xlsx.

ESA PROGRAM – ISSUE 3.B.

Coordination on Electrification

Q. Are the utilities' electrification proposals well-coordinated?

A. No. While I appreciate that most of the utilities included electrification in their 2028-2033 ESA Plans, I find that the electrification proposals are not well-coordinated. I identify critical coordination issues related to electrification in the 3.A. Budget and 3.A. Goals sections above, and in the 3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis section below. These sections of my testimony include my recommendations to address these issues.

Q. Do you have additional concerns about coordination on electrification?

A. Yes. I am concerned about coordination between SCE and SoCalGas on electrification. PG&E and SDG&E are dual-fuel utilities and therefore coordination on fuel substitution can occur internally. I am more concerned about SCE and SoCalGas as they are single-fuel utilities with overlapping service territories in which coordination on fuel substitution must occur externally. External coordination is typically more challenging than internal coordination.

Q. Do SCE and SoCalGas propose to coordinate to implement electrification?

A. No. The two utilities do not propose to coordinate on the implementation of electrification in their 2028-2033 ESA Plans.[51,52]

Q. Why should SCE and SoCalGas coordinate on electrification implementation?

A. SoCalGas proposes to install gas appliance measures that will compete with the fuel substitution measures proposed by SCE. The two utilities do not plan to coordinate to help the customer assess which option is more affordable.[53]

---

[51] TURN SoCalGas 002 Q009.

[52] TURN SCE 004 Q015(d) states, "Each utility independently administers its programs, including program design, funding, cost- effectiveness evaluation, and reporting, which inherently limits the degree of coordination at the individual-customer level."

[53] TURN SCE 004 Q014 states, "CE and gas utilities do not reconcile competing cost effectiveness determinations at the individual customer level. Each utility conducts cost

Q. What do you recommend?

A. I recommend the Commission require SCE and SoCalGas to work together to determine if fuel substitution measures can save customers money. I discuss this in more detail in the 3.C. Expanding Access to Cooling and Electrification and Bill Impact Analysis section.

Health, Comfort, and Safety (HCS) Measures

Q. How should IOUs define HCS measures in their 2028-2033 ESA Plans?

A. According to Commission guidance, IOUs should characterize measures with less than one kWh or one therm of annual energy savings as HCS measures.[54,55]

Q. Are the IOUs defining HCS measures in this way in their 2028-2033 ESA Plans?

A. No, not all of them. Through discovery, I asked each utility to determine which measures are HCS measures and to better understand the costs, savings, and benefits associated with these measures. Based on this data, it does not appear that SCE is following the Commission guidance. Table 5 below includes the annual kWh or therm savings for HCS measures in the IOUs' 2028-2033 ESA Plans, among other metrics.[56] SCE provided significant annual kWh savings for electric HCS measures, which is inconsistent with the Commission's definition.

effectiveness analysis at the portfolio level and evaluates only the measures it administers. At the customer level, SCE may perform bill and rate impact analysis as a decision support tool during the home assessment process; however, this analysis is intended to inform customer choice and affordability, not to resolve or decide between competing utility offerings. Accordingly, if both a heat pump and a gas system could be considered "cost effective" under separate utility frameworks, no inter-utility reconciliation occurs."

[54] CPUC. Decision 21-06-015. *Decision on Large Investor-Owned Utilities' and Marin Clean Energy's California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA), and Family Electric Rate Assistance (FERA) Program Applications for Program Years 2021-2026.* Issued June 7, 2021. Section 6.10.8.5. Page 254.

[55] TURN SoCalGas 004 Q006.

[56] TURN SoCalGas 004 Q006(a) states that SoCalGas shows negative benefits for HCS measures, such as furnace repair/replacements, as these measures have negative benefits associated with additional gas use that are offsetting other positive benefits.

Table 5. HCS measure budgets, savings, benefits, and cost-effectiveness in 2028-2033 ESA plans[57]

	2028-2033 Proposed			
	Budgets ($)	Savings (kWh or therms)	ESACET Benefits ($)	ESACET BCA
Electric				
PG&E	$578,860	-	$153,149	0.3
SCE	$477,376,188	193,523,607	$262,083,792	0.5
SDG&E	$5,041,322	-	$4,042,310	0.8
Gas				
PG&E	$21,204,866	-	$7,479,643	0.4
SDG&E	$5,902,667	-	$404,887	0.1
SoCalGas	$18,554,111	-	-$12,573,035	less than 0

Q. Which HCS measures are electric IOUs offering?

A. Table 6 below shows the HCS measures in the electric 2028-2033 ESA Plans. SCE appears to be an anomaly in that it offers many more and different electric HCS measures than PG&E and SDG&E.

[57] Sources:

- Budgets, Savings, and ESACET Benefits: TURN PG&E 006 Q019 and tab 01 of IQPPY2833_DR_TURN_006-Q019Atch01.xlsx, TURN SCE 002 Q006 and TURN SCE-02_ Discovery Tables_Q6_Tab 03.xlsx, TURN SDG&E 001 Q006 and tab 03 of Discovery Tables_Final_5-11.xlsx, and TURN SoCalGas 002 Q006 and tab 03 of SoCalGas Response_TURN-DR-SoCalGas_Discovery Tables_04.27.2026.xlsx.
- ESACET BCA: Calculated by dividing the ESACET Benefits by the Costs.

Table 6. HCS measures offered in electric 2028-2033 ESA plans[58]

	Measure Offered (Y/N)		
Measure	**PG&E**	**SCE**	**SDG&E**
Air Purifiers	Y	N	Y
Air Sealing/Envelope	N	N	N
Central A/C replacement	N	Y	N
Central A/C Tune up	N	Y	N
Clothes Dryer	N	Y	N
CO and Smoke Alarms	N	N	N
Cold Storage	N	N	N
Comprehensive Home Health and Safety Checkups	N	N	N
Condenser Coil Cleaning	N	Y	N
Ductless Mini-split	N	Y	N
Electrical MHR for Fuel Sub	N	Y	N
Energy Efficient Fan Control	N	Y	N
Evaporative Cooler	N	Y	N
Evaporative Cooler Maintenance	N	Y	N
Evaporator Coil	N	Y	N
Exterior Hard wired LED fixtures	N	Y	N
Fan Control Adjust	N	Y	N
Faucet Aerator	N	Y	N
Freezer	N	Y	N
Heat Pump Replacement	N	Y	N
Heat Pump Water Heater	N	Y	N
Home Energy Monitor	N	Y	N
HVAC Air Filter Service	N	Y	N
Induction Cooktop/Range	N	Y	N
Laundry Duct Cleaning	N	N	Y
LED A-Lamps	N	Y	N
LED R/BR Lamps	N	Y	N
LED Reflector Bulbs	N	Y	N
Other Domestic Hot Water	N	Y	N
Pool Pumps	N	Y	N
Portable A/C	Y	Y	N
Refrigerant Charge Adjustment	N	Y	N
Refrigerator	N	Y	N
Room A/C Replacement	N	Y	Y
Room HP Replacement	N	Y	N
Smart Strip Tier II	N	Y	N
Thermostatic Shower Valve	N	Y	N
Wholehouse Fan	N	Y	N

[58] Sources: TURN PG&E 006 Q019 and tab 01 of IQPPY2833_DR_TURN_006-Q019Atch01.xlsx, TURN SCE 002 Q006 and TURN SCE-02_ Discovery Tables_Q6_Tab

Q. Which HCS measures are gas IOUs offering?

A. Table 7 below shows the HCS measures included in the gas 2028-2033 ESA Plans. Most gas IOUs offer the furnace clean and tune, furnace repair/replacement, and air sealing measures. SDG&E offers water heater repair, and SoCalGas offers CO (carbon monoxide) and Smoke Alarms.

Table 7. HCS measures offered in gas 2028-2033 ESA plans[59]

	Measure Offered (Y/N)		
Measure	**PG&E**	**SDG&E**	**SoCalGas**
Air Sealing	N	Y	N
Air Sealing/Envelope	N	N	Y
CO and Smoke Alarms	N	N	Y
Comprehensive Home Health and Safety Checkups	N	N	N
Furnace Clean and Tune	N	Y	Y
Furnace Repair/Replacement	Y	Y	Y
Natural Gas Appliance Testing (NGAT)	N	N	N
Water Heater Repair	N	Y	N
Water Heater Tank and Pipe Insulation	N	N	N

Q. How much are the IOUs investing in HCS measures?

A. Table 8 below shows the proportion of ESA budgets allocated to HCS measures. SCE proposes spending a high proportion of its ESA budget on HCS (71 percent) likely due to the number of measures it classifies as HCS measures. By comparison, the other IOUs propose 0.1 to 7 percent of their ESA budgets for HCS which is a much more reasonable allocation of spending.

03.xlsx, TURN SDG&E 001 Q006 and tab 03 of Discovery Tables_Final_5-11.xlsx, and TURN SoCalGas 002 Q006 and tab 03 of SoCalGas Response_TURN-DR-SoCalGas_Discovery Tables_04.27.2026.xlsx.

[59] *Id.*

Table 8. HCS measure budgets as percent of ESA budgets[60]

	2028-2033 Proposed		
	HCS Budgets ($)	ESA Budgets ($)	HCS % of ESA Budgets
Electric			
PG&E	$578,860	$ 474,762,315	0.1%
SCE	$477,376,188	$ 674,532,300	71%
SDG&E	$5,041,322	$ 74,853,056	7%
Gas			
PG&E	$21,204,866	$ 456,144,185	5%
SDG&E	$5,902,667	$ 119,903,177	5%
SoCalGas	$18,554,111	$ 801,366,491	2%

Q. What do you recommend?

A. I recommend that SCE characterize its HCS measures in a way that is consistent with the approach defined by the Commission and taken by the other IOUs. This will allow the Commission and other stakeholders to confirm that the HCS spending allocations proposed by the IOUs are reasonable.

ESA PROGRAM – ISSUE 3.C.

Expanding Access to Cooling and Electrification and Bill Impact Analysis

Q. Do you have any concerns about the proposals by several IOUs to expand access to electrification measures?

A. Yes. PG&E, SCE, and SDG&E's 2028-2033 ESA Plan filings mention conducting bill impact analysis to determine if electrification is more affordable for customers.[61,62] As the primary purpose of ESA is to address affordability, it is

[60] Sources:
- HCS Budgets are from **Error! Reference source not found.~~Error! Reference source not found.~~**~~Table 5~~.
- ESA Budgets are from Table 2~~Table 2~~~~Table 2~~.
- HCS % of ESA Budgets is calculated by dividing HCS Budgets by ESA Budgets.

[61] Electrification measures can include multiple types of electrification measures (such as heating, cooling, clothes drying, and cooking) packaged with energy efficiency measures (such as weatherization).

[62] Sources: Page 4-48 of Pacific Gas and Electric Company. California Alternative Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and Energy Savings Assistance (ESA) Programs and Budgets Application for the 2028-2033 Program Years (PYs) Prepared Testimony, Pages 60-61 of SCE-02 Testimony Supporting Southern California Edison

essential to assess if electrification will save ESA customers money as compared to gas, propane, wood, and oil alternatives. The ESA Policy and Procedures Manual states, "Utilities are encouraged to evaluate the potential impact of fuel substitution measures on customer energy bills."[63] I am concerned that the Commission does not require utilities to evaluate the impacts of electrification on customer energy bills.

Q. Has the Commission provided any guidance regarding how to evaluate customer bill impacts?

A. Yes. The CPUC's bill impact calculator should ultimately be used to estimate bill impacts. However, the CPUC bill impact calculator is not available yet. The most recent version of the ESA Policy and Procedures Manual provides alternative methodologies for making this assessment in the interim.[64] I am concerned that the lack of formal guidance on coordination on the development of the bill impact analysis and the application of the results will result in lost opportunities for electrification and higher bills for some customers.

Q. Are the utilities planning to coordinate to develop a bill impact analysis tool for electrification?

A. No. The utilities are not planning on coordinating on electrification bill impact tool development.[65]

Q. Are the utilities planning to coordinate on how to apply the results of a bill impact analysis to make decisions?

A. No. The utilities are not planning to coordinate on how to use the outputs of the electrification bill impact analysis tool to make decisions.[66]

Company's Energy Savings Assistance (ESA) Program and Budget for Program Years 2028-2033, and Page ESA-94 of SDG&E-03 Prepared Direct Testimony of Roland Mollen, Horace (TY) Tantum, and Mia Graff.

[63] Statewide ESA 2021-2026 Cycle Policy and Procedures Manual, v.1.6, Attachment G, Section 3.

[64] *Id.*

[65] Sources: TURN PG&E 001 Q009, TURN PG&E 006 Q015, TURN SCE 002 Q009, and TURN SDG&E 001 Q009.

[66] *Id.*

Q. Can customers install measures that are more costly to operate, if they prefer it?

A. Yes. Customers can opt to install more costly measures.[67] Also, IOUs can promote gas measures that are more costly for customers to operate than electric alternatives.

Q. Does it make sense for ratepayer funds to be used to sustain or install new gas measures that will cost customers more to operate?

A. No. Ratepayer funding should not support uneconomic gas measures. Repair or replacement of an inoperable space or water heater to address health, comfort, and safety will increase energy bills, and the bill impacts from gas appliances versus electrification warrant assessment.

Q. Does it make sense to use ratepayer funds for electrifying customers if that would increase their energy bills?

A. Generally speaking, no. Ratepayer funding should be supporting measures that reduce ESA customers' bills, so long as those measures are technically feasible. However, it is not clear how the bill impact analysis will address customers who want to add cooling. Some customers may want to add cooling, even though it will increase their energy bills. Customers should be allowed to add cooling by selecting the technology that is most economic for them and operating that technology in a way that is cost-efficient and meets their needs.

Q. What do you recommend?

A. I recommend the Commission:

- Require that all utilities coordinate on the development and application of a bill impact analysis for this program cycle; for SoCalGas, this requires cooperation with SCE if the customer is also served by SCE.
- Require that all utilities evaluate the bill impacts of all projects that contain at least one electric alternative and maximize the bill savings for electrification projects by including other energy efficiency measures such as weatherization.

[67] Sources: TURN PG&E 001 Q022, TURN SCE 004 Q012, TURN SCE 004 Q016, and TURN SDG&E 001 Q022.

- Issue formal guidance on the application of bill impact analysis to ESA.

Regarding the guidance on the application of bill impact analysis to ESA, I suggest the following:

- In cases where electrification is projected to result in bill savings or no change in bills for a customer as compared to the fossil-fueled alternative, ratepayer funds must be used to support electrification so long as electrification is technically feasible. In no case should the installation of fossil-fueled equipment be allowed if technically feasible electrification is projected to cost the same or less than the fossil-fueled equipment.
- In cases where technically feasible electrification is projected to result in a bill increase for a customer as compared to the fossil-fueled alternative, ratepayer funds may support electrification if the customer chooses it. The Commission should require the IOUs to document the customer's choice.

ESA PROGRAM – ISSUE 3.D.

Multifamily Whole Building Program (MFWB)

Q. Which utilities propose a transition to a local administration model for MFWB?

A. In their 2028-2033 ESA Plans, SCE, SDG&E, and SoCalGas propose a transition from a regional administration model to a local administration model for MFWB.

Q. Do you have concerns about SCE, SDG&E, and SoCalGas' proposal to transition to a local administration model for MFWB?

A. No, I do not have concerns about this transition, so long as SCE, SDG&E, and SoCalGas continue to transparently plan and report MFWB investments, savings, and benefits. Transparent planning and reporting means that MFWB is broken out as its own row in planning and reporting tables and not merged with other programs such as ESA Main. For TURN, the Commission, and other stakeholders to observe if the transition to a local administration model is leading to changes in planned or actual performance, MFWB must be broken out separately from the other programs.

Q. Do PG&E, SCE, SDG&E, and SoCalGas break out proposed MFWB budgets, savings, and benefits in the 2028-2033 ESA Plan tables?

A. PG&E and SDG&E provide MFWB budgets, savings, and benefits separately from ESA Main budgets, savings, and benefits.[68,69] However, SCE[70] and SoCalGas[71] do not separate MFWB planning from ESA Main.

Q. Do SCE and SoCalGas have good reason for merging MFWB with ESA Main?

A. No. SCE declined to disaggregate MFWB data as it does not propose implementing multifamily as a distinct program separate from ESA Main. For 2028-2033, SCE states that it proposes to return to the prior integrated ESA program where multifamily customers were served as a housing segment within the ESA portfolio.[72] SoCalGas states that it proposes portfolio-level goals, consistent with the request made by the other IOUs.[73] SoCalGas provides proposed MFWB-specific budgets and savings in its testimony, but not in the

[68] See SDG&E's Attach G - A.26-01-xxx ESA CARE FERA Attachment G 2028-2033 Tables 1 16 26.xlsx, Table 7: ESA Portfolio Budget by Category. PYs 2028-2033 include budgets for ESA Main and MFWB.

[69] PG&E plans MFWB separately from ESA Main for 2028 to 2033 as it is not proposing to change the administration model for this program. Table 7: ESA Portfolio Budget by Category PYs 2028-2033 includes budgets for ESA Main and MFWB.

[70] See page 93 of SCE-02, Testimony Supporting Southern California Edison Company's Energy Savings Assistance (ESA) Program and Budget for Program Years 2028-2033, which states: "SCE respectfully requests that the CPUC: …Authorize SCE to manage all aspects of MF ESA implementation within its service territory, including in-unit and common-area measures, and to integrate these services under the ESA Main program using a utility-led SPOC model to enhance trust, improve coordination, and simplify navigation for property owners and tenants." Also, Table 7: ESA Budget by Category PYs 2028-2033 include budgets for ESA Main and the MFWB row is blank.

[71] See Section 10.1.1. Budget on page OV and RC-139 of the Prepared Direct Testimony of Octavio Verduzco and Roy Christian which states, "SoCalGas requests $105,031,616 for MFWB (MF In-unit, MF CAM, and MFWB Admin) treatments for PYs 2028-2033. These budget requests are incorporated into the program-wide requests found in ESA Application Table 7 ESA Budget by Category for PYs 2028-2033." Also, Table 7: ESA Budget by Category PYs 2028-2033 include budgets for ESA Main and the MFWB row is blank.

[72] TURN-SCE-001-001(a).

[73] See Page OV and RC-10 of the Prepared Direct Testimony of Octavio Verduzco and Roy Christian.

tables associated with the filing.[74] There is nothing that prevents SCE and SoCalGas from planning and reporting MWFB efforts separately from ESA Main in its 2028-2033 ESA Plan.

Q. Why is it important to see MFWB separately?

A. The utilities faced challenges serving MFWB over the years and MFWB savings lagged the goals for the program. If the goal of this transition is to enable SDG&E, SCE, and SoCalGas to better serve multifamily properties, stakeholders should be able to see evidence of improved MFWB performance from 2028 to 2033 and as compared to the prior cycle. If the plans for these two utilities are approved without modification, the Commission and other stakeholders will not be able to monitor MFWB performance.

Q. What do you recommend?

A. I recommend the Commission require SCE and SoCalGas to show MFWB efforts separately from ESA Main in their 2028-2033 ESA Plans and ESA reporting.

ESA PROGRAM – ISSUE 3.E.

ESA Fund-Shifting, Unspent and Uncommitted Funds, and Carryover Rules

Q. What modifications do PG&E, SCE, SDG&E, and SoCalGas propose to the fund-shifting rules established previously by the Commission?

A. PG&E, SCE, SDG&E, and SoCalGas propose to have the flexibility to shift funds between programs and across all years in their 2028-2033 ESA Plans. From 2021 to 2026, the Commission required the IOUs to use uncommitted and unspent ESA Main funds at the end of each year to offset ESA collections for the next program year. The Commission did not allow the IOUs to shift funds from MFWB and pilot programs to ESA Main, without seeking authorization through a Tier 2 advice letter. The Commission did allow the IOUs to carry unspent MFWB,

[74] See Pages OV and RC-139 to OV and RC-140 of the Prepared Direct Testimony of Octavio Verduzco and Roy Christian and Attachment E, ESA Table 7: ESA Portfolio Budget by Category.

pilots, and studies funds forward from one year to the next, and to borrow funds from a future year to support implementation in a current year. Finally, the Commission required the IOUs to report all funds-shifting activities.[75]

Q. Why do PG&E, SCE, SDG&E, and SoCalGas propose these modifications?

A. PG&E, SCE, SDG&E, and SoCalGas state they want greater flexibility to apply approved funds during the six-year program cycle. They want the flexibility to respond to changes in program bandwidth and customer need by program and over time.

Q. Did the Commission support some flexibility in the application of unspent funds in the 2027 Bridge Year?

A. Yes. In D. 26-07-007 the Commission determined that, "[i]t is reasonable to apply unspent funds within ESA, to reduce rate pressures for ratepayers. All IOUs are authorized to utilize unspent MFWB and pilot funds remaining at the end of program year 2026 to reduce ESA Main collections for program year 2027. SCE may also shift funds from its CEH [Clean Energy Homes] Pilot to ESA Main."[76] For program year 2027, the Commission allowed the application of unspent funds from one program or pilot to meet a higher-than-anticipated need in another program or pilot. However, the same decision also required that "all unspent funds should be expended to offset 2027 collections and to address immediate affordability concerns."[77]

Q. Do you have concerns with PG&E, SCE, SDG&E, and SoCalGas' proposed modifications to fund-shifting for the 2028-2033 ESA Plans?

A. Yes. I am most concerned that utilities have historically underspent budgets and held onto funds that should have been used to promptly reconcile ESA ratepayer charges in subsequent years. I am concerned that this proposed modification may

---

[75] CPUC. Decision 21-06-015. *Decision on Large Investor-Owned Utilities' and Marin Clean Energy's California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA), and Family Electric Rate Assistance (FERA) Program Applications for Program Years 2021-2026.* Issued June 7, 2021. Pages 428-429.

[76] CPUC Decision 26-07-007. *Decision Authorizing 2027 Bridge Funding for Investor-Owned Utilities' Income-Qualified Assistance Programs.* Issued July 8, 2026. Page 48.

[77] Id., Page 58.

encourage these four utilities to stockpile ratepayer contributions to meet an uncertain and unspecified needs in future years of the plan, in the event of significant and persistent underspending. ESA plays an important role in improving affordability for participants. Stockpiling budgets takes funds from low-income customers to support the implementation of the programs without providing them with the opportunity to benefit from the implementation of the programs. I am also concerned about the opposite extreme whereby a utility experiences significant and persistent overspending, such that borrowing against future years depletes future year budgets to the point that the funds cannot sustain the programs. I understand that unanticipated issues can arise in any six-year planning period that require shifts. However, the utilities' proposal maximizes flexibility by eliminating all guardrails. This proposal provides too much flexibility.

Q. What do you recommend?

A. I recommend the Commission establish guardrails to prevent specific types of misuse of ratepayer funds. More specifically, I recommend the Commission:

- Require application of all unspent and uncommitted funds to offset the budget in the next program year.
- Require submittal of a Tier 1 Advice Letter by June 1 of each year to transparently document the application of all unspent and uncommitted funds and identify the remaining collection needed.[78]
- Limit borrowing from future year budgets within this program cycle to a specified percent of those budgets. Based on other jurisdictions, 10 percent is a reasonable limit to place on borrowing from future year budgets without more formal notification and modification.[79]

[78] This approach is similar to requirements adopted by the Commission for Bridge Year 2027 in D.26-07-007 at pages 59-60.

[79] A mid-term modification filing is required by the Massachusetts energy efficiency program administrators if certain criteria are met, such as if a more than 10 percent increase or decrease in three-year plan budgets at the sector level is anticipated. (See: Massachusetts

OTHER CARE/ESA/FERA ISSUES – ISSUE 4.B. IQP EVALUATIONS, STUDIES, PILOTS, WORKING GROUPS, AND REPORTING

Income-Qualified Potential Study

Q. Did the Commission procure an income-qualified potential study to support goal-setting in the 2028-2033 ESA Plan proceeding?

A. Yes. Guidehouse conducted an Income Qualified Potential and Goals Study in 2025.[80] The purpose of this study was to inform the 2028-2033 ESA Plan goals.

Q. What measures did this potential study assess?

A. The potential study included electric and gas energy savings measures and fuel substitution measures. The potential study did not include fuel switching measures.

Q. Did the IOUs leverage this potential study to set their goals?

A. Not completely. In particular, the IOUs took issue with the projections of fuel substitution potential, as the study did not account for additional electrical infrastructure or auxiliary costs to enable electrification and the possibility of customer bill increases.[81] Therefore, the IOUs did not fully leverage the fuel substitution potential to set their goals. Also, fuel switching potential was not available to inform the goals.

Department of Public Utilities, Case 20-150-A, *Investigation by the Department of Public Utilities on its own Motion into Updating its Energy Efficiency Guidelines, Guidelines for the Methods and Procedures for the Evaluation and Approval of Energy Efficiency Plans and Energy Efficiency Reports*, May 3, 2021, pg. 14-15. https://www.mass.gov/order/investigation-by-the-dpu-into-updating-its-ee-guidelines).

[80] Guidehouse, Inc. Prepared for the California Public Utilities Commission. *2025 Income Qualified Potential and Goals Study*. July 9, 2025.

[81] TURN PG&E 001 Q026, TURN SCE 002 Q026, TURN SDG&E 001 Q026, and TURN SoCalGas 002 Q026.

Q. Do you have concerns that the potential study was not leveraged in developing some of the goals?

A. Yes. I am concerned that the fuel substitution potential was not used to set fuel substitution goals. In addition, I am concerned that fuel switching potential was not included in the study.

Q. What do you recommend?

A. I recommend the Commission address the shortcomings of the fuel substitution potential and include fuel switching potential in the next iteration of the study, two years from now. I also recommend that the IOUs update the fuel substitution and fuel switching budgets and goals for the remaining plan years to reflect the updated potential.

Pilots

Q. Which utilities propose pilots in their 2028-2033 ESA Plans?

A. SDG&E is the only IOU that proposes a pilot.

Q. What pilot does SDG&E propose?

A. SDG&E proposes to pilot fuel substitution and fuel switching for single-family homes.

Q. Why did SDG&E propose to pilot electrification?

A. SDG&E's 2028-2033 ESA Plan states, "SDG&E aims to ensure fuel substitution and electrification measures do not inadvertently increase energy burden for vulnerable customers. As such, SDG&E is proposing the Pilot to test and learn how these measures can be implemented purposefully without having negative impacts."[82]

[82] SDG&E-03. Prepared Direct Testimony of Roland Mollen, Horace (TY) Tantum, and Mia Graff. Page ESA-50.

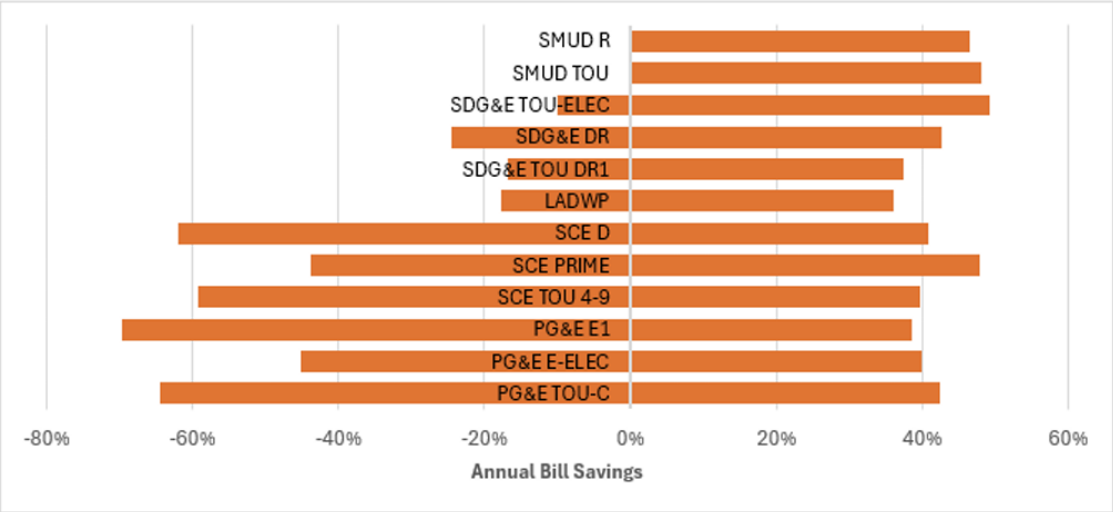
Q. Is there sufficient evidence to support the need for SDG&E to pilot electrification?

A. No. SDG&E does not make the case for differential treatment in its filing. SDG&E's filing states, "Given SDG&E's mild climate, diverse housing stock, and limited data on electrification impacts for income-qualified customers in its service territory, SDG&E will implement the Pilot at a small scale to identify the most effective approach before including measures into ESA Main. This strategy will help prevent unintended cost increases or hardships for low-income customers and provide critical insights into program design and implementation."[83]

The California Energy Commission investigated the potential for reduced energy costs by utility and summarized its findings in a report released in June 2026. Figure 9 below shows ESA customer electric and gas annual bill savings for heat pumps by utility rate from this study. The figure shows the range of annual bill savings, with potential bill increases to the left and potential bill savings to the right. The figure indicates that some low-income gas customers in SDG&E's service territory can reduce their energy bills by adopting heat pumps.

[83] Id., Page ESA-88.

Figure 9. Annual bill savings of heat pump retrofit prototypes by utility rate (*with low-income rate discounts applied)*[84]



Also, PG&E and SCE have been offering electrification for some time and have documented their learnings and challenges. SDG&E should leverage the experiences from the other utilities to roll out electrification.

Q. What do you find?

A. I do not see sufficient evidence to support SDG&E's proposal to pilot electrification.

Q. What do you recommend?

A. I recommend that SDG&E implement electrification in ESA now, instead of conducting a pilot.

Reporting

Q. What findings on reporting did you provide in the 2027 Bridge Year proceeding?

A. I found that:

[84] California Energy Commission. Staff Report. CEC-300-2026-003. *Low-Income Residential Energy Bill Impact Analysis: Modeling the Impact of Decarbonization Activities on Energy Bills in California.* June 2026. Figure 3, Page 27. Available at: https://www.energy.ca.gov/sites/default/files/2026-06/CEC-300-2026-003.pdf (accessed 8/31/26).

- The utilities do not report investments, savings, and benefits for HCS measures;
- PG&E's and SDG&E's reporting does not break out electric and gas costs and benefits; and
- The reporting of energy savings in annual kWh for electric investments and annual therms for gas investments does not allow for direct comparisons of the annual and lifetime cost of saved energy of electric and gas investments.[85]

Q. What proposed changes related to reporting did you recommend in the 2027 Bridge Year proceeding?

A. I recommended that the IOUs:

- Identify measures in monthly and annual reporting and provide the costs, savings, and benefits that are associated with health, comfort and safety measures starting in Program Year 2027;
- Separately account for gas and electric costs across the entire ESA budget starting with Program Year 2027 to permit a direct examination of the costs, savings, and benefits associated with gas ESA investments by dual fuel utilities; and
- Provide energy savings in annual and lifetime MMBtus to facilitate direct comparisons.[86]

Q. Are you able to identify the HCS measures proposed by each utility in the 2028-2033 cycle applications?

A. No. I asked each utility for this data in discovery as the tables included in the 2028-2033 ESA Plan do not identify which measures are HCS.[87]

---

[85] Prepared Testimony of Jennifer Kallay. *Addressing Proposals of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company Related to the Energy Savings Assistance (ESA) Bridge Program and Budgets for Program Year 2027. In Applications 25-06-022, 25-06-023, 25-06-024 AND 25-06-025.* Submitted on behalf of The Utility Reform Network. November 21, 2025. Pages 23-26.

[86] CPUC Decision 26-07-007. *Decision Authorizing 2027 Bridge Funding for Investor-Owned Utilities' Income-Qualified Assistance Programs.* Issued July 8, 2026. Page 52.

[87] PY 2028 - 2033 ESA Table A-1, Planning Assumptions for the ESA Main and PY 2028 - 2033 ESA Table A-1A, Planning Assumptions for the ESA MFWB Program.

Q. Are you able to assess the costs, savings, benefits, and cost-effectiveness of HCS measures?

A. No. I asked each utility for this data in discovery as I cannot calculate the costs and savings associated with these measures since I cannot identify which measures are HCS measures. Benefits and cost-effectiveness are not provided by measure in the 2028-2033 ESA Plan tables.[88]

Q. Are you able to examine the costs, savings, benefits, and cost-effectiveness of electric and gas portfolio investments?

A. No. I asked each utility for this data in discovery as the tables included in the 2028-2033 ESA Plan do not provide a separate accounting of the costs, savings, benefits, and cost-effectiveness for electric and gas portfolios. Cost, savings, and cost-effectiveness data is typically provided by program and includes both fuels. Benefits are not provided by program in the 2028-2033 ESA Plan tables.[89]

Q. Are you able to directly compare the cost-effectiveness of the electric and gas portfolios?

A. No. The ESACET BCA is not provided for the electric and gas portfolios of each utility. This makes direct comparisons of the utilities challenging as some utilities are electric only, some are gas only, and some have both fuels.

Q. Do you make the same recommendations in this proceeding?

A. Yes. Since the issues that I identified in the 2027 Bridge Year proceeding persist in the 2028-2033 proceeding, I make the same recommendations in this proceeding. I recommend:

- The Commission require the IOUs to identify HCS measures in plans and reports and provide the costs, savings, benefits, and cost-effectiveness associated with these measures.

[88] *Id.*

[89] PY 2028 - 2033 ESA Program Tables 5a, 5b, 5c, and 5d: Total Cycle Energy Savings Goals (kWh, kW, Therms) Budget, Cost Effectiveness Tests for ESA Portfolio, ESA Main, and ESA MFWB, and Pilots.

- The Commission require the IOUs to plan and report electric and gas portfolio costs, savings, benefits, and cost-effectiveness.
- The Commission require the IOUs to provide aggregate energy savings across fuels in MMBtus.

Q. Do you want to clarify your findings and recommendations regarding reporting in this proceeding?

A. Yes. As I mentioned previously, SCE is converting gas and propane therm savings from electrification to kWhs and combining these savings with their kWh savings from other energy savings measures. This practice is not transparent, it diverges from the way other utilities are reporting their goals, and it makes it difficult to compare the goals and cost of attaining those goals across the IOUs. The introduction of fuel substitution and fuel switching in this planning cycle is exacerbating this issue as there are more fuel types with different units of reporting.

Q. What do you recommend?

A. I propose that the Commission require the IOUs to plan and report savings separately for each fuel, in native units for that fuel type. The Commission should also require the IOUs to provide energy savings aggregated across all fuel types in MMBtus.

Q. Is it important to include greenhouse gas emissions reductions in reporting?

A. Yes. Greenhouse gas emissions reductions are a priority for the state as evidenced by the proposed inclusion of electrification measures in this planning cycle. If greenhouse gas emissions reductions are not documented in the 2028-2033 ESA Plans, the planning and reporting of state greenhouse gas emissions reductions from electrification as well as energy efficiency is incomplete.

Q. What do you recommend?

A. I recommend that the Commission require that all utilities add greenhouse gas emissions reductions to their plans and reports.

Q. Does this conclude your testimony?

A. Yes, it does.