Docket:	:	A.26-03-009 et al.
Exhibit Number	:	CA-01
Commissioner	:	K. Douglas
Admin. Law Judge	:	J. Fitch & V. Kao
Witness(es)	:	J. Ahlstedt
	:	O. Gutierrez Tapia
	:	P. Li-Couthouis
	:	A. Zhang

PUBLIC ADVOCATES OFFICE
California Public Utilities Commission

OPENING TESTIMONY

ON

2028 – 2031 ENERGY EFFICIENCY PORTFOLIO PLAN AND 2028 – 2035 BUSINESS PLAN APPLICATIONS

Applications (A.) 26-03-009, A.26-03-010, A.26-03-011, A.26-03-012, A.26-03-013, A.26-03-014, A.26-03-015, A.26-03-017, A.26-03-018, A.26-03-019, A.26-03-020, A.26-03-021, and A.26-03-028.

San Francisco, California
November 13, 2026

TABLE OF CONTENTS

Page

Chapter 1 EXECUTIVE SUMMARY 1-1

I. INTRODUCTION 1-1

II. SUMMARY OF TESTIMONY RECOMMENDATIONS 1-2

A. Summary of Policy Recommendations 1-5

B. Summary of Recommendations for Proposed 2028-2031 Energy Efficiency Portfolios 1-7

Chapter 2 POLICY RECOMMENDATIONS 2-1

I. INTRODUCTION 2-1

II. SUMMARY OF RECOMMENDATIONS 2-1

III. DISCUSSION 2-3

A. The Commission should approve budgets based on PAs' realistic ability to deliver results and minimize over collecting budgets from ratepayers. 2-3

1. The Commission should approve budgets based on PAs' actual budgetary need and realistic ability to deliver the projected program benefits. 2-3

2. The Commission should direct the PAs to adjust their budgets through the Mid-Cycle Budget Adjustment Advice Letter Mechanism. 2-5

3. PAs should adjust their budgets via the recommended Mid-Cycle Budget Adjustment AL Mechanism after state and regional appliance standards are adopted. 2-7

4. The Commission should disallow funding for programs which do not provide direct grid benefits. 2-10

B. Market Access Programs (MAPs) should have their budgets limited by the Total System Benefit (TSB) achievement. 2-10

C. Third-Party Procurement 2-12

1. The Commission should maintain the minimum 60 percent energy efficiency budget requirement for third-party procurement. 2-12

2. The Commission should provide greater flexibility in third-party procurement while preserving meaningful third-party participation. 2-16

D. Consolidation of Program Delivery Types 2-19

1. The Commission should preserve meaningful delivery distinctions if it authorizes consolidation of program delivery types. 2-19

E. The Commission should modernize the pilot program requirements from D.09-09-047. 2-21

1. Pilot program criteria #1 should include a requirement for PAs to explain why the PA can only test the idea or concept with a pilot program and not an existing program. 2-22

2. Pilot program criteria #3 should include a requirement that the duration of a pilot program must begin and end within the same four-year portfolio cycle.....2-23

3. Pilot program criteria #5 should include a requirement for pilot program proposals to have results and analysis ready for PAs to implement within a portfolio cycle 2-23

4. Pilot program criteria #10 should include a requirement that PAs must disseminate the results and analysis of the pilot in the same portfolio cycle as when the pilot ends.....2-24

F. The Commission should not allow energy efficiency to fund fuel switching measures 2-25

G. The Commission should assess demand response and dynamic rates policy proposals in demand response and dynamic rates proceedings, not in energy efficiency proceedings.....2-27

H. The Commission should not allow measures with no energy savings to claim TSB.....2-29

IV. CONCLUSION 2-30

Chapter 3 Review of Proposed 2028-2031 Energy Efficiency Portfolios.....3-1

I. INTRODUCTION.....3-1

II. SUMMARY OF RECOMMENDATIONS.....3-1

A. Bay Area Regional Energy Network (BayREN) 3-4

1. The Commission should adopt a 2028-2031 portfolio budget of $127 Million for BayREN, based on historical performance. 3-4

a. BayREN has historically underspent its authorized budget.3-4

b. BayREN's proposed program budgets are generally higher than claimed expenditures in 2025.....3-6

c. The Commission should adopt budgets for BayREN's programs based on each program's historical performance. 3-8

2. The Commission should not approve BayREN's "Efficiency and Sustainable Energy Home" program (EASE) for the 2028-2031 portfolio cycle as designed. 3-9

a. The Commission should not adopt BayREN's proposed change to the definition of underserved for the EASE program 3-10

i. BayREN fails to provide data on how moderate-income customers are underserved 3-13

ii. BayREN fails to explain why moderate-income customers cannot be adequately served by non-Equity segment programs 3-14

iii. BayREN fails to explain how it proposes to track moderate-income customers across its indicators and metrics 3-15

iv. The Commission should require BayREN to redesign the EASE program to comply with Equity segment requirements or reclassify EASE as a Resource Acquisition program. 3-16

b. The Commission should require BayREN to conform with the established definition of underserved in the current 2024-2027 portfolio cycle 3-17

B. Southern California Edison Company (SCE) 3-18

1. The Commission should reject SCE's proposed CDBP budget. 3-19

a. CDBP contains workforce, education, and training activities that overlap with SCE's existing Integrated Energy Education and Training (IEET) program. 3-19

b. CBDP does not produce incremental or sustained ratepayer benefits beyond contractor training and equipment incentives. 3-21

C. Tri-County Regional Energy Network (3C-REN) 3-23

1. 3CREN's requested annual budget is 107 percent larger than its most recent actual spending. 3-24

2. The Commission should set the annual budget for programs without TSB at $3.2 million. 3-26

3. The Commission should approve $3.7 million of annual budget for 3CREN's programs with projected TSB. 3-26

4. The Commission should cap all administrative budgets to 10 percent of 3CREN's portfolio budget. 3-29

5. The Commission should disallow ratepayer funding for 3CREN programs that are underutilized, underperforming, or non-cost-effective pursuant to the Executive Order N-5-24 and the State Audit. 3-30

D. San Diego Gas & Electric Company (SDG&E) 3-32

1. The Commission should reduce the budget for SDG&E's Industrial Sector Program due to the low potential for industrial energy savings in SDG&E's territory and historical underperformance of the existing Industrial Program. 3-32

E. Northern California Rural Regional Energy Network (NREN) 3-34

1. The Commission should adopt a 2028-2031 portfolio budget of $44.9 million for NREN, based on historic performance. 3-34

a. NREN has historically underspent its authorized budget. .3-35

b. NREN's proposed program budgets are significantly higher than claimed expenditures in 2025 3-36

c. The Commission should set budgets for NREN's programs based on each program's historic performance, where available. 3-37

F. Marin Clean Energy (MCE) 3-39

1. The Commission should reject the proposed budgets for Marin Clean Energy (MCE)'s Residential Flex Market and Commercial Flex Market programs. 3-39

G. Southern California Regional Energy Network (SoCalREN) 3-42

1. The Commission should not authorize the proposed Residential Resiliency Program. 3-43

a. The proposed Residential Resiliency Program does not sufficiently demonstrate incremental ratepayer benefits. ..3-43

b. The Residential Resiliency Program proposal does not sufficiently address a distinct underserved market gap. 3-46

2. The Commission should not authorize the Construction Project Management Pathway Program 3-48

3. The Commission should not authorize the Public Sector Load Flexibility Program. 3-50

a. The Public Sector Load Flexibility Program does not appropriately distinguish eligible ongoing load shifting from event-based demand response activities. 3-50

b. The Public Sector Load Flexibility Program overlaps with existing public-sector technical assistance programs without sufficiently demonstrating the need for separate funding..3-51

4. The Commission should consolidate the Public Agency PDP and DER DAC program delivery activities or reduce their budgets. ..3-53

a. The Public Agency PDP and DER DAC programs provide substantially similar technical assistance services. 3-53

b. If the Commission does not authorize consolidation of the Public Agency PDP and DER DAC program, then it should reduce their respective budgets. 3-55

H. Pacific Gas and Electric Company (PG&E) 3-56

1. The Commission should adopt a 2028-2031 portfolio budget of $696.1 million for PG&E's regional programs, based on historic performance.....3-56

a. PG&E has historically spent close to its authorized budget. .3-56

b. PG&E's proposed program budgets are generally in-line with claimed expenditures in 2025. 3-57

c. The Commission should adopt budgets for PG&E's programs based on each program's historic performance.....3-59

I. Southern California Gas Company (SoCalGas).....3-60

1. The Commission should deny SoCalGas's request to allow incentives for fuel switching from a non-regulated fuel to natural gas.....3-60

2. The Commission should allow SoCalGas to consolidate programs but reduce the budgets of the affected programs. 3-62

3. The Commission should adjust market support and equity segment budgets to ensure spending remains within the 30 percent limit set by D.21-05-031. 3-66

J. San Diego Regional Energy Network (SDREN) 3-67

1. The Commission should disallow ratepayer funding for SDREN's Market Access Program. 3-67

2. The Commission should disallow ratepayer funding for SDREN's Efficient Refrigeration program because it does not deliver substantial energy savings and is duplicative of SDG&E's program. 3-70

3. The Commission should disallow ratepayer funding for SDREN's Codes and Standards (C&S) Program because it is duplicative of existing C&S programs offered by other PAs. 3-71

4. The Commission should disallow SDREN's Single and Multifamily Programs because they are duplicative of SDG&E's programs and SDREN has not demonstrated it can achieve its spending, cost-effectiveness, and TSB targets. 3-73

K. Central California Rural Regional Energy Network (CCRREN) 3-76

1. The Commission should cap CCRREN's annual budget for programs without TSB at $6.49 million.....3-77

2. CCRREN's proposed budget of $28.9 million for programs with TSB is 16 times the 2025 expenditures and 12.5 times the 2025 budget. 3-78

L. Westlight Energy (Formerly Peninsula Clean Energy)....3-79

1. The Commission should disallow ratepayer funding for Westlight's FlexMarket program.....3-79

2. The Commission should disallow ratepayer funding for Westlight's Refrigerant Workforce, Education, and Training program.....3-81

3. The Commission should not allow Westlight to expand programs without a proven track record. 3-82

M. Inland Regional Energy Network (IREN)....3-83

1. The Commission should deny IREN's proposed 70 percent budget increase for programs without TSB and use the 2024-2025 budget level to inform the next cycle of budgets. 3-85

2. On programs with projected TSB, IREN consistently underspent and underperformed. 3-87

3. Given IREN's record of budget overcollection and underperformance, the Commission should approve for the next cycle an annual budget that is equivalent to 60 percent of the PY 2024 budget. 3-89

4. The Commission should cap all administrative budgets to 10 percent of IREN's portfolio budgets. 3-91

5. The Commission should discontinue IREN-PUBL-001. 3-91

6. The Commission should order IREN to reduce the incentive rates offered by IREN-PUBL-002 as the program overcompensates NMEC program participants. 3-93

7. The Commission should close IREN's programs that underperform or are underutilized....3-96

N. Statewide Programs....3-97

1. The Commission should adopt a budget for all statewide programs of $516.5 million for the 2028-2031 portfolio cycle. 3-97

a. From 2022-2025, statewide programs generally underspent approved budgets, met TSB goals, and were cost-effective. .3-97

b. The proposed statewide budgets are generally higher than the 2022-2025 claimed expenditures. 3-102

c. The Commission should approve proposed budgets for successful statewide programs and reduced budgets for statewide programs that have historically underspent their budgets and underachieved their TSB and TRC goals. ...3-105

III. CONCLUSION 3-107

APPENDIX A – QUALIFICATIONS OF WITNESSES

APPENDIX B – Key Factors Affecting the State's Progress in Electrification

APPENDIX C – Comparison of Cal Advocates' and BayREN's Proposed Program Budgets by Year (2028-2031)

APPENDIX D – Comparison of Cal Advocates' and NREN's Proposed Program Budgets by Year (2028-2031)

APPENDIX E – Comparison of PG&E's Authorized Budgets and Claimed Expenditures by Program (2022-2025, Regional Programs)

APPENDIX F – Comparison of Cal Advocates' and PG&E's Proposed Program Budgets by Year (2028-2031)

APPENDIX G – Comparison of Cal Advocates' and PA's Proposed Statewide Program Budgets by Year (2028-2031)

Chapter 1 EXECUTIVE SUMMARY

(Witness: J. Ahlstedt, P. Li-Couthouis, O. Gutierrez Tapia, A. Zhang)

I. INTRODUCTION

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this opening testimony pursuant to Rule 13.8 of the California Public Utilities Commission (Commission or CPUC) Rules of Practice and Procedure (Rules), the July 24, 2026 *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo), the September 17, 2026 *Administrative Law Judge's Ruling Seeking Responses to Specific Questions in Opening Testimony* (ALJ Ruling), and the October 6, 2026 *Email Ruling Partially Granting Extension Request and Modifying Proceeding Schedule* (Email Ruling).[1, 2, 3]

On March 16, 2026, thirteen energy efficiency (EE) portfolio administrators (PAs) filed applications seeking approval of their EE programs and budgets for the 2028-2031 portfolio cycle (Applications).[4]

---

[1] *Assigned Commissioner's Scoping Memo and Ruling*, July 24, 2026 (Scoping Memo).

[2] *Administrative Law Judge's Ruling Seeking Responses to Specific Questions in Opening Testimony*, September 17, 2026 (ALJ Ruling).

[3] *Email Ruling Partially Granting Extension Request and Modifying Proceeding Schedule*, October 6, 2026 (Email Ruling).

[4] Application (A.) 26-03-009, *Application of Association of Bay Area Governments (CPUC ID 941) for Approval of the Bay Area Regional Energy Network 2028-2031 Portfolio Plan and 2028-2035 Business Plan*, filed March 16, 2026. (BayREN Application).

A.26-03-010, *Application of Southern California Edison Company (U 338-E) for Approval of its Energy Efficiency 2028-2031 Portfolio Plan and 2032-2035 Business Plan*, filed March 16, 2026. (SCE Application).

A.26-03-011, *Application of County of Ventura (CPUC ID 220) for Approval of the Tri-County Regional Energy Network 2028-2031 Portfolio Plan and 2028-2035 Business Plan*, filed March 16, 2026. (3CREN Application).

A.26-03-012, *Application of San Diego Gas & Electric Company (U 902 M) to Adopt 2028-2035 Energy Efficiency Rolling Portfolio Business Plan Application*, filed March 16, 2026. (SDG&E Application).

A.26-03-013, *Application of Northern California Rural Regional Energy Network for Approval of 2028-2031 Portfolio Plan and 2032-2035 Business Plan*, filed March 16, 2026. (NREN Application).

A.26-03-014, *Application of Marin Clean Energy for Approval of 2028-2031 Energy Efficiency Portfolio Plan and 2032-2035 Energy Efficiency Portfolio Plan*, filed March 16, 2026. (MCE Application).

On April 15, 2026, the assigned Administrative Law Judge (ALJ) issued a Ruling consolidating these Applications.[5]

II. SUMMARY OF TESTIMONY RECOMMENDATIONS

California has a long history of driving energy efficiency through ratepayer-funded programs administered by Investor-Owned Utilities (IOUs) and more recently, Regional Energy Networks (RENs) and Community Choice Aggregators (CCAs). The Commission's energy efficiency programs have transformed several markets directly with robust Codes and Standards programs and indirectly with funding to support the proliferation of innovated energy efficient technology. As a result, EE programs have delivered and continue to deliver meaningful energy savings and associated benefits across the state.

A.26-03-015, *Application of Southern California Regional Energy Network for Approval of 2028-2035 Strategic Business Plan and 2028-2031 Energy Efficiency Portfolio Plan*, filed March 16, 2026. (SoCalREN Application).

A.26-03-017*, Application of Pacific Gas and Electric Company (U 39 M) for Approval of Energy Efficiency 2028-2035 Business Plan and 2028-2031 Portfolio Plan*, filed March 16, 2026. (PG&E Application).

A.26-03-018, *Application of SOUTHERN CALIFORNIA GAS COMPANY (U904G) for Approval of 2028-2031 Portfolio Plan and 2032-2035 Business Plan*, filed March 16, 2026. (SoCalGas Application).

A.26-03-019, *Application of San Diego Community Power for Approval of the San Diego Regional Energy Network (CPUC ID U 4001-E) 2028-2031 Portfolio Plan and 2028 2035 Business Plan*, filed March 16, 2026. (SDREN Application).

A.26-03-020, *Application of Central California Rural Regional Energy Network for Approval of 2028-2031 Energy Efficiency Portfolio Plan and 2028-2035 Business Plan*, filed March 16, 2026. (CCRREN Application).

A.26-03-021, *Application of Peninsula Clean Energy for Approval of 2028-2031 Energy Efficiency Portfolio Plan and 2028-2035 Business Plan*, filed March 16, 2026. (Westlight Application). On July 2, 2026, Peninsula Clean Energy formally changed its name to Westlight Energy. See, *Notice of Party Name Change from Peninsula Clean Energy Authority to Westlight Energy*, A.26-03-009 et al., July 2, 2026 (Westlight Notice).

And A.26-03-028, *Application of the Western Riverside Council of Governments for Approval of the Inland Regional Energy Network (CPUC ID 246) 2028-2031 Portfolio Plan and 2032-2035 Business Plan*, filed March 16, 2026. (IREN Application).

[5] *Administrative Law Judge's Ruling Consolidating Proceedings and Confirming Final Dates to File Protests, Responses and Replies*, October 6, 2026 (Consolidation Ruling).

With that said, California is at a crossroads with ratepayers paying some of the highest rates for electricity in the country.[6] Now more than ever, the Commission must ensure that the funds that ratepayers invest in EE programs provide meaningful returns and advance the Commission and state's goals. In particular, the Commission should adhere to the Governor's October 30, 2024 Executive Order (EO) N-5-24 which instructs the Commission to modify or sunset any underperforming or underutilized programs whose costs exceed the value and benefits to ratepayers.[7] Additionally, the Commission should implement the California State Auditor's recommendations to end underperforming and non-cost-effective programs.[8]

In these Applications, PAs request approximately $1 billion per year for every across the 2028-2031 EE portfolio cycle with a total request of $4.02 billion. In exchange, the Commission expects PAs to achieve the energy efficiency goals adopted in Decision (D.) 25-08-034 including nearly $2.6 billion in Total System Benefit (TSB) across the 2028-2031 cycle.[9]

---

[6] Exhibit CA-01-SA, Attachment 1, U.S. Energy Information Agency (EIA), *Electric Power Monthly*, Table 5.6.A. Average Price of Electricity to Ultimate Customers by End-Use Sector, Released, October 23, 2026, Accessed November 5, 2026, at: https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a

[7] Exhibit CA-01-SA, Attachment 2, *Executive Order N-5-24* at 2.

The Commission is obligated "to take immediate action under existing authorities to modify or sunset any underperforming or underutilized programs or orders whose costs exceed the value and benefits to electric ratepayers."

[8] Exhibit CA-01-SA, Attachment 3, California State Auditor, 2023-127 The California Public Utilities Commission: Without Improving Its Oversight, the Benefits of Energy Efficiency Programs May Not Be Worth Their Cost to Ratepayers (the State Audit), March 18, 2025, at 75. Available at https://www.auditor.ca.gov/reports/2023-127/

The State Audit recommends the Commission "[e]nd efficiency programs that consistently fail to meet cost-effectiveness or energy savings goals, such as by issuing a CPUC decision prohibiting utilities from using such programs in their program portfolios."

[9] D.25-08-034, *Decision Adopting Energy Efficiency Goals for 2026-2037*, August 28, 2025, OP 1 at 27; issued in R.25-04-010.

Table 1-1: PAs' Proposed Budgetary Requests for Each Program Year (PY) and Total Request for 2028-2031 Portfolio Cycle[10]

Portfolio Administrator	Proposed Budgets				
	PY 2028	PY 2029	PY 2030	PY 2031	Total PY 2028-2031
SCE	$ 263 M	$ 278 M	$ 197 M	$ 217 M	$ 955 M
PG&E	$ 226 M	$ 227 M	$ 227 M	$ 228 M	$ 909 M
SoCalGas	$ 150 M	$ 150 M	$ 150 M	$ 150 M	$ 600 M
SoCalREN	$ 79 M	$ 90 M	$ 98 M	$ 108 M	$ 375 M
SDG&E	$ 68 M	$ 68 M	$ 69 M	$ 72 M	$ 277 M
BayREN	$ 45 M	$ 46 M	$ 48 M	$ 48 M	$ 187 M
SDREN	$ 41 M	$ 43 M	$ 45 M	$ 46 M	$ 175 M
Central California REN	$ 31 M	$ 40 M	$ 47 M	$ 52 M	$ 170 M
Tri-County REN	$ 24 M	$ 26 M	$ 27 M	$ 28 M	$ 105 M
Rural REN North	$ 19 M	$ 20 M	$ 24 M	$ 27 M	$ 90 M
Inland REN	$ 19 M	$ 20 M	$ 20 M	$ 22 M	$ 81 M
MCE	$ 16 M	$ 16 M	$ 17 M	$ 17 M	$ 65 M
Westlight	$ 7 M	$ 9 M	$ 10 M	$ 11 M	$ 36 M
Total	**$ 989 M**	**$ 1,034 M**	**$ 977 M**	**$ 1,025 M**	**$ 4,024 M**

Given the scale of the proposed EE budgets and the associated impact on ratepayers, the Commission should scrutinize EE budgets, programs, and/or portfolio designs to ensure that any ratepayer funding approved for these programs is just and reasonable, prudent, and in line with both the Commission and State's guidance on EE programs.[11] Furthermore, the Commission should set reasonable budgets based on each PAs actual need to meet program requirements and each program's historic ability to spend its authorized budget.[12] California ratepayers directly fund EE programs through their bills.[13] As such the Commission must ensure that funds collected from ratepayers

[10] The California Public Utilities Commission's California Energy Data and Reporting System (CEDARS), *Record-level Data*, Budget Filings for Program Years (PYs) 2028, 2029, 2030, and 2031. Accessed on May 1, 2026 at: https://cedars.cpuc.ca.gov/reports/record-level/all/

[11] Public (Pub.) Utilities (Util.) Code Section 451.

"All charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge demanded or received for such product or commodity or service is unlawful…"

[12] See, discussion in Chapter 2, Section A of this Testimony

[13] See, Pub. Util. Code Section 381(a-b) and Section 890(a).

are prudently used.[14] This means that the Commission should minimize underspend to reduce the risk of overcollection as ratepayers receive no immediate benefits from unspent funds. The Commission must also ensure that PAs use ratepayer funds on a cost-effective basis.[15]

To address these requirements and concerns, this testimony is separated into three main chapters: Chapter 1 – Executive Summary; Chapter 2 – Policy Recommendations; and Chapter 3 – Review of Proposed 2028-2031 Energy Efficiency Portfolios.

A. Summary of Policy Recommendations

The policy chapter addresses policy issues identified in the Scoping Memo and subsequent ALJ Ruling.[16] It presents an analysis of historic EE program or portfolio underperformance and underspending across PAs. As stated previously, EE programs cost California ratepayers nearly $1 billion a year.[17] Most of that $1 billion is spent on programs that fail to deliver cost-effective EE and or fail to meet their own goals.[18] The Commission must bring EE budgets in-line with historic achievement and lower collections for EE funds to reduce ratepayer burdens.[19]

In a similar vein, the Commission should limit Market Access Program (MAP) budgets to the amount of Total System Benefit (TSB) the program achieves. MAP-type programs are supposed to be very low-risk to ratepayers because they pay based on achieved performance of EE projects.[20] However, many MAPs achieve less TSB than the program budget which causes ratepayers to overpay for energy savings which defeats

---

[14] See, Pub. Util. Code Section 451.

[15] Pub. Util. Code Section 381(b)(1).

"The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs that enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities."

[16] Scoping Memo at 3-6 and ALJ Ruling at 2-6.

[17] See discussion in Chapter 2, Section A of this Testimony.

[18] See discussion in Chapter 2, Section A of this Testimony.

[19] See discussion in Chapter 2, Section A of this Testimony.

[20] See discussion in Chapter 2, Section B of this Testimony.

the purpose of MAP-type programs.[21] The Commission can adopt common-sense rules described here to ensure that MAPs are the low-risk programs that the Commission envisions them to be.

The Commission should adopt targeted modification to the existing EE regulatory framework to improve administrative efficiency and portfolio flexibility while maintaining competition and transparency for ratepayer-funded programs.[22] The Commission should maintain the 60 percent third-party procurement requirement while modifying the definition of qualifying third-party programs to provide the IOUs with greater flexibility in program design to address EE portfolio needs. Modifications to the definition of qualifying third-party programs should preserve meaningful third-party implementation and delivery, competitive procurement, and appropriate oversight.

If the Commission authorizes the consolidation of program delivery type classification, it should ensure such changes reduce administrative complexity without compromising the evaluation of program performance, benefits, and costs.[23] The Commission should prioritize reforms that are designed to address administrative inefficiencies without undermining regulatory safeguards to ensure prudent use of ratepayer funds.

The Commission should update and modernize the requirements of EE pilot programs.[24] Decision (D.) 09-09-047 established a foundation for requirements of all EE pilot programs.[25] However, the Commission can improve the current requirements to remove ambiguity and advance the goal of pilot programs to test new and innovative ideas in EE.[26]

---

[21] See discussion in Chapter 2, Section B of this Testimony.

[22] See discussion in Chapter 2, Section C of this Testimony.

[23] See discussion in Chapter 2, Section D of this Testimony.

[24] See discussion in Chapter 2, Section E of this Testimony.

[25] Decision (D.) 09-09-047, *Decision Approving 2010 to 2012 Energy Efficiency Portfolios and Budgets*, October 10, 2009 at 48; issued in A.08-07-021.

[26] See discussion in Chapter 2, Section E of this Testimony.

The Commission should not allow energy efficiency to fund fuel switching measures.[27] State law is clear that EE programs funded by ratepayers must return ratepayer benefits.[28] Fuel switching offers no such ratepayer benefits and should therefore be excluded from ratepayer funded energy efficiency programs.

The Commission should avoid discussion of non-EE policy in these Applications, especially if there are other open proceedings where the non-EE policy issues are in scope. In particular, the Commission should not set policy on demand response (DR) or dynamic rates in this EE proceeding because both issues are in scope in other open proceedings.[29]

The Commission should not allow PAs to offer measures with no energy savings to claim TSB.[30] State law requires the Commission to identify all achievable cost-effective electricity and natural gas efficiency savings and establish efficiency targets for IOUs to achieve.[31]

B. Summary of Recommendations for Proposed 2028-2031 Energy Efficiency Portfolios

Chapter 3 offers an assessment of each of the PAs' regional EE portfolios and programs as well as statewide programs as a whole. While detailed recommendations are discussed in the respective chapters for each PA, on an overall basis, the recommendations outline how the Commission can balance the costs to ratepayers from

---

[27] See discussion in Chapter 2, Section F of this Testimony.

[28] See, Pub. Util. Code Sections 381(a-b) and 890(a).

See discussion in Chapter 2, Section F of this Testimony.

[29] See discussion in Chapter 2, Section G of this Testimony.

[30] See discussion in Chapter 2, Section H of this Testimony.

[31] Pub. Util. Code §454.55(a)(1): "The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve, pursuant to Section 454.5, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code."

Pub. Util. Code §454.56(a): "The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective natural gas efficiency savings and establish efficiency targets for the gas corporation to achieve, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code."

funding EE programs with the benefits accrued by EE programs in accordance with statute.[32] To achieve this goal, the Commission should only approve EE portfolios and program budgets that balance the cost to ratepayers with the likelihood that PAs will achieve their programmatic goals and not set unreasonably high budgets that may result in under-spend and thus over-collection of ratepayer funds. Furthermore, reasonable budgets should correlate with historic spending and achieved Total System Benefit (TSB), where applicable. The Commission should seek to minimize the potential for program and portfolio underperformance. Therefore, the Commission should approve the budgets and portfolio design recommendations herein.

To ensure PA EE portfolio budgets adhere to Commission objectives and minimize the risk of over-collection from ratepayers, the Commission should adopt Cal Advocate's proposed portfolio budgets as shown in the respective PA sections in Chapter 3 below.

[32] Pub. Util. Code Section 381(b)(1).

Chapter 2 POLICY RECOMMENDATIONS

(Witnesses: J. Ahlstedt, P. Li-Couthouis, O. Gutierrez Tapia, A. Zhang)

I. INTRODUCTION

The Scoping Memo and ALJ Ruling identify several policy issues and questions within the scope of this proceeding.[33] This Chapter addresses some of the policy issues identified in the Scoping Memo and ALJ Ruling. To the extent that this Chapter does not address a particular issue, Cal Advocates reserves the right to address the issue in Reply Testimony.

To respond to the policy issues set forth by the Commission, Cal Advocates reviewed the Scoping Memo, ALJ Ruling, data request responses, Commission and other state documents, state statute, and other publicly available sources of information. As a result of this review and analysis, Cal Advocates proposes several policy positions that reflect the best interest of California's ratepayers. As such, the Commission should adopt the recommendations described in the following section.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt the following recommendations:

- Approve portfolio and program budgets based on PAs' ability to deliver projected program benefits.
- Direct PAs to adjust their budgets in the Mid-Cycle Budget Adjustment Advice Letter based on budget spent and TSB achieved.
- Require PAs to further adjust their budgets in the Mid-Cycle Budget Adjustment Advice Letter to address state and regional appliance standards that were adopted in the interim.
- Lower EE fund over-collection to reduce ratepayer burden.
- Limit Market Access Program budgets to Total System Benefit achievement.
- Maintain the minimum 60 percent energy efficiency budget requirement for third-party procurement.

[33] Scoping Memo at 3-6 and ALJ Ruling at 2-6.

- Provide greater flexibility in third-party procurement while preserving meaningful third-party participation.
- Preserve meaningful delivery distinctions if the Commission authorizes consolidation of program delivery types.
- Adopt modified pilot program requirements that modernize and remove ambiguity from the existing requirements.
- Not allow ratepayer funded energy efficiency programs to fund fuel switching measures.
- Not assess demand response or dynamic rates policy proposals in the instant energy efficiency proceeding where they are in scope elsewhere.
- Not allow measures with no energy savings (such as low-global warming potential measures) to claim Total System Benefit.

III. DISCUSSION

A. The Commission should approve budgets based on PAs' realistic ability to deliver results and minimize over collecting budgets from ratepayers.

(Witness: P. Li-Couthouis)

1. The Commission should approve budgets based on PAs' actual budgetary need and realistic ability to deliver the projected program benefits.

The Commission should only approve EE budgets that are prudent and just and reasonable. In a report to the legislature on factors driving electric and gas rates,[34] the Commission identified budget reduction as a possible Commission directive to address PAs that consistently spend below their authorized EE budgets.[35] Reducing budgets in the form of lowering collections is appropriate to address PA overcollection. Indeed, the State Audit recommends ending EE programs that consistently fail to meet cost-effectiveness or energy savings goals.[36]

---

[34] Exhibit CA-01-SA, Attachment 4, CPUC, *2024 California Electric and Gas Utility Costs Report, AB 67 Annual Report to the Governor and the Legislature* (2024 AB 67 Report), September 2025, at 9 ("This legislation [AB 67] was enacted in part to determine the effect of various legislative and administrative mandates, and to provide more transparency into factors driving electric and gas rates." The AB 67 Report has a section on EE programs.).

[35] Exhibit CA-01-SA, Attachment 4, at 61 states:

It is worth noting that the collection amount for energy efficiency… does not necessarily match the spending amount for the same IOU in the same year. This is primarily because IOUs collect funds from ratepayers based on their CPUC-authorized budgets, regardless of actual expenditures. When an IOU does not spend its full authorized energy efficiency budget, several outcomes are possible depending on CPUC directives. These may include:

- **Carryover or Rollover:** Unspent funds may be carried over to the next program year for continued or future use.
- **Return to Ratepayers:** CPUC may direct IOUs to return unused funds to ratepayers, typically through rate adjustments or balancing accounts.
- **Impact on Future Collections:** If IOUs consistently underspend, the CPUC may reduce future authorized budgets, thereby lowering rate collections accordingly." [Emphasis in Original.]

[36] Exhibit CA-01-SA, Attachment 3, at 75 ("Recommendation 6: End efficiency programs that consistently fail to meet cost-effectiveness or energy savings goals, such as by issuing a CPUC decision prohibiting utilities from using such programs in their program portfolios. [Emphasis in Original.]")

A reasonable budget[37] should be based on the PAs' realistic ability to spend or deliver the projected program results. In recent years, PAs consistently over collected or underperformed. These are signs that the budgets and the amounts collected from ratepayers are higher than necessary. Table 2-A-1 below presents the PAs' actual spending as a percentage of the approved budgets and their recorded TSB achieved as a percentage of the projected TSB.

Table 2-A-1: PAs' Percentages of Budgets Spent and Projected TSB Achieved by Program Year[38]

PA Type	PAs	Percentage of Budgets Spent				Percentage of Projected TSB Achieved			
		2022	2023	2024	2025	2022	2023	2024	2025
CCA	AVA			21%	44%			4%	44%
	EBCE		5%	0%	0%		0%	0%	0%
	MCE	46%	57%	55%	45%	37%	52%	14%	8%
	PCE		77%	114%			43%	43%	
	SCP	0%	227%	0%		0%	93%	0%	
	RCEA	89%	132%			22%	68%		
	SJCE	37%	95%	45%		1%	49%	16%	
Statewide	Statewide			0%	0%			0%	0%
IOU	PGE	73%	76%	101%	96%	96%	92%	106%	112%
	SCE	27%	33%	98%	79%	73%	67%	105%	100%
	SCG	71%	74%	80%	110%	113%	129%	87%	90%
	SDGE	38%	49%	77%	93%	82%	79%	97%	99%
REN	BAY	76%	101%	69%	85%	31%	43%	91%	78%
	CCR				78%				123%
	IREN	4%	29%	65%	51%	0%	0%	59%	14%
	RRN				71%				16%
	SCR	87%	89%	62%	89%	66%	53%	66%	99%
	SDRN				1%				0%
	3CREN	30%	45%	67%	81%	1%	10%	20%	34%
	Grand Total	54%	56%	70%	72%	86%	83%	56%	57%

The ratepayer funding of PA should align with the benefits delivered. Table 2-A-1 above shows that many non-IOU PAs' spending is disproportionate with the actual benefits delivered. For example, 3CREN spent 81 percent of the budget to deliver 34 percent of the TSB projected for 2025; Marin Clean Energy (MCE) spent 45 percent of

[37] Pub. Util. Code Section 451.

[38] CEDARS, *Program Summary Data*, Budget Filings for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

the budget to deliver eight percent of the TSB projected for 2025; and BayREN spent 85 percent of the budget to deliver 78 percent of the TSB projected for 2025. Therefore, the Commission should therefore sunset or modify programs accordingly,[39] as discussed in Sections B of this Chapter.

Moreover, non-IOU PAs' excessive budgets and overcollections have grown over time. REN budgets increase by 36 percent while their overcollection increases by 56 percent, as Table 2-A-2 presents below. Given the extent of overcollection, the Commission should not approve budget proposals that do not align with PA spending patterns and reduce the cost burden to ratepayers for the next cycle of EE programs.

Table 2-A-2: Budgets and Unspent Funds on an Annual Average Basis[40]

	Annual Average					
	(a)	(b)	(c)=[(b)-(a)]/(a)	(d)	(e)	(f)=[(e)-(d)]/(d)
PA Type	Budgets 2022-2025	Budgets 2024-2025	Percentage Increase	Unspent Funds 2022-2025	Unspent Funds 2024-2025	Percentage Increase
IOUs	$763M	$728M	-5%	$195M	$61.3M	-69%
CCAs	$27M	$32M	18%	$14M	$18M	27%
RENs	$113M	$154M	36%	$36M	$57M	56%
Statewide	$78M	$157M	100%	$78M	$157M	100%
Total	$981M	$1,070M		$324M	$293M	

2. The Commission should direct the PAs to adjust their budgets through the Mid-Cycle Budget Adjustment Advice Letter Mechanism.

If PAs have not spent 75 percent of their total budgets or achieved 75 percent of the total forecasted TSB from 2028 through 2029, the Commission should require the PAs to submit a Tier 3 Advice Letter (AL) to adjust their budgets by 25 percent downward for the remaining cycle. After this adjustment, the PAs' unused funds from 2028 through 2029 should be carried over to lower the cost recovery for program year (PY) 2030 onwards.

[39] This is in accordance with the Governor's directive in EO N-5-24 to "modify or sunset any underperforming or underutilized programs."

[40] CEDARS, *Program Summary Data*, Budget Filings for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

PAs have demonstrated a consistent pattern of overcollection and signs of excessive budgets. As shown in Table 2-A-2 above, many non-IOU PAs spent less than 75 percent of the budgets or delivered less than 75 percent of the forecasted TSB in the past four years. These demonstrate that PAs have consistently underdelivered their projected TSB or over collected funds from ratepayers.[41] The Commission should therefore modify or sunset these underutilized programs, minimize excessive EE budgets in rates, and return unused funds to ratepayers.

It is reasonable to set budgets based on actual spending to reduce the likelihood of overcollections, as both the Governor and the Commission have acknowledged the need to do so. In particular, the Governor's Executive Order N-5-24 directed the Commission to "modify or sunset any underperforming or underutilized programs" and "to return any unused funds collected from ratepayers for underperforming programs and utility investments in the form of a bill credit, if it identifies such funds."[42] In addition, in the *2024 California Electric and Gas Utility Costs Report, AB 67 Annual Report to the*

[41] Exhibit CA-01-SA, Attachment 4 at 29, Footnote 39 ("These collection amounts for Energy Efficiency will not necessarily match spending amounts, primarily because IOUs collect funds from ratepayers based on authorized budgets, regardless of actual expenditures."); Exhibit CA-01-SA, Attachment 6, SCE's response to Cal Advocates' Data Request No. CalAdv-SCE-006-PWL, Question 4(c) ("For the RENs, unspent and uncommitted funds are not typically refunded at each year-end. Each REN program administrator identifies and reports the balance of any unspent funds, and the balance may be applied to future disbursements."), Question 4(c)(i) ("During a four-year EE program cycle, the balance of unspent funds may be carried forward and used to reduce later revenue collection after Commission approval. REN funds remaining unspent and uncommitted after the 2024-2027 closeout must be returned to the applicable utility, unless the Commission directs otherwise."); Exhibit CA-01-SA, Attachment 7, SoCalGas' response to Cal Advocates' Data Request No. CalAdv-PWL-SCG-2026-11, Question 4(c) ("As of 2024, unspent REN funds are not reconciled annually. Rather, the REN is authorized to manage its approved budget across the portfolio cycle, with reconciliation occurring at the conclusion of the funding cycle. Any disposition of unspent funds would be addressed through the portfolio reconciliation process at the end of the cycle."); Exhibit CA-01-SA, Attachment 8, PG&E's Response to Cal Advocates' Data Request No. CalAdvocates_007, Question 4(c) ("All PAs can return unspent funds from prior cycles or apply to future cycles, per D.23-06-055.2 PAs can indicate in a True-Up Advice Letter (TUAL) or Mid-Cycle Advice Letter (MCAL), that certain unspent funds remain in their accounts, and can offset future year collections by the unspent-uncommitted amount…. REN and CCA's may return funds to PG&E or they can request to carry forward the funds to the next cycle to offset future collections. REN and CCAs may be required to return unspent funds."); Exhibit CA-01-SA, Attachment 9, SDG&E's Response to Cal Advocates' Data Request No. CalAdv-PWL-SDGE-2026-09, Question 4 ("Unspent funds are held by the RENs until they are returned to SOG&E.").

Governor and the Legislature (AB 67 Report), the Commission also identified the return of unused funds through rate adjustments as a possible outcome when an IOU cannot spend the full authorized energy efficiency budgets.[43] Similarly, the Commission should return unused funds when non-IOU PAs collect more budgets than necessary.

Therefore, any PAs that spend less than 75 percent of the total approved 2028 and 2029 budgets or achieved less than 75 percent of the TSB projected for 2028 and 2029 should be required to file a Tier 3 AL by June 30 of the following year. In the AL, the PAs should seek to adjust post-2030 annual budgets to 25 percent below the average of 2028-2029 budgets. The Commission can exempt PAs from filing this AL to adjust their budgets if the PAs can demonstrate that their spending is commensurate with the level of TSB achievement from 2028 through 2029.[44]

3. PAs should adjust their budgets via the recommended Mid-Cycle Budget Adjustment AL Mechanism after state and regional appliance standards are adopted.

The Administrative Law Judge's (ALJ) September 17, 2026, ruling invited parties to recommend a process for the Commission to adjust the Business Plan Applications, including budget caps and strategies, based on the California Air Resources Board's (CARB) final rules on Clean Space Water Heater Standards and other regional Standards.[45]

The recommended Mid-Cycle Budget Adjustment AL Mechanism provides the process through which the Commission can adjust to the evolving regulatory landscape.

---

[43] Exhibit CA-01-SA, Attachment 4 at 61 ("When an IOU does not spend its full authorized energy efficiency budget, several outcomes are possible depending on CPUC directives. These may include…

- **Return to Ratepayers:** CPUC may direct IOUs to return unused funds to ratepayers, typically through rate adjustments or balancing accounts." [Emphasis in Original.])

[44] That is, the claimed TSB as a percentage of projected 2028-2029 TSB should be greater than the actual expenditure as a percentage of the 2029-2029 approved budgets.

[45] ALJ Ruling at 2 ("Following the adoption of the California Air Resources Board's final rules on the Clean Space and Water Heater Standards,1 or other regional standards, should the Commission adopt a process to allow adjustments to the Business Plan Applications (in budget caps, strategies, portfolio composition, or other) based on the final rules? If so, why? Please provide a recommendation for what this process would entail.")

While the Staff Proposal on phasing out incentives for gas measures is pending Commission approval,[46] CARB[47] and potentially other regional entities are finalizing rules related to space and water heaters. It is unclear how all these pending rules or regulations—all critical to the progress towards State's climate goals—would affect the PAs' spending and program design in the next cycle.

For example, on November 4, 2026,[48] the Bay Area Air District approved to exempt natural gas-fired mobile home water heaters[49] and low-income property owners[50]

---

[46] *Administrative Law judge's Ruling Providing Notice and opportunity to Comment on Staff proposal for Policy on Natural Gas Energy Efficiency Incentives*, December 1, 2026, Attachment 1; issued in R.25-04-010.

[47] Exhibit CA-01-SA, Attachment 10, California Air Resources Board (CARB), *Clean Space and Water Heaters - Frequently Asked Questions (FAQs)*, July 13, 2026 ("*What is the latest regulatory concept?* The latest proposal was presented at the December 11, 2025, workshop. The proposal is a less than 100% sales target that uses emissive sales limits combined with a credit system. This would give flexibility to address manufacturer and consumer challenges starting in 2030. [Emphasis in Original.]") ("*Is the regulation finalized? Can the public comment on this process?*

The regulation has not been finalized. We have not yet submitted a formal regulatory proposal to the CARB Board for consideration. Public engagement for the regulatory concept began in 2023. You are encouraged to participate in the regulatory development process. [Emphasis in Original.]"). Accessed November 9, 2026 at: https://ww2.arb.ca.gov/our-work/programs/building-decarbonization/clean-space-and-water-heater-standards/faq

[48] Exhibit CA-01-SA, Attachment 11, Bay Area Air District, *Rules 9-4 and 9-6 Building Appliances* ("On **November 4, 2026**, the Air District Board of Directors **adopted** amendments to Rule 9-6 that delay the zero-NOx compliance date for residential water heaters to **January 1, 2028**, and establish exemptions for qualifying low-income property owners and properties with significant electrical or space constraints."). Accessed, November 6, 2026 at: https://www.baaqmd.gov/rules-and-compliance/rule-development/building-appliances

[49] Exhibit CA-01-SA, Attachment 12, Bay Area Air District, *Proposed Regulatory Language*, October 2, 2026, at 9-6-5 ("Exemption for Natural Gas-Fired Mobile Home Water Heaters: Mobile home water heaters shall not be subject to the requirements of Sections 9-6-301 and 9-6-303.") Accessed October 22, 2026 at: https://www.baaqmd.gov/~/media/dotgov/files/rules/reg-9-rule-4-nitrogen-oxides-from-fan-type-residential-central-furnaces/2021-amendments/documents/20261002-rg0906_strikethrough-pdf.pdf?rev=b9599a10797644a79fb5a26db1951534

[50] Exhibit CA-01-SA, Attachment 13, Bay Area Air District, *Water Heater Rule Draft Amendments Overview—July 2026*, July 17, 2026 ("The draft amendments provide exemptions for low-income property owners and for situations like low-capacity electrical panels that make compliance with the zero-NOx standard unusually challenging or expensive.") Accessed October 22, 2026 at: https://www.baaqmd.gov/~/media/dotgov/files/rules/reg-9-rule-4-nitrogen-oxides-from-fan-type-residential-central-furnaces/2021-amendments/documents/20260717_water_heater_rule_flyer_en_final-pdf.pdf?rev=dc29cc0e1b1249c1b24fc96517d3572d

from the zero-NOx water heater standards.[51] The exemption aims to address affordability concerns and installation barriers while maintaining public health benefits and *supporting the emissions reduction objectives*,[52, 53] as an air district is statutorily obligated to consider the economic impact of new or updated rules.[54, 55, 56] The Commission should have the policy and fiscal agility to respond to the ongoing regulatory development of all clean space and water heater standards and the recommended budget adjustment mechanism provides such agility.

---

[51] Exhibit CA-01-SA, Attachment 14, *Public Advocates Office Opening Testimony on 2028-2033 Income-Qualified Assistance Programs, Exhibit (Exhibit) CA-01*, September 14, 2026, at 2-19 ("Since late 2025, the Air District has been considering amending the standards which prohibit gas water heaters and furnaces…."); served in A.26-01-003.

[52] Exhibit CA-01-SA, Attachment 15, Bay Area Air District, News Release: Air District Board of Directors adopts water heater rule amendments and delays implementation to January 2028, November 4, 2026, at 1 ("Amendments directly address affordability concerns and installation barriers while maintaining public health benefits."). Accessed November 9, 2026 at: https://www.baaqmd.gov/~/media/files/communications-and-outreach/publications/news-releases/2026/2026_41_water-heater-rule-board-vote_approval-pdf.pdf?rev=ba05d1eb333f41a59d1bb30688b35931&sc_lang=en

[53] Exhibit CA-01-SA, Attachment 16, Bay Area Air District, Staff Report: Proposed Amendments to Building Appliance Rules – Regulation 9, Rule 6: Nitrogen Oxides Emissions from Natural Gas-Fire Boilers and Water Heaters, October 2026, at 3 ("The proposed Rule 9-6 amendments are not expected to result in significant socioeconomic impacts for Bay Area households or the regional economy. The combination of relatively modest household compliance costs in percentage terms, anticipated utility savings, and targeted exemptions for low-income households substantially reduce economic burdens under Rule 9-6 as compared to the current zero-NOx requirements as adopted in 2023 while supporting the District's air quality, public health, and emissions reduction objectives."). Accessed October 22, 2026 at: https://www.baaqmd.gov/~/media/dotgov/files/rules/reg-9-rule-4-nitrogen-oxides-from-fan-type-residential-central-furnaces/2021-amendments/documents/20261002-staff-report_rule-9_6-pdf.pdf?rev=a2d6174e7309498a8e5c0b037eab0e1f

[54] Health and Safety Code Section 40728.5 ("Whenever a district intends to propose the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations, that agency shall, to the extent data are available, perform an assessment of the socioeconomic impacts of the adoption, amendment, or repeal of the rule or regulation. The district board shall actively consider the socioeconomic impact of regulations and make a good faith effort to minimize adverse socioeconomic impacts...").

[55] Exhibit CA-01-SA, Attachment 17, Bay Area Air District, Socioeconomic Impact Analysis Policy. Accessed October 29, 2026, at: https://www.baaqmd.gov/rules-and-compliance/rule-development/socioeconomic-impact-analysis-policy

[56] Exhibit CA-01-SA, Attachment 18, Bay Area Air District, The Policy for Socioeconomic Impact Analysis, September 2, 2026. Accessed at: https://www.baaqmd.gov/~/media/dotgov/files/rules/socioeconomic-impact-analysis-policy/20260708_ssc_proposed-policy-for-socioeconomic-impact-analysis-pdf.pdf?rev=1af90432a1cc43139060e790c5afbf46

In addition to the evolving regulatory landscape, the State's progress on electrification highly depends on several key factors, as outlined in Appendix B.[57] This will change the amount of ratepayer funds needed for electrification-related EE programs. Appendix B summarizes some of the key factors and supporting studies. The Commission should therefore adopt the Mid-Cycle Budget Adjustment Mechanism to provide flexibility for PAs to respond to pending rules, to change their budget caps and business plan strategies, and to avoid locking in excessive EE budgets in rates throughout the 2028-2032 cycle.

4. The Commission should disallow funding for programs which do not provide direct grid benefits.

The Commission should disallow funding from programs that bring zero direct grid benefits (i.e., TSB). In 2025, the total budget on programs with zero TSB was $365 million.[58]

B. Market Access Programs (MAPs) should have their budgets limited by the Total System Benefit (TSB) achievement.

(Witness: A. Zhang)

Market Access Programs (MAPs) should have their budgets limited to demonstrated TSB achievement. That is, no MAP program should have a proposed budget that exceeds the achievable TSB of the program. Limiting MAP budgets to TSB achievement ensures the programs generate more benefit than cost which protects ratepayers from unreasonable program spending. In D.21-12-011, the Commission states that MAPs are designed to "utilize [] population-level NMEC [Normalized Meter Energy Consumption] and a [Pay-for-Performance] concept to incentivize implementers to find energy efficiency projects that deliver measurable peak or net peak demand savings."[59]

---

[57] See, Appendix B: Key factors Affecting the State's Progress in Electrification.

[58] CEDARS, *Program Summary Data*, Budget Filings for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[59] D.21-12-011, *Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability*, December 8, 2021, at 26; issued in R.13-11-005.

In other words, MAP-type programs only pay based on the achieved performance of the energy efficiency projects, usually an incentive based on each dollar of achieved TSB or energy savings (kW, kWh). The Commission has described MAP programs as "very low risk to ratepayers" because "payments are based on performance, and program spending is limited by total system benefit achieved."[60] In other words, if MAP programs are operating properly, ratepayers will always receive more TSB than the program budget because a PA can set the incentive below $1 per dollar of achieved TSB. Thus, the TSB achieved should always be greater than the budget.

However, MAP programs in many portfolios do not achieve this standard. For example, as described in Chapter 3, Section J of this testimony, SDREN's MAP program achieves less TSB than the program budget. Since RENs are not subject to cost-effectiveness requirements,[61] RENs can offer significantly higher incentives than what they achieve in dollars of achieved TSB. A comparable program in the same service territory, SDG&E's Commercial MAP program, has achieved more TSB than the program budget.[62] Because SDG&E is subject to cost-effectiveness for resource programs, their MAP program must consider cost limits to the incentives they can offer.

The Commission has acknowledged the tension between cost-effective and non-cost-effective programs operating within the same territory. In D.23-06-055, the Commission states that non-cost-effective REN programs can "negatively impact IOUs' resource acquisition programs by offering more generous incentives [in REN programs]."[63] Therefore, without a requirement that all MAP program budgets equal the

---

[60] D.21-12-011, at 26.

[61] D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26, 2021, at 22; issued in R.13-11-005. ("Therefore, we will require that all program administrators with energy efficiency resource acquisition programs, excluding RENs whose portfolios have different rules, to show that the resource acquisition segment of their portfolio, with all resource acquisition programs' costs and benefits combined together, is cost-effective on an ex ante basis, with a TRC ratio of at least 1.0 or greater.")

[62] SDG&E Application, Exhibit SDG&E-02, at AK-31 to AK-32.

[63] D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031*, July 3, 2023, at 89; issued in A.22-02-005 et al.

program TSB, PAs that are required to run cost-effective MAP programs are competitively disadvantaged. Without this limit, there is no impediment to different PAs offering similar incentives within the same service territory, with the PA facing less stringent cost-effectiveness requirements cannibalizing the base of potential customers. The end result is that ratepayers will pay for higher incentives for what may be very similar programs. The Commission can avoid this outcome by requiring MAP programs to generate more TSB than the program budget. This will ensure that ratepayers do not overpay for energy efficiency and will receive a net benefit from MAP-type programs.

C. Third-Party Procurement

(Witness: Omar Gutierrez Tapia)

1. The Commission should maintain the minimum 60 percent energy efficiency budget requirement for third-party procurement.

The Commission should maintain the existing requirement that IOUs allocate at least 60 percent of their energy efficiency portfolio budgets to qualifying third-party programs. In their respective applications, PG&E and SCE propose to lower the existing third-party procurement requirement.[64] A reduction to the mandatory procurement threshold would unnecessarily weaken the Commission policy objective to encourage competition, innovation, and cost-effective program delivery. The Commission should maintain the existing 60 percent minimum while adopting targeted reforms to address administrative inefficiencies.[65]

In D.16-08-019, the Commission adopted the 60 percent third-party procurement requirement to advance cost savings and innovation in EE program design and

[64] Exhibit PG&E-1 at 11-11 through 11-13; Exhibit SCE-01A at 138-143.

[65] There are opportunities to improve the existing procurement framework through targeted reforms. The following section discusses modifications to the definition of qualifying third-party programs to provide IOUs additional flexibility to propose and design programs to address portfolio needs.

implementation.[66] Subsequently, D.18-01-004 established implementation requirements.[67] In summary, the third-party procurement threshold creates opportunities for non-IOU entities to compete in the development and implementation of ratepayer-funded EE programs while limiting the extent to which IOUs control program delivery.

In its application, PG&E recommends a reduction from 60 percent to 50 percent while maintaining 60 percent as the nonbinding target.[68] PG&E states this revision would improve the intended outcomes of innovation and cost savings while advancing load flexibility and building electrification.[69] Meanwhile, SCE recommends a significant reduction from 60 percent to 20 percent.[70] SCE asserts that the existing third-party procurement framework imposes administrative burdens and regulatory complexities that limit its ability to effectively manage its EE portfolio.[71] However, neither IOU has shown that lowering the procurement minimum would improve net ratepayer benefits more than targeted reforms to the existing process.

SCE claims that the existing framework has not produced anticipated cost savings and innovation through competitive solicitations.[72] Particularly, SCE notes that the solicitation process is extensive and that the costs associated with the solicitation process may limit bidder participation.[73] These assertions do not establish that the costs of competitive procurement outweigh its benefits. Potential benefits of competitive procurement include competitive pricing, specialized expertise, and opportunities to identify more cost-effective delivery approaches. Additionally, a reduction to the third-

---

[66] D.16-08-019, *Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings*, August 25, 2016 at Conclusion of Law 56 at 105, Ordering Paragraph (OP) 10 and 12 at 111; issued in R.13-11-005.

[67] D.18-01-004, *Decision Addressing Third Party Solicitation Process for Energy Efficiency Programs*, January 17, 2018, OP 1 at 61; issued in A.17-01-013 et al.

[68] Exhibit PG&E-1 at 11-12 through 11-13.

[69] Exhibit PG&E-1 at 11-13.

[70] Exhibit SCE-01A at 138-142.

[71] Exhibit SCE-01A at 139-143.

[72] Exhibit SCE-01A at 140-141.

[73] Exhibit SCE-01A at 141.

party procurement requirement does not eliminate underlying activities such as program development, contract administration, performance verification, and regulatory compliance. Most importantly, third-party procurement may shift non-performance risk away from ratepayers with appropriate payment terms, remedies, and performance assurances that are enforceable and tied to measurable outcomes. Instead, if PG&E's or SCE's request to reduce the minimum third-party procurement requirement is adopted, some of these responsibilities and their associated costs may shift from third-party implementers to IOU personnel. Hence, reductions in solicitation expenditures do not necessarily translate into equivalent reductions in total portfolio costs; some functions and costs instead shift to IOU administration.

Any cost comparison between IOU and qualifying third-party EE programs should account for the full costs of program development, implementation, oversight, and performance verification instead of narrowly focusing on the direct costs of competitive solicitations. SCE's claim that third-party procurement imposes increased administrative costs and prolonged implementation timelines does not demonstrate that its proposed 20 percent threshold would yield greater net ratepayer benefits than retaining the 60 percent requirement with targeted modifications. The IOUs have not provided a like-for-like comparison showing that IOU-administered programs would provide greater net ratepayer benefits at a lower cost than comparable third-party programs[74] Absent such evidence, the Commission cannot reasonably conclude that substantially reducing the procurement requirement would lead to greater net ratepayer benefits compared to targeted reforms, such as those discussed further below.

SCE's proposed reduction to the minimum third-party procurement threshold from 60 percent to 20 percent would significantly expand IOU discretion over program design and implementation while reducing the minimum share of portfolio funding subject to the

[74] Specifically, the IOUs have not demonstrated a comprehensive comparison of total program costs, administration expenditures (including utility administration and regulatory oversight), implementation timelines, total system benefits, and cost-effectiveness between substantially similar IOU and third-party EE programs.

Commission's third-party procurement requirements. SCE's request would permit IOUs to allocate up to 80 percent of their EE portfolios to programs that do not qualify as third-party programs.[75] Although IOUs could continue to procure third-party programs above the minimum threshold, a reduction to the current third-party procurement requirement would most likely limit independent program development and competitive procurement opportunities.

Additionally, the Commission established Procurement Review Groups (PRGs) and Independent Evaluators to promote transparency, fairness, and oversight in third-party solicitations.[76] These safeguards help protect against unreasonable procurement practices or preferential treatment. A reduction to the mandatory procurement threshold correspondingly reduces the share of EE programs that benefit from these safeguards.

Finally, maintaining the 60 percent procurement requirement does not preclude the Commission from addressing administrative burdens with the current framework. In D.23-02-002, the Commission authorized modifications to improve the third-party solicitation process and contracting process.[77] Similarly, the Commission should refine program definitions, as outlined below, to provide cost savings opportunities without substantially limiting third-party participation. The Commission should prioritize reforms that directly address administrative inefficiencies prior to reducing the minimum procurement requirement as proposed by PG&E and SCE. Therefore, the Commission should reject PG&E's proposal to reduce the threshold to 50 percent and SCE's proposal to reduce it to 20 percent. Rather, the Commission should retain the existing 60 percent minimum and instead adopt targeted reforms to maintain competition and improve administrative efficiencies.

---

[75] If only 20 percent of an IOU EE portfolio must satisfy the qualifying third-party procurement requirement, then IOUs may propose up to 80 percent of an EE portfolio toward non-third-party programs.

[76] D.18-01-004 at 33-38 and OP 3-5 at 61-63.

[77] D.23-02-002, *Decision Addressing Energy Efficiency Third-Party Processes and Other Issues*, February 3, 2023 at 2-3; issued in R.13-11-005.

2. The Commission should provide greater flexibility in third-party procurement while preserving meaningful third-party participation.

Any modification to the definition of qualifying third-party program must preserve independent competition, substantive third-party implementation, and performance obligations. With these safeguards in place, the Commission should permit greater IOU involvement in program design without reducing the 60 percent procurement requirement. In D.16-08-019, the Commission defined qualifying third-party programs as those proposed, designed, implemented, and delivered by non-utility personnel under contract to an IOU administrator.[78] PG&E and SCE propose modifying the definition established in D.16-08-019 by eliminating the requirement that qualifying programs be proposed and designed by third parties. PG&E recommends that programs should qualify when implemented and delivered by non-utility personnel.[79] SCE recommends a broader definition where third parties are only required to deliver EE measures to satisfy the third-party program criteria.[80]

The existing definition may unnecessarily constrain IOU involvement in program development, specifically when an IOU identifies specific portfolio needs that may be addressed more efficiently through independently contracted program implementation. SCE's own testimony reveals why targeted modifications to the definition of qualifying third-party programs may be a more appropriate remedy to administrative inefficiencies than a substantial reduction to the procurement requirement. SCE highlights that the current third-party program definition creates unnecessary structural and technical responsibilities that inhibit participation by smaller companies.[81] An expanded definition may promote broader participation by smaller vendors that possess implementation capabilities and technical expertise but which lack administrative and financial resources

---

[78] D.16-08-019. *Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings*, August 25, 2016, OP 10 at 111; issued in R.13-11-005.

[79] Exhibit PG&E-01 at 11-13 through 11-14.

[80] Exhibit SCE-01A at 143.

[81] Exhibit SCE-01A at 144.

to independently propose, design, and administer an EE program. Additionally, allowing the IOUs to propose and develop program designs may improve coordination and minimize duplicative activities without diminishing the benefits of competitive third-party implementation.[82]

Nonetheless, the Commission must carefully refine the definition of a qualifying third-party program to require meaningful third-party implementation and delivery. For instance, it may not be reasonable to qualify an entire utility proposed and designed program for the 60 percent requirement if a contract with a third party merely performs limited administrative, marketing, or installation activities.[83] An overly broad definition could potentially allow IOUs to satisfy the third-party procurement requirement despite maintaining substantial control over all significant program activities. Such an outcome undermines the purpose of maintaining a mandatory third-party procurement threshold. Therefore, the Commission should establish qualifying criteria to distinguish substantive implementation and delivery. To meet this criteria and count the entire program budget toward the requirements, third-party implementers should control substantial delivery activities and bear enforceable contractual responsibility with measurable performance obligations and payments tied to performance, where feasible.

Allowing IOUs the flexibility to address EE portfolio needs within the third-party procurement framework is reasonable; however, the Commission should ensure that any revisions to the third-party procurement definition require the selected third party to maintain responsibility for program implementation and delivery. At a minimum, IOUs should continue to select third-party implementers through a transparent and competitive solicitation process, execute contracts with measurable performance obligations, appropriately allocate risk and responsibilities between the IOU and implementer, and provide transparent reporting of contract expenditures and implementation responsibilities. When third-party participation is limited to discrete supporting

[82] Exhibit SCE-01A at 144.

[83] Certain activities such as equipment installations may constitute a substantial component of program implementation, depending on the program's structure and objectives.

activities, the Commission should not automatically qualify and count the entire program budget toward the 60 percent requirement. These safeguards would preserve third-party participation, competition, and implementation expertise while providing IOUs greater discretion over portfolio development.

Alternatively, the Commission could consider a hybrid approach to modifications to the third-party qualifying program definition. Under a hybrid approach, at least 30 percent of each IOU's total EE portfolio budget would remain subject to the existing requirement that programs be proposed, designed, implemented, and delivered by third parties. Meanwhile, an additional 30 percent may qualify via meaningful third-party implementation and delivery of programs proposed and/or designed by IOUs, subject to the safeguards discussed above. This hybrid approach preserves the existing 60 percent requirement and ensures at least 30 percent remains available for independent third-party program development. Moreover, this hybrid approach provides an opportunity to evaluate the performance of IOU-designed, third-party-implemented programs prior to authorizing further modifications to the procurement framework. Although a hybrid approach would require separate compliance tracking for two categories of qualifying programs, it provides a balanced transition that preserves opportunities for independent third-party programs while allowing IOUs greater flexibility in program design and provides the Commission an opportunity to learn the effects of the modifications proposed by PG&E and SCE.

In summary, the Commission should prioritize reforming the definition of qualifying third-party programs instead of reductions to the mandatory procurement threshold. Although the existing procurement framework warrants modifications to improve flexibility, PG&E and SCE have not demonstrated that their proposed reductions would produce greater net ratepayer benefits as compared to targeted reforms to the definition of qualifying third-party programs. Given the dynamic EE market and varying IOU portfolio needs, the Commission should provide IOUs with greater flexibility in program development and implementation while preserving the policy objectives of competition, innovation, and cost-effective program delivery. A narrowly revised

definition of qualifying third-party programs with appropriate safeguards would more directly address concerns regarding administrative efficiency and portfolio flexibility while maintaining meaningful competitive implementation, transparency, and accountability for ratepayer-funded EE expenditures.

D. Consolidation of Program Delivery Types

(Witness: Omar Gutierrez Tapia)

1. The Commission should preserve meaningful delivery distinctions if it authorizes consolidation of program delivery types.

SCE proposes to consolidate and replace existing delivery classifications, including upstream, midstream retail, downstream, and direct install, with customer-based delivery and sales-based delivery.[84] SCE asserts that the existing delivery classifications may result in inconsistent regulatory treatment of programs that operate substantially similarly but differ in administrative labeling rather than functional design.[85] SCE notes how a program may be designed to influence customer purchases through market platforms but may be contractually structured as a downstream deemed program.[86] Cal Advocates does not oppose consolidation of the classifications of EE program delivery types where such consolidation provides administrative efficiencies without undermining cost-effectiveness methods, program transparency, or accurate measurement of program benefits. If the Commission authorizes SCE's proposal, it should preserve the ability to evaluate differences in program activities, incentive structures, costs, and benefits.

Specifically, programs that employ substantially similar interventions should not receive different regulatory treatment solely due to their contractual structures. However, consolidating delivery types into customer-based and sales-based categories should preserve distinctions relevant to program performance, costs, and verification

[84] Exhibit SCE-01A at 161-162.

[85] Exhibit SCE-01A at 162.

[86] Exhibit SCE-01 at 162.

requirements. For example, customer rebate and direct install programs may both qualify as a customer-based delivery, but direct install programs may typically involve additional activities, such as equipment installation and quality assurance, that may affect program costs and evaluation requirements. Similarly, sales-based delivery programs may involve different supply-chain participants and incentive structures. Delivery-type consolidation should simplify administrative requirements without eliminating distinctions necessary to accurately evaluate program performance and cost-effectiveness.

Additionally, the reclassification of existing programs under a broader delivery category should not generate additional attributable savings or TSB. The Commission should not presume that programs within either the customer-based delivery or sales-based delivery possess identical net-to-gross characteristics. Any proposed modifications to net-to-gross assumptions or cost-effectiveness methods should be addressed through the EE Rulemaking instead of through delivery-type consolidation in this proceeding.[87] However, if consolidation results in different assumptions associated with savings attribution, measure verification, or eligible program costs, then the reported benefits and cost-effectiveness results may change despite no actual change in program performance. Therefore, if the Commission adopts SCE recommendation to consolidate current delivery classifications, the Commission must also ensure that administrative consolidation does not, by itself, change existing savings attribution assumptions, cost-effectiveness methodologies, or calculated program benefits.

If the Commission adopts SCE's proposed customer-based and sales-based delivery categories, the Commission must preserve the existing CEDARS delivery-type

---

[87] Scoping Memo at 7-8.

("These issues, which are out of scope for this proceeding, but appropriate for adjustments to the scope and/or schedule in R.25-04-010 (to be determined in that proceeding and addressed via an Amended Scoping Memo, as necessary) are as follows:

- Application and implementation of cost-effectiveness requirements within the energy efficiency portfolio. This includes, but is not limited to, issues related to:
    - Application of cost-effectiveness test issues that are specific to energy efficiency;
    - Net-to-gross issues, including default assumptions for certain types of programs")

reporting requirements to ensure that program administrators continue to identify and report the underlying delivery mechanism. The two delivery categories proposed by SCE should function as broader administrative categories while maintaining the ability to identify relevant delivery characteristics, including intervention type, incentive recipient, implementation activities, and verification requirements. These distinctions allow for the evaluation of program performance using information currently collected without requiring broader modifications to California Energy Data and Reporting Systems (CEDARS) or the adoption of new evaluation methodologies.

Ultimately, the consolidation of program delivery-type classifications is appropriate where such changes reduce administrative complexity or operational costs without diminishing regulatory oversight. Nonetheless, the Commission should not approve consolidation where customer-based and sales-based delivery applies common savings attribution, cost-effectiveness treatment, or implementation assumptions to programs with different delivery characteristics. Preserving these distinctions promotes transparency and comprehensive performance assessments while allowing for administrative efficiencies across ratepayer-funded EE programs.

E. The Commission should modernize the pilot program requirements from D.09-09-047.

(Witness: J. Ahlstedt)

The Commission should modernize EE pilot program requirements to require PAs to demonstrate impacts to portfolio and program design. In the Scoping Memo, the Commission asked "whether to amend the 'pilot' program requirements in D.09-09-047."[88] In D.09-09-047, the Commission stated that "the purpose of a pilot project is to test a new and innovative concept, partnership, or program design that is intended to address a specific area of concern or gap in existing programs or to advance a Strategic

[88] Scoping Memo at 5.

Plan goal or strategy."[89] To advance this purpose, the Commission adopted 10 specific requirements that every proposed pilot program must meet.[90] These requirements include criteria that address pilot goals, budgets, timeframes, metrics, and scalability among other requirements.[91] As discussed in detail below, the Commission can improve upon these requirements and add new criteria to ensure that proposed pilot programs continue to conform with the purpose of pilots established in D.09-09-047.

1. Pilot program criteria #1 should include a requirement for PAs to explain why the PA can only test the idea or concept with a pilot program and not an existing program.

The Commission should modify pilot program criteria #1 to require PAs to explain why a proposed program design must be tested via a pilot rather than through an existing program. Pilot program criteria #1 states that a pilot proposal must include "a specific statement of the concern, gap, or problem that the pilot seeks to address and the likelihood that the issue can be addressed cost-effectively through utility programs."[92] However, neither this criteria nor any of the other nine criteria explicitly require PAs to justify why a pilot is necessary to test the idea rather than testing the idea through an existing program or process. Without such a requirement, PAs can propose unnecessary pilot programs that test ideas which PAs could otherwise test through existing programs. Furthermore, the Commission should require all PAs to include an explanation of how the results of a successful pilot are expected to be incorporated in their future programs and or portfolios. To ensure that PAs use pilot programs to test ideas that require a pilot, the Commission should modify pilot program criteria #1 to require PAs to provide an explanation the idea can only be tested with a pilot program and not an existing program. Specifically, the Commission should modify pilot program criteria #1 as follows:

---

[89] D.09-09-047, *Decision Approving 2010 to 2012 Energy Efficiency Portfolios and Budgets*, October 1, 2009 at 48; issued in A.08-07-021.

[90] D.09-09-047 at 48-49.

[91] D.09-09-047 at 48-49.

[92] D.09-09-047 at 48.

1. A specific statement of the concern, gap, or problem that the pilot seeks to address, ~~and~~ the likelihood that the issue can be addressed cost-effectively through utility programs, an explanation of why the idea or concept can only be tested with the pilot, and how the results of the pilot will be used in future portfolio cycles;

2. Pilot program criteria #3 should include a requirement that the duration of a pilot program must begin and end within the same four-year portfolio cycle

The Commission should modify pilot program criteria #3 to state that pilot programs must not exceed the four-year portfolio cycle within which the pilot begins. Pilot program criteria #3 states that a pilot proposal must include "specific goals, objectives and end points for the project."[93] Additionally, pilot program criteria #5 states that pilots must "obtain results within a portfolio cycle."[94] To harmonize these criteria, the Commission should modify the language of criteria #3 to state that pilots should not exceed the four-year portfolio cycle within which the pilot begins. This modification does not change the meaning of either pilot criteria #3 or #5. Instead, the modifications ensures that no ambiguity exists relating to required pilot duration. Therefore, the Commission should modify pilot program criteria #3 as follows:

3. Specific goals, objectives and end points for the project with the total pilot duration not to exceed the four-year portfolio cycle within which the pilot begins;

3. Pilot program criteria #5 should include a requirement for pilot program proposals to have results and analysis ready for PAs to implement within a portfolio cycle

The Commission should modify pilot program criteria #5 to state that pilot programs must start, end, and have actionable results within one portfolio cycle so that PAs can implement results from the pilot in the next portfolio cycle. Pilot program criteria #5 states that a pilot proposal must include "a clear budget and timeframe to complete the project and obtain results within a portfolio cycle - pilot projects should not

[93] D.09-09-047 at 48.

[94] D.09-09-047 at 49.

be continuations of programs from previous portfolios."[95] While this criterion requires PAs to obtain results from the pilot within a portfolio cycle, it does not clearly state that those results must be analyzed within the same portfolio cycle. For example, PAs could collect the "results" of the pilot within the portfolio cycle but could wait one or more additional cycles before the PA analyzes the results and publishes any findings.

The Commission clearly states that pilots should be limited in scope and duration and results of the pilot should be shared to improve programs statewide.[96] Therefore, the Commission should remove ambiguity from pilot program criteria #5 and state that pilot programs must start, end, collect results, and have actionable analysis complete within one portfolio cycle. As such, the Commission should modify pilot program criteria #5 as follows:

> 5. A clear budget and timeframe to complete the project, ~~and~~ obtain results, and have actionable analysis complete within a portfolio cycle - pilot projects should not be continuations of programs from previous portfolios;

4. Pilot program criteria #10 should include a requirement that PAs must disseminate the results and analysis of the pilot in the same portfolio cycle as when the pilot ends

The Commission should modify pilot program criteria #10 to require PAs to disseminate the pilot program results and analysis within one portfolio cycle and in time for other PAs to incorporate the results into their own portfolio cycles. Pilot program criteria #10 requires pilot proposals to include a strategy to identify and disseminate best practices and lessons learned from the pilot to all utilities as well as provide a schedule to expand the piloted idea statewide.[97] However, criteria #10 does not specify by which date the PAs must disseminate the information.

---

[95] D.09-09-047 at 49.

[96] D.09-09-047 at 48.

[97] D.09-09-047 at 49.

One of the core goals of a pilot is to share the results of the pilot so that PAs can use the findings statewide.[98] Currently, criteria #10 does not provide a timeframe by which PAs are required to disseminate the results of a pilot. This could lead to a scenario where the results of a pilot are disseminated at the very end of one portfolio cycle, without enough time for other PAs statewide to incorporate the results in their following portfolio cycle. This can cause a one-portfolio cycle (four year) lag between pilot results and implementation statewide which may erode the effectiveness of the pilot learnings. For this reason, the Commission should modify pilot program criteria #10 to require PAs to disseminate the results of the pilot within the same portfolio cycle within which the pilot ends and with enough time for other PAs to incorporate the results into their next portfolio cycle application. As such, the Commission should modify pilot program criteria #10 as follows:

> 10. A concrete strategy to identify and disseminate best practices and lessons learned from the pilot to all California utilities during the same portfolio cycle within which the pilot ends and to transfer those practices to resource programs, as well as a schedule and plan to expand the pilot to utility and hopefully statewide usage in the next portfolio cycle.

F. The Commission should not allow energy efficiency to fund fuel switching measures

(Witness: J. Ahlstedt)

The Commission should not allow energy efficiency programs to fund fuel switching measures because these measures offer no ratepayer energy savings in the switch from regulated fuel sources.[99] The ALJ Ruling asks if fuel switching measures in energy efficiency align with statutory authority and legislative intents of the Commission's energy efficiency policies.[100] Fuel switching measures in energy

[98] D.09-09-047 at 48.

[99] Here, "fuel switching" refers to switching from an unregulated fuel source, such as wood or propane, to a regulated fuel source, such as natural gas or electricity.

[100] ALJ Ruling at 4.

efficiency do not align with the Commission's statutory authority nor legislative intent for energy efficiency policies.

Pub. Util. Code Section 381(b) instructs the Commission to allocate funds to programs that provide cost-effective energy efficiency and conservation activities.[101] Pub. Util. Code Section 381(a) instructs the Commission to require electric corporations to collect revenue and fund energy efficiency programs.[102] Similarly, Pub. Util. Code Section 890(a) instructs the Commission to impose a surcharge on natural gas to fund cost-effective energy efficiency and conservation activities.[103] In aggregate, the Commission's statutory authority to fund and implement energy efficiency programs is limited to regulated electric and natural gas services. Pub. Util. Code does not give the Commission authority to fund energy efficiency measures for unregulated fuels or fuel switching from an unregulated fuel to regulated electricity or natural gas fuels.

Likewise, Pub. Util. Code Sections 381(b)(1) and 890(a) both require the Commission to fund "cost-effective" energy efficiency and conservation activities. Switching from an unregulated fuel (such as wood or propane) to a regulated fuel does not conserve any amount of the regulated fuel. On the contrary, switching from an unregulated to a regulated fuel increases the amount of regulated fuel used by a ratepayer.

---

[101] Pub. Util. Code Section 381(b).

"The commission shall allocate funds collected pursuant to subdivision (a), and any interest earned on collected funds, to programs that enhance system reliability and provide in-state benefits as follows:

(1) Cost-effective energy efficiency and conservation activities."

[102] Pub. Util. Code Section 381(a).

"To ensure that the funding for the programs described in subdivision (b) and Section 382 are not commingled with other revenues, the commission shall require each electrical corporation to identify a separate rate component to collect the revenues used to fund these programs. The rate component shall be a nonbypassable element of the local distribution service."

[103] Pub. Util. Code Section 890(a).

"On and after January 1, 2001, there shall be imposed a surcharge on all natural gas consumed in this state. The commission shall establish a surcharge to fund low-income assistance programs required by Sections 739.1, 739.2, and 2790 and cost-effective energy efficiency and conservation activities and public interest research and development authorized by Section 740 and not adequately provided by the competitive and regulated markets. Upon implementation of this article, funding for those programs shall be removed from the rates of gas utilities."

Furthermore, increased demand for regulated fuels may require infrastructure upgrades which increase costs to ratepayers. Thus, unregulated fuel switching creates no ratepayer savings and may add to ratepayer costs. As such, unregulated fuel switching is not "cost-effective" from a ratepayer standpoint and goes against the legislative mandates of Pub. Util Code Sections 381(b)(a) and 890(a). For these reasons, the Commission should not use ratepayer funds to fund fuel switching measures in energy efficiency programs.

G. The Commission should assess demand response and dynamic rates policy proposals in demand response and dynamic rates proceedings, not in energy efficiency proceedings.

(Witness: J. Ahlstedt)

The Commission should assess demand response and dynamic rates policy proposals in the demand response and dynamic rates proceedings, not in this energy efficiency rolling portfolio application proceeding as PG&E proposes. In its testimony, PG&E proposes to allow PAs to use EE funds for load shifting activities until another proceeding supersedes energy efficiency load shifting policy.[104] The ALJ Ruling asks how, under PG&E's proposal, the Commission would discontinue EE funding for load shifting activities and how such activities may impact other proceedings and dynamic rates.[105]

The Commission has an active demand response rulemaking, Rulemaking (R.) 25-09-004, where the Commission can set policy on funding load shifting activities as

---

[104] Exhibit PG&E-01 at 11-19.

"Allow PAs to continue use of EE funding for ongoing load shifting that reduces peak consumption for the 2028-2031 portfolio period— or until the Commission authorizes load shifting program activities in another proceeding that supersedes EE load shifting policy—with the following provisions:"

[105] ALJ Ruling at 6.

"Pacific Gas and Electric Company proposed to allow portfolio administrators to continue using energy efficiency funding for ongoing load shifting either for Program Years 2028 through 2031 or until the Commission authorizes load shifting activities in another proceeding as a more appropriate long-term venue.2 Under this approach, what criteria should the Commission use to determine when, how, and in what instances to discontinue energy efficiency funding for load shifting activities? Please describe considerations on size and reach of load shifting activities in other proceedings, as well as potential use of dynamic rates."

PG&E requests. In particular, the stated purpose of R.25-09-004 is to "…evaluate and enhance the consistency, predictability, reliability, and cost-effectiveness of demand response resources."[106] As such, the Commission should evaluate proposals to modify, update, or set load shifting or other demand response adjacent policy in the demand response rulemaking, R.25-09-004.

The Commission also has several open applications which address dynamic rates. These applications including SCE's A.24-06-014,[107] SDG&E's A.26-02-001,[108] and PG&E's A.24-09-014.[109] The Commission should consider the impact of load shifting and demand response policies on dynamic rates in these proceedings, not in this energy efficiency rolling portfolio application proceeding.

These recommendations ensure that the Commission's approach to load shifting policy is not piecemeal. If the Commission were to set load shifting policy in these energy efficiency rolling portfolio applications that policy would likely be superseded in one of the proceedings listed above. Furthermore, the Commission should avoid funding load shifting activities with EE funds if those same activities are already funded or are actively under consideration to be funded elsewhere. For these reasons, the Commission should deny PG&E's proposal to allow PAs to use energy efficiency funds for load shifting and or to set load shifting policy in energy efficiency proceedings.

---

[106] *Order Instituting Rulemaking to Enhance Demand Response in California*, September 29, 2025 at 1; issued in R.25-09-004.

[107] Scoping Memo at 1.

"On June 26, 2024, Southern California Edison Company (SCE) filed Application 24-06-014 seeking authority to implement the 'Large Power Dynamic Pricing Rate' (Proposed Rate)."

[108] Scoping Memo at 1.

"San Diego Gas & Electric Company (SDG&E) filed Application (A.) 26-02- 001 on February 2, 2026, seeking approval of its demand flexibility (DF) rates."

[109] Scoping Memo at 2-3.

"Whether PG&E's proposed rate designs, including its demand charges, customer charges, dynamic rate options, and proposed time-of-use periods and seasons, are reasonable and should be approved…"

H. The Commission should not allow measures with no energy savings to claim TSB.

(Witness: A. Zhang)

The ALJ Ruling asks parties to consider if the Commission should allow EE measures with no energy savings, such as low-global warming potential (GWP) measures, to claim TSB is reasonable and aligned with EE policies.[110] Allowing measures with no energy savings, such as low-GWP measures, to claim TSB is not aligned with the statutory requirements for energy efficiency programs. California Public Utilities Code Sections 454.55 and 454.56 require that the Commission identify all potentially achievable cost-effective electricity and natural gas efficiency savings and establish efficiency targets for electrical and natural gas corporates to achieve.[111] By their nature, measures with no energy savings do not save any natural gas or electricity, and therefore are unsuitable for energy efficiency portfolios.

Furthermore, the existing Avoided Cost Calculator (ACC) is not able to value low-GWP measures with no energy savings. Because low-GWP measures have no energy savings, it would primarily be the greenhouse gas (GHG) savings which are valued, since low-GWP measures reduce the GHGs associated with refrigerants. In D.26-09-007, the Commission adopted a unitary value for all GHG emissions in the ACC, using the electricity-based value in the ACC.[112] This value is composed "cap-and-invest value, which represents the IEPR price forecast for the cap-and-invest program, and an additional GHG adder, which represents the additional costs needed beyond the cap-and-

[110] ALJ Ruling at 5.

[111] Pub. Util. Code §454.55(a)(1): "The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective electricity efficiency savings and establish efficiency targets for an electrical corporation to achieve, pursuant to Section 454.5, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code."

Pub. Util. Code §454.56(a): "The commission, in consultation with the Energy Commission, shall identify all potentially achievable cost-effective natural gas efficiency savings and establish efficiency targets for the gas corporation to achieve, consistent with the targets established pursuant to subdivision (c) of Section 25310 of the Public Resources Code."

[112] D.26-09-007, *Decision Adopting Updates to the Avoided Cost Calculator*, September 8, 2026, Conclusion of Law 1, at 47; issued in R.22-11-013.

invest program to meet the electric sector GHG target."[113] GHG costs associated with refrigerants are not part of this GHG value, because the cap-and-invest program only accounts for carbon emissions associated with electricity generated or imported into California and no refrigerants are emitted in electricity generation.[114] In fact, refrigerants are not a cost borne by utilities, and the ACC is only meant to calculate the "avoided cost to the provision of electric and natural gas service."[115] Therefore, the ACC cannot accurately value low-GWP measures because those measures do not avoid any utility costs and because the ACC provides an imprecise value for GHG avoided costs.

IV. CONCLUSION

The Commission should adopt the policy recommendations described here because they advance the Commission and state's EE policy goals and are in the best interests of California's ratepayers.

[113] D.26-09-007, at 11.

[114] D.26-04-034, *Decision Denying Southern California Gas Company's Request for Cost Recovery from Ratepayers for Phase 2 Activities for Angeles Link Project*, May 7, 2026 at 4; issued in A.24-12-011. ("In-state electricity generators that emit over 25,000 metric tons annually and electricity importers face a compliance obligation for the GHG emissions associated with the electricity they generate in or import to California")

[115] D.26-09-007, at 3

Chapter 3 Review of Proposed 2028-2031 Energy Efficiency Portfolios

(Witnesses: J. Ahlstedt, P. Li-Couthouis, O. Gutierrez Tapia, A. Zhang)

I. INTRODUCTION

The Scoping Memo asks if the PA's budgets are just and reasonable, appropriate, and likely to accomplish the Commission's adopted TSB goals and energy savings objectives.[116] This Chapter answers the Scoping Memo's question and recommends budgets for each of the PAs and for statewide programs in-line with historic expenditures and program performance. Furthermore, this Chapter recommends the Commission modify, sunset, or otherwise close several programs that fail to advance the Commission or state's EE policy, underperform, or are otherwise out of compliance with the Commission's rules for EE programs. As such, the Commission should adopt the recommendations listed in the following Section.

II. SUMMARY OF RECOMMENDATIONS

The Commission should adopt the following recommendations:

- For BayREN's proposed portfolio:
  - Adopt program budgets in-line with historic expenditures.
  - Deny BayREN's request to expand the definition of "underserved" for use in the Equity segment.
  - Require BayREN's Efficiency and Sustainable Energy Home program to target Equity segment eligible customers as defined by D.23-06-055.
- For SCE's proposed portfolio:
  - Reject the proposed Contractor Demand Building Program (CDBP) budget of $7.12 million for the 2028-2031 EE portfolio cycle.
- For 3CREN's proposed portfolio:

[116] Scoping Memo at 3.

"1. Are the portfolio administrators' budgets, individually and collectively, just and reasonable, appropriate, and will they accomplish the Commission-adopted Total System Benefit (TSB) goals and energy savings objectives?"

- Set an annual budget for 3CREN's programs without TSB at $3.2 million.
- Set an annual budget for 3CREN's programs with TSB at $3.7 million.
- Cap 3CREN's administrative budgets to 10 percent of its portfolio budget.
- Close 3CREN's programs that are underutilized, underperforming, or not cost-effective, pursuant to EO N-5-24 and the State Audit.

- For SDG&E's proposed portfolio:
  - Reduce the budget for the Industrial Sector Program due to the low potential for industrial energy savings in SDG&E's territory and historical underperformance of the existing Industrial Program
- For NREN's proposed portfolio:
  - Adopt program budgets in-line with historic expenditures.
- For MCE's proposed portfolio:
  - Disallow Marin Clean Energy's two Market Access Programs.
- For SoCalREN's proposed portfolio:
  - Reject the proposed Residential Resiliency Program.
  - Reject the proposed Construction Project Management Pathway Program.
  - Reject the proposed Public Sector Load Flexibility Program.
  - Consolidate overlapping delivery activities within PDP and DER DAC programs or, alternative, reduce each program's proposed budget by 20 percent.
- For PG&E's proposed portfolio:
  - Adopt program budgets in-line with historic expenditures.
- For SoCalGas's proposed portfolio:
  - Not allow incentives for fuel switching from a non-regulated fuel to natural gas.

- Allow SoCalGas to consolidate programs but reduce the budgets of the affected programs.
- Adjust market support and equity segment budgets to ensure spending remains within the 30 percent limit set by D.21-05-031.

- For SDREN's proposed portfolio:
  - Disallow SDREN's Market Access Program.
  - Disallow SDREN's Efficient Refrigeration program because it does not deliver substantial energy savings and is duplicative of SDG&E's Groceries Program.
  - Disallow SDREN's Codes and Standards (C&S) Program because it is duplicative of existing C&S programs offered by other PAs.
  - Disallow SDREN's Single and Multifamily Programs because it is duplicative of SDG&E's programs and SDREN has not demonstrated it can achieve its spending, cost-effectiveness, and TSB targets
- For CCRREN's proposed portfolio:
  - Cap CCRREN's annual budget for programs without Total System Benefit at $6.49 million.
- For Westlight's proposed portfolio:
  - Disallow Westlight's FlexMarket program.
  - Disallow Westlight's Refrigerant Workforce, Education, and Training program.
  - Not allow Westlight to dramatically expand programs without a proven track record.
- For IREN's proposed portfolio:
  - Deny IREN's proposed 70 percent budget increase for programs without TSB and use the 2024-2025 budgets to inform the 2028-2031 budgets.
  - For IREN's programs with TSB, adopt a budget equivalent to 60 percent of IREN's 2024 budget.
  - Cap IREN's administrative budgets to 10 percent of its portfolio budget.
  - Close the IREN-PUBL-001 program.
  - Close the IREN-PUBL-002 program.

- Close IREN's programs that underperform or are underutilized.

- For PAs' proposed statewide programs:
  - Adopt statewide program budgets in-line with historic expenditures.Discussion

A. Bay Area Regional Energy Network (BayREN)

(Witness: J. Ahlstedt)

The Commission should base BayREN's 2028-2031 portfolio budget on BayREN's historic performance. Basing BayREN's 2028-2031 portfolio budget on historic performance will minimize the risk that BayREN underspends its budget and thus over-collects funds from ratepayers. Furthermore, the Commission should not approve BayREN's EASE program, as designed. Rather, the Commission should require BayREN to bring the EASE program into compliance with the Commission's rules pertaining to the design of Equity segment programs.

1. The Commission should adopt a 2028-2031 portfolio budget of $127 Million for BayREN, based on historical performance.

The Commission should adopt a Portfolio Budget for BayREN that preserves BayREN's ability to offer its suite of programs to customers and minimizes the risk of overcollection from ratepayers to ensure prudent use of ratepayer funds. As such, the Commission should consider BayREN's historic spending if it adopts BayREN's programs in the 2028-2031 Portfolio Cycle

a. BayREN has historically underspent its authorized budget

In the most recent four years of complete historic data (2022-2025), the Commission Authorized a budget of $131.4 million for BayREN's regional programs.[117] Over that same period, BayREN spent $106.1 million or $25.3 million less than the

[117] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Here, "regional" energy efficiency programs refer to non-statewide programs.

authorized amount.[118] A comparison of BayREN's historic authorized budgets to BayREN's claimed expenditures is a useful indicator of the likelihood that BayREN will over-collect its proposed budget for future years. Table 3-A-1, below compares BayREN's Authorized Budgets and Claimed Expenditures by program from 2022-2025.[119]

Table 3-A-1: Comparison of BayREN Authorized Budgets and Claimed Expenditures by Regional Program (2022-2025)

Program ID	*Authorized Budget*	*Claimed Expenditures*	*Difference*
BAY_CS_PortfolioSupport	$196,119	$223,042	$(26,922)
BAY_Equity_PortfolioSupport	$2,537,873	$2,225,383	$312,489
BAY_MS_PortfolioSupport	$571,326	$693,636	$(122,310)
BAY_RA_PortfolioSupport	$494,087	$490,952	$3,135
BAYREN02	$23,298,690	$22,266,231	$1,032,459
BAYREN02_IDSM	$542,415	$0	$542,415
BAYREN02-A	$6,901,930	$3,393,687	$3,508,243
BAYREN03	$7,328,405	$7,036,785	$291,620
BAYREN04	$6,971,777	$5,307,426	$1,664,350
BAYREN05-A	$5,254,329	$1,318,193	$3,936,137
BAYREN06	$17,081,082	$11,926,456	$5,154,626
BAYREN07	$5,989,751	$9,462,468	$(3,472,718)
BAYREN08	$36,291,966	$31,602,930	$4,689,036
BAYREN08_IDSM	$360,740	$0	$360,740
BAYREN09	$5,775,768	$5,731,390	$44,378
BAYREN10	$8,085,678	$1,527,332	$6,558,345
BAYREN11	$1,509,758	$1,464,068	$45,690
BAYREN11_IDSM	$230,302	$0	$230,302
BAYREN12	$1,798,230	$1,381,140	$417,090
BAYREN12_IDSM	$138,007	$0	$138,007
Total:	***$131,358,232***	***$106,051,120***	***$25,307,112***

As Table 3-A-1 shows, while one program and two portfolio support programs overspent their authorized budget, the majority of BayREN's programs significantly

[118] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[119] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

underspent their authorized budgets. In total, BayREN underspent its authorized budget in 2022-2025 by $25 million, or 19%. As Chapter 2, Section A discusses, budgets in excess of expenditures results in un-used and unspent funds which harms ratepayers.

In general, PAs collect every dollar of an authorized budget from ratepayers regardless of if PAs spend the budget on EE programs.[120] Thus a PA underspending their authorized budget leads to an over-collection from ratepayers. This over-collection harms ratepayers because over-collection increases costs and offers no benefits in return. This puts unnecessary upward pressure on rates and ultimately increases ratepayer bills unnecessarily. As such, the Commission must adopt EE portfolio budgets that minimize the risk of over-collection by tying budgets to historic performance. Since BayREN has historically underspent its authorized budget, the Commission should weigh proposals to increase BayREN's budget against the likelihood that BayREN will continue its historic over-collection of ratepayer funds.

b. BayREN's proposed program budgets are generally higher than claimed expenditures in 2025.

Overall, BayREN requests a budget of $186.6 Million for its regional energy efficiency programs during the 2028-2031 Portfolio Cycle.[121] This budget averages to an annual budget of $46.7 million for this four-year cycle. By comparison, BayREN's claimed expenditures for its regional programs in 2025 total just $30.4 million, more than $16 million (35%) less than BayREN's average annual budget proposal. Table 3-A-2, below, compares BayREN's average annual proposed budget for 2028-2031 to the most recent year's Claimed Expenditure (2025) for that program.

---

[120] Under some circumstances PAs may carry over unspent funds from one program year to the next to offset collection from ratepayers. Furthermore, IOUs generally collect funds from ratepayers on behalf of PAs in the IOU's service territory.

[121] Exhibit BayREN-01, *Testimony in Support of the Bay Area Regional Energy Network's Application for Approval of the 2028-2031 Portfolio Plan and 2028 2035 Business Plan*, March 16, 2026, Table 2.1 at 19.

And CEDARS, *BayREN Budget Filing Appendix*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4014/mainchange_summary%7Cmain%7Credline)/

Table 3-A-2: Comparison of BayREN's Proposed 2028-2031 Budgets and 2025 Claimed Expenditures by Program.

Program ID	*Total Proposed Budget (2028-2031)* [122]	*Average Annual Proposed Budget*	*2025 Claimed Expenditures* [123]	*Difference (Annual – Claimed)*
BAY_CS_PortfolioSupport	$376,839	$94,210	$103,851	($9,641)
BAY_Equity_PortfolioSupport	$6,385,713	$1,596,428	$1,254,894	$341,534
BAY_MS_PortfolioSupport	$1,219,599	$304,900	$369,333	($64,433)
BAY_RA_PortfolioSupport	$1,361,067	$340,267	$223,564	$116,703
BAYREN02	$37,748,069	$9,437,017	$10,289,520	($852,503)
BAYREN03	$6,842,443	$1,710,611	$1,829,615	($119,004)
BAYREN05-A	$7,463,851	$1,865,963	$387,880	$1,478,083
BAYREN06	$24,148,445	$6,037,111	$3,748,774	$2,288,337
BAYREN07	$4,336,338	$1,084,085	$2,327,207	($1,243,122)
BAYREN08	$44,763,051	$11,190,763	$3,983,004	$7,207,759
BAYREN09	$14,161,082	$3,540,270	$3,009,928	$530,342
BAYREN10	$20,133,305	$5,033,326	$952,380	$4,080,946
BAYREN11	$5,197,271	$1,299,318	$978,579	$320,739
BAYREN12	$6,636,505	$1,659,126	$968,607	$690,519
BAYREN13	$5,822,698	$1,455,674	New Program	New Program
Total	**$186,596,276**	**$46,649,069**	**$30,427,136**	**$14,766,259**

BayREN proposes significant increases to most programs compared to 2025 Claimed Expenditures.[124] In combination, BayREN's proposed portfolio budget is on average $14.8 million or 49% per year more than what BayREN spent on its programs in 2025.

[122] CEDARS, *BayREN Budget Filing Appendix*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4014/mainchange_summary%7Cmain%7Credline)/

[123] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[124] As the above table shows, BayREN proposes some budget reductions compared with its historic actual spend, especially for BAYREN02 (Multi Family) and BAYREN07 (Health, Energy, and Resilience Education).

c. The Commission should adopt budgets for BayREN's programs based on each program's historical performance.

As described above, between 2022-2025, BayREN's programs generally underspent their authorized budgets by an average of 19%. This means that BayREN's ratepayers experienced over-collections of up to 19% from 2022-2025. Furthermore, BayREN proposes program budgets for the 2028-2031 program cycle that as a whole exceed what BayREN spent in 2025 by 49%. In combination, these facts indicate that BayREN would over-collect from its customers in program years 2028-2031 by $186 million, if the Commission approves its proposed budget.

To avoid this overcollection of ratepayer funds, the Commission should base the budgets for BayREN's programs on each program's historic spend. The Commission should use the most recent full-year of historic data as a basis year for the budget in 2028 and apply a 10 percent ramp-up factor every year thereafter to allow BayREN the opportunity to scale its programs over time. Furthermore, the Commission should cap each program's annual budget at BayREN's request to ensure that the ramp-up does not out-scale BayREN's original budget request.

For new programs or programs without historic information, the Commission should adopt BayREN's proposed 2028 budget and apply the same 10 percent ramp up and budget cap as described above. Table 3-A-3, below, compares Cal Advocates' and BayREN's proposed budgets for each of BayREN's programs over the 2028-2031 Portfolio Cycle. Appendix C to this Testimony shows the same comparison for each year of the 2029-2031 Portfolio Cycle.

Table 3-A-3: Comparison of Cal Advocates' and BayREN's Proposed Program Budgets (2028-2031)

Program ID	*BayREN Proposal*[125]	*Cal Advocates Proposal*	*Difference*
BAY_CS_PortfolioSupport	$376,839	$376,839	$0
BAY_Equity_PortfolioSupport	$6,385,713	$5,804,355	$581,357
BAY_MS_PortfolioSupport	$1,219,599	$1,219,599	$0
BAY_RA_PortfolioSupport	$1,361,067	$1,037,561	$323,506
BAYREN02	$37,748,069	$37,748,069	$0
BAYREN03	$6,842,443	$6,842,443	$0
BAYREN05-A	$7,463,851	$1,800,153	$5,663,698
BAYREN06	$24,148,445	$17,398,061	$6,750,384
BAYREN07	$4,336,338	$4,336,338	$0
BAYREN08	$44,763,051	$18,485,119	$26,277,932
BAYREN09	$14,161,082	$13,602,484	$558,598
BAYREN10	$20,133,305	$4,419,995	$15,713,310
BAYREN11	$5,197,271	$4,541,583	$655,688
BAYREN12	$6,636,505	$4,495,306	$2,141,200
BAYREN13	$5,822,698	$5,721,015	$101,683
Total	**$186,596,276**	**$127,828,921**	**$58,767,356**

As Table 3-A-3 shows, the use of historic expenditures as the basis for 2028 program budgets with an annual 10% ramp-up results in a total portfolio budget of $127.8 million or $58.8 less than what BayREN requests. The Commission should adopt this budget because it is in-line with BayREN's historic expenditures and minimizes the risk to ratepayers of underspend and overcollection.

2. The Commission should not approve BayREN's "Efficiency and Sustainable Energy Home" program (EASE) for the 2028-2031 portfolio cycle as designed.

The Commission should not approve BayREN's Efficiency and Sustainable Energy Home Program (EASE or BAYREN08) because BayREN fails to justify EASE's proposed expansion of the definition of "underserved" and thus diverts Equity segment

[125] CEDARS, *BayREN Budget Filing Appendix*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4014/mainchange_summary%7Cmain%7Credline)/

funds away from truly disadvantaged customers. Furthermore, the Commission should require BayREN to use the Commission-adopted definition of underserved for the current portfolio cycle.

The EASE program is BayREN's Equity segment program that offers single-family customers direct-install energy efficiency measures. EASE caps overall costs to customers at no more than 20% of project costs. The maximum out-of-pocket cost to a participant is $1,000.[126] BayREN significantly redesigned its single-family program and renamed the program EASE. EASE launched in mid-2025.[127] EASE targets low-to-moderate income customers with income below 120% Area Median Income (AMI).[128] However, customers with up to 120% of AMI do not qualify as underserved, disadvantaged, or hard-to-reach (HTR) by that metric alone. Therefore, customers who earn up to 120% do not qualify as Equity segment customers pursuant to D.23-06-055.[129] Furthermore, BayREN violates the process to propose updates to the definition of underserved that was established in D.23-06-055. BayREN violates D.23-06-055 because BayREN inadequately justifies the proposed inclusion of moderate-income earners in its definition of Equity segment customers.

Thus, the Commission should not approve BayREN's EASE program as designed because EASE violates D.23-06-055 since EASE targets customers outside the Commission-defined Equity segment.

a. The Commission should not adopt BayREN's proposed change to the definition of underserved for the EASE program

The Commission should not allow BayREN to expand the definition of underserved to include moderate-income customers because BayREN fails to adequately

[126] Exhibit BAYREN-02R, *Program Cards*, A.26-03-009 et al., filed March 16, 2026, Corrected September 18, 2026 at 1-2.

And Exhibit BAYREN-01 at 88.

[127] Exhibit BAYREN-01 at 33-34.

[128] Exhibit BAYREN-01 at 33-34 and 72.

[129] D.23-06-055 at 45-48.

justify the expansion. D.23-06-055 adopts a multi-pronged definition for underserved communities based on the Commission's Environmental and Social Justice (ESJ) Action Plan.[130] In particular, a community is "underserved" if it meets any of the following criteria:

- Median household income less than 80% of statewide average.[131]
- Within an area identified as among the most disadvantaged 25 percent in the state according to CalEnviroScreen.
- 75 percent of public-school students in the project area are eligible for free or reduced-price meals under the National School Lunch Program.
- Located on lands belonging to a federally recognized California Indian tribe.

Equity segment programs must be designed to target and primarily serve equity segment customers.[132] Finally, the D.23-06-055 adopts a process for PAs to propose the inclusion of additional groups in the definition of underserved in subsequent portfolio applications:[133] PAs must submit a status update in their annual report which includes (1) data on how the group is missed by the current definition, (2) an explanation of why the

---

[130] D.23-06-055 at 45.

The Decision reconciles the use of "customers" and "communities" by stating that underserved customers are members of underserved communities. D.23-06-055 at 47.

[131] Public Resource Code § 75005(g)

"'Disadvantaged community' means a community with a median household income less than 80% of the statewide average. 'Severely disadvantaged community' means a community with a median household income less than 60% of the statewide average."

And Health and Safety Code § 39713(d)(2)

"'Low-income communities' are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits adopted pursuant to Section 50093."

[132] D.23-06-055 at 43.

[133] D.23-06-055 at 47-48.

group should be considered underserved, (3) how the PA proposes to integrate tracking of the group into indicators and metrics.[134]

Citing to D.23-06-055, BayREN sponsored a report to assess its single family program and re-classify moderate income households as "underserved" (the Report).[135] The Report was released in March 2025 and was subsequently included in BayREN's Application as Appendix E "Defining Underserved in the Bay Area - Single Family Moderate Income Report."[136] The Report was not included or referenced in BayREN's 2025 Annual Report, however in its 2024 Annual Report, BayREN indicated that it intended to incorporate single-family moderate-income households into its definition of "underserved" beginning in July 2025.[137]

BayREN fails each of D.23-06-055's three requirements for any proposal to update the definition of underserved.[138] First, BayREN does not provide sufficient data to justify how moderate-income customers are missed by the current definition. Second, BayREN fails to explain why moderate-income customers should be considered underserved and cannot be adequately served by non-equity programs. Third, BayREN does not explain how it will integrate tracking of moderate-income customers into its indicators and metrics.

---

[134] D.23-06-055 at 48.

[135] Exhibit BAYREN-04, *Appendices*, March 16, 2026 at 231-232.

[136] Exhibit BAYREN-04 at 231-232.

[137] BayREN, *Annual Report 2024 A Shared Horizon: Better Buildings, Brighter Tomorrow*, hereinafter "BayREN 2024 Annual Report" at 50. Accessed November 11, 2026 at:

https://www.bayren.org/sites/default/files/documents/2025/BayREN_2024_Annual_Report_Final.pdf

[138] D.23-06-055 at 48.

"PAs must submit a status update in their annual report which includes (1) data on how the group is missed by the current definition, (2) an explanation of why the group should be considered underserved, (3) how the PA proposes to integrate tracking of the group into indicators and metrics."

i. BayREN fails to provide data on how moderate-income customers are underserved

D.23-06-055 requires a PA to provide "data (quantitative and/or qualitative) of how a group or category is being missed by the current [underserved] definition."[139] BayREN attempts to satisfy this clause with its Report on single-family moderate-income customers.[140] However, the Report presents no such definitive finding that moderate-income customers are underserved.

As an initial matter, the Report considers three categories of customers, high-, moderate-, and low-income customers but does not define any of these categories. The only specific mention of income in the entire Report is a key finding that BayREN's Energy Advisor component of its Home+ program (the predecessor to EASE) "…primarily served higher-income households (85% with incomes >$125,000)."[141] Thus there is no correlation between the Report's findings and BayREN's proposal to include customers with incomes of up to 120% AMI in the definition of underserved.

The Report concludes that moderate-income single-family homeowners are underserved because they face many of the same barriers as low-income households and have a similar awareness of EE programs as low-income households.[142] However, the data put forward in the Report suggests the opposite, finding in its initial study that there was "no difference" in awareness or participation rates in EE programs between moderate- and high-income customers.[143] Furthermore, in a subsequent study, the Report finds that low-, moderate-, and high-income households all reported barriers to entry

---

[139] D.23-06-055 at 48.

[140] Exhibit BAYREN-04 at 232.

"This research report supports the finding that within BayREN's 9-county region, moderate income are an underserved population that needs additional support to help them participate in energy efficiency programs."

[141] Exhibit BAYREN-04 at 240.

[142] Exhibit BAYREN-04 at 244-254.

[143] Exhibit BAYREN-04 at 243.

preventing them from taking EE actions.[144] The Report finds that there was only a 10 percentage point difference between low-and high-income customers.[145] So while the Report finds room for improved service across all customer segments, the data does not show that moderate-income households are significantly disadvantaged. Similarly, where the Report discusses low-income households, the data shows that low-income households are generally more disadvantaged than moderate-income households.[146] Thus the Report fails to provide adequate data to explain how moderate-income customers are underserved enough to warrant BayREN's proposed expansion of the definition of underserved.

ii. BayREN fails to explain why moderate-income customers cannot be adequately served by non-Equity segment programs

D.23-06-055 requires a PA to provide "a description or explanation of why this [proposed new] group or category should be considered underserved…"[147] BayREN fails to provide such an explanation because it does not explain why moderate-income customers cannot be adequately served by Resource Acquisition (RA) or Market Support (MS) programs.

BayREN can serve moderate-income customers with RA and MS segment programs as there are no income restrictions set on customers in these segments. BayREN does not currently have, nor does it propose to have a residential Resource Acquisition program, but nothing prevents BayREN from offering such a program to target moderate-income customers like BayREN's EASE program. BayREN explains why it chose to target moderate-income single-family customers, but it fails to explain

---

[144] Exhibit BAYREN-04 at 244.

"52% of MI homeowners reported barriers preventing them from taking energy efficiency actions, similar to LI households (56%) and higher than HI households (46%)."

[145] Exhibit BAYREN-04 at 244. "52% of MI homeowners reported barriers preventing them from taking energy efficiency actions, similar to LI households (56%) and higher than HI households (46%)."

[146] Exhibit BAYREN-04 at 244.

[147] D.23-06-055 at 48.

why modifying the definition of underserved to serve moderate-income customers in an Equity segment program is warranted or reasonable.[148]

Furthermore, BayREN does not explain why its EASE program cannot target low-income (at or below 80% of SMI as defined by D.23-06-055) or other Equity-segment customers who would also benefit from EASE's low-cost energy efficiency measures. Overall, BayREN does not provide a sufficient explanation for why moderate-income customers should be considered underserved.

iii. BayREN fails to explain how it proposes to track moderate-income customers across its indicators and metrics.

D.23-06-055 requires a PA to provide an explanation of "how the PA proposes to integrate tracking of this group or category into new or existing indicators and metrics."[149] While BayREN explains how it tracks indicators and metrics for its portfolio of programs generally, BayREN does not explain how it will track data on moderate-income customers.[150] BayREN states that it will include the number of EASE households served in several of its metrics. However, BayREN does not distinguish between households that qualify for the Equity-segment as defined by D.23-06-055 and moderate-income customers that would qualify for the EASE program under BayREN's proposal.[151] Therefore, BayREN fails to explain how it proposes to track data on moderate-income customers in BayREN's indicators and metrics.

---

[148] Exhibit BAYREN-01 at 208.

[149] D.23-06-055 at 48.

[150] For example, Exhibit BAYREN-01 at 132.

BayREN identifies three distinct types of metrics and/or indicators that it tracks but does not explain it will track data on moderate-income customer within these types of metrics.

[151] Exhibit BAYREN-01 at 134-135.

See, Table 5.1 BayREN Portfolio Value Metrics Overview and Reporting Approaches.

iv. The Commission should require BayREN to redesign the EASE program to comply with Equity segment requirements or reclassify EASE as a Resource Acquisition program.

The Commission should require BayREN to redesign its EASE program to target Equity-segment customers as defined by D.23-06-055.[152] Alternatively, if BayREN chooses to target moderate-income customers who do not qualify as equity-segment (as defined by D.23-06-055), BayREN should redesign the EASE program to be a RA segment program.

D.23-06-055 states that Equity segment programs, like EASE, should be designed to specifically serve customers that qualify for the Equity segment.[153] Moderate-income customers do not qualify for the equity segment and BayREN fails to justify the inclusion of moderate-income customers in the definition of underserved for the Equity segment.

BayREN states that EASE is an Equity program designed to address barriers to entry for low- and moderate-income customers.[154] However, the EASE program cannot be an equity segment program if EASE is designed to serve moderate-income customers who fall outside of the definition of underserved.

This leaves two possibilities to bring EASE into compliance with Commission rules, either BayREN redesigns EASE to target only low-income customers or BayREN reclassifies EASE as an RA segment program. If neither of these options are feasible for BayREN, the Commission should not approve the EASE program for the 2028-2031 portfolio cycle.

[152] D.23-06-055 at 45-56.

[153] D.23-06-055 at 47.

[154] Exhibit BAYREN-01 at 33-34.

b. The Commission should require BayREN to conform with the established definition of underserved in the current 2024-2027 portfolio cycle

The Commission should require BayREN to use the established definition of "underserved" for the current 2024-2027 portfolio cycle. BayREN suggests to unilaterally expand the definition of underserved in violation of D.23-06-055.[155]

D.23-06-055 is clear that while BayREN may propose an update to the definition of "underserved" in its Annual Report, the update, if approved, shall apply to "subsequent portfolio applications."[156] D.23-06-055 does not grant a PA the authority to unilaterally modify the definition of underserved. Instead, D.23-06-055 provides PAs the opportunity to propose modifications to the definition for Commission consideration. Thus, BayREN may not make changes to the definition of underserved for its existing suite of programs in the current 2024-2027 cycle and may only propose to do so for "subsequent portfolio applications" such as this application for the 2028-2031 portfolio cycle or in future cycles.

Therefore, the Commission should require BayREN to use the existing definition of underserved, adopted in D.23-06-055, for the current 2024-2027 portfolio cycle and should only consider BayREN's request to update the definition in subsequent portfolio applications such as for the 2028-2031 cycle or future portfolio cycles.[157]

---

[155] Exhibit BAYREN-01 at 72 and 88 citing to Exhibit BAYREN-04, Appendix E Defining Underserved in the Bay Area - Single Family Moderate Income Report.

[156] D.23-06-055 at 47-48.

"…we specify that PAs may include a status update in their annual reports to provide information and data on specific groups or categories of customers, for consideration to modify the definition of 'underserved' for **subsequent portfolio applications**." (Emphasis added)

[157] D.23-06-055 at 47-48.

B. Southern California Edison Company (SCE)

(Witness: O. Gutierrez Tapia)

SCE requests $997 million for its 2028-2031 EE portfolio, which represents a 40 percent budget reduction compared to its previously authorized 2024-2027 portfolio budget of approximately $1.67 billion.[158] Despite this substantial budget reduction, SCE forecasts approximately $922 million in TSB, which is equivalent to 143 percent of the Commission adopted TSB goals.[159] SCE also forecasts a cost-effective Resource Acquisition segment with a TRC of 1.26.[160] Notably, SCE will use program-level cost-effectiveness for Resource Acquisition programs rather than relying on segment-level cost-effectiveness.[161] Specifically, SCE does not intend to administer Resource Acquisition programs with forecasted TRC ratios under 1.0. This strategy reduces reliance on higher-performing programs to offset underperforming programs to mitigate risk of failing to achieve the Commission's segment-level cost-effectiveness requirements.

While several of SCE proposals aim to improve portfolio affordability and cost-effectiveness, additional opportunities exist to reduce expenditures for programs that lack measurable outcomes or contain potentially overlapping program activities. This is particularly relevant to its proposed Market Support programs, where programs may not provide direct ratepayer benefits.[162] Any Market Support programs proposed budgets should be supported by reasonable expectations of program performance and incremental ratepayer value. Therefore, targeted program consolidation or elimination within SCE's Market Support segment may provide opportunities to reduce administrative expenditures and strengthen accountability for ratepayer-funded programs.

---

[158] Exhibit SCE-01A at 1.

[159] Exhibit SCE-01A at 1.

[160] Exhibit SCE-01A at 1.

[161] Exhibit SCE-01A at 17.

[162] D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process*, May 26, 2021 at 14; issued in R.13-11-005.

1. The Commission should reject SCE's proposed CDBP budget.

The Commission should reject SCE's proposed Contractor Demand Building Program (CDBP) budget of $7.12 million for the 2028-2031 EE portfolio cycle. SCE has not identified a distinct need for separate CDBP funding when its contractor training activities rely on existing workforce education offerings from the Integrated Energy Education & Training (IEET) program. Moreover, SCE also produces insufficient evidence that CDBP expenditures and equipment incentives would delivery incremental ratepayer benefits that justify maintaining a standalone program. Rejection would reduce SCE's proposed 2028-2031 EE portfolio budget by 0.71 percent while minimizing overlapping activities and promoting prudent use of ratepayer funds.

a. CDBP contains workforce, education, and training activities that overlap with SCE's existing Integrated Energy Education and Training (IEET) program.

SCE requests $7.12 million for CDBP over the 2028-2031 EE portfolio cycle.[163] CDBP aims to improve contractor knowledge and installation capabilities to support increased adoption of EE and fuel substitution technologies, particularly heat pump water heaters (HPWH). The development of a qualified contractor workforce is important to support EE and building electrification, but SCE has not established why CDBP must be maintained as a separate ratepayer-funded program given existing workforce, education, and training resources and offerings.

Specifically, SCE's Integrated Energy Education and Training (IEET) program provides technical education and training to professionals and stakeholders working in or entering EE and clean energy fields.[164] IEET supports workforce development through SCE's Energy Education Centers (Centers), which provide instructional resources, hands-

[163] Exhibit SCE-02A at 58-59. The four-year budget totals $7,120,434.

[164] Exhibit SCE-02A at 60.

on demonstrations, educational partnerships, and technical training.[165] The program includes technical training regarding HVAC systems, building performance, electrification, and emerging clean technologies.[166] The IEET implementation plan reveals that the Centers intended to develop a Fuel Substitution Training Program to provide participants with knowledge and skills necessary to successfully participate in the clean energy movement, which includes offerings tailored for contractors.[167]

Similarly, CDBP seeks to improve contractor knowledge through technical education, but narrowly focuses on HPWH installation and associated equipment incentives. Although CDBP provides specialized HPWH training, both programs support workforce development through educational activities to promote the adoption and installation of EE and fuel substitution technologies. Such overlap warrants scrutiny as to whether it is necessary to maintain separate program administration and funding, especially when the IEET program already provides an established training framework and educational curricula.

SCE has previously indicated the opportunity for consolidated educational activities between CDBP and IEET. SCE's 2025 EE Annual Report indicates that CDBP incorporated building electrification training content from IEET into its instructor-led training curriculum.[168] This consolidation allowed contractors to complete a single-day training course instead of separately completing prerequisite foundational building electrification education in both the CDBP and IEET. SCE noted that integrating IEET content into CDBP reduced key structural participation barriers while leveraging existing

[165] CEDARS, *SCE WE&T Integrated Energy Education & Training Implementation Plan*, January 23, 2023 (Revision Date), at 5. Available at: https://cedars.cpuc.ca.gov/documents/download/2786/mainchange_summary%7Cmain%7Credline)/

[166] Exhibit SCE-02A at 60.

[167] CEDARS, *SCE WE&T Integrated Energy Education & Training Implementation Plan*, January 23, 2023 (Revision Date), at 7. Available at: https://cedars.cpuc.ca.gov/documents/download/2786/mainchange_summary%7Cmain%7Credline)/

[168] SCE, Southern California Edison Company's (U 338-E) 2025 Annual Report for Energy Efficiency Programs (SCE 2025 Annual Report for Energy Efficiency Programs), June 1, 2026, at A-53. Available at: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M608/K066/608066523.PDF

educational materials.[169] This integration demonstrates that IEET already provides resources to support CDBP's workforce education objectives. The use of shared educational materials raises concerns about the incremental benefit of maintaining separate programs for activities that may be delivered through the IEET program. The IEET Centers provide resources for technical training, including EE and building electrification that CDBP utilizes to engage contractors.[170] These existing resources could support HPWH technical education without the need to maintain a separate ratepayer-funded program.

Program consolidation reduces fragmentation by utilizing the existing IEET program for curriculum development, contractor outreach, and training instead of preserving separate program administration for similar workforce education objectives. SCE has not explained why these activities require a separate program rather than further integration with IEET. Therefore, the Commission should maintain IEET's proposed budget while eliminating the separate CDBP budget. This recommendation would preserve SCE's broader workforce, education, and training offerings without requiring IEET to assume all CDBP activities or continue its equipment voucher incentives. Rather, SCE should utilize IEET's existing resources to support appropriate HPWH-related training activities within its authorized budget and separately justify any future funding requests for specialized activities that cannot be adequately addressed through existing programs.

b. CBDP does not produce incremental or sustained ratepayer benefits beyond contractor training and equipment incentives.

Aside from overlapping training activities, SCE has not reported evidence showing sustained incremental ratepayer benefits attributable to CDBP's equipment incentives. CDBP provides vouchers for discounted or no-cost HPWH equipment to

[169] SCE 2025 Annual Report for Energy Efficiency Programs at A-53 through A-54.

[170] Exhibit SCE-02A at 62.

contractors who complete the designated program training.[171] These incentives are intended to provide installation experience, reduce barriers to adoption, and create additional demand from contractors and customers they serve.[172] Although equipment vouchers may provide contractors with installation experience, training completion and voucher redemption alone do not establish sustained changes in contractor behavior or additional HPWH adoption. For instance, a contractor may complete the training and claim an equipment voucher without incorporating HPWH installations into regular business activities or recommending HPWHs to customers. Overall, an initial installation experience should be distinguished from sustained changes in contractor behavior and incremental market adoption as a result of program participation.

SCE's 2025 Annual Report on EE highlights that CDBP delivered more than 40 instructor-led training sessions and trained over 470 contractors, with disadvantaged worker participation reaching approximately 70 percent.[173] These outcomes demonstrate that CDBP provided training opportunities and access for disadvantaged workers. However, participation results alone provide a limited basis to determine whether equipment incentives meaningfully increase HPWH installations or produce sustained market benefits. Specifically, the reported program performance results cannot comprehensively establish the number of subsequent HPWH installations performed by participating contractors or incremental installations attributable to equipment vouchers. These outcomes are crucial since CDBP intends to not only improve contractor knowledge but also encourage greater adoption of efficient technologies.

Market Support program benefits may materialize through longer-term market development and workforce readiness, but the Commission must evaluate whether proposed expenditures are reasonable and whether activities provide incremental benefits relative to existing programs. The reported outcomes do not link equipment vouchers to

[171] Exhibit SCE-02A at 58.

[172] Exhibit SCE-02A at 58-59.

[173] SCE 2025 Annual Report for Energy Efficiency Programs at A-53.

sustained contractor participation or additional HPWH installations beyond the initial incentive, which raises concerns about whether a separate $7.12 million program provides incremental benefits relative to its costs. This concern is notable since CDBP's foundational training activities already rely on IEET educational resources. Instead of maintaining a separate program dedicated to contractor participation and training outputs, SCE should demonstrate the specific market barriers and contractor training needs that cannot be adequately addressed through existing workforce, education, and training programs.

Ultimately, SCE has reported training participation but has not established sustained market outcomes attributable to equipment incentives or the need for separate HPWH training administration. These concerns do not establish that CDBP is entirely duplicative or fails to provide value, but there is no sufficient substantiation to demonstrate the incremental need for a separate ratepayer-funded program. Absent sufficient evidence of incremental ratepayer benefits, the Commission should decline to authorize CDBP's proposed $7.12 million budget for the 2028-2031 EE portfolio cycle. This recommendation preserves other existing workforce, education, and training offerings and opportunities while minimizing authorization of separately funded programs that do not demonstrate incremental ratepayer benefits.

C. Tri-County Regional Energy Network (3C-REN)

(Witness: P. Li-Couthouis)

For the 2028-2031 cycle, 3CREN requests a budget of $105 million.[174] This is a $34 million (or 48 percent) increase compared to the current cycle budget of $71 million. See Table 3-C-1 below, Column (a). 3CREN proposes an annual average budget of $9 million for programs without TSB and $17 million for programs with projected TSB. See Table 3-C-1, Columns (e) and (f).

[174] 3CREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1989/

Table 3-C-1: 3CREN's Approved Budgets or Budgetary Requests[175]

	(a)	(b)	(c)	(d)	(e)=(b)/4	(f)=(c)/4	(g)=(d)/4
Cycle	Total Budget	Total Budgets for Programs with Zero Filing TSB	Total Budgets for Programs with Filing TSB Greater Than Zero	Total Filing TSB	Annual Average		
					Budget for Programs with Zero Filing TSB	Budget for Programs with Filing TSB Greater Than Zero	Filing TSB
2024-2027 TUAL[176]	$71M	$28M	$43M	$32M	$7M	$11M	$8.1M
2024-2027 MCAL[177]	$71M	$24M	$47M	$20M	$6M	$12M	$5.M
2028-2031[178]	$105M	$23M	$68M	$34M	$6M	$17M	$8.5M
2032-2035[179]	$123M	$27M	$81M	$41M	$7M	$20M	$10.3M

1. 3CREN's requested annual budget is 107 percent larger than its most recent actual spending.

As mentioned, for programs without projected TSB, 3CREN proposes an annual average budget of $6 million from 2028 through 2031.[180] The proposed budget is unreasonable because:

- It is a 27 percent increase from the annual average budget of $4.5 million from 2024 through 2025.[181]

[175] This table presents the budgets as requested in TUAL, Mid-Cycle AL and the instant business applications for the sole purpose of comparing these budgetary requests among the various filings.

[176] 3CREN's Advice Letter 14-E/13-G, *3CREN 2024-2027 Energy Efficiency Portfolio Mid-Cycle Advice Letter* (3CREN Mid-Cycle AL), November 4, 2025, Attachment A, Appendix 1, Table A1, at 45. Accessed October 8, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1846/

[177] 3CREN Mid-Cycle AL, Appendix, Table A1, at 45.

[178] Exhibit CA-01-SA, Attachment 19, 3CREN's Response to Cal Advocates' Data Request No. CalAdv-PWL-TCR-2026-02, Question 1, Corrected Table 1C; 3CREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1989/

[179] 3CREN Application, Appendix, Table 4, Tab 4.2 Sector Seg Budget 2032-2035.

[180] See Table 3-C-1, Column (e). Please note that the 3CREN's proposed budget here and, henceforth, the recommendation in this section excludes budgets for EM&V, IDSM and Portfolio Support. While 3CREN considers these budgets for EM&V, IDSM and Portfolio Support as "non-program costs," 3CREN still recovers these administrative budgets as part of its portfolio budget and therefore should still be subject to regulatory review. Therefore, please refer to Section C.4 of this Chapter regarding the recommendation on these administrative budgets. See, Exhibit CA-01-SA, Attachment 19, 3CREN's Response to Cal Advocates' Data Request No. Data Request No. CalAdv-PWL-TCR-2026-02, Question 1, Corrected Table 1B ("For cycles 2028-2031 and 2032 2035, EM&V, IDSM and Portfolio Support are all non-programs.").

[181] See Table 3-C-2, Column (c).

- It is a 107 percent increase from the average actual expenditure of $2.8 million from 2024 through 2025.[182]
- 3CREN has also over collected from ratepayers in the current cycle. As Table 3-C-2, Column (e), shows, since 2022 that 3CREN never spent more than 66 percent of the budget each year.[183]

Table 3-C-2: 3CREN's Budgets, Expenditures, and TSB for Programs without Filing TSB[184]

	(a)	(b)	(c)	(d)	(e) = (b) / (a)
Program Year	**Filing Budget**	**Claimed Expenditures**	**Annual Avg Budget**	**Annual Avg Expenditures**	**Percentage Spent**
2022	$3.7M	$2.4M	$3.7M	$2.4M	66%
2023	$3.8M	$2.3M	$3.8M	$2.3M	62%
2024	$4.5M	$2.5M	$4.5M	$2.5M	57%
2025	$4.5M	$3M	$4.5M	$3M	66%
2022-2025	$16M	$10.3M	$4.1M	$2.6M	63%
2024-2025	$9M	$5.5M	$4.5M	$2.8M	61%

Given its record of overcollection, 3REN provides no convincing evidence to justify its requests for a $6 million annual budget for the next cycle. 3CREN claims that the requested increase is supported by delivery assumption, including the growth and expansion of program activity.[185] However, as 3CREN admits, programs with zero filing TSB "are not designed to produce directly claimable TSB."[186] As discussed in Chapter 2, Section A, every EE program should yield quantifiable and direct returns on ratepayers' dollars. So, it would be unreasonable for the Commission to approve continuous expansion to budgets and programs that do not bring direct grid benefits.

[182] See Table 3-C-2, Column (d).

[183] See Table 3-C-2, Column (e).

[184] Exhibit CA-01-SA, Attachment 19, Question 1, Corrected Table 1B.

[185] Exhibit CA-01-SA, Attachment 19, Question 1(f) ("This trend is consistent with the growth in program activity over the current BPA period. The steady increase in MCAL budget amounts over that period is expected to continue into the 2028–2031 period as program activities continue to expand. The proposed annual average budget is therefore a continuation of an established trajectory and is reasonable in light of the budget amounts that preceded it.").

[186] Exhibit CA-01-SA, Attachment 19, Question 1(f) ("The proposed annual average budget of $5,726,977 for programs with zero filing TSB is supported by annual, program-level cost and delivery assumptions. These programs are not designed to produce directly claimable TSB. Accordingly, their budgets are evaluated by reference to their Commission-authorized functions, the customers and market actors they are intended to serve, their planned deliverables and outcomes, and the documented costs of delivering those services.").

2. The Commission should set the annual budget for programs without TSB at $3.2 million.

For programs without TSB, the Commission should approve no more than $3.2 million which is based on 3CREN's budget and ability to spend in Program Years 2024 and 2025.

PYs 2024 and 2025 are good indicators of 3CREN's ability to spend in the next cycle. Not only do they provide the two most recent years of 3CREN's actual expenditures, but also the approved budgets ($4.5 million in 2024 and $4.5 million in 2025) are noticeably higher than those for PYs 2022 and 2023. So PYs 2024 and 2025 also provide a reasonable budget baseline for the next program cycle.

However, as discussed, 3CREN has a record of overcollection as its budgets were consistently higher than its actual expenditures. So, there is no need for the Commission to continue to approve the same level of budgets as before. While budgets steadily increased over time, 3CREN spent no more than 61 percent of the budgets from 2024 through 2025. See Table 3-C-2, Column (e). Given that and to provide some room for contingency, the Commission should approve no more than 70 percent of the 2024-2025 budgets. This means the Commission should cap 3CREN's budget on programs without TSB at $3.9 million. See Table 3-C-3 below.

Table 3-C-3: 3CREN's Programs with Zero Projected TSB: PY 2024-2025 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets[187]

(a)	(b)	(c)	(d)
Annual Average 2024-2025		Annual Average 2028-2031	
Budget	Claimed Expenditures	3CREN's Proposed	Cal Advocates' Recommended
$4.5M	$2.8M	$6M	$4.5M * 70% = $3.2M

3. The Commission should approve $3.7 million of annual budget for 3CREN's programs with projected TSB.

For programs with projected TSB, 3CREN proposes a budget of $17 million for the 2028-2031 cycle. The proposed budget is unreasonable because 3CREN over

[187] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

collected funds from ratepayers and underperformed on these programs consistently in recent years.

When asked to state the basis for its proposed budget given its historical spending below filing budgets,[188] 3CREN stated it "objects to this request to the extent it is not seeking facts but instead seeks 3C-REN's legal contentions to be made" in this Application and claimed the requested supporting materials are "not a proper subject for discovery."[189]

3CREN then justifies that the proposed TSB level, and therefore the budgets, for the next cycle is based on "continued grown in savings" and "growth in claimed expenditures from PY 2022 through PY 2025."[190] 3CREN's focus on the growth, rather than the latest achieved level of TSB or actual spending so far, poses financial risks to ratepayers. 3CREN cannot change the fact that, in the past four years, 3CREN failed to meet the TSB projected for any given year. See Table 3-C-4, Column (f).

Furthermore, 3CREN cannot change the fact that its actual expenditures as a percentage of the approved budgets were not commensurate with the percentage of TSB achieved. That is, even taking this underspending into account, 3CREN vastly underachieves its forecasted TSB. Table 3-C-4 below demonstrates this with Column (c) being greater than Column (f). Most recently in 2025, 3CREN spent 81 percent of the budget to achieve only 34 percent of the projected TSB. This demonstrates these

---

[188] Exhibit CA-01-SA, Attachment 19, Question 1(e) ("Given that 3C-REN's annual claimed expenditures have been below the filing budgets from PY 2022 through 2025 (see Columns (a) and (b) along Table 1A), please state the basis including citations (with page numbers) to any data, analyses, reports, and relevant materials to support that the proposed budget is reasonable.").

[189] Exhibit CA-01-SA, Attachment 19, Question 1(e) ("3C-REN objects to this request to the extent it is not seeking facts but instead seeks 3C-REN's legal contentions to be made in its Application, strategic judgments, or internal deliberative analyses, which are not a proper subject for discovery and may be protected by the attorney client privilege or attorney work product doctrine. 3C-REN objects to this request as argumentative and misleading and to any implication that its response should be construed as an admission with respect to Cal Advocates' characterizations.

3C-REN further objects to this request as unduly burdensome to the extent it would require 3CREN to compile and produce materials that are already publicly reported and equally accessible to the requesting party. 3C-REN is not required to perform research or compilation of public records on behalf of another party.").

[190] Exhibit CA-01-SA, Attachment 19, Question 1(d) and 1(e).

programs provides mediocre return on spending and therefore is an unjust use of ratepayer funds. It would be unreasonable to continuously approve the same or higher level of budgets when 3CREN has demonstrated it can never deliver a proportional level of projected TSB.

Table 3-C-4: 3CREN's Budgets, Expenditures, and Projected vs. Claimed TSB for Programs with TSB[191], [192]

	(a)	(b)	(c)	(d)	(e)	(f) = (e) / (d)
Program Year	**Filing Budget**	**Claimed Expenditures**	**% Budget Spent**	**Forecast or Filing TSB**	**Claimed TSB**	**% TSB Achieved**
2022	$5.6M	$1.7M	**30%**	$3.7M	$0.03M	**1%**
2023	$8.4M	$3.8M	**45%**	$5.8M	$0.59M	**10%**
2024	$10.2M	$6.9M	**67%**	$7.0M	$1.4M	**20%**
2025	$10.7M	$8.6M	**81%**	$8.0M	$2.7M	**34%**

Moreover, 3CREN's proposed budget is unreasonable because this is a $6 million (or 60 percent) increase in budget to achieve a mere additional projected TSB of $0.4 million, which is six percent more compared than the PY 2025 levels. As shown in Table 3-C-5 below, 3CREN had a budget of $10.7 million and a projected TSB of $8 million in 2025. Yet, 3CREN projects $8.5 million of TSB for the next cycle at a proposed annual average budget of $17 million. Given 3CREN's overcollection of budgets and underperformance, the Commission should not approve the requested budget expansion by 60 percent for a mere six percent increase in projected TSB.

[191] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[192] Exhibit CA-01-SA, Attachment 19, Question 1(a).

Table 3-C-5: 3CREN's Programs with Projected TSB: PY 2025 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets and TSB[193], [194]

(a)	(b)	(c)= (b)/(a)	(d)	(e)	(f)= (e)/(f)	(g)	(h)	(i)	(j)
PY 2025						Annual Avg 2028-2031			
Budget	Claimed Expenditures	% Spent	Projected TSB	Claimed TSB	% Achieved	3CREN's Proposed		Cal Advocates' Recommended	
						Budget	TSB	Budget	TSB
$10.7M	$8.6M	81%	$8.0M	$2.7M	34%	$17M	$8.5M	$4.3M	$3.2M

As discussed, in the past four years, 3CREN managed to achieve at most 34 percent of the projected TSB. Because 2025 was the most recent program year and the year when 3CREN achieved the highest level and percentages of TSB, the Commission should approve no more than 40 percent of the 2025 budget as 3CREN's average annual budget in the next cycle. That is, $4.3 million per year. At this budget, 3CREN should be expected to achieve at least 40 percent of the projected TSB for PY 2025. That is, $3.2 million of TSB. If 3CREN continues to fail to deliver the projected TSB within budgets, then the Commission should direct 3CREN to close programs.

4. The Commission should cap all administrative budgets to 10 percent of 3CREN's portfolio budget.

The Commission should cap all administrative budgets including EM&V, IDSM and Portfolio Support to 10 percent of 3CREN's portfolio budgets. Similar to utility EE programs, administrative costs are necessary to support energy efficiency programs, but costs must be reasonable and limited to overhead, labor and other costs.[195]

As discussed, 3CREN excludes the budgets of EM&V, IDSM and Portfolio Support from the proposed budgets for programs without TSB. While 3CREN considers

[193] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[194] 3CREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1938/

[195] Exhibit CA-01-SA, Attachment 20, *Energy Efficiency Policy Manual*, Version 6, March 2020, at 88. Accessed November 5, 2026 at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/e/6442465683-eepolicymanualrevised-march-20-2020-b.pdf

these administrative costs as "non-program costs,"[196] 3CREN still recovers these administrative costs as part of its portfolio budget and therefore should still be subject to regulatory review.

5. The Commission should disallow ratepayer funding for 3CREN programs that are underutilized, underperforming, or non-cost-effective pursuant to the Executive Order N-5-24 and the State Audit.

The Commission should disallow ratepayer funding for 3CREN programs that are underperforming, underutilized, or non-cost effective.

In particular, the Commission should close underperforming 3CREN's programs which achieve less TSB than the projected TSB. Table 3-C-6 below identifies such programs recommended for closure and their percentages of projected TSB achieved over time.

Table 3-C-6: Tri-County REN's Programs: Percentage of Projected TSB Achieved[197]

Program ID	Percentage of Projected TSB Achieved				Cal Advocates Recommended Closure
	2022	2023	2024	2025	
TCR-Com-001			0%	14%	Yes
TCR-Res-002	0%	8%	139%	193%	
TCR-Res-003	4%	12%	49%	30%	Yes
Total	1%	10%	20%	34%	

The Commission should also close programs of which the actual TRC scores are below the forecasted TRC. Table 3-C-7 below compares 3CREN's projected TRC with the claimed TRC, program by program and identifies the programs that should be closed.[198]

[196] Exhibit CA-01-SA, Attachment 19, Question 1, Corrected Table 1B ("For cycles 2028-2031 and 2032 2035, EM&V, IDSM and Portfolio Support are all non-programs.").

[197] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[198] This recommendation for program closure is not based solely on the TRC scores being below 1.0. This recommendation compares the projected and the actual TRC scores of relevant programs. However, in general, the Commission should close all non-cost-effective programs regardless of the program segment.

Table 3-C-7: Tri-County REN's Program Performance: Forecasted vs. Actual TRC Scores[199]

Program ID	Percentage of Projected TRC Scores Achieved								Cal Advocates Recommended Closure
	2022		2023		2024		2025		
	Filing	Claim	Filing	Claim	Filing	Claim	Filing	Claim	
TCR-Com-001					0.5	0	0.51	0.35	Yes
TCR-Res-002	0.56	0	0.6	0.2	0.14	0.19	0.16	0.6	
TCR-Res-003	0.35	0.04	0.53	0.09	0.29	0.09	0.43	0.07	Yes

Additionally, the Commission should close underutilized programs. Table 3-C-8 below lists the extent of overcollection of budgets, program by program. That is, the amount of unspent funds as a percentage of the program budget. Table 3-C-9 also recommends which programs should be closed due to underutilization.

Table 3-C-9: Tri-County REN's Extent of Program Underutilization[200]

Program ID	Overcollection as a Percentage of Budgets				Cal Advocates Recommended Closure
	2022	2023	2024	2025	
TCR-Ag-001			10%	14%	
TCR-CC-001			67%	66%	Yes
TCR-Com-001			74%	42%	Yes
TCR-CS-001	30%	42%	52%	42%	Yes
TCR-CS-PortfolioSupport			11%	9%	
TCR-EMV-001	99%	95%	92%	96%	Yes
TCR-Equity-PortfolioSupport			52%	23%	Yes
TCR-IDSM-CS-003			100%	100%	Yes
TCR-IDSM-Equity-001			100%	98%	Yes
TCR-IDSM-MarketSupport-002			100%	100%	Yes
TCR-MS-PortfolioSupport			9%	6%	
TCR-Res-001					
TCR-Res-002	71%	57%	36%	34%	Yes
TCR-Res-003	69%	54%	12%	-2%	
TCR-WET-001	38%	34%	32%	23%	Yes
Total	58%	52%	40%	29%	

These recommendations align with the Governor's Executive Order N-5-24, which directed the Commission to "modify or sunset any underperforming or underutilized

[199] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[200] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

programs or orders whose costs exceed the value and benefits to electric ratepayers." Also, as discussed, the State Audit recommends ending EE programs that fail to meet cost-effectiveness or energy savings goals.

D. San Diego Gas & Electric Company (SDG&E)

(Witness: A. Zhang)

1. The Commission should reduce the budget for SDG&E's Industrial Sector Program due to the low potential for industrial energy savings in SDG&E's territory and historical underperformance of the existing Industrial Program.

The Commission should reduce the budget of SDG&E's Industrial Sector Program because of historical underperformance and the low potential for industrial sector energy savings in SDG&E's territory. For program years (PY) 2028-2031, SDG&E requests a cumulative budget of $37.9 million for its Industrial Sector Program with a projected TSB of $39 million.[201] Notably, SDG&E proposes expanding the program to include commercial, agricultural, and public-sector customers.[202] SDG&E's request represents a budget increase of $17.7 million for PY 2028-2031 over PY 2024-2027. This increase equates to an 87 percent increase over the Industrial Sector Program in the 2024-2027 cycle.[203] However, as discussed in detail below, SDG&E does not reasonably justify this large budget increase. Therefore, the Commission should reduce the budget of the Industrial Program by 38 percent to account for the low potential of the Industrial Program.

SDG&E's service territory is unique, with few industrial, agricultural, and public sector customers. These three customer segments account for only about 20 percent of electricity and natural gas consumption in SDG&E's service territory.[204] Furthermore, 82

[201] SDG&E Application, Exhibit SDG&E-02, at AK17.

[202] SDG&E Application, Exhibit SDG&E-01, at AK 3-13.

[203] The Industrial Sector Program had a cumulative budget of $20,214,889 for the PY2024-2027 cycle. See: SDG&E Advice Letter 4747E/3469G, *Energy Efficiency Mid Cycle True Up Advice Letter Pursuant to D.21-05-031*, ("SDG&E MCAL"), Appendix 1, filed 11/04/2025.

[204] SDG&E Application, Exhibit SDG&E-01, at AK 2-1.

percent of the commercial customer base is small commercial customers.[205] The low energy consumption of SDG&E's industrial, agricultural, and public sector customers essentially means there is very little cost-effective energy savings that are available from that segment. This is demonstrated in the declining TRC projection of the existing Industrial Program, which is shown in the Table below.

Table 3-D-1: SDG&E's Industrial Program TRC (PY 2024-2027)[206]

Year	Filing TRC	Achieved TRC
2024	1.57	1.13
2025	1.91	1.67
2026	0.93	0 (through Q2)
2027	0.84	N/A

SDG&E has failed to meet its TRC targets for both PY 2024 and 2025. SDG&E provides no justification or explanation for why an 87 percent budget increase is reasonable or how SDG&E will modify the program to meet its cost-effectiveness projections and TSB targets. Given that the projected TRC of the Industrial program is 1.07, any underperformance will result in the program being non-cost-effective.[207]

While SDG&E's proposed expansion of the program to the commercial, agricultural, and public sector may increase the amount of achievable energy savings due to an increase in the number of customers served, SDG&E has not demonstrated that the Industrial Sector program is best suited for serving those customers. In fact, the Strategic Energy Management approach employed by the Industrial Program typically "targets large industrial users and small to medium manufacturers" with end-uses such as "compressed air, refrigeration, boiler and steam systems, motor systems, HVAC and lighting."[208] These end-uses are unique to industrial customers, and the model which

[205] SDG&E Application, Exhibit SDG&E-01, at AK 2-1.

[206] CEDARS, *PA-Specific Program Details*, CEDARS program ID: SDG&E4006. Accessed November 11, 2026 at: https://cedars.cpuc.ca.gov/programs/SDGE4006/details/

[207] SDG&E Application, Exhibit SDG&E-02, at AK-17.

[208] SDG&E Application, Exhibit SDG&E-01, at AK 6-2.

achieved energy savings historically for industrial customers may not be well suited for commercial, agricultural, or public sector customers.

SDG&E fails to demonstrate how a budget increase is reasonable, considering the history of underperformance and the low potential for energy savings within the Industrial Program. Therefore, the Commission should cut the proposed budget by 38 percent from $37.9 million to $23.6 million, representing a modest budget increase over the previous cycle's Industrial Program.[209] This will ensure that ratepayer funds are reasonably spent, while still allowing SDG&E to expand the Industrial Program to new segments.

E. Northern California Rural Regional Energy Network (NREN)

(Witness: J. Ahlstedt)

The Commission should set NREN's 2028-2031 program budgets based on NREN's historic program performance with a modest ramp-up factor. This approach offers NREN the opportunity to gradually ramp up its programs and minimizes the risk to ratepayers from program under spend and the associated over-collection of ratepayer funds.

1. The Commission should adopt a 2028-2031 portfolio budget of $44.9 million for NREN, based on historic performance.

The Commission should adopt a Portfolio Budget for NREN that balances NREN's ability to offer EE programs to customers in its service territory and minimizes the risk of unspent budgets and the associated over-collection of ratepayer funds. The Commission should therefore consider NREN's historic ability to spend its authorized budget to set realistic and achievable budgets for each of NREN's programs in the 2028-2031 Portfolio Cycle.

[209] This budget still represents a 17 percent budget increase over the previous cycle, allowing for 4 percent yearly escalation.

a. NREN has historically underspent its authorized budget.

NREN is a relatively new REN, approved by the Commission in 2024 upon the split of RuralREN, which itself was approved in 2023.[210] As such, NREN only has two years of historic data (2024 and 2025) with 2025 being its only "full year" of data available. Additionally, of NREN's $11.5 million approved budget for years 2024 and 2025, $9.8 million or 85% of NREN's budget was allocated for 2025.[211] A comparison of NREN's historic authorized budgets to NREN's claimed expenditures is a useful indicator of the likelihood that NREN will over-collect its proposed budget for future years. Table 3-E-1 below compares NREN's authorized budgets and claimed expenditures by program from 2024-2025.[212]

Table 3-E-1: Comparison of NREN's Authorized Budgets and Claimed Expenditures by Regional Program (2024-2025)

Program ID	*Authorized Budget*	*Claimed Expenditures*	*Difference*
RRN_CS_PortfolioSupport	$133,238	$29,592	$103,646
RRN_Equity_PortfolioSupport	$176,575	$313,626	($137,051)
RRN_RA_PortfolioSupport	$36,747	$216,779	($180,032)
RRN001	$2,159,306	$2,052,255	$107,051
RRN002	$2,819,422	$1,712,902	$1,106,520
RRN003	$1,890,519	$794,451	$1,096,068
RRN004	$2,621,456	$383,365	$2,238,091
RRN005	$370,243	$105,820	$264,423
RRN006	$639,131	$156,528	$482,603
RRN007	$222,119	$71,022	$151,097
RRN011_EMV	$516,991	$0	$516,991
RRN012_IDSM	$0	$0	$0
Total:	**$11,585,747**	**$5,836,340**	**$5,749,407**

[210] D.24-09-031, *Decision Modifying Rural Regional Energy Network Approved in Decision 23-06-055*, October 2, 2024 OP 4 at 44-45; issued in A.22-02-005 et al.

And D.23-06-055, OP 8 at 121.

[211] CEDARS, *Program Summary Data*, Budget Filings for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[212] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

As Table 3-E-1 shows, NREN has underspent its Portfolio budget by $5.8 million or 50% between 2024 and 2025. Given NREN's historic underspend of its budget, the Commission should weigh NREN's request to increase program budgets against the likelihood that NREN will continue to underspend its proposed budget and cause further over-collection of ratepayer funds.

b. NREN's proposed program budgets are significantly higher than claimed expenditures in 2025.

NREN's proposed program budgets for the 2028-2031 Portfolio Cycle are significantly higher than what NREN spent on its programs in 2025. Overall, NREN requests a budget of $89.6 million for its regional energy efficiency programs in the 2028-2031 Portfolio Cycle.[213] This budget averages to an annual budget of $22.4 million for this four-year cycle. NREN also proposes to consolidate some programs, introduce several new programs, and significantly increasing the size and scope of its Portfolio compared to both the previously authorized program budgets and actual expenditures.

In comparison, NREN's claimed expenditures for its regional programs in 2025 total just $5.5 million.[214] This total is $17 million less than NREN's average annual budget proposal of $22.4 million. In other words, NREN's average annual proposed budget of $22.4 million is four times higher than what it spent in 2025. Table 3-E-2, below, compares NREN's average annual proposed budgets for 2028-2031 to the most recent year's (2025) claimed expenditures for that program.[215]

[213] NREN Application, Exhibit NREN-01-R, *NREN 2028-2031 Portfolio Plan and 2032-2035 Business Plan*, A.26-03-009 et al., Filed March 16, 2026, Revised September 30, 2026, Table 1: 4-year Portfolio Budget Forecast Summary (2028-2031) at 15.

[214] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[215] CEDARS, *Program Summary Data*, Budget Filings and Claims for PYs 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

And CEDARS, *NREN Budget Filing Appendix 2028-2031*, Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4010/mainchange_summary%7Cmain%7Credline)/

Table 3-E-2: Comparison of NREN's Proposed 2028-2031 Budgets and 2025 Claimed Expenditures by Program.

Program ID	*Total Proposed Budget (2028-2031)*	*Average Annual Proposed Budget*	*2025 Claimed Expenditures*	*Difference (Annual – Claimed, Excluding New Programs)*
RRN001	$15,747,758	$3,936,940	$1,971,999	$1,964,941
RRN004	$4,070,950	$1,017,737	$341,753	$675,985
RRN005	$10,010,901	$2,502,725	$99,675	$2,403,050
RRN006	$9,829,513	$2,457,378	$131,546	$2,325,832
RRN009_Equity_ Portfolio Support	$4,843,017	$1,210,754	$299,520	$911,235
RRN011_EMV	$3,585,435	$896,359	$0	$896,359
RRN013_MS_ PortfolioSupport	$891,316	$222,829	New Program	New Program
RRN014	$19,514,288	$4,878,572	New Program	New Program
RRN015	$21,142,694	$5,285,673	New Program	New Program
Total	**$89,635,872**	**$22,408,968**	**$2,844,492**	**$9,177,401**

As the Table above shows, NREN proposes substantial increases to annual budgets for all of its continuing programs as compared to claimed expenditures for those programs. For its continuing programs, NREN requests a total budget of $12.0 million per year compared to the $2.8 million it actually spent in 2025. Overall, NREN's proposed budget is significantly higher than what it actually spent in 2025.

c. The Commission should set budgets for NREN's programs based on each program's historic performance, where available.

The Commission should base the budgets for NREN's programs on what each program historic expenditures in the most recent full-year of available data (2025), where available. As described above, between 2024 and 2025, NREN's programs have significantly underspent their authorized budgets by a portfolio average of 50.4%. Furthermore, NREN proposes program budgets for the 2028-2031 Portfolio Cycle that are over four times higher than what NREN actually spent in 2025. Finally, NREN is still a relatively new REN and has yet to complete a full four-year Portfolio Cycle and has not demonstrated that it has the experience needed to expand its EE portfolio at this

time. These facts suggest that NREN is unlikely to spend its full $89.6 million requested budget for the 2028-2031 Portfolio Cycle – harming ratepayers due to the significant over-collection of ratepayer funds that is likely to occur.

The Commission should not expand NREN's EE Portfolio until NREN can show that it can reliably administer its EE portfolio without over-collections. To avoid program underspend and the associated over-collection of ratepayer funds, the Commission should base the budgets for NREN's programs on each program's historic spend, where possible. The Commission should use the most recent full-year of historic data as a basis year for the budget in 2028 and apply a modest 10 percent ramp-up factor every year thereafter to allow BayREN the opportunity to scale its programs over time. Furthermore, the Commission should cap each program's annual budget at NREN's request to ensure that the ramp-up does not out-scale NREN's original budget request.

For new programs or programs without historic information, the Commission should adopt a 2028 budget in proportion to NREN's historic portfolio underspend of 50.4% and apply the same 10 percent ramp up to mitigate the risk of over-collection in the 2028-2031 Portfolio Cycle. Table 3-E-3 compares Cal Advocates' and NREN's proposed budgets for each of NREN's programs over the 2028-2031 Portfolio Cycle. Appendix D to this Testimony shows the same comparison for each year of the 2029-2031 Portfolio Cycle.

Table 3-E-3: Comparison of Cal Advocates' and NREN's Proposed Program Budgets (2028-2031)

Program ID	*NREN Proposal*[216]	*Cal Advocates Proposal*	*Difference*
RRN001	$15,747,758	$9,152,046	$6,595,713
RRN004	$4,070,950	$2,174,111	$1,896,838
RRN005	$10,010,901	$5,368,671	$4,642,231
RRN006	$9,829,513	$5,306,762	$4,522,751
RRN009_Equity_Portfolio Support	$4,843,017	$2,626,983	$2,216,034
RRN011_EMV	$3,585,435	$1,747,998	$1,837,437
RRN013_MS_PortfolioSupport	$891,316	$483,474	$407,842
RRN014	$19,514,288	$7,869,312	$11,644,976
RRN015	$21,142,694	$10,124,319	$11,018,375
Total	**$89,635,872**	**$44,853,676**	**$44,782,196**

The use of historic expenditures as the basis for 2028 program budgets with an annual 10 percent ramp-up results in a total portfolio budget of $44.9 million or $44.8 million less than what NREN requests. The Commission should adopt this budget because it is in-line with NREN's historic expenditures and minimizes the risk to ratepayers of overcollection.

F. Marin Clean Energy (MCE)

(Witness: A. Zhang)

1. The Commission should reject the proposed budgets for Marin Clean Energy (MCE)'s Residential Flex Market and Commercial Flex Market programs.

The Commission should reject MCE's request for ratepayer funding for its proposed Residential Flex Market and Commercial Flex Market programs because they have historically underperformed and are not a reasonable use of ratepayer funds. The programs utilize a market access program (MAP) design, where contractors and

[216] CEDARS, *NREN Budget Filing Appendix 2028-2031*, Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4010/mainchange_summary%7Cmain%7Credline)/

aggregators are paid for energy savings at the meter.[217] Inherently, MAP programs base their compensation on the TSB achieved. The Table below shows the proposed program budgets and the TSB targets for MCE's Residential and Commercial Flex Market programs.

Table 3-F-1: Cumulative Proposed Budgets for MCE's MAP programs, PY 2028-2031

	Residential Flex Market (MCE01d)[218]	Commercial Flex Market (MCE02d)[219]
Program Budget	$1,256,672	$12,566,720
TSB	$502,937	$18,089,174
TRC	0.35	1.06

MCE has not demonstrated that the proposed budget and TSB targets are reasonable. In fact, both programs have historically underspent and have consistently failed to meet their TSB, TRC, and actual spending goals, as demonstrated in the Table 3-F-2 below.

Table 3-F-2: Historical Performance of MCE's MAP Programs, PY 2024-2025

	Residential Flex Market (MCE01d)[220]	Commercial Flex Market (MCE02d)[221]
Cumulative Filing Program Budget (2024 & 2025)	$2,827,688	$5,911,338
Actual Spending	$334,995	$4,557,222
Actual Spending as a Percentage of Filing	11.8%	77%
Filing TSB	$3,657,925	$29,922,698
Achieved TSB	$55,356	$1,529,388
TSB Achievement as a Percentage of Filing Target	1.5%	5.1%

[217] MCE Application, Exhibit MCE-02, at 5-7 and 15-17.

[218] MCE Application, Exhibit MCE-02, at 5-7.

[219] MCE Application, Exhibit MCE-02, at 15-17.

[220] CEDARS ID: MCE01d. Accessed at: https://cedars.cpuc.ca.gov/programs/MCE01d/details/.

[221] CEDARS ID: MCE02d. Accessed at: https://cedars.cpuc.ca.gov/programs/MCE02d/details/.

	Residential Flex Market (MCE01d)[220]	Commercial Flex Market (MCE02d)[221]
$ TSB per $1 Program Budget Spent	$0.16	$0.33
2024 Filing TRC	0.44	1.22
2024 Achieved TRC	0	0.46
2025 Filing TRC	0.46	1.24
2025 Achieved TRC	0.23	0.03

The Commercial Flex Market Program spent 77 percent of its budget for PY 2024-2025 but only achieved 5.1 percent of the TSB target. Additionally, MCE's program was not cost-effective, with a particularly poor result for 2025, where it only achieved only 0.03 TRC. MAP programs base their compensation on TSB achievement, and the low historical TSB achievement of the Commercial Flex Market Program indicates that either the compensation rate for MCE's program is too high or the program is not realizing significant energy savings. As further described in Chapter 2 Section B, MAP programs were intended to be very low risk to ratepayers because program spending is limited by the TSB achievement. MCE's programs do not meet this standard.

For every dollar of program spending, the Residential Flex Market program only achieved $0.16 in TSB and the Commercial Flex Market achieved $0.33 in TSB. In both cases, program spending far exceeds TSB achievement. Despite this, MCE's Application claims that the Residential Flex Market and Commercial Flex Market will achieve $0.40 in TSB and $1.44 per dollar of program spending, respectively.[222] These figures provided by MCE would represent a 150 percent increase in results for the residential program and a 336 percent improvement for the commercial program. However, MCE provides no evidence it is able to make these dramatic improvements in upcoming cycle. Rather, historical performance shows that MCE is unlikely to achieve its projected targets, as shown above. Continued spending on the Residential Flex Market and

[222] Residential Flex Market TSB target of $502,937 with program budget of $1,256,672 ($502,937/1,256,672=$0.4). Commercial Flex Market TSB Target of 18,089,174 with program budget of $12,566,720. ($18,089,174/12,566,720=$1.44) See: MCE Application, Exhibit MCE-02, at 5-7 and 15-17.

Commercial Flex Market programs would be an unreasonable use of ratepayer funds because ratepayers would spend far more than they receive in TSB. Therefore, the Commission should disallow MCE's Residential Flex Market and Commercial Flex Market programs.

G. Southern California Regional Energy Network (SoCalREN)

(Witness: O. Gutierrez Tapia)

Southern California Regional Energy Network (SoCalREN) requests $374.6 million for its 2028-2031 EE portfolio cycle and forecasts an additional $463.4 million for the 2032-2035 portfolio cycle, which represents $838 million over eight years.[223] Notably, SoCalREN's proposed annual EE portfolio budget increases from $79.42 million in 2028 to $107.53 million in 2031, a 35.4 percent increase over the four-year portfolio cycle.[224] The subsequent 2032-2035 budget forecast represents an additional 23.7 percent increase over the 2028-2031 funding request. Although SoCalREN notes that its 2028-2031 budget is approximately five percent greater than forecasted in its 2022 Business Plan request,[225] the 35.4 percent increase in annual spending between 2028 warrants careful examination of underlying program budgets and anticipated ratepayer benefits.

The Commission established RENs to provide unique and incremental value by addressing market gaps that IOUs or CCAs cannot or do not adequately serve, piloting approaches with potential for broader scalability, or serving hard-to-reach markets.[226] While RENs are not subject to the same portfolio cost-effectiveness requirements applicable to other program administrators, their distinct role does not eliminate the need

[223] SoCalREN Application at 3.

[224] SoCalREN Exhibit 1 Tables 1 and 3.

[225] SoCalREN Exhibit 1 at 2.

[226] D.19-12-021, *Decision Regarding Frameworks for Energy Efficiency Regional Energy Networks and Market Transformation*, December 12, 2019 Finding of Fact 8 at 82; issued in R.13-11-005 ("RENs were originally designed to fill gaps in utility portfolios, pilot potentially scalable approaches, and/or to serve hard-to-reach customers.").

to demonstrate that proposed program expenditures are reasonable and consistent with the Commission's EE policy objectives.[227] The absence of a mandatory segment or portfolio-level cost-effectiveness threshold should not eliminate the need to consider whether proposed REN activities provide identifiable benefits, address appropriate market gaps, and represent a prudent use of ratepayer funds.

The Commission has several opportunities to improve SoCalREN's proposed EE portfolio through targeted program eliminations and consolidation of overlapping activities. The recommendations described below would reduce expenditures without demonstrated incremental benefits while promoting administrative efficiency and ratepayer affordability. The three proposed program eliminations discussed below would reduce SoCalREN's 2028-2031 portfolio budget by $30.96 million. If the Commission also adopts the alternative 20 percent reductions to PDP and DER DAC programs, which are outlined further below, the combined reductions will total $40.57 million, reducing the proposed portfolio budget from $374.55 million to $333.98 million, or approximately 10.83 percent.

1. The Commission should not authorize the proposed Residential Resiliency Program.

a. The proposed Residential Resiliency Program does not sufficiently demonstrate incremental ratepayer benefits.

SoCalREN requests $28.01 million for a new Residential Resiliency Program over the 2028-2031 EE portfolio cycle.[228] The Commission should reject the proposed Residential Resiliency Program because SoCalREN has not established that the anticipated ratepayer benefits justify the substantial expenditures. The program aims to serve single-family residential customers by providing EE incentives, energy audits, and

[227] D.19-12-021 Conclusion of Law 11 at 85 ("The Commission should not set an up-front cost-effectiveness threshold requirement for REN business plans, but should evaluate the proposals on a case-by-case basis and set cost-effectiveness requirements at the time the business plans are approved.")

[228] SoCalREN Exhibit 2 at 97.

leveraged capital for comprehensive home retrofits.[229] Eligible measures include HPWHs, insulation, smart thermostats, and other high efficiency technologies. The potential benefits of comprehensive residential EE and electrification should be considered in parallel with the substantial expenditures. Nonetheless, SoCalREN does not explain how the proposed expenditure per household is proportionate to anticipated participation or identify incremental ratepayer value to warrant approval.

According to SoCalREN's Application, the proposed Residential Resiliency Program is expected to serve approximately 524 single-family homes during the four-year portfolio cycle.[230] Based on the requested budget of $28.01 million, the Residential Resiliency Program would require an average expenditure of approximately $53,460 per participating household.[231] This amount is approximately 38 percent higher than the $38,755 in average program expenditures per completed household treatment reported by SCE for its 2025 Energy Savings Assistance (ESA) Building Electrification Retrofit Pilot.[232] Notably, SCE's pilot provides comprehensive residential electrification upgrades, including heat pump HVAC systems, HPWH, induction cooktops and ranges, smart thermostats, and other measures also contemplated under SoCalREN's proposal.[233] PG&E's 2025 ESA Pilot Plus and Pilot Deep programs provide an additional benchmark, with approximately $24,884 in annual expenditures per completed household treatment.[234] Although these programs differ in participant eligibility and measure

[229] SoCalREN Exhibit 2 at 96.

[230] SoCalREN Exhibit 1 at 44-45.

[231] This average program expenditure represents the total proposed program budget divided by household participation forecast.

[232] SCE, *Annual Report of Southern California Edison Company (338-E) on Energy Savings Assistance and California Alternate Rates for Energy Programs for 2025*, May 1, 2026, ESA Table 1.1.1.5 at 19.

[233] SCE, *Annual Report of Southern California Edison Company (338-E) on Energy Savings Assistance and California Alternate Rates for Energy Programs for 2025*, May 1, 2026, Appendix A, ESA Table 2C at A-11.

[234] PG&E, *Annual Report of Pacific Gas and Electric Company (U 39 M) on the Results of its Energy Savings Assistance, California Alternate Rates for Energy and Family Electric Rate Assistance Programs*, May 1, 2026, at 5 and 95. PG&E reported $8,958,357 in expenditures and 360 completed household treatments in 2025. The 360 figure represents fully closed projects, but costs also include

packages, their reported expenditures provide relevant benchmarks to evaluate the reasonableness of SoCalREN's proposed funding. SoCalREN has not adequately justified why its proposed expenditures would substantially exceed those of SCE's existing electrification pilot, especially given that the proposed program targets households ineligible for ESA's no-cost assistance. Furthermore, SoCalREN's budget filing appendix identifies approximately $22.41 million in proposed program incentives.[235] Dividing the proposed incentive budget by 524 forecast participating households results in an average of $42,768 in incentives per participating household.[236] These comparisons warrant additional scrutiny of SoCalREN's proposed funding level, anticipated savings, and incremental ratepayer benefits.

The Residential Resiliency Program's substantial average expenditure relative to its limited anticipated reach raises concerns regarding the program's reasonable use of ratepayer funds, particularly given ongoing affordability pressures. At the proposed funding level, the program aims to serve approximately 131 households annually while requiring more than $7 million in average annual expenditures. Although comprehensive home retrofits may require substantial financial assistance, the proposed incentive expenditures warrant greater justification given the limited number of households expected to benefit. Additionally, while RENs are exempt from cost-effectiveness thresholds,[237] such exemption does not eliminate the need to demonstrate that proposed expenditures advance the specific objectives for which RENs were authorized.

Specifically, substantial per-household expenditures should be supported by an adequate demonstration of market barriers being addressed, the necessity of the proposed

---

accruals and actuals expenses for projects installed in 2025 but not closed by December 31, 2025. The programs include varying levels of residential efficiency improvements and not directly equivalent to SCE's electrification-focused pilot.

[235] CEDARS, *SoCalREN 2028-2035 Budget Filing Appendix*, Accessed September 30, 2026 at: https://cedars.cpuc.ca.gov/documents/download/4022/mainchange_summary%7Cmain%7Credline)/

[236] This calculation represents an aggregate program-level average and does not imply that every household would receive identical measures, incentives, or leveraged capital.

[237] SoCalREN Application, Exhibit 2 at 97. The program forecasts a TRC score of 0.81 and PAC score of 0.92 for the 2028-2031 EE portfolio cycle.

interventions, and incremental benefits from ratepayer funding. When a program proposes significant expenditures to serve a relatively small number of households, the Commission should consider whether such investment addresses persistent participation barriers or generates distinct benefits consistent with the REN framework. The proposed Residential Resiliency program does not identify why substantial per-household expenditures are necessary to address unmet market needs or provide benefits beyond those reasonably achievable through existing EE offerings. Comprehensive residential retrofits may provide meaningful benefits to participating households, but such benefits alone do not establish that the proposed funding represents an appropriate use of ratepayer funds. Given the limited forecasted household participation and substantial anticipated per-household expenditures combined with unfavorable cost-effectiveness results, the Commission should not authorize the Residential Resiliency Program.

b. The Residential Resiliency Program proposal does not sufficiently address a distinct underserved market gap.

As previously mentioned, the Commission established RENs to provide unique value to the EE landscape by addressing market gaps that IOUs or CCAs cannot or do not adequately serve, piloting scalable innovative approaches, or serving hard-to-reach markets.[238] This distinct role should be considered to determine whether SoCalREN's proposed Residential Resiliency Program sufficiently demonstrates the unique value necessary to justify additional ratepayer expenditures.

SoCalREN claims that the Residential Resiliency Program is intended to address a market gap consisting of single-family homeowners who do not qualify for no-cost assistance but continue to experience affordability challenges and technical barriers to comprehensive EE improvements.[239] Single-family homeowners may face significant upfront costs or other participation barriers when pursuing comprehensive EE retrofits, but financial barriers do not independently establish that existing EE offerings are unable

[238] D.19-12-021 at 30-32.

[239] SoCalREN Application, Exhibit 1 at 25.

to serve these customers or that a separately funded REN program is necessary. As previously discussed, the proposed program would expend an average of $53,460 in total program cost per participating household. SoCalREN fails to demonstrate how these expenditures address persistent market gaps instead of leveraging or coordinating with existing EE offerings. Overall, SoCalREN does not establish how its proposed combination of EE incentives, energy audits, and financing would address barriers that cannot adequately be addressed through existing residential EE programs.

Moreover, the proposed Residential Resiliency Program does not establish how it would prioritize customers in underserved and hard-to-reach markets. Comprehensive retrofits may require substantial upfront investments, but the program proposal does not limit participation exclusively to disadvantaged or hard-to-reach customers. Although SoCalREN highlights equity concerns associated with disproportionate energy burdens, limited access to capital, and other barriers experienced by disadvantaged households, its program card broadly identifies single-family residential customers as the intended participants.[240] Absent defined targeting criteria or participation commitments, the Commission cannot determine whether the proposed program would primarily address underserved market needs or broadly provide additional incentives to the broader single-family residential market.

The REN framework acknowledges the potential value of RENs undertaking pilot activities where there is no IOU or CCA program offering and has the potential to achieve scalability.[241] However, SoCalREN does not establish how the proposed Residential Resiliency Program would test a distinct or innovative delivery model to support scalability. The proposed program primarily relies on established EE interventions such as financial incentives and leveraged financing without notable innovate features or implementation strategies distinct from existing residential programs.

[240] SoCalREN Application, Exhibit 2 at 96-97

[241] D.19-12-021, OP 4 at 89.

Thus, there is no basis to classify the proposed Residential Resiliency Program as a distinct and scalable REN initiative.

Ultimately, SoCalREN has not demonstrated that the proposed Residential Resiliency Program would address an unmet market gap, meaningfully prioritize hard-to-reach customers, or employ pilot activities with the potential for broader scalability to warrant approval.[242] These deficiencies are particularly concerning given the substantial proposed expenditures and limited number of anticipated participants. Comprehensive residential electrification may provide meaningful benefits to participant households but benefits alone do not fulfill the distinct objectives of RENs. Therefore, the Commission should reject the proposed Residential Resiliency Program and its $28.01 million budget for the 2028-2031 EE portfolio cycle. Such rejection preserves ratepayer funding for activities that clearly demonstrate unique and incremental value in accordance with the Commission's REN framework while advancing affordability through the prudent authorization of ratepayer funds.

2. The Commission should not authorize the Construction Project Management Pathway Program

SoCalREN proposes a new Construction Project Management Pathway Program with a budget of $1.95 million over the 2028-2031 portfolio cycle.[243] The Commission should reject the proposed Construction Project Management Pathway program because SoCalREN has not demonstrated that the program would provide incremental ratepayer benefits beyond existing workforce education offerings. The program aims to provide professional development and construction management training through community colleges.[244] The program proposes training participants for project management positions in construction and clean-energy sectors. However, SoCalREN has not established how

[242] D.19-12-021 at 32.

[243] SoCalREN Application, Exhibit 2 at 48.

[244] SoCalREN Application, Exhibit 2 at 46-49.

the proposed training activities address distinct workforce development needs attributable to EE or why these activities warrant separate program funding.

The proposed program would provide training in general construction project management skills rather than skills specific to EE. Specifically, skills such as planning, scheduling, budgeting, site coordination, subcontractor management, safety, and quality control are relevant to infrastructure projects generally, and not necessarily associated with EE. Construction management skills may support the implementation of EE and building electrification, but their broad and general applicability does not establish that a separate ratepayer-funded EE workforce development program is necessary. Additionally, the proposed program does not quantify any specific shortage of EE-focused construction project managers, the number of participants expected to transition into EE-related management positions, or how existing workforce training programs cannot address a purported need.

The program's near-term outcomes focus on establishing training cohorts, increasing enrollment and course completion, and strengthening partnerships.[245] However, these outcomes do not demonstrate the program's incremental contribution to EE project delivery or workforce readiness. It is critical to distinguish general construction career development and workforce training that addresses barriers to the implementation of EE projects. For instance, a specialized EE project management program may provide training regarding EE project scoping, incentive requirements, measure installation standards, or other technical requirements directly relevant to EE delivery. However, SoCalREN's proposed program primarily emphasizes general construction management skills without establishing how the training would address specific EE needs.

Notably, SoCalREN already administers several workforce, education, and training programs intended to provide career pathways, contractor training, and

[245] SoCalREN Application, Exhibit 2 at 48.

professional development opportunities.[246] The proposed program identifies eligible participants from SoCalREN's existing programs but does not substantiate why relevant training activities cannot be integrated with established workforce development offerings. While general construction management training may not lack value, it is not reasonable for ratepayers to support such activities without sufficient evidence of a distinct EE market gap and measurable EE-related workforce outcomes. Therefore, the Commission should reject the Construction Project Management Pathway Program and its $1.95 million budget to avoid authorization of an additional program without an identified incremental contribution to EE.

3. The Commission should not authorize the Public Sector Load Flexibility Program.

a. The Public Sector Load Flexibility Program does not appropriately distinguish eligible ongoing load shifting from event-based demand response activities.

SoCalREN proposes a new Public Sector Load Flexibility Program with a budget of $1 million for the 2028-2031 portfolio cycle.[247] The proposed program intends to provide technical assistance to public agencies seeking to reduce peak electricity demand, manage energy consumption, and participate in demand flexibility opportunities.[248] The program aims to support both event-based and permanent load shifting through technical assistance.[249] While demand flexibility may provide critical grid benefits by reducing or shifting consumption during peak periods, the Commission should ensure that EE

[246] SoCalREN Application, Exhibit 2 at 39-45 and 50-57. Existing programs include the Architecture Construction Engineering & Sustainability (ACES) Pathway Program, which offers career pathways and internships; the Agricultural Workforce Education & Training (Ag-WE&T) Program, which provides contractor training and business development assistance.; the E-Contractor Academy & Training Program, which offers contractor professional development and technical assistance; and Green Path Careers (GPC) Program, which provides workforce training and career development opportunities.

[247] SoCalREN Application, Exhibit 2 at 72.

[248] SoCalREN Application, Exhibit 2 at 70-74.

[249] SoCalREN Application, Exhibit 1 at 27; SoCalREN Exhibit 2 at 71.

ratepayer-funding is limited to activities authorized under the existing integrated demand-side management (IDSM) requirements.

In D.23-06-055, the Commission authorized limited use of EE funding for innovative multi-DER IDSM programs that support ongoing or permanent load shifting or load reduction. The Commission specifically prohibits the use of this funding for event-based demand response activities since such activities do not result in ongoing or permanent load shifting.[250] This prohibition is important because SoCalREN's proposed Public Sector Load Flexibility Program explicitly identifies both event-based and permanent load shifting as program objectives.[251] Funding to support participation in discrete demand response events or dispatchable Virtual Power Plant (VPP) programs therefore falls outside the authorized use of EE funding.

SoCalREN's proposed program does not clearly distinguish activities that would support eligible ongoing or permanent load shifting and those intended to primarily facilitate event-based demand response participation. For instance, technical assistance to establish recurring equipment schedules to permanently reduce peak demand is distinguishable from participants receiving guidance on VPP readiness.[252] Absent sufficient separation of ongoing or permanent load shifting activities with event-based activities, the Commission cannot feasibly determine to what capacity the proposed program complies with existing limitations on the use of EE funds. Therefore, the Commission should decline to authorize the Public Sector Load Flexibility program.

b. The Public Sector Load Flexibility Program overlaps with existing public-sector technical assistance programs without sufficiently demonstrating the need for separate funding.

Aside from concerns regarding the eligibility of certain demand response activities, SoCalREN has not sufficiently demonstrated why the proposed Public Sector

[250] D.23-06-055, Conclusion of Law 41 at 117.

[251] SoCalREN Application, Exhibit 1 at 27; SoCalREN Exhibit 2 at 71.

[252] SoCalREN Application, Exhibit 2 at 71.

Load Flexibility Programs requires a standalone structure rather than utilizing existing public-sector technical assistance resources. While the proposed program seeks to support public agencies to identify and implement load flexibility opportunities, several proposed activities overlap with services already provided through SoCalREN's existing public-sector EE programs. For instance, SoCalREN's Public Agency PDP provides public agencies with comprehensive technical assistance, including energy consumption analysis, audits, financial analysis, procurement assistance, and project implementation support.[253] Similarly, the DER DAC Program provides technical assistance concerning EE and DER strategies for underserved and hard-to-reach public agencies.[254] These programs already provide established delivery structures to evaluate energy improvements, identify appropriate technologies, and assist with project development and implementation.

SoCalREN's proposed Public Sector Load Flexibility program would provide comparable technical assistance, including energy use analysis, benchmarking, and assistance identifying and implementing energy management strategies.[255] Additionally, SoCalREN explicitly notes coordination with PDP and DER DAC in the program card as these existing programs support EE project development and DER integration. The existing programs may absorb opportunities to incorporate eligible load flexibility technical assistance rather than maintaining a separately funded program with overlapping administrative and implementation activities. While specialized load flexibility activities may require technical expertise beyond conventional EE project development, specialized technical assistance does not necessarily establish the need for an independently administered program instead of integration with existing programs.

The authorization of the proposed program would create additional administrative functions without identifying services or outcomes incremental to existing public-sector

[253] SoCalREN Application, Exhibit 2 at 61-63.

[254] SoCalREN Application, Exhibit 2 at 64-66.

[255] SoCalREN Application, Exhibit 2 at 70-74.

programs. Leveraging existing public-sector programs to identify eligible ongoing load-shifting opportunities and coordinate with authorized demand flexibility offerings presents a more efficient approach while preserving access to the appropriate technical assistance. SoCalREN has not identified a need for a separate ratepayer-funded program when its existing public-sector programs already provide substantial technical assistance and DER-related services with the potential to integrate load flexibility services. Therefore, the Commission should reject the proposed Public Sector Load Flexibility Program and its $1 million budget for the 2028-2031 EE portfolio cycle. This recommendation reflects the program's insufficient justification for separate program administration and concerns regarding the inclusion of event-based demand response activities that fall outside authorized EE funding.

4. The Commission should consolidate the Public Agency PDP and DER DAC program delivery activities or reduce their budgets.

a. The Public Agency PDP and DER DAC programs provide substantially similar technical assistance services.

SoCalREN requests $40.74 million for its Public Agency PDP and $7.30 million for its DER DAC program over the 2028-2031 EE portfolio cycle.[256] PDP is a Market Support program that provides public agencies with comprehensive technical assistance and project development support.[257] Meanwhile, the DER DAC program is an Equity program that provides similar technical assistance while emphasizing EE and DER integration for underserved and hard-to-reach public agencies. The programs serve distinct purposes with PDP broadly supporting public agency EE project deployment, while DER DAC focuses on integrating DER strategies into EE projects.

Nonetheless, the programs provide substantially similar technical assistance and project management services, which creates an opportunity to consolidate administrative

[256] SoCalREN Application, Exhibit 2 at 61-66.

[257] Services include energy use analysis, audits, project scoping, incentive and financing application assistance, financial analysis, procurement support, and construction management.

and operational functions while preserving specialized support for DER projects. SoCalREN's 2025 Annual Report demonstrates the similarity in services provided by both programs. As shown in Table 3-G-1, participating public agencies utilized many of the same technical assistance services, including project management, technical review, incentive application support, procurement, audits, and financial analysis services.

Table 3-G-1: Comparison of Public Agency Program Services Used in 2025[258]

Program Service	PDP	DER DAC
Project management	100%	100%
Technical review	86%	94%
Incentive application support	86%	94%
Procurement support	74%	88%
Financial analysis	27%	24%
Audits	25%	19%

This comparison highlights that project management, technical review, incentive application support, and procurement support were utilized by most completed projects in both programs. Moreover, financial analysis and audits were utilized at comparable levels. Although the programs serve different needs, these findings indicate that their principal administrative and technical assistance activities are substantially similar.

The similarity in the types of services provided warrants evaluating whether separate program delivery structures are necessary for functions that may be administered through a consolidated public-sector technical assistance framework. As shown in Table 3-G-1 above, both programs provide several overlapping program services. These technical assistance activities may rely on similar administrative processes, technical expertise, program management resources, regardless of whether a project emphasizes conventional EE improvement or DER integration. Consequently, program consolidation would reduce administrative fragmentation and ratepayer costs by establishing a common delivery structure for available services while preserving technical assistance for projects involving DERs. To achieve cost savings and administrative efficiencies, the

[258] *SoCalREN 2025 Energy Efficiency Annual Report*, Table 3 at 28 and Table 7 at 36. Percentages represent the share of completed projects using each service within the respective programs.

Commission should require SoCalREN's public agency PDP to absorb the scope of the DER DAC program.

b. If the Commission does not authorize consolidation of the Public Agency PDP and DER DAC program, then it should reduce their respective budgets.

Absent program consolidation, the Commission should authorize a 20 percent budgetary reduction to both the public agency PDP and DER DAC program. This proposed reduction reflects the substantial similarity of services provided, opportunities to streamline administration, and the need to ensure that ratepayer funds are not unnecessarily allocated to separate programs performing comparable functions.

Table 3-G-2: Recommended Public Agency Program Budget Adjustments[259]

Program	Proposed Budget	Recommended Reduction	Adjusted Budget
PDP	$40,742,785	$8,148,557	$32,594,228
DER DAC	$7,301,502	$1,460,300	$5,841,202
Total	**$48,044,287**	**$9,608,857**	**$38,435,430**

These adjustments reduce the combined program budget by approximately $9.61 million over the 2028-2031 EE portfolio cycle. While the similarity of program services does not independently establish that 20 percent of each program's expenditure is duplicative, the proposed reduction is intended to reflect opportunities for efficiency through consolidated program administration, shared technical assistance resources, and streamlined project delivery.

Under this proposed budgetary adjustment, PDP and DER DAC would retain approximately $32.59 million, and $5.84 million, respectively, over the four-year portfolio cycle. These budgets preserve funding for continued public agency technical assistance and project development while requiring SoCalREN to identify opportunities to reduce overlapping administrative and implementation expenditures. Authorizing the full requested budgets could perpetuate fragmented program delivery and potentially redundant expenditures without corresponding incremental ratepayer benefits. Therefore,

[259] SoCalREN Application, Exhibit 2 at 61-66.

the Commission should either require SoCalREN to consolidate common program delivery activities and adjust the associated budgets to reflect efficiencies or reduce the proposed PDP and DER DAC budgets by 20 percent if separate program structures are maintained. These recommendations advance affordability by encouraging more efficient use of ratepayer funds.

H. Pacific Gas and Electric Company (PG&E)

(Witness: J. Ahlstedt)

The Commission should set PG&E's 2028-2031 program budgets based on historic performance to minimize the risk of underspend and overcollection from ratepayers.

1. The Commission should adopt a 2028-2031 portfolio budget of $696.1 million for PG&E's regional programs, based on historic performance.

The Commission should adopt a Portfolio Budget for PG&E that minimizes the risk of over collection of ratepayer funds and that preserves PG&E's ability to continue to offer its suite of EE programs to its customers. As such, the Commission should consider PG&E's historic underspend of its authorized budgets and PG&E's proposed budget to set realistic budgets for each of PG&E's programs in the 2028-2031 Portfolio Cycle.

a. PG&E has historically spent close to its authorized budget.

In the most recent four-full-years of historic data (2022-2025), the Commission authorized a budget $673.2 Million for PG&E's regional EE programs.[260] Over that same period, PG&E underspent by $48.2 Million (seven percent) as compared to its authorized budget.[261] Table 3-H-1, below compares PG&E's authorized budgets and

[260] CEDARS, *Program Summary Data*. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Here "regional" EE programs refer to non-statewide programs.

[261] CEDARS, *Program Summary Data*. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

claimed expenditures by each program's primary sector from 2022-2025.[262] A comparison of PG&E's historic authorized budgets to PG&E's claimed expenditures is a useful indicator of the likelihood that PGE& will over-collect its proposed budget for future years. Attachment E to this Testimony compares the same information for each of PG&E's programs.

Table 3-H-1: Comparison of PG&E's Authorized Budgets and Claimed Expenditures by Primary Sector (2022-2025, Regional Programs)

Primary Sector	*Authorized Budget*	*Claimed Expenditures*	*Difference*
Agricultural	$55,597,132	$52,858,049	$2,739,083
Public	$50,368,960	$55,146,822	($4,777,862)
Commercial	$113,222,382	$85,408,540	$27,813,842
Cross-Cutting	$162,316,428	$179,081,044	($16,764,616)
Portfolio Support	$31,431,418	$22,988,980	$8,442,438
Residential	$143,343,096	$129,867,641	$13,475,455
Industrial	$116,947,383	$99,695,285	$17,252,098
Total:	***$673,226,799***	***$625,046,361***	***$48,180,439***

As Table 3-H-1 illustrates, PG&E underspent its authorized budgets by $48.2 million or seven percent across 2022-2025. Based on this, the Commission should weigh PG&E's program budget proposals for the 2028-2031 Portfolio Cycle against the likelihood that PG&E will achieve a similar level of historic underspend and associated over-collection of ratepayer funds.

b. PG&E's proposed program budgets are generally in-line with claimed expenditures in 2025.

PG&E proposes significant revisions to its suite of programs for the 2028-2031 Portfolio Cycle with individual program budgets typically in-line with historic expenditures. Overall, PG&E requests a budget of $696.1 million for its regional energy

[262] CEDARS, *Program Summary Data*. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

efficiency programs during the 2028-2031 Portfolio Cycle.[263] This proposal averages to $174.0 Million per year across the four-year cycle.

In comparison, PG&E's claimed expenditures for its regional programs in 2025 total $165.5 million, $8.6 million less than PG&E's proposal.[264] That's approximately a five percent difference between 2025 claimed expenditures and PG&E's proposed annual budget. Table 3-H-2, below, compares PG&E's average annual proposed budget for 2028-2031 to the most recent year's claimed expenditure (2025) by primary sector.

Table 3-H-2: Comparison of PG&E's Proposed 2028-2031 Budgets and 2025 Claimed Expenditures by Primary Sector (Regional Programs)

Primary Sector	*Total Proposed Budget (2028-2031)* [265]	*Average Annual Proposed Budget*	*2025 Claimed Expenditures* [266]	*Difference (Annual – Claimed)*
Agricultural	$33,728,909	$8,432,227	$13,871,256	($5,439,029)
Public	$31,540,815	$7,885,204	$14,610,175	($6,724,971)
Commercial	$96,081,694	$24,020,424	$28,233,292	($4,212,868)
Cross-Cutting	$164,162,005	$41,040,501	$40,546,008	$494,493
Portfolio Support	$82,386,863	$20,596,716	$13,469,520	$7,127,195
Residential	$213,561,301	$53,390,325	$32,958,508	$20,431,817
Industrial	$74,615,780	$18,653,945	$21,763,078	($3,109,133)
Total	**$696,077,366**	**$174,019,342**	**$165,451,837**	**$8,567,504**

[263] Exhibit PG&E-1, *Pacific Gas and Electric Company Energy Efficiency 2028-2035 Business Plan and 2028-2031 Portfolio Plan Revised Testimony*, A.26-03-009 et al., September 30, 2026, Table 2-7 at 2-26.

PG&E's proposed statewide program budget component is $213,645,842 for 2028-2031.

And PG&E Application at 1.

PG&E requests a total budget of $909,723,209 for 2028-2031.

And CEDARS, PG&E *Budget Filing Appendix 2028-2031*. Accessed October 16, 2026, at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

[264] See Table 3-H-2.

[265] CEDARS, PG&E *Budget Filing Appendix 2028-2031*. Accessed October 16, 2026, at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

[266] CEDARS, *Program Summary Data*, Budget Filings and Claims PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

As Table 3-H-2 shows, PG&E proposes significant changes across sector budgets, but overall proposes an average annual budget only $8.6 million, or five percent more than 2025's claimed expenditures.

c. The Commission should adopt budgets for PG&E's programs based on each program's historic performance.

The Commission should base the budgets for PG&E's programs on what each program spent in the most recent full-year of available data (2025). Over the last four-full years of data (2022-2025), PG&E has underspent its authorized budget by an average of seven percent.[267] Furthermore, PG&E's proposes program budgets for the 2028-2031 portfolio cycle that are only five percent more than what PG&E spent in 2025.[268] In combination, these facts indicate that PG&E is likely to spend its requested budget for 2028-2031 of $696.1 million for regional programs.

However, to minimize the risk of program budget underspend, the Commission should base the budgets for PG&E's programs on each program's historic expenditures. In particular, the Commission should set PG&E's program budgets in 2028 based on 2025 claimed expenditures. For new programs or programs with limited data, the Commission should set the 2028 budget at PG&E's request minus PG&E's historic portfolio underspend of seven percent. For years 2029-2031, the Commission should apply a 10 percent ramp-up factor to the budget every year to allow PG&E to scale its programs over time. However, the resulting ramp-up budget should not exceed PG&E's original request. Table 3-H-3, below compares Cal Advocates' and PG&E's proposed budgets for PG&E's various regional program sectors over the 2028-2031 Portfolio Cycle. Attachment F to this Testimony shows the same comparison for each year and for each program of the 2029-2031 Portfolio Cycle.

[267] See Table 3-H-1, $48,180,439 / $673,226,799 = 7.2%

[268] See Table 3-H-2, $8,567,504 / $174,019,342 = 4.9%

Table 3-H-3: Comparison of Cal Advocates' and PG&E's Proposed Program Budgets (2028-2031)

Primary Sector	*PG&E Proposal*[269]	*Cal Advocates Proposal*	*Difference (Cal Advocates – PG&E)*
Agricultural	$33,728,909	$33,728,909	$0
Public	$31,540,815	$31,534,949	($5,866)
Commercial	$96,081,694	$93,546,691	($2,535,003)
Cross-Cutting	$164,162,005	$162,575,134	($1,586,871)
Portfolio Support	$82,386,863	$80,814,704	($1,572,159)
Residential	$213,561,301	$210,921,366	($2,639,935)
Industrial	$74,615,780	$74,518,648	($97,132)
Total	**$696,077,366**	**$687,640,401**	**($8,436,965)**

I. Southern California Gas Company (SoCalGas)

(Witness: A. Zhang)

1. The Commission should deny SoCalGas's request to allow incentives for fuel switching from a non-regulated fuel to natural gas.

The Commission should deny SoCalGas' requests that the Commission modify its energy efficiency fuel switching rules to allow PAs to offer incentives for natural gas electricity generators. As explained in Chapter 2, Section F of this Testimony, fuel switching measures in energy efficiency, as SoCalGas proposes, do not align with the Commission's statutory authority nor legislative intent for energy efficiency programs.[270]

SoCalGas claims that its requested change will "protect ESJ [environmental and social justice] communities" that are disproportionately impacted by Public Safety Power Shutoff (PSPS) events.[271] SoCalGas also requests the Commission allow fuel switching measures which replace wood, charcoal, and propane burning devices with natural gas.[272]

---

[269] CEDARS, *PG&E Budget Filing Appendix 2028-2031*. Accessed October 16, 2026, at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

[270] See Chapter 2, Section F. And see Pub. Util. Code Sections 381(a-b) and 890(a).

[271] SoCalGas Application, Exhibit SCG-01, at 131.

[272] SoCalGas Application, Exhibit SCG-01, at 241-244.

However, SoCalGas' proposal would provide no benefits for natural gas ratepayers, would not align with California's climate goals, and would violate Goals 2 and 4 of the Environmental Social Justice (ESJ) Action Plan. Therefore, the Commission should deny SoCalGas' request and not create incentives for fuel switching from a non-regulated fuel to a natural gas generator.

SoCalGas claims that natural gas generators are a more carbon-friendly alternative to diesel and gasoline generators.[273] Additionally, SoCalGas claims that natural gas can be a transitional fuel as customers "can naturally migrate" to zero-carbon backup solutions in the future.[274] These claims lack merit and would undermine other state policy goals and programs. Energy efficiency portfolios should provide interventions for customers which decrease the amount of energy used by customers and help achieve the state's climate goals.[275] Incentivizing natural gas generators in energy efficiency would increase the use of gas and entrench additional carbon generating resources.

Furthermore, investing ratepayer funds in fossil-burning backup sources for ESJ and vulnerable customers violates Goals 2 and 4 of the Commission's ESJ Action Plan 2.0. Goal 2 states that the Commission will "increase investment in clean energy resources to benefit ESJ Communities, especially to improve local air quality and public health."[276] Natural gas electricity generators burn a fossil fuel which produces carbon dioxide and NOx gasses and therefore is not an investment in clean energy resources and would still produce a significant amount of pollution. Goal 4 states the Commission will

---

[273] SoCalGas Application, Exhibit SCG-01, at 241.

[274] SoCalGas Application, Exhibit SCG-01, at 132.

[275] In fact, natural gas electricity generation would increase the natural gas consumption of SoCalGas customers. Public Utilities Code clearly defines energy efficiency as activities which reduce system needs. See: Pub. Util. Code §399.4(2) ("As used in this section, the term "energy efficiency" includes, but is not limited to, cost-effective activities to achieve peak load reduction that improve end-use efficiency, lower customers' bills, and reduce system needs.")

[276] CPUC, *Environmental & Social Justice Action Plan Version 2.0* (ESJ Action Plan 2.0), April 7, 2022, at 23. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf.

"increase climate resiliency in ESJ communities."[277] Investing in natural gas electricity generation contravenes this goal. Therefore, the Commission must reject SoCalGas's proposal to provide incentives for natural gas electricity generators because it would violate the Commission's own goals to invest in clean energy resources for ESJ communities.

2. The Commission should allow SoCalGas to consolidate programs but reduce the budgets of the affected programs.

SoCalGas proposes consolidating select programs that include both Resource Acquisition and Equity components into a single program with a single implementation plan. SoCalGas claims that this consolidation will increase efficiency and lead to lower overhead and overall program delivery costs.[278] However, because SoCalGas proposes to integrate Equity segment spending into their Resource Acquisition programs by increasing the overall budget of those Resource Acquisition programs, the overall impact of program consolidation would increase the total amount of Equity program spending beyond the 30 percent cap. Therefore, if the Commission approves this consolidation, the Commission should reduce the approved budget of the affected programs to ensure SoCalGas's proposed budget stays within the 30 percent cap on Equity and Market Support programs.

Without any modifications, SoCalGas's Application proposes spending 29.2 percent of their overall budget on programs in the Market Support and Equity segment.[279] However, this percentage does not account for the $66.7 million in equity programs that SoCalGas plans to consolidate into Resource Acquisition programs. The Table below shows the cumulative budgets of the Equity programs that SoCalGas plans to consolidate into resource programs from the 2024-2027 program cycle.

---

[277] ESJ Action Plan 2.0 at 24.

[278] SoCalGas Application, Exhibit SCG-01, at 141.

[279] SoCalGas Application, Exhibit SCG-01, Table 1, at 34. ($117.1 million for support and $58.1 million for equity out of a total budget request of $600 million.)

Table 3-H-4: 2024-2027 Cumulative Budgets for Equity Segment Programs that are Consolidated into a new Resource Acquisition program.[280]

Original Equity Program	Budget ($ millions)	New Consolidated Resource Acquisition Program
Residential Energy Efficiency	$18.4	Residential Energy Efficiency (SCG4008)
Small-Medium Commercial	$14.2	Small/Medium Commercial Program (SCG3996)
Commercial-BEST	$8.4	Small/Medium Commercial Program (SCG3996)
Residential Advanced Clean Energy Program	$15.9	Single Family Direct Install Program (SCG4009)
Multifamily Energy Alliance	$9.8	Multifamily Direct Install Program (SCG4002)
Cumulative Budgets	$66.7	

As shown in the Table below, all the new consolidated programs are not cost effective with the exception of the Small/Medium Commercial program.

Table 3-H-5: Projected TRC of Consolidated Programs

New Consolidated Program	Projected TRC (2028-2031)	Average Filing TRC (2024-2027)
Residential Energy Efficiency (SCG4008)[281]	0.53	1.34[282]
Small/Medium Commercial Program (SCG3996)[283]	2.11	N/A[284]

[280] SoCalGas Application, Exhibit SCG-01, Table 7, at 145-149.

[281] SoCalGas Application, Exhibit SCG-02, Card #15, at 37.

[282] CEDARS, *PA Specific Program Details,* CEDARS ID: SCG3702. Accessed November 12, 2026 at: https://cedars.cpuc.ca.gov/programs/SCG3702/details/.

[283] SoCalGas Application, Exhibit SCG-02, Card #02, at 5.

[284] SCG describes the Small/Medium Commercial Program as a new program.

New Consolidated Program	Projected TRC (2028-2031)	Average Filing TRC (2024-2027)
Single Family Direct Install Program (SCG4009)[285]	0.56	1.21[286]
Multifamily Direct Install Program (SCG4002)[287]	0.75	1.47[288]

In addition, as shown in the Table below, the existing programs which are consolidated achieve significantly lower TSB per dollar of ratepayer funds spent.

Table 3-H-6: TSB per Dollar Spent of Consolidated Programs

New Consolidated Program	TSB per Dollar Budget (2024-2027)[289]	TSB per Dollar Budget (2028-2031)
Residential Energy Efficiency (SCG4008)[290]	$1.60	$0.57
Single Family Direct Install Program (SCG4009)[291]	$1.28	$0.55
Multifamily Direct Install Program (SCG4002)[292]	$1.38	$0.74

The Commission should reduce the budgets of the Resource Acquisition programs that are affected by program consolidation to ensure that total Equity and Market Support segment spending, hidden or unhidden, remain below the 30 percent cap set by D.21-06-055. The Commission should reduce the budget of the affected programs by the amount

[285] SoCalGas Application, Exhibit SCG-02, Card #16, at 118.

[286] CEDARS, *PA Specific Program Details,* CEDARS ID: SCG3883. Accessed November 12, 2026 at: https://cedars.cpuc.ca.gov/programs/SCG3883/details/.

[287] SoCalGas Application, Exhibit SCG-02, Card #10, at 103.

[288] CEDARS, *PA Specific Program Details,* CEDARS ID: SCG3889. Accessed November 12, 2026 at: https://cedars.cpuc.ca.gov/programs/SCG3889/details/.

[289] The forecast TSB per dollar budget uses data from SoCalGas's Energy Efficiency Mid-Cycle Advice Letter, using the updated MCAL Forecasts. See: SoCalGas Advice Letter 6559G, *Energy Efficiency Mid-Cycle Advice Letter for 2024-2027 Pursuant to Decision 21-05-031, Decision 23-06-055, and Decision 25-08-034, ("SCG MCAL"),* filed November 4, 2025.

[290] SoCalGas Application, Exhibit SCG-02, Card #15, at 37.

[291] SoCalGas Application, Exhibit SCG-02, Card #16, at 118.

[292] SoCalGas Application, Exhibit SCG-02, Card #10, at 103.

of the program budgets of the Equity segment programs in the previous cycle which are consolidated into resource programs. The budget adjustments are shown in the Table below.

Table 3-H-7: Budget Adjustments for Resource Acquisition Programs Affected by Consolidation, PY2028-2031

Program Name	2028-2031 Budget Request ($)	Budget Adjustments ($)[293]	New Program Budget ($)
Residential Energy Efficiency (SCG4008)[294]	81,332,421	(18,376,590)	62,955,831
Single Family Direct Install Program (SCG4009)[295]	30,460,000	(15,877,199)	14,582,801
Multifamily Direct Install Program (SCG4002)[296]	18,800,000	(9,805,624)	8,994,376
Small/Medium Commercial Program (SCG3996)[297]	24,900,000	(22,597,551)	2,302,449
Totals	155,492,421	(66,656,964)	88,835,457

By reducing the budgets of the Resource Acquisition programs affected by program consolidation, the Commission can ensure that ratepayer funds are reasonably spent on cost-effective programs in the Resource Acquisition segment. Making the above-described adjustments would ensure that SoCalGas does not overspend on Equity segment programs as a result of program consolidation. These changes are necessary to apply safeguards on spending within SoCalGas's energy efficiency portfolio.

[293] The budget adjustments total the cumulative budgets of the equity programs which SoCalGas proposes consolidating into resource acquisition programs. See: SCG MCAL, Appendix 1 for program budget totals.

[294] SoCalGas Application, Exhibit SCG-02, Card #15, at 37.

[295] SoCalGas Application, Exhibit SCG-02, Card #16, at 118.

[296] SoCalGas Application, Exhibit SCG-02, Card #10, at 103.

[297] SoCalGas Application, Exhibit SCG-02, Card #02, at 5.

3. The Commission should adjust market support and equity segment budgets to ensure spending remains within the 30 percent limit set by D.21-05-031.

SoCalGas's budget proposal totals $600 million for PY2028-2031.[298] Pursuant to D.21-05-031, if the Commission adopts the full $600 million request, Market Support and Equity segment spending would be limited to $180.[299] However, Cal Advocates' recommended budget adjustments to resource programs affected by program consolidation described in Chapter 2, Section D of this Testimony would reduce SoCalGas's Resource Acquisition segment budget from $392.9 million to $326.2 million. Excluding Market Support and Equity segment budgets, SoCalGas's budget would total $358.1 million. The budget for SoCalGas with Cal Advocates' recommendations included is shown in the Table below.

Table 3-H-8: SoCalGas Total Budget by Segment with Resource Program Budget Adjustments, PY2028-2031 ($ thousands)

Segment	Budget
Resource Acquisition	$326,210
Codes and Standards[300]	$7,237
EM&V[301]	$24,000
ED Portfolio Oversight[302]	$684
Total (4 years)	$358,131

The program segments shown above must account for 70 percent of spending. The remainder of SoCalGas' budget would comprise the Market Support and Equity segments. However, SoCalGas's current budget request of $117.1 million for Market

[298] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

[299] D.21-05-031, OP 4, at 81. ("Beginning in program year 2022, energy efficiency program administrators who are investor-owned utilities or community choice aggregators shall limit the expenditures in their portfolios on market support and equity programs, combined, to a total of no more than 30 percent of their total budget, including statewide programs, but excluding funds forwarded to other energy efficiency program administrators.")

[300] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

[301] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

[302] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

Support and $58.1 million for Equity programs would represent approximately 33 percent of the budget which exceeds the 30 percent cap imposed in D.21-05-031. To correct this overspending, the Commission must reduce SoCalGas's Equity and Market support programs by 12.4 percent to ensure that overall spending remains within the 30 percent cap. Applying this reduction results in a revised total budget of $511.6 million as shown in the Table below.

Table 3-H-9: SoCalGas Adjusted Total Budget by Segment, PY2028-2031 ($ thousands)

Segment	Proposed Budget
Resource Acquisition	$326,210
Market Support	$102,604
Equity	$50,880
Codes and Standards[303]	$7,237
EM&V[304]	$24,000
ED Portfolio Oversight[305]	$684
Total (4 years)	**$511,615**

Overall, Cal Advocates' recommendations for SoCalGas's portfolio result in a new total budget of $511.6 million, a 14.8 percent reduction from SoCalGas' budget request of $600 million.

J. San Diego Regional Energy Network (SDREN)

(Witness: A. Zhang)

1. The Commission should disallow ratepayer funding for SDREN's Market Access Program.

The Commission should disallow SDREN's Market Access Program (MAP) because it is duplicative of SDG&E's residential and commercial MAP programs. MAP programs, by their nature, rely on aggregators that develop projects with realized peak demand reductions and energy savings, using a population Normalized Meter Energy

[303] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

[304] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

[305] SoCalGas Application, Exhibit SCG-01, Table 1, at 34.

Consumption (NMEC) methodology to price the incentives offered for these activities.[306] As a result, the program relies on those aggregators to develop projects and realize energy savings, rather than relying upon direct action from the PA. Therefore, there is no need to have multiple PAs for a MAP program within a given service territory because an aggregator is not dependent on any specific PA to receive incentives.

Further, SDG&E has identified SDREN's MAP program as overlapping on geography, target audience, and program activity.[307] Allowing SDREN to have a MAP program will make it difficult for SDG&E's MAP programs to achieve its TSB and cost-effectiveness targets, since it would be competing for customers with a PA that does not face cost-effectiveness requirements and hence can offer higher incentives to the same customers. This is particularly concerning for SDG&E, which highlights that its residential and commercial MAP programs are part of its strategy to ameliorate cost-effectiveness issues by addressing "the market barrier associated with misaligned incentives that do not reflect the time-dependent value of energy."[308] Allowing SDREN's MAP program to compete with SDG&E's programs would diminish the effectiveness of SDG&E's strategy and result in overall poorer outcomes. This outcome will result in unnecessary duplication of programs and is an inefficient use of ratepayer funds.

As further described in Chapter 2, Section B of this Testimony, MAP programs should have their program spending limited by the achieved TSB of the program. However, SDREN proposes a MAP program with a budget of $22.8 million but only achieves TSB of $15.6 million.[309] SDREN's MAP achieves less TSB than the program budget and therefore is a net cost to ratepayers. However, SDG&E's MAP programs achieve more TSB than the program budget, which aligns with the original intent of MAP

---

[306] SDREN Application, Exhibit SDREN-02, at 12.

[307] See: Exhibit CA-01-SA, Attachment 21, SDG&E Response to Data Request No. CAL ADVOCATES-PWL-SDGE-2025-06, Question 4.

[308] SDG&E Application, Exhibit SDG&E-01, at 3-4.

[309] SDREN Application, Exhibit SDREN-02, at 13-14.

programs.[310] As shown in the Table below, SDG&E's programs deliver more than $1 of TSB for every $1 of program budget, whereas SDREN's MAP programs fail to achieve that standard.

Table 3-J-1: Comparison of SDG&E and SDREN MAP Programs

	SDREN MAP Program[311]	SDG&E MAP Programs[312]
Program Budget	$22,822,300	$9,538,885
TSB	$15,577,356	$11,239,765
TSB per $ Budget	$0.68	$1.31

SDREN's MAP does not achieve the goal of a Market Access Program, which should be delivering more TSB than its budget.[313] Further, SDREN has not demonstrated it can achieve any TSB with a MAP program. When SDREN's MAP program was approved, it projected a budget of $16.5 million for PY 2024-2027 with a TSB projection of $11 million.[314] However, SDREN is only just now starting program activities, with program enrollment expected to begin in the third quarter of 2026.[315] [316] Thus, without having achieved a single dollar of TSB, SDREN requests a 38.5 percent increase in their MAP program budget. As such, approving this program would not be a reasonable use of

[310] See Chapter 2 Section B of this Testimony.

[311] SDREN Application, Exhibit SDREN-02, at 13-14.

[312] This table combines both of SDG&E's MAP programs, residential (SDG&E4201) and commercial (SDG&E4202). See: SDG&E Application, Exhibit SDG&E-02, at AK-29 to AK-32.

[313] D.21-12-011, at 26. ("In addition, this type of program is very low risk to ratepayers regardless of cost-effectiveness score, because actual energy savings are measures based on NMEC methods, payments to aggregators are made based on performance, and spending is limited by the TSB actually achieved.")

[314] *Motion of the San Diego Community Power on Behalf of the San Diego Regional Energy Network for Approval of Energy Efficiency Portfolio Application*, Ex-02, 56-59; SDREN Advice Letter 001-E, *San Diego Regional Energy Network's Updated Cost-Effectiveness Forecast for the Market Access Program*, October 16, 2024; filed in R.13-11-005.

[315] San Diego Regional Energy Network, *2025 Annual Report*, at 20. Accessed November 12, 2026 at: https://sdren.org/wp-content/uploads/2026/05/SDREN-Annual-Report-2025-FINAL_ACCESSIBILITY-TESTING.pdf.

[316] CEDARS, *PA-Specific Programs*, CEDARS ID: SDRN-03-COM-MAP Accessed November 12, 2026at: https://cedars.cpuc.ca.gov/programs/SDRN-03-COM-MAP/details/

ratepayer funds and would impede SDG&E's MAP programs. Therefore, the Commission should disallow ratepayer funding for SDREN's MAP program.

2. The Commission should disallow ratepayer funding for SDREN's Efficient Refrigeration program because it does not deliver substantial energy savings and is duplicative of SDG&E's program.

The Commission should disallow SDREN's Efficient Refrigeration Program because it does not deliver substantial energy savings, generates almost no TSB, and is duplicative of SDG&E's Groceries Program. SDREN's proposed Efficient Refrigeration Program targets small grocers and corner stores. The program only generates $260k TSB for a program budget of $9.1 million, with a projected TRC of 0.03.[317] This program is not cost-effective and generates so little energy savings that its TSB achievement is de minimis. In fact, while it is named a refrigeration program, SDREN's program seems to incorporate strategies which have no relation to energy efficiency. SDREN claims that the program will support activities such as "educating store owners about health benefits to providing local access to fresh, perishable food options" and "providing one-on-one education on sourcing California-grown produce and product placement to encourage shopper purchases."[318] While laudable, these activities do not contribute to energy efficiency or help customers lower their energy bills. In other words, these activities provide no direct ratepayer benefit. As a result, these activities add to the cost of the program without leading to the installation of efficient refrigeration equipment.

Furthermore, SDG&E's Groceries, Restaurants, and Food Storage Program already assists grocery stores, food storage facilities, and small/hard-to-reach food businesses with installing energy efficiency measures, including refrigeration equipment.[319] SDREN and SDG&E's programs serve the same customers, and are

---

[317] SDREN Application, Exhibit SDREN-02, at 9-10.

[318] CEDARS, *SDREN Efficient Refrigeration Program Implementation Plan Version 2.0*, ("SDREN Efficient Refrigeration Implementation Plan"), filed April 6, 2026 at 6-7. Accessed November 11, 2026 at: https://cedars.cpuc.ca.gov/documents/download/3901/mainchange_summary%7Cmain%7Credline)/.

[319] SDG&E Application, Exhibit SDREN-02, at AK-23 to AK-24.

therefore duplicative of each other. Unlike SDREN's program which incorporates many activities unrelated to energy efficiency, SDG&E's program focuses on the installation of energy efficiency measures for customers. As a result, SDG&E's program performs significantly better on a cost-effectiveness and TSB basis, as shown in the Table below.

Table 3-J-2: Comparison of SDREN and SDG&E's Programs

Metric	SDREN Efficient Refrigeration Program[320]	SDG&E Groceries, Restaurants, and Food Storage Program[321]
Budget	$9,071,331	$8,366,302
TRC	0.03	0.76
TSB	$260,410	$10,872,422
Targeted Customers	Small corner stores, grocers, and businesses that sell food products	Small or hard-to-reach food businesses, medium and large grocery stores, food storage facilities

As Table 3-J-2 demonstrates, SDREN proposes a program with a higher budget than SDG&E's program for groceries, but it only achieves 2.4 percent of the TSB of SDG&E's program. SDREN's program essentially produces no energy savings and significantly underperforms in comparison to SDG&E's program. Since the programs are duplicative, the Commission should only select the best performing program to service small and medium grocers with installing energy efficiency equipment. Otherwise, the Commission risks funding programs with unnecessary duplication which is an inefficient and unreasonable use of ratepayer funds. Therefore, the Commission should disallow SDREN's Efficient Refrigeration Program and rely on SDG&E's program to deliver energy savings for grocers and food businesses.

3. The Commission should disallow ratepayer funding for SDREN's Codes and Standards (C&S) Program because it is duplicative of existing C&S programs offered by other PAs.

The Commission should disallow SDREN's Codes and Standards (C&S) Program because it is duplicative of existing C&S programs offered by SDG&E and other PAs. D.26-10-006 orders SDG&E to continue administering its C&S programs and finds that it

[320] SDREN Application, Exhibit SDREN-02, at 7-11.

[321] SDG&E Application, Exhibit SDREN-02, at AK-23 to AK-24.

should continue to be an integral part of SDG&E's EE portfolio.[322] SDG&E's Application offers three C&S programs that focus on improving code compliance and enforcement, accelerating the adoption of above-code local building codes, and supporting agencies and market actors in implementing building codes.[323] Similarly, SDREN proposes a C&S program that "provides local agencies with energy efficiency and decarbonization policy and compliance support and enhances communication and experience among permitting authorities and permit applicants."[324] While SDREN claims that its C&S program fills a gap within SDG&E's portfolio, SDG&E's Reach Codes Program also assists local municipalities, while "supporting market actors with compliance education."[325] Therefore, since SDG&E is required to maintain its C&S programs, it would be duplicative to approve SDREN's program.

Two program administrators offering C&S programs in the same service territory leads to program duplication because C&S energy savings will materialize as long as a code or standard is adopted, and two PAs advocating for the same building code standard will not result any additional energy savings.[326] Thus, approving SDREN's C&S program would not result in any additional energy savings and would not be a just and reasonable use of ratepayer funds.[327] Therefore, the Commission should disallow ratepayer funding for SDREN's C&S program.

---

[322] D.26-10-006, *Decision Denying Request to Withdraw from Administration of Regional Energy Efficiency Portfolio,* October 14, 2026, OP 2, at 86; issued in A.25-04-014. ("San Diego Gas & Electric Company shall continue administering its regional energy efficiency programs, as well as its codes and standards programs, as required by the Commission in numerous decisions including, but not limited to, Decision (D.) 05-01-055, D.21-05-031, and D.23-06-055."); Issued in A.25-04-014.

[323] SDG&E Application, Exhibit SDREN-02, at AK-1 to AK-6.

[324] SDREN Application, Exhibit SDREN-01, at 87.

[325] SDG&E Application, Exhibit SDREN-01, at Ak-6-11.

[326] *Opening Brief of the Public Advocates Office to the Application of San Diego Gas & Electric Company to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan*, July 1, 2026 at 27; filed in A.25-04-014.

[327] See Pub. Util. Code Section 451.

4. The Commission should disallow SDREN's Single and Multifamily Programs because they are duplicative of SDG&E's programs and SDREN has not demonstrated it can achieve its spending, cost-effectiveness, and TSB targets.

The Commission should disallow SDREN's Single and Multifamily programs for two distinct reasons: because they are duplicative of SDG&E's Single and Multifamily programs, and SDREN has not demonstrated it can achieve its program targets. SDREN requests a budget of $28.5 million for its Single-Family program and $15.2 million for its Multifamily program, with a TSB target of $6 million and $3.4 million respectively.[328] Both programs are duplicative of SDG&E's Single and Multi-Family Programs. Both programs compete for the same customers, deliver the same type of measures, and target the same audience. The tables below compare SDREN's programs and SDG&E's programs, based on their implementation plans and filed program cards.

Table 3-J-3: Comparison of SDREN and SDG&E's Single-Family Program

	SDREN Single Family Program (SDRN-02-RES-SFM)[329]	**SDG&E Single Family Program (SDG&E4001)[330]**
Sector	Residential	Residential
Customer Groups	Single Family Residences	Residential Single Family
Budget	$28,547,015	$21,924,372
TSB	$6,074,197	$22,010,721
TRC	0.27	1.03
Delivery Type	Downstream - Direct Install	Downstream - Direct Install
Measures	No cost EE upgrades	No cost EE upgrades
Examples of Measures	HVAC, water heating, lighting, smart thermostats, appliances	HVAC, water saving devices, water heaters, envelope measures
Target Audience	Renters and Homeowners	Renters and Homeowners

[328] SDREN Application, Exhibit SDREN-02, at 48-59.

[329] SDREN Application, Exhibit SDREN-02, at 48-53.

[330] SDG&E Application, Exhibit SDG&E-02, at AK13 to AK14.

Table 3-J-4: Comparison of SDREN and SDG&E's Multi-Family Program

	SDREN Multifamily Program (SDRN-01-RES-MFM)[331]	SDG&E Multi-Family Program (SDG&E4002)[332]
Sector	Residential	Residential
Customer Groups	Multifamily buildings of two or more units	Residential – Multifamily, Manufactured Homes
Budget	$15,211,294	$45,927,880
TSB	$3,394,093	$52,884,549
TRC	0.27	1.18
Delivery Type	Downstream - Direct Install	Downstream - Direct Install
Measures	Common Area and In-Unit	Common Area and In-Unit
Examples of Measures	HVAC, pipe installation, smart thermostat, lighting, insulation, duct testing	HVAC, pipe installation, smart thermostat, lighting, insulation, duct testing
Target Audience	Multifamily residents and property owners	Multifamily residents and property owners,

In fact, SDG&E has previously identified the two SDREN programs as overlapping with their own programs.[333] Disallowing SDREN's programs would avoid program duplication, lower overhead, and reduce the administrative costs ratepayers would be charged for managing multiple substantially similar programs. Additionally, adopting SDG&E programs while disallowing SDREN's programs is advantageous to low-income customers because SDG&E's programs refer eligible participants to their own Energy Savings Assistance (ESA), whereas the REN would depend on SDG&E to enroll participants in ESA.[334] As SDG&E notes, referring eligible customers to ESA is part of its strategy to reach equity customers, which includes a variety of exempt

[331] SDREN Application, Exhibit SDREN-02, at 54-59.

[332] SDG&E Application, Exhibit SDG&E-02, at AK15 to AK16.

[333] See Exhibit CA-01-SA, Attachment 21, SDG&E Response to Data Request No. CAL ADVOCATES-PWL-SDGE-2025-06, Question 4.

[334] SDG&E, Exhibit SDG&E-01, at AK 3-6. ("Additionally, SDG&E's Single-Family and Multi-Family programs refer eligible customers to ESA.")

measures such as air sealing and attic insulation.[335] This helps ensure that the Single and Multifamily Programs are assisting many income-qualified customers who live in disadvantaged communities or hard-to-reach areas.

Furthermore, SDREN has not demonstrated that it can achieve its spending, cost-effectiveness, or TSB targets for the Single and Multifamily Programs. The Table below shows that SDREN has not met any of its targets since its Single and Multifamily programs were approved in 2024.

Table 3-J-5: Actual Spending, Achieved TSB, and Cost-Effectiveness of SDREN's Single and Multifamily Programs

	Single Family Program[336]	Multifamily Program[337]
Filing Budget	$20,487,600	$10,926,899
Actual Spending (through Q2 2026)	$884,329	$616,846
Filing TSB	$2,871,780	$1,362,395
Achieved TSB (Through Q2 2026)	$0	$0
Filing TRC	0.24	0.20
Achieved TRC	N/A	N/A

SDREN has only spent 4.3 percent of its PY 2024-2027 Single Family Program budget and 5.6 percent of its Multifamily Program budget. Additionally, SDREN has not reported any TSB for either of the programs. Yet, SDREN requests a 39.3 percent budget increase for its Single-Family Program and a 39.2 percent budget increase for its Multifamily Program. SDREN's requested budget increase was made despite the fact that SDREN has not demonstrated it can achieve its own stated targets for the Single and Multifamily programs. As such, approving these budgets would not be a reasonable use of ratepayer funds. Therefore, the Commission should disallow SDREN's Single and Multifamily programs because they are duplicative of SDG&E's Single and Multifamily

[335] SDG&E, Exhibit SDG&E-01, at AK3-6.

[336] CEDARS, *PA-Specific Program* Details, CEDARS ID: SDRN-02-RES-SFM. Accessed November 11, 2026 at: https://cedars.cpuc.ca.gov/programs/SDRN-02-RES-SFM/details/.

[337] CEDARS, *PA-Specific Program* Details, CEDARS ID: SDRN-01-RES-MFM. Accessed November 11, 2026 at: https://cedars.cpuc.ca.gov/programs/SDRN-01-RES-MFM/details/.

Programs and SDREN has not demonstrated it can meet any of its program targets. SDREN's Single and Multifamily Programs would result in unnecessary program duplication and is unreasonable and inefficient use of ratepayer funds.

K. Central California Rural Regional Energy Network (CCRREN)

(Witness: P. Li-Couthouis)

For the 2028-2031 cycle, CCRREN requests a budget of $170 million. This equals an annual budget of $42.5 million, as presented in Table 3-K-1 below.

Table 3-K-1: CCRREN's Approved Budgets or Budgetary Requests[338]

Cycle	(a)	(b)	(c)	(d)	(e)=(b)/4	(f)=(c)/4	(g)=(d)/4
					Annual Average		
	Total Budget	Total Budgets for Programs with Zero Filing TSB	Total Budgets for Programs with Filing TSB Greater Than Zero	Total Filing TSB	Budget for Programs with Zero Filing TSB	Budget for Programs with Filing TSB Greater Than Zero	Filing TSB
2024-2027 TUAL[339]	$36M	$17M	$19M	$7M	$4.3M	$4.8M	$1.8M
2024-2027 MCAL[340]	$36M	$18M	$18M	$8M	$4.5M	$4.6M	$2.M
2028-2031[341]	$170M	$55M	$116M	$212M	$13.7M	$28.9M	$53.M
2032-2035[342]	$243M	$68M	$175M	$383M	$17.M	$43.8M	$95.7M

As shown in 3-K-1, Column (e) above, CCRREN proposes an annual average budget of $13.7 million specifically for programs *without* projected TSB.[343]

---

[338] This table presents the budgets as requested in TUAL, Mid-Cycle AL and the instant business applications for the sole purpose of comparing these budgetary requests among the various filings. To compare the projected or forecast with the claimed figures (e.g., filing budgets vs. claimed expenditures, projected vs. claimed TSB, forecasted vs. reported TRC scores) using CEDARS data, please refer to the tables presented later in this section.

[339] CCRREN's Advice Letter 3-E/3-G, *Central California Rural Regional Energy Network 2025 Mid-Cycle Advice Letter* (CCRREN Mid-Cycle AL), November 4, 2025, Appendix 1, Tab A1. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1811/

[340] CCRREN Mid-Cycle AL, Appendix, Tab A1.

[341] CCRREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1938/

[342] CCRREN Application, Appendix, Table 4, Tab 4.2 Sector Seg Budget 2032-2035.

[343] CCRREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1938/

1. The Commission should cap CCRREN's annual budget for programs without TSB at $6.49 million.

The proposed budget is unreasonable as this is a $5 million (or 59 percent) increase from the PY 2025 filing budget of $8.6 million. Out of that filing budget, CCRREN spent only $5.9 million (or 69 percent) ultimately. This means CCRREN over collected budget by 31 percent. See Table 3-K-2 below, Columns (a) and (b).

Table 3-K-2: CCRREN's Programs with Zero Projected TSB: PY 2025 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets[344]

(a)	(b)	(c)	(d)
PY 2025		Annual Average 2028-2031	
Budget	Claimed Expenditures	CCRREN's Proposed	Cal Advocates' Recommended
$8.6M	$5.9M	$13.7M	1.1 * $5.9M = $6.49M

The PY 2025 budget and expenditure levels on programs without TSB would be appropriate baseline to assess CCRREN's proposed budget of $13.7 million. CCRREN cautions on evaluating reasonableness by examining a single year of program year.[345] However, PY 2025 is the only year when program spending available for CCRREN. The Commission approved the bifurcation of the original Rural REN into NREN and CCRREN in late 2024.[346] Also, the Commission should not approve any budget increase for programs which will not deliver any TSB without vetting these programs for performance and accountability. As discussed in Chapter 2, Section A of this Testimony, every EE program should yield quantifiable and direct returns on ratepayers' dollars.

Based on the historical spending, the Commission should cap the budget at $6.49 million for these programs in the next cycle. This is still 10 percent above CCRREN's actual spending of $5.9 million in PY 2025 and accounts for the potential inflation in coming years, as presented in Table 3-K-2 above.

---

[344] CEDARS, *Program Summary Data*, Budget Filing and Claims PY 2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[345] Exhibit CA-01-SA, Attachment 22, CCRREN's Response to Cal Advocates' Data Request No. Cal_Advocates_26-005, Question 1(e).

[346] D.24-09-031, *Decision Modifying Rural Regional Energy Network Approved in Decision 23-06-055*, October 2, 2024; issued in A.22-02-005.

2. CCRREN's proposed budget of $28.9 million for programs with TSB is 16 times the 2025 expenditures and 12.5 times the 2025 budget.

For programs with TSB, CCRREN's proposed budget of $28.9 million is 12.5 times the 2025 budget of $2.3 million and 16 times the 2025 expenditure of $1.8 million. See Table 3-K-3 below, Columns (a) through (c).

For the 2028-2031 cycle, CCRREN forecasts to deliver a total of $216 million of TSB, a portfolio TRC score of 1.08, and reduce CO_2 emission by 722 thousand MMT.[347] Specifically for the resource acquisition segment, CCRREN proposes a TRC score of 1.50.[348]

The proposed budget would be unreasonable if CCRREN fails to deliver the projected TSB during the next cycle. As CCRREN acknowledges, 2025 marked its first full year of portfolio implementation while CCRREN delivered 123 percent of the projected TSB.[349] If the Commission approves the proposed $28.9 million for programs with TSB, there is the need for the Commission to ensure that CCRREN can follow through its projected TSB, TRC scores, and GHG emissions reduction in the next cycle.

Therefore, if CCRREN spends 25 percent below the total budgets or achieve 75 percent of the total forecasted TSB from 2028 through 2029, the Commission should direct CCRREN to adjust budgets downward via the recommended Tier 3 Mid-Cycle Budget Adjustment Mechanism AL.[350]

---

[347] Exhibit CCRREN-1, *Energy Efficiency 2028-2031 Portfolio Plan and 2032-2035 Business Plan Prepared Testimony*, March 16, 2026, at 16 ("CCR REN's 2028-2031 portfolio is forecasted to [sic] Deliver $216m TSB and achieve a 4-year portfolio TRC ratio of 1.08.").

[348] Exhibit CCRREN-1 at 15 ("A Resource Acquisition segment Total Resource Cost (TRC) ratio of 1.50.").

[349] Exhibit CA-01-SA, Attachment 22, Question 1(c) ("Program year 2025 then marked CCRREN's first full year of portfolio implementation…. CCRREN delivered 123% of the forecasted TSB in the first full year of implementation.").

[350] Please refer to Chapter 2, Section A of this Testimony for discussions regarding the recommended Tier 3 Mid-Cycle Budget Adjustment Mechanism AL.

Table 3-K-3: CCRREN's Programs with Projected TSB: PY 2025 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets and TSB[351, 352]

(a)	(b)	(c)	(d)	(c)	(d)	(e)	(f)
PY 2025				Annual Avg 2028-2031			
Budget	Claimed Expenditures	Projected TSB	Claimed TSB	CCRREN's Proposed		Cal Advocates' Recommended	
				Budget	TSB		
$2.3M	$1.8M	$2.4M	$2.97M	$28.9M	$53.M	Pending review in Mid-Cycle Budget Adjustment AL	

L. Westlight Energy (Formerly Peninsula Clean Energy)

(Witness: A. Zhang)

1. The Commission should disallow ratepayer funding for Westlight's FlexMarket program.

The Commission should disallow ratepayer funding for Westlight's FlexMarket program because it has historically underperformed, and continued funding would be an unreasonable use of ratepayer funds. Westlight's proposed FlexMarket program is a market access program (MAP), which relies on aggregators to deliver energy savings through a population Normalized Metered Energy Consumption (NMEC) design.[353] Westlight proposes a $5.7 million program budget, with a TSB target of $13.4 million.[354] While Westlight claims that this program will achieve more TSB than the program budget, it has not demonstrated it is able to achieve those TSB targets. In fact, as shown in Table 3-L-1 below, Westlight was unable to achieve either its TRC or TSB targets for PY 2023 and 2024.

[351] CEDARS, *Program Summary Data*, Budget Filing and Claims PY 2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[352] CCRREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1938/

[353] Westlight Application, Exhibit 2, at 9.

[354] Westlight Application, Exhibit 2, at 10.

Table 3-L-1: Achieved TRC and TSB of Westlight's FlexMarket Program, PY 23-24[355]

Filing TRC	Achieved TRC
0.94 (2023)	0.67 (2023)
0.31 (2024)	0.09 (2024)
Filing TSB (2023 & 2024)	**Achieved TSB (2023 & 2024)**
$3,472,025	$1,503,308

When the Commission approved Westlight's FlexMarket program in 2022, Westlight claimed that because "the program's incentive payments would only be offered for actual EE benefits provided (calculated as reduced usage compared to this counterfactual), this program is inherently cost-effective."[356] The program's performance shows that this claim is inaccurate. As the Commission later acknowledged, "the high incentives that [Westlight] offered participants meant the program was not cost effective over time."[357] Despite this program history, Westlight now claims that it is able to achieve $13.4 million in TSB with a $5.7 million dollar budget, which would be an 830 percent increase in the achieved TSB per dollar of program budget compared to PY 2023 and 2024.[358] Westlight does not demonstrate how this 830 percent increase in TSB is possible, and provides no justification to show how they will achieve this new, much higher target.

The Commission should not approve Westlight's FlexMarket Program because it has consistently failed to achieve its cost effectiveness and TSB targets. As further discussed in Chapter 2, Section B of this Testimony, MAP program budgets should have

[355] CEDARS, *PA-Specific Program Details*, CEDARS ID: PCE01. Accessed November 11, 2026 at: https://cedars.cpuc.ca.gov/programs/PCE01/details/.

[356] CPUC, Resolution E-5197, *Certification of Peninsula Clean Energy's Energy Efficiency Program Administration Plan,* issued 5/6/2022, at 5-6. Accessed at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M474/K375/474375864.PDF.

[357] CPUC, Resolution E-5442, *Certification of Peninsula Clean Energy Authority's Energy Efficiency Program Administration Plan*, issued 1/15/2026, at 7. Accessed at: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M595/K978/595978272.PDF.

[358] The FlexMarket Program's achieved TSB of $1.5 million on a program budget of $5.98 million for PY 2023-2024 produced $0.25 of TSB per $1 of program budget. The new program budget of $5.7 million with a TSB of $13.4 million would produce $2.34 of TSB per $1 of program budget, an 830 percent increase.

their budgets capped by the TSB achieved. Given that Westlight has not proposed any specific remedies to resolve low cost-effectiveness and TSB achievement of their FlexMarket Program, it is unlikely that the program will meet its ambitious goals for the 2028-2031 cycle. Therefore, the Commission should disallow ratepayer funding for Westlight's FlexMarket Program.

2. The Commission should disallow ratepayer funding for Westlight's Refrigerant Workforce, Education, and Training program.

The Commission should disallow Westlight's Refrigerant Workforce, Education, and Training (WE&T) program because refrigerant training is unnecessary for qualified HVAC technicians. In the energy efficiency rulemaking, R.25-04-010, the Commission deliberated[359] over whether PAs should submit pilot proposals for reducing refrigerant greenhouse gas (GHG) emissions, including a refrigerant training program.[360] Westlight's Refrigerant WE&T Program fits the description of a refrigerant training program, as it describes a program that targets "small and independent HVAC contractors and technicians" and supports "refrigerant recovery, recycling, and low-GWP transitions.[361]

Refrigerant disposal pilots would duplicate existing programs which already require proper disposal of refrigerants.[362] Existing law requires proper refrigerant disposal, and HVAC technicians earn certifications for proper refrigerant disposal.[363]

---

[359] Parties have filed Opening and Reply Comments in this proceeding, but no Decision has been issued as of November 5, 2026.

[360] R.25-04-010, *Administrative Law Judge's Ruling Providing Notice and Opportunity to Comment on Staff Proposal for Policy on Natural Gas Energy Efficiency Incentives*, December 1, 2025, Attachment 1, at 25-26.

[361] Westlight Application, Exhibit 2, at 29-30.

[362] *Comments of the Public Advocates Office on Administrative Law Judge's Ruling Providing Notice and Opportunity to Comment on Staff Proposal for Policy on Natural Gas Energy Efficiency Incentives*, filed January 13, 2026, at 9-10; filed in R.25-04-010.

[363] See California Code of Regulations, Division 3, Chapter 1, Subchapter 10, Article 4, title 17, §95390. ("A person performing any installation, maintenance, service, repair or disposal of a stationary appliance that could reasonably be expected to release refrigerant from the appliance must…must make a recovery

Instead of a separate program for refrigerant WE&T, PAs should incorporate proper refrigerant disposal into all of their energy efficiency programs which deal with refrigerants. PAs should require that all their implementers properly dispose of refrigerants. A separate WE&T program is not necessary.

Additionally, the proposed WE&T program has no TSB targets, as the program will not be producing any energy savings, as refrigerant disposal only produces GHG savings.[364] As further described in Chapter 2, Section H of this Testimony, the standalone GHG savings, without energy savings, from refrigerant disposal do not benefit ratepayers, and there are insufficient tools for valuing these GHG savings. Therefore, the Commission should disallow Westlight's Refrigerant WE&T Program and instead require PAs to implement refrigerant recovery strategies throughout their existing EE programs.

3. The Commission should not allow Westlight to expand programs without a proven track record.

In its Application, Westlight requests a cumulative budget of $36.3 million.[365] Notably, the only program Westlight has ever administered is its FlexMarket Program which has a total budget of $7.6 million.[366] As discussed previously, Westlight's FlexMarket program has failed to achieve either its TRC or TSB targets for PY 2023 and 2024. Despite the underperformance of Westlight's only existing program, Westlight requests a 377 percent increase to their EE budget. The Commission should not approve such a dramatic increase in spending given that Westlight has not demonstrated that it can successfully administer EE programs.

---

attempt using certified refrigerant recovery or recycling equipment for that type of appliance before opening the appliance to atmospheric conditions. Attempts to recover refrigerant must be made even if the person believes that all refrigerant has been removed or has previously leaked from the appliance.")

[364] Westlight Application, Exhibit 2, at 30.

[365] Westlight Application, Exhibit 1, Table 2.3 at 2-37.

[366] $4,678,563 from Resolution E-5197 and $2,974,494 from Resolution E-5442. See, Resolution E-5197, OP 2, at 25; Resolution E-5442, OP 2, at 13.

Instead, it is reasonable for the Commission to cut Westlight's proposed program budget by 50 percent because Westlight does not have a proven track record of delivering on its proposed targets. This would provide a safeguard to ensure reasonable use of ratepayer funds and would limit ratepayer risk vis-à-vis spending on underperforming programs. Disallowance of Westlight's proposed Refrigerant WE&T Program, FlexMarket Program, and EM&V programs, and applies a 50 percent reduction to all other program budgets results in a reduction of $12.7 million to Westlight's proposed budget.[367] In total, by adopting all the recommendations described above, Westlight would have a new EE budget of $15.9 million, which is still more than double all of Westlight's previous EE expenditures.[368] The Commission should therefore adopt the changes described above to ensure a prudent use of ratepayer funds while also ensuring Westlight has the budget to implement new programs.

M. Inland Regional Energy Network (IREN)

(Witness: P. Li-Couthouis)

For the 2028-2031 cycle, IREN requests a cycle budget of $81 million.[369] This is a $22 million (or 43 percent) increase from the approved budget of $57 million for the current 2024-2027 cycle.[370] See Table 4-M-1, Columns (a) and (b).

Table 3-M-1 compares the budgets for the current cycle in the True-Up Advice Letter and the Mid-Cycle Advice Letter, the next cycle (2028-2031), and the following cycle (2032-2035).

---

[367] All other program budgets excluding Refrigerant WE&T and FlexMarket total $25,419,400. See Westlight Application, Exhibit 2.

[368] Total disallowances equal $20,409,700. $2,000,000 for Refrigerant WE&T, $5,700,000 for FlexMarket, and $12,709,700 for a 50 percent budget reduction in all other programs.

[369] IREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 8, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1988/.

[370] IREN's requested $81 million for the 2028-2031 cycle is a $24 million or 43 percent increase from the $57 million budget approved in the True-Up Advice Letter (TUAL) and a $22 million or 37 percent increase from the $59 million budget approved in the Mid-Cycle AL. See, IREN's Advice Letter 8-E/8-G, *I-REN 2024-2027 Energy Efficiency Portfolio Mid-Cycle Advice Letter* (IREN Mid-Cycle AL), November 4, 2025, Attachment A, Appendix 1, Table A1. Accessed October 8, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1846/

Table 3-M-1: IREN's Approved Budgets or Budgetary Requests[371]

	(a)	(b)	(c)	(d)	(e)=(b)/4	(f)=(c)/4	(g)=(d)/4
Cycle	Total Budget	Total Budgets for Programs with Zero Filing TSB	Total Budgets for Programs with Filing TSB Greater Than Zero	Total Filing TSB	Annual Average		
					Budget for Programs with Zero Filing TSB	Budget for Programs with Filing TSB Greater Than Zero	Filing TSB
2024-2027 TUAL[372]	$57M	$38M	$19M	$2.4M	$10M	$4.6M	$0.6M
2024-2027 MCAL[373]	$59M	$40M	$19M	$2.1M	$10M	$4.7M	$0.5M
2028-2031[374, 375]	$81M	$51M	$16M	$2.6M	$13M	$4M	$0.7M
2032-2035[376, 377]	$97M	$60M	$19M	$3.6M	$15M	$4.8M	$0.9M

For programs without TSB, IREN requests a budget of $51 million for the next cycle, which equals an annual average budget of $12.6 million. For programs with projected TSB, IREN requests a budget of $16 million, for an annual average budget of $4 million.

[371] This table presents the budgets as requested in TUAL, Mid-Cycle AL and the instant business applications for the sole purpose of comparing these budgetary requests among the various filings. To compare the projected or forecast with the claimed figures (e.g., filing budgets vs. claimed expenditures, projected vs. claimed TSB, forecasted vs. reported TRC scores) using CEDARS data, please refer to the tables presented later in this section.

[372] IREN Mid-Cycle AL, Attachment A, Appendix 1, Table A1 ("Updated Forecasts for 2024-2027 include 2024 Actuals, 2025 TUAL Forecast, and Updated forecasts for 2026 and 2027.").

[373] IREN Mid-Cycle AL, Appendix, Tab A1.

[374] IREN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 8, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1988/.

[375] Exhibit CA-01-SA, Attachment 23, IREN's Response to Cal Advocates' Data Request No. CalAdv-PWL-IREN-2026-02, Question 1, Corrected Table 1C.

[376] IREN Application, Appendix, Table 4, Tab 4.2 Sector Seg Budget 2032-2035. Accessed October 8, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1988/.

[377] Exhibit CA-01-SA, Attachment 23, Question 1, Corrected Table 1C.

1. The Commission should deny IREN's proposed 70 percent budget increase for programs without TSB and use the 2024-2025 budget level to inform the next cycle of budgets.

(Witness: P. Li-Couthouis)

For programs without TSB, IREN's proposed annual average budget of $12.6 million[378] is unreasonable because it is an at least 59 percent increase from its annual budget and actual expenditures in the past four years.[379]

The requested annual budget of $12.6 million for the next cycle is a $4.7 million (or 59 percent) increase in budgets from the current cycle. As shown in Table 3-M-2 below, the 2022-2025 annual budget ranges from $6.8 to $8 million. IREN explained that it requires this increase in annual filing budget to support the continued growth and expansion of programs and activities, including significant increases in program delivery.[380] However, these programs do not have any projected TSB and do not provide any direct grid benefits. As discussed in Chapter 2, Section A of this Testimony, the Commission should not approve budget increase merely because an applicant seeks to expand programs when they have no direct grid benefits.

Additionally, IREN's requested budget is a $4.4 million (or 54 percent) increase from the 2025 actual expenditure and its historical spending cannot support the requested budget. As Table 3-M-2 below shows, IREN's actual expenditure never exceeded $8.2

---

[378] Exhibit CA-01-SA, Attachment 23, Question 1, Corrected Table 1C.

[379] Please note that IREN excludes the budgets of EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios from the proposed budgets for programs without TSB. While IREN considers these budgets for EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios "non-program costs," IREN still recovers these administrative costs as part of its portfolio budget and therefore should still be subject to regulatory review. Please refer to Section III.D.4 for recommendation on these administrative budgets. See, IREN's Response to Cal Advocates' Data Request No. CalAdv-PWL-IREN-2026-02, Question 1, Corrected Table 1B ("EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios are non-programs and were removed from the Filing Budget in Column A and Claimed Expenditures in Column B.")

[380] Exhibit CA-01-SA, Attachment 23, Question 1(f) ("The proposed annual budget is reasonable because it reflects the continued growth and expansion of I-RENs existing programs and activities relative to the early years of implementation. The Business Plan described significant increases in program delivery, including expanded C&S trainings and forums, broader stakeholder engagement, increased WE&T partnerships with counties and other local entities, and growth in participant reach and program outcomes. Additionally, the proposed budget also supports the continued expansion of the Energy Fellowship….").

million in the past four years. IREN explained that these four years of expenditures are not fully representative of the funding that IREN requires because IREN was "establishing itself as a new Regional Energy Network."[381] IREN's explanation is unreasonable: The Commission first approved IREN in late 2021.[382] If it takes IREN *four years* to establish itself, there is serious doubt over the capability and need for IREN as an administrator of EE programs. IREN should have ramped up its program administration and spending by 2024.

Table 3-M-2: IREN's Budgets, Expenditures, and TSB for Programs without TSB[383]

	(a)	(b)	(c)	(d)	(e) = (b) / (a)
Program Year	**Filing Budget**	**Claimed Expenditures**	**Annual Avg Budget**	**Annual Avg Expenditures**	**Percentage Spent**
2022	$6.8M	$1.M	$6.8M	$1.M	15%
2023	$6.8M	$4.2M	$6.8M	$4.2M	61%
2024	$7.5M	$4.5M	$7.5M	$4.5M	60%
2025	$8.0M	$8.2M	$8.0M	$8.2M	103%
2022-2025	$29M	$17.8M	$7.3M	$4.5M	61%
2024-2025	$15.5M	$12.7M	$7.7M	$6.3M	82%

Instead, the Commission should use 2024-2025 budget levels to set IREN's annual budget for the next cycle. 2024 and 2025 provide a good indicator of IREN's need and ability to spend because these are the two most recent program years. As Table 3-M-2 above demonstrates, from 2024 through 2025, IREN spent no more than 82 percent of the budgets. Considering this, the Commission should approve cap IREN's annual budget

[381] Exhibit CA-01-SA, Attachment 23, Question 1(f) ("Similarly to the response to programs with filing TSB greater than zero, the proposed annual budget reflects I-REN's transition from startup activities to mature program implementation. During this period [from 2022 through 2025], I-REN was establishing itself as a new Regional Energy Network, building organizational capacity, developing implementation infrastructure, forming partnerships, and launching new programs. As a result, expenditures during the early years of the portfolio are not fully representative of the funding required to support the portfolio [BPA pp 8-10, 14-16].").

[382] D.21-11-013, *Approval of Inland Regional Energy Network Energy Efficiency Business Plan*, November 21, 2021 at 1; issued in R.13-11-005 ("This decision approves the energy efficiency business plan of the Inland Regional Energy Network (I-REN), which includes Riverside and San Bernadino Counties, beginning in 2022 and continuing through 2027, with a total budget of approximately $65 million over this period."); OP 1 at 33 ("The February 26, 2021 motion for approval of the Inland Regional Energy Network is granted").

[383] Exhibit CA-01-SA, Attachment 23, Question 1, Corrected Table 1B.

for the next cycle at 90 percent of the 2024-2025 budget level. This equals $7 million per year. See Table 3-M-3, Column (d) below.

Table 3-M-3: IREN's Programs with Zero Projected TSB: PY 2024-2025 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets[384]

(a)	(b)	(c)	(d)
Annual Average 2024-2025		**Annual Average 2028-2031**	
Budget	**Claimed Expenditures**	**IREN's Proposed**	**Cal Advocates' Recommended**
$7.7M	$6.3M	$12.7M	$7.7M * 90% = $7M

2. On programs with projected TSB, IREN consistently underspent and underperformed.

(Witness: P. Li-Couthouis)

In the past four years, IREN consistently underspent on programs with projected TSB. Though four years have passed since the Commission first approved IREN in 2021, IREN has not been able to spend more than 65 percent of the annual budget and deliver more than 59 percent of the projected TSB in a given year.

IREN does not lack the ability to spend. IREN's historical spending, when broken down into programs with and without projected TSB, reveals that IREN underspent more on programs with projected TSB. See actual expenditures as a percentage of the budget along Column (e) in both Table 3-M-2 above and Table 3-M-4 below. This means that IREN is unable to spend and therefore has over collected on programs to deliver the quantifiable results which it has projected.

[384] CEDARS, *Program Summary Data*, Budget Filing and Claims PY 2024-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Table 3-M-4: IREN's Spending Level and TSB Performance for Programs with Projected TSB[385]

	(a)	(b)	(c)	(d)	(e)	(f)
Program Year	**Filing Budget**	**Claimed Expenditures**	**Filing TSB**	**Claimed TSB**	**Percentage of Budget Spent**	**Percentage of TSB Achieved**
2022	$3.2M	$0.1M	$1.9M	$0	4%	0%
2023	$3.3M	$0.9M	$2M	$0	29%	0%
2024	$2.6M	$1.7M	$0.2M	$0.1M	65%	59%
2025	$4.5M	$2.3M	$0.6M	$0.1M	51%	14%
2024-2025	$7.1M	$3.9M	$0.7M	$0.2M	56%	24%

IREN has demonstrated difficulty spending on programs with projected TSB and on delivering that projected TSB. This led to over collection from ratepayers on these programs. While IREN began related program activity in mid-2023 and project activity in 2024,[386] from 2024 through 2025 IREN spent 56 percent of the budgets, delivered only 24 percent of the projected TSB, and therefore underperformed.

Additionally, IREN's spending levels are also disproportionate to the TSB levels achieved through these programs. As Table 3-M-4 above shows, IREN consistently spent a higher percentage of the budget to achieve a lower percentage of TSB projected for any given year from 2022 through 2025. Most recently, in 2025, IREN spent 51 percent of the filing budget and achieved 14 percent of the TSB projected. This demonstrates that IREN inefficiently spent ratepayers' dollars while underdelivering on the projected grid benefits.

As discussed, IREN's explanation that its past four years of expenditures reflect a "start up period" is unreasonable.[387] It also raises questions about IREN's capability to

---

[385] CEDARS, *Program Summary Data* Budget Filing and Claims PY 2022-2025. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[386] Exhibit CA-01-SA, Attachment 23, Question 1(a) ("Similarly in 2023, the forecast was developed as part of the Business Plan, prior to implementer procurement; therefore, the implementer did not inform the forecast. Additionally, because the program began mid-year, there was limited time for NMEC public-sector projects to progress through the pipeline due to the amount of time required to identify project scopes and obtain stakeholder and decision-maker approval. Consequently, the NMEC program project activity began in 2024, therefore there was no TSB to report in 2023.")

[387] Exhibit CA-01-SA, Attachment 23, Question 1(e) ("While the proposed annual average budget exceeds the program's annual claimed expenditures from PY 2022 through PY 2025, the proposed budget is reasonable. During the program's initial years, those expenditures reflect a start- up period in which

administer EE programs. If it takes IREN four years to start up, it also means that its programs have yet to demonstrate performance. This is consistent with the above findings on program underperformance and overcollection of budgets.

3. Given IREN's record of budget overcollection and underperformance, the Commission should approve for the next cycle an annual budget that is equivalent to 60 percent of the PY 2024 budget.

(Witness: P. Li-Couthouis)

For the 2028-2031 cycle, IREN proposes an average annual budget of $4 million for programs with projected TSB. At that budget level, IREN projects to achieve $0.7 million of projected TSB. Table 3-M-5, Columns (g) and (h), below presents IREN's proposed figures.

Table 3-M-5: IREN's Programs with Projected TSB: PY 2024 Budgets and Expenditures, Proposed and Cal Advocates' Recommended Annual Average Budgets and TSB[388, 389]

(a)	(b)	(c)= (b)/(a)	(d)	(e)	(f)= (e)/(f)	(g)	(h)	(i)	(j)
PY 2024						Annual Avg 2028-2031			
Budget	Claimed Expenditures	% Spent	Projected TSB	Claimed TSB	% Achieved	IREN's Proposed		Cal Advocates' Recommended	
						Budget	TSB	Budget	TSB
$2.6M	$1.7M	65%	$0.2M	$0.1M	59%	$4M	$0.7M	$4.3M	$3.2M

IREN's proposed budget is unreasonable because the projected TSB of $0.7 million per year for the next cycle is overly ambitious given IREN's recorded level of TSB in recent years. In fact, the proposed TSB of $0.7 million is at least six times greater than the highest amount of TSB IREN has ever delivered in a given year (which was $0.1 million of TSB in PY 2024). So, it is unlikely that IREN can deliver six folds the amount of TSB in 2028.

I-REN established program infrastructure.") ("Similarly to the answers above, the proposed budget is reasonable because early expenditure reflects the program's start up period, while the proposed budget reflects ongoing and increased implementation activities.").

[388] CEDARS, *Program Summary Data*, Budget Filing and Claims PY 2024. Accessed September 9, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[389] I-REN Application, Appendix, Table 4, Tab 4.1 Program Budget and Savings Details, 2028-2031. Accessed October 7, 2026, at: https://cedars.cpuc.ca.gov/documents/history/1938/

The proposed budget and TSB are unreasonable also because IREN failed to deliver the projected TSB in recent years. IREN previously projected to deliver roughly $2 million of TSB each year in 2022 and 2023, but it ultimately delivered zero TSB because it began its program activity only in mid-2023 and project activity in 2024.[390]

IREN later revised the annual projected TSB to the range of $0.2 to $0.6 million for 2024 and 2025, which are substantially lower and more reflective of program conditions.[391] Nevertheless, IREN still failed to meet the revised TSB forecasts for various reasons, including the fact that projects cannot immediately claim energy savings within a program year.[392] IREN also cites challenges to forecast energy savings as it does not set a minimum energy savings guidelines for projects and there are extreme variance in energy savings among projects. Given these reasons, IREN should first improve its TSB performance and deliver the projected TSB within budgets before requesting higher levels of TSB and budgets.

Given IREN's budget overcollection and underperformance on programs with projected TSB, the Commission should cap these programs' annual budget in the next cycle at 60 percent of the PY 2024 budget. PY 2024 is the most reasonable year to set as a baseline to set IREN's annual budget in the next cycle because this is the year when IREN spent the highest percentage of the annual budget and achieved the highest percentage of projected TSB in the past four years. See Table 3-M-4, Columns (e) and

---

[390] Exhibit CA-01-SA, Attachment 23, Question 1(a) ("Similarly in 2023, the forecast was developed as part of the Business Plan, prior to implementer procurement; therefore, the implementer did not inform the forecast. Additionally, because the program began mid-year, there was limited time for NMEC public-sector projects to progress through the pipeline due to the amount of time required to identify project scopes and obtain stakeholder and decision-maker approval. Consequently, the NMEC program project activity began in 2024, therefore there was no TSB to report in 2023.")

[391] Exhibit CA-01-SA, Attachment 23, Question 1 ("2024 was the first year in which I-REN was able to revise its savings and TSB forecasts through the True-Up Advice Letter (TUAL) using information from its implementers. The revised forecast was substantially lower and more reflective of program conditions. However, even with a more realistic forecast, savings fell short because the Public Buildings NMEC program was still in its early stages of moving projects from planning and development to implementation.").

[392] Exhibit CA-01-SA, Attachment 23, Question 1 ("While this work was necessary to build the project pipeline, it did not immediately result in claimable energy savings, contributing to the gap between forecasted and realized TSB during the 2024 program year.").

(f). IREN's description of its lighting project in 2024 with six figure kWh savings estimates as opposed to the significantly smaller size projects in 2025 seem to explain why IREN performed better in 2024 than in 2025.

Therefore, the Commission should evaluate IREN's performance in the upcoming Mid-Cycle AL for budget and TSB forecast adjustments.

4. The Commission should cap all administrative budgets to 10 percent of IREN's portfolio budgets.

The Commission should cap all administrative budgets including EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios to 10 percent of IREN's portfolio budgets. Similar to utility EE programs, administrative costs are necessary to support energy efficiency programs, but costs must be reasonable and limited to overhead, labor and other costs.[393]

As discussed, IREN excludes the budgets of EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios from the proposed budgets for programs without TSB. While IREN considers these administrative costs as "non-program costs,"[394] IREN still recovers these administrative costs as part of its portfolio budget and therefore should still be subject to regulatory review.

5. The Commission should discontinue IREN-PUBL-001.

(Witnesses: P. Li-Couthouis, A. Zhang)

The Commission should direct IREN to discontinue IREN-PUBL-001 because this technical assistance program cannot justify the funding levels proposed. IREN-PUBL-001 is a technical assistance program for the purpose of identifying and developing projects for referral to other PAs.[395] However, IREN-PUBL-001 supplements other PAs'

---

[393] Exhibit CA-01-SA, Attachment 20, at 88. Accessed November 5, 2026 at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/e/6442465683-eepolicymanualrevised-march-20-2020-b.pdf

[394] Exhibit CA-01-SA, Attachment 23, Question 1, Corrected Table 1B ("EM&V, Equity IDSM, Equity, Codes and Standards (C&S), and Market Support portfolios are non-programs and were removed from the Filing Budget in Column A and Claimed Expenditures in Column B.")

[395] Exhibit CA-01-SA, Attachment 23, Question 1.

programs while obfuscating the true costs of the other programs, leading to skewed cost-effectiveness results for IOU programs.

IREN claims that its Technical Assistance Program does not contribute to IREN's portfolio forecast or claimed TSB because the program "identifies and develops projects that are referred to other PA programs when those programs are a better fit for the project scope. The energy savings and TSB from these projects are claimed by the implementing PA."[396] However, either the other PAs are ineffective in identifying potential projects that justify the need for IREN's technical assistance, or IREN's technical assistance is redundant and unnecessary, given the pattern of activities outlined below.

A closer look into the program budget and expenditures reveals at IREN spending adds hidden costs to the other PAs' programs:

- In 2025, IREN spent $4.5 million out of a budget of $3.1 million to assist SoCalGas and SoCalREN direct installing the following:
  - 13 tankless water heaters,
  - 200 inches of pipe wrap insulation,
  - replacement of 2 gas water heaters with tankless water heaters, and
  - replacement of three gas storage water heaters with two tankless water heaters and one pump water heaters.
- In 2026, IREN has spent $2.2 out of $4.2 million budget to assist SoCalREN direct installing the replacement of two electric heat pump and the replacement of six gas and electric water heaters with heat pump water heaters.[397]

Most importantly, the abovementioned budgets and expenditures cover the sole costs of IREN in providing *technical assistance*. These figures do not cover the costs of equipment or installations. While the purpose of the REN is to fill in the gap of the

[396] Exhibit CA-01-SA, Attachment 23, Question 1 ("In addition to projects implemented through I-REN's NMEC Program, I-REN's Technical Assistance Program identifies and develops projects that are referred to other PA programs when those programs are a better fit for the project scope. The energy savings and TSB from these projects are claimed by the implementing PA and are therefore not reflected in I-REN's TSB forecasts or claims.").

[397] Exhibit CA-01-SA, Attachment 23, Question 1(a).

IOUs, IREN's expenditures seem to imply that IREN must fill in the gap of another *REN's* program (i.e., SoCalREN in this case). The Commission should therefore close IREN-PUBL-001.

6. The Commission should order IREN to reduce the incentive rates offered by IREN-PUBL-002 as the program overcompensates NMEC program participants.

(Witnesses: P. Li-Couthouis, A. Zhang)

The Commission should reduce the incentives rates offered by IREN-PUBL-002 down to a comparable level to the incentive rates offered by a former SCE's NMEC program level because this NMEC program overcompensates participants and has unfair advantage over IOUs' NMEC programs. RENs are not required to be cost-effective. So, the REN programs can offer much more lucrative incentives to customers for the same amount of energy savings, potentially negatively impacting IOUs' resource acquisition programs.[398] The Commission previously acknowledged this concern.[399] IREN-PUBL-002 is one such program: It has almost zero TRC and offers incentives for kilowatt-hour savings that are over 4 to 16 times than those offered by an IOU program.[400]

IREN-PUBL-002 (titled "Cash for Kilowatts") currently offers an enhanced incentive rate of $2 per kWh saving and IREN plans on continuing such incentive

---

[398] Exhibit CA-01-SA, Attachment 24, Public Advocates Office, *Opening Testimony on San Diego Gas & Electric Company's Application to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan*, Exhibit CA-01 at 2-20 ("Without cost-effectiveness requirements in program budgets, non-IOU PAs are able to offer significantly higher incentives for a given amount of energy savings. In the case of RENs, the Commission acknowledged this problem in D.23-06-055, where the lack of cost-effectiveness requirements for RENs can 'negatively impact IOUs' resource acquisition programs by offering more generous incentives [in REN programs].'"); served in A.25-04-014.

[399] D.23-06-055 at 89 ("[T]o facilitate coordination, we will require RENs to describe in their JCMs how they will identify customers or buildings to target marketing…. This direction addresses SCE's concern regarding the fact that REN programs and portfolios are not required to meet a given TRC benefit to cost ratio, as is the case with the resource acquisition segment of IOUs' portfolios, and could therefore negatively impact IOUs' resource acquisition programs by offering more generous incentives.")

[400] This IREN program provides $0.5/kWh as base incentive rate, which increases to $1/kWh when the total savings is over 50%. The demand incentive is $200/kW. These are much greater than the incentives offered by a former SCE's NMEC program ($0.12/kWh and $150/kW). See, Exhibit CA-01-SA, Attachment 25, IREN, *Cash for Kilowatts*. Accessed at: https://www.iren.gov/179/Cash-for-Kilowatts and https://sce-trade-ally-community.my.site.com/tradeally/file-asset/NMEC_Fact_Sheet?v=1

structure in the next cycle.[401] This is over 16 times SCE's incentive rate of $0.12 per kWh saving in a former NMEC program.[402] It is impossible for any IOUs' NMEC program that are subject to cost-effectiveness requirement to compete with IREN-PUBL-002, especially when IREN enhanced the incentive rate "to make projects more financially feasible [for potential program participants] and to increase applications [from these participants]."[403]

Furthermore, the Commission should remove IREN-PUBL-002 because it is unreasonable to charge ratepayers for an incentive as high as $2 per kWh. The statues require the Commission to supervise the administration of cost-effective energy efficiency programs, including NMEC programs.[404] This IREN's program is currently

---

[401] Exhibit CA-01-SA, Attachment 24, Question 1 ("Looking ahead to the next 2028-2032 cycle, the following strategies have been implemented to continue to increase I-REN's TSB.

Incentive design: In 2024, I-REN replaced the initial tiered Cash for Kilowatts incentive structure with a temporary enhanced rate of $2/kWh. The goal was to make projects more financially feasible and to increase applications. In 2025, I-REN extended the enhanced rate to all applicants to give agencies greater financial certainty during project planning.").

[402] SCE's former NMEC program offered incentive rates at $0.12/kWh and $150/kW. See, Exhibit CA-01-SA, Attachment 26, SCE, Normalized Metered Energy Consumption (NMEC) Commercial Solution. Accessed at: https://sce-trade-ally-community.my.site.com/tradeally/file-asset/NMEC_Fact_Sheet?v=1

[403] Exhibit CA-01-SA, Attachment 24, Question 1 ("Incentive design: In 2024, I-REN replaced the initial tiered Cash for Kilowatts incentive structure with a temporary enhanced rate of $2/kWh. The goal was to make projects more financially feasible and to increase applications. In 2025, I-REN extended the enhanced rate to all applicants to give agencies greater financial certainty during project planning.").

[404] Pub. Util. Code Section 399.4(a)(1) ("In order to ensure that prudent investments in energy efficiency continue to be made that produce cost-effective energy savings, reduce customer demand, and contribute to the safe and reliable operation of the electrical distribution grid, it is the policy of this state and the intent of the Legislature that **the commission shall supervise the administration of cost-effective energy efficiency programs authorized pursuant to its statutory authority, including** Sections 381, 381.1, **381.2**, 381.5, 382, 384.5, 400, 454.5, 454.55, 454.56, 589, 701.1, 749, and 769, Article 10 (commencing with Section 890) of Chapter 4, and Chapter 6 (commencing with Section 2781) of Part 2.") [Emphasis Added.]

Pub. Util. Code Section 381.2 (b) ("Recognizing the already underway 2015 commission work to adopt efficiency potential and goals, the Energy Commission work on its 2015 energy demand forecast, and the need to determine how to incorporate meter-based performance into determinations of goals, portfolio cost-effectiveness, and authorized budgets, the commission, in a separate or existing proceeding, shall, by September 1, 2016, authorize electrical corporations or gas corporations to provide financial incentives, rebates, technical assistance, and support to their customers to increase the energy efficiency of existing buildings based on all estimated energy savings and energy usage reductions, taking into consideration the overall reduction in normalized metered energy consumption as a measure of energy savings….").

designated as an equity program and therefore not subject to any cost-effective requirement.

Though IREN cite funding as an implementation barrier for public agencies[405] and aims to give these agencies "greater financial certainty during project planning," it is unreasonable to charge ratepayers for the cost of mitigating these agencies' funding risks.[406] Their funding issues should be addressed through taxes, instead of utility rates; so, taxpayers, not ratepayers, should be accountable for their budget constraints.[407] Therefore, an incentive rate of $2 per kWh savings is unreasonable and the Commission should order IREN to lower the incentives rate to those comparable to SCE's former NMEC program.

[405] Exhibit CA-01-SA, Attachment 24, Question 1(d) ("Any cancelled projects were primarily discontinued for financial or eligibility reasons rather than lack of agency interest. Funding is the leading barrier, driven by budget constraints, high upfront costs, and limited agency ability to cover upfront project expenses before incentives are disbursed.").

[406] Exhibit CA-01-SA, Attachment 24, Question 1 ("Incentive design: In 2024, I-REN replaced the initial tiered Cash for Kilowatts incentive structure with a temporary enhanced rate of $2/kWh. The goal was to make projects more financially feasible and to increase applications. In 2025, I-REN extended the enhanced rate to all applicants to give agencies greater financial certainty during project planning.").

[407] Exhibit CA-01-SA, Attachment 24, Question 1(d) ("Any cancelled projects were primarily discontinued for financial or eligibility reasons rather than lack of agency interest. Funding is the leading barrier, driven by budget constraints, high upfront costs, and limited agency ability to cover upfront project expenses before incentives are disbursed.").

Under current law, local taxes that are used for a specific purpose require a two-thirds vote to be approved. See, Exhibit CA-01-SA, Attachment 27, California General Election November 3, 2026, *Official Voter Information Guide, Proposition 43*. Accessed October 30, 2026, at: https://voterguide.sos.ca.gov/propositions/43/analysis.htm

Figure 3-M-1: IREN's NMEC Program's "Cash for Kilowatt" Check Presentation to Colton Joint Unified School District[408]



7. The Commission should close IREN's programs that underperform or are underutilized.

The Commission should order IREN to close underperforming or underutilized programs. The Commission should close IREN-PUBL-002 which underperforms consistently over the years. As shown in Table 3-M-6 below, IREN-PUBL-002 achieves no more than 59 percent of the projected TSB in a given year.

Table 3-M-6: IREN's Program Performance

	Percentage of Projected TSB Achieved				Cal Advocates Recommended Closure
Program ID	**2022**	**2023**	**2024**	**2025**	
IREN-PUBL-002	0%	0%	59%	14%	Yes

The Commission should also close underutilized programs as identified in Table 3-M-7 below, either now or pending review of program performance in the upcoming Mid-Cycle AL.

[408] Exhibit I-REN-01, *2028-2031 Portfolio Plan and 2032-2035 Business Plan*, at 54.

Table 3-M-7: IREN's Extent of Program Underutilization

Program ID	Overcollection as a Percentage of Budgets				Cal Advocates Recommended Closure
	2022	2023	2024	2025	
IREN-CS-001	69%	22%	31%	35%	Yes
IREN-CS-002	69%	11%	61%	45%	Yes
IREN-CS-PortfolioSupport			91%	82%	Yes
IREN-EMV-001	100%	100%	100%	74%	Yes
IREN-Equity-PortfolioSupport			91%	84%	Yes
IREN-IDSM-Equity-001			100%	100%	Yes
IREN-MS-PortfolioSupport			95%	90%	Yes
IREN-PUBL-001	93%	45%	9%	-44%	Pending review in the next MCAL
IREN-PUBL-002	96%	71%	35%	49%	Yes
IREN-WET-001	85%	36%	39%	-19%	Pending review in the next MCAL
IREN-WET-002	85%	52%	68%	38%	Yes

N. Statewide Programs

(Witness: J. Ahlstedt)

1. The Commission should adopt a budget for all statewide programs of $516.5 million for the 2028-2031 portfolio cycle.

The Commission should adopt budgets for statewide programs that balance each program's historic ability to spend its allocated budget, achieve its TSB goals, and be cost-effective. For programs that have not met these criteria, the Commission should adopt 2028-2031 budgets in-line with historic expenditures.

a. From 2022-2025, statewide programs generally underspent approved budgets, met TSB goals, and were cost-effective.

In the most recent four-full-years of historic data (2022-2025), the Commission authorized a budget of $590.7 million for statewide programs.[409] Over that same period, the statewide programs spent $463.2 million or $127.6 million (22 percent) less than the authorized amount.[410] A comparison of each statewide program's historic authorized

[409] CEDARS, *Program Summary Data*, Budget Filing PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

[410] CEDARS, *Program Summary Data*, Claims PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

budgets to claimed expenditures is a useful indicator of the likelihood that the program will over-collect its proposed budget for future years. Additionally, a comparison of authorized vs claimed TSB and TRC is a useful indicator of how successful a program was at achieving its goals. Achieved budget, TSB, and TRC can be used to evaluate each statewide program's overall effectiveness. Table 3-N-1, below compares the statewide program's authorized budgets and claimed expenditures from 2022-2025.

Table 3-N-1: Comparison of Statewide Program Authorized Budgets and Claimed Expenditures (2022-2025)[411]

Statewide Program ID	*Authorized Budget*	*Claimed Expenditures*	*Difference*
SW_CSA_Appl	$10,701,732	$8,396,503	$2,305,229
SW_CSA_Bldg	$29,746,009	$30,838,113	($1,092,104)
SW_CSA_Natl	$20,835,975	$25,812,792	($4,976,817)
SW_ETP_Elec	$68,698,066	$55,319,037	$13,379,029
SW_ETP_Gas	$12,393,768	$10,019,774	$2,373,994
SW_FS	$69,676,485	$71,809,227	($2,132,742)
SW_HESC	$0	$189,308	($189,308)
SW_HVAC_QIQM	$23,337,934	$13,120,778	$10,217,156
SW_HVAC_Up	$26,778,793	$27,592,075	($813,282)
SW_HVAC_Up_Com	$21,773,395	$8,165,759	$13,607,635
SW_HVAC_Up_Res	$6,110,275	$16,487,717	($10,377,442)
SW_IP_Colleges	$14,233,595	$4,105,587	$10,128,009
SW_IP_Gov	$13,234,821	$3,859,371	$9,375,451
SW_MCWH	$61,942,797	$70,988,101	($9,045,304)
SW_NC_NonRes_Ag_electric	$1,272,323	$1,145,076	$127,247
SW_NC_NonRes_Ag_mixed	$4,241,468	$1,450,504	$2,790,964
SW_NC_NonRes_Com_electric	$7,243,215	$5,358,355	$1,884,861
SW_NC_NonRes_Com_mixed	$7,101,724	$5,128,926	$1,972,798
SW_NC_NonRes_Ind_electric	$2,105,744	$716,966	$1,388,777
SW_NC_NonRes_Ind_mixed	$9,650,989	$733,523	$8,917,466
SW_NC_NonRes_Pub_electric	$12,767,216	$3,566,186	$9,201,030
SW_NC_NonRes_Pub_mixed	$2,444,081	$3,643,420	($1,199,340)
SW_NC_NonRes_Res_electric	$10,260,495	$6,413,835	$3,846,660

[411] CEDARS, *Program Summary Data*, Budget Filing and Claims PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Statewide Program ID	*Authorized Budget*	*Claimed Expenditures*	*Difference*
SW_NC_NonRes_Res_mixed	$9,496,176	$5,339,178	$4,156,998
SW_NC_Res_electric	$36,791,792	$27,733,470	$9,058,322
SW_NC_Res_mixed	$4,441,381	$421,113	$4,020,269
SW_PLA	$50,496,641	$43,678,896	$6,817,746
SW_UL	$26,534,250	$396,460	$26,137,790
SW_WET_CC	$4,200,000	$4,000,000	$200,000
SW_WET_Work	$8,047,342	$5,560,505	$2,486,836
SW_WP	$14,182,820	$1,192,410	$12,990,410
SWMEO	$0	$0	$0
Total:	***$590,741,303***	***$463,182,966***	***$127,558,337***

Table 3-N-1 shows that as a whole, statewide programs have underspent their authorized budgets with some programs like the National Codes & Standards Advocacy program (SW_CSA_Natl) spending more than the authorized amount.

Table 3-N-2, below, compares each statewide program's authorized and claimed TSB from 2022-2025. Additionally, Table 3-N-3, below, compares each statewide program's average annual authorized and average annual claimed TRC from 2022-2025.

Table 3-N-2: Statewide Program Authorized and Claimed TSB (2022-2025)[412]

Statewide Program ID	*Authorized TSB*	*Claimed TSB*	*Difference*
SW_CSA_Appl	5,261,953,214	4,212,331,628	1,049,621,586
SW_CSA_Bldg	6,938,090,878	7,386,142,559	(448,051,681)
SW_CSA_Natl	2,070,715,912	2,729,718,147	(659,002,235)
SW_ETP_Elec	-	-	-
SW_ETP_Gas	-	-	-
SW_FS	105,677,569	111,323,484	(5,645,915)
SW_HESC	-	-	-
SW_HVAC_QIQM	-	-	-
SW_HVAC_Up	84,368,335	31,070,352	53,297,983
SW_HVAC_Up_Com	32,221,724	6,962,767	25,258,958
SW_HVAC_Up_Res	7,908,224	14,456,980	(6,548,757)
SW_IP_Colleges	20,475,284	8,854,126	11,621,158
SW_IP_Gov	25,382,057	1,934,603	23,447,454
SW_MCWH	247,374,251	329,101,579	(81,727,329)
SW_NC_NonRes_Ag_electric	1,755,532	-	1,755,532
SW_NC_NonRes_Ag_mixed	5,254,860	172,252	5,082,608
SW_NC_NonRes_Com_electric	14,008,549	34,466	13,974,083
SW_NC_NonRes_Com_mixed	15,990,888	131,807	15,859,081
SW_NC_NonRes_Ind_electric	5,916,596	-	5,916,596
SW_NC_NonRes_Ind_mixed	54,757,244	-	54,757,244
SW_NC_NonRes_Pub_electric	38,562,888	3,602	38,559,286
SW_NC_NonRes_Pub_mixed	6,156,107	3,386	6,152,721
SW_NC_NonRes_Res_electric	21,612,601	1,027,810	20,584,792
SW_NC_NonRes_Res_mixed	27,497,985	141,164	27,356,821
SW_NC_Res_electric	59,739,212	18,822,916	40,916,295
SW_NC_Res_mixed	7,325,297	13,268	7,312,029
SW_PLA	61,004,128	23,780,954	37,223,173
SW_UL	45,624,885	1,452,820	44,172,065
SW_WET_CC	-	-	-
SW_WET_Work	-	-	-
SW_WP	19,505,848	758,992	18,746,855
SWMEO	-	-	-
Total:	***15,178,880,069***	***14,878,239,664***	***300,640,405***

[412] CEDARS, *Program Summary Data* Budget Filing and Claims PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Table 3-N-3: Comparison of Statewide Program Average Authorized and Average Claimed TRC (2022-2025)[413]

Statewide Program ID	*Average Annual Authorized TRC*	*Average Annual Claimed TRC*	*Difference*
SW_CSA_Appl	70.14	39.46	30.67
SW_CSA_Bldg	2.24	7.79	(5.55)
SW_CSA_Natl	2.29	9.56	(7.27)
SW_ETP_Elec	-	-	-
SW_ETP_Gas	-	-	-
SW_FS	1.14	4.87	(3.73)
SW_HESC	-	-	-
SW_HVAC_QIQM	-	-	-
SW_HVAC_Up	1.90	3.27	(1.38)
SW_HVAC_Up_Com	1.26	2.41	(1.15)
SW_HVAC_Up_Res	1.01	2.94	(1.93)
SW_IP_Colleges	1.15	9.29	(8.14)
SW_IP_Gov	1.18	0.63	0.55
SW_MCWH	3.19	13.85	(10.66)
SW_NC_NonRes_Ag_electric	0.95	-	0.95
SW_NC_NonRes_Ag_mixed	0.75	0.41	0.34
SW_NC_NonRes_Com_electric	0.97	0.02	0.96
SW_NC_NonRes_Com_mixed	1.19	0.08	1.11
SW_NC_NonRes_Ind_electric	1.62	-	1.62
SW_NC_NonRes_Ind_mixed	1.58	-	1.58
SW_NC_NonRes_Pub_electric	1.06	0.00	1.06
SW_NC_NonRes_Pub_mixed	1.13	0.00	1.13
SW_NC_NonRes_Res_electric	0.98	0.30	0.68
SW_NC_NonRes_Res_mixed	1.25	0.09	1.16
SW_NC_Res_electric	1.23	1.51	(0.29)
SW_NC_Res_mixed	1.55	0.95	0.60
SW_PLA	0.82	1.95	(1.12)
SW_UL	1.14	1.25	(0.11)
SW_WET_CC	-	-	-
SW_WET_Work	-	-	-
SW_WP	1.18	3.46	(2.28)
SWMEO	-	-	-

[413] CEDARS, *Program Summary Data* Budget Filing and Claims PY 2022-2025. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Table 3-N-2 shows that from 2022-2025, statewide programs have almost entirely achieved their 15.2 billion TSB goal with only a two percent (300.6 million TSB) difference between authorized and claimed. Similarly, Table 3-N-3 shows that almost all statewide programs were cost effective between 2022-2025 with many exceeding their TRC goals. The exceptions to these trends are the various statewide non-residential new-construction programs which generally did not meet their TSB or TRC goals and were not cost-effective over years 2022-2025. Similarly, the statewide Institutional Partnerships Government program (SW_IP_Gov) only achieved 8% of their TSB goals and did not meet their 1.18 TRC goal all while only spending 29% of their authorized budget from 2022-2025.

Based on the historic trends in statewide program expenditures, TSB, and TRC, the Commission can assess the likelihood that the statewide program proposals for 2028-2031 will achieve similar results as they have historically.

b. The proposed statewide budgets are generally higher than the 2022-2025 claimed expenditures.

The statewide budget proposals are generally higher than the 2022-2025 claimed expenditures for the same programs. Overall, PAs request $572.5 million for statewide programs from 2028-2031.[414] This equals an average annual budget of $126.6 million across those four-years.

In comparison, for those same programs over 2022-2025, the claimed expenditures were $445.9 million, $126.6 million less than the proposed statewide budget.[415] Table 3-

[414] CEDARS, *Statewide Budget Filing Dashboard for 2028-2031*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/filings/statewide-filings-dashboard/

And CEDARS, *PG&E Budget Filing Appendix 2028-2031*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

[415] CEDARS, *Statewide Budget Filing Dashboard for 2028-2031*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/filings/statewide-filings-dashboard/

Several statewide programs that were active between 2022-2025 will not continue for the 2028-2031 portfolio cycle. This figure represents the historic budgets for continuing programs only.

N-4, below, compares the proposed statewide program budgets with the claimed expenditures from 2022-2025.

Table 3-N-4: Comparison of Statewide Program Proposed 2028-2031 Budget and Claimed 2022-2025 Expenditures

Statewide Program Name	*Proposed Budget (28-31)*[416]	*Claimed Expenditures (22-25)*[417]	*Difference*
Workforce Education and Training Career & Workforce Readiness	$8,800,000	$5,560,505	$3,239,495
SW HVAC All Electric Non-Residential	$34,868,077	$35,757,835	($889,758)
New Construction - Residential - All Electric	$42,337,397	$27,733,470	$14,603,927
New Construction - NonResidential - All Electric	$60,114,256	$17,200,418	$42,913,838
New Construction - NonResidential - Mixed Fuel	$29,905,744	$16,295,551	$13,610,193
Codes and Standards Appliance Advocacy	$15,993,788	$8,396,503	$7,597,285
Codes and Standards Building Codes Advocacy	$33,598,336	$30,838,113	$2,760,223
Codes and Standards National Codes Advocacy	$20,355,308	$25,812,792	($5,457,484)
Institutional Partnerships - Government	$9,312,200	$3,859,371	$5,452,829
Workforce Education and Training - Career Connections	$4,400,000	$4,000,000	$400,000
Water and Wastewater Pumping	$0	$1,192,410	($1,192,410)
SW Plug Load and Appliance All Electric	$0	$43,678,896	($43,678,896)
Emerging Technology Programs - Electric	$68,000,000	$55,319,037	$12,680,963
Institutional Partnerships - Colleges	$19,836,804	$4,105,587	$15,731,217
Emerging Technology Programs - Gas	$15,000,000	$10,019,774	$4,980,226
Food Service	$76,000,000	$71,809,227	$4,190,773
Midstream Commercial Water Heating	$84,000,000	$70,988,101	$13,011,899
SW HVAC QI/QM Program	$27,600,000	$13,120,778	$14,479,222
SW Home Energy Score California	$22,336,447	$189,308	$22,147,139
Total:	***$572,458,357***	***$445,877,676***	***$126,580,681***

[416] CEDARS, Statewide Budget Filing Dashboard for 2028-2031. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/filings/statewide-filings-dashboard/

And CEDARS, *PG&E Budget Filing Appendix*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

[417] CEDARS, *Program Summary Data*. Accessed October 15, 2026, at: https://cedars.cpuc.ca.gov/reports/summary/

Table 3-N-4 shows that PAs generally propose higher statewide budgets than what each program actually spent historically with few exceptions.

c. The Commission should approve proposed budgets for successful statewide programs and reduced budgets for statewide programs that have historically underspent their budgets and underachieved their TSB and TRC goals.

The Commission should approve proposed budgets for statewide programs that have historically achieved their TSB and TRC goals at or below their authorized budgets. For statewide programs that have historically underachieved their TSB and TRC goals, the Commission should base the program budgets on average historic spending with a ten percent ramp-up factor per year. Table 3-N-5 compares the PA's proposed statewide program budgets for 2028-2031 with Cal Advocates' proposed budgets for the same period. Attachment G to this testimony shows the same comparison for every year of the 2028-2031 portfolio cycle.

Table 3-N-5: Comparison of Cal Advocates' and PA's Proposed Statewide Program Budgets (2028-2031)

Statewide Program Name	*PA Proposed Budget*[418]	*Cal Advocates Proposed Budget*	*Cal Advocates' Adjustment*
Workforce Education and Training Career & Workforce Readiness	$8,800,000	$8,800,000	$0
SW HVAC All Electric Non-Residential	$34,868,077	$34,868,077	$0
New Construction - Residential - All Electric	$42,337,397	$42,337,397	$0
New Construction - NonResidential - All Electric	$60,114,256	$19,956,785	($40,157,471)
New Construction - NonResidential - Mixed Fuel	$29,905,744	$18,906,913	($10,998,831)
Codes and Standards Appliance Advocacy	$15,993,788	$15,993,788	$0
Codes and Standards Building Codes Advocacy	$33,598,336	$33,598,336	$0
Codes and Standards National Codes Advocacy	$20,355,308	$20,355,308	$0
Institutional Partnerships - Government	$9,312,200	$4,477,835	($4,834,365)
Workforce Education and Training - Career Connections	$4,400,000	$4,400,000	$0
Water and Wastewater Pumping	$0	$0	$0
SW Plug Load and Appliance All Electric	$0	$0	$0
Emerging Technology Programs - Electric	$68,000,000	$68,000,000	$0
Institutional Partnerships - Colleges	$19,836,804	$19,836,804	$0
Emerging Technology Programs - Gas	$15,000,000	$15,000,000	$0
Food Service	$76,000,000	$76,000,000	$0
Midstream Commercial Water Heating	$84,000,000	$84,000,000	$0
SW HVAC QI/QM Program	$27,600,000	$27,600,000	$0
SW Home Energy Score California	$22,336,447	$22,336,447	$0
Total:	***$572,458,357***	***$516,467,690***	***$55,990,667***

[418] CEDARS, Statewide Budget Filing Dashboard for 2028-2031. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/filings/statewide-filings-dashboard/

And CEDARS, *PG&E Budget Filing Appendix*. Accessed October 16, 2026 at: https://cedars.cpuc.ca.gov/documents/download/3998/mainchange_summary%7Cmain%7Credline)/

In total, the Commission should adopt the proposed budgets for all but three statewide programs because they have historically achieved their TSB and TRC goals without overspending their authorized budgets. The Commission should encourage this efficiency and should support programs that have historically been successful. For the New Construction Non-Residential (Electric and Mixed Fuel) programs and the Institutional Partnerships (Government) programs that have historically underspent their budgets and underachieved their TRC and TSB goals, the Commission should adopt 2028-2031 budgets based on their historic spending. This approach minimizes the risk to ratepayers of over-collection as a result of statewide programs that underperform. Furthermore, it gives PAs a budget that is less likely to result in over-collection of ratepayer funds while PAs aim to improve their programs compared to historic performance.

For these reasons, the Commission should adopt a total Statewide Program budget of $516.5 million for the 2028-2031 portfolio cycle.

III. CONCLUSION

The Commission should adopt the portfolio budgets and recommendations described in this testimony because they balance the Commission's numerous goals for its energy efficiency programs with the cost that ratepayers must pay to fund these programs.

APPENDIX A

Qualifications of Witnesses

PREPARED TESTIMONY AND QUALIFICATIONS
OF
JAMES AHLSTEDT

Q1. Please state your name, business address, and position with the Public Advocates Office (Cal Advocates).

A1. My name is James Ahlstedt and my business address is 320 West 4th St., Suite 500, Los Angeles, CA 90013. I am currently employed by the Public Advocates Office at the California Public Utilities Commission as a Public Utilities Regulatory Analyst V assigned to the Electric Pricing and Customer Programs branch of Cal Advocates, Customer Programs section.

Q2. Please summarize your educational background and professional experience.

A2. I graduated from the University of California – Irvine with a Bachelor's degree in Political Science as well as a Bachelor's degree in Business Economics. I completed regulatory training provided by the National Association of Regulatory Utility Commissions ("NARUC") in 2016 and the Advanced Regulatory Studies Program at the Institute of Public Utilities at Michigan State University in 2019.

I joined Cal Advocates in 2016 and worked as Cal Advocates' lead analyst on the California LifeLine program (the Commission's low-income telecommunications subsidy program) from 2016-2022. Additionally, I served on the Universal LifeLine Telephone Service Program Administrative Committee as Chairperson.

I have provided testimony in seven General Rate Cases on behalf of Cal Advocates: A.16-10-001, A.16-10-002, A.16-10-004, A.17-10-004, A.21-11-005, A.21-11-006, and A.21-11-007. I have also submitted testimony in two telecommunications proceedings (R.11-11-007 and A.20-11-001) and four energy proceedings: the 2024-2027 Energy Efficiency Business Plan Applications (A.22-02-005 et al.), the community solar applications (A.22-05-022 et al.), the 2028-2033 Income Qualified Program Applications (A.26-01-003 et al.), and the DER OIR (R.22-11-013).

Since 2022 I have been assigned to work on various energy programs and proceedings including ESA, CARE, the energy efficiency, community solar programs, as well as the DER OIR.

Q3. What is your responsibility in this proceeding?

A3. I am responsible for the review of statewide programs, BayREN, PG&E and NREN portfolios as well as policy issues on pilot programs, fuel switching, and demand response and dynamic rates.

Q4. Does this conclude your prepared direct testimony?

A4. Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY
OF
OMAR GUTIERREZ TAPIA

Q.1 **Please state your name, business address, and position with the Public Advocates Office (Cal Advocates).**

A.1 My name is Omar Gutierrez Tapia and my business address is 320 West 4th St., Suite 500, Los Angeles, CA 90013. I am currently employed by the Public Advocates Office at the California Public Utilities Commission as a Public Utilities Regulatory Analyst III in the Electric Pricing and Customer Programs branch.

Q.2 Please describe your educational and professional experience.

A.2 I hold a Bachelor of Arts degree in Political Science and Ethnic Studies, with a Minor in Mathematics, from the University of California, Los Angeles. In my experience at Cal Advocates, I have participated in several regulatory proceedings before the Commission, including:

- R.13-11-005: Order Instituting Rulemaking (OIR) Concerning Energy Efficiency Policy and Related Issues.
- R.19-01-011: OIR Regarding Building Decarbonization.
- R.20-05-012: OIR Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues.
- A.22-02-005 et al: Program Administrators' Energy Efficiency 2024-2027 Portfolio and Business Plan.
- R.25-04-010: OIR for Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation.

I have participated in and submitted testimony in the following proceedings:

- A.21-12-009: SCE's Building Electrification Application.
- A.22-05-022 et al: Applications for review of the Green Access Programs.
- A.24-12-009: Application of PG&E on Behalf of CalMTA for Approval of the Initial Tranche of Statewide Energy Efficiency Market Transformation Initiatives.

Q.3 What is your area of responsibility in this proceeding?

A.3 I am responsible for the policy sections on third-party procurement and delivery types and the portfolio reviews of SCE and SoCalREN.

Q.4 Does that complete your prepared testimony?

A.4 Yes, it does.

PREPARED TESTIMONY AND QUALIFICATIONS
OF
PUIWA LI-COUTHOUIS

Q1. Please state your name, business address, and position with the Public Advocates Office (Cal Advocates).

A1. My name is Puiwa Li-Couthouis and my business address is 505 Van Ness Ave, San Francisco, CA 94102. I am currently employed by the Public Advocates Office at the California Public Utilities Commission (Commission) as a Public Utilities Regulatory Analyst V.

Q2. Please summarize your educational background and professional experience.

A2. I graduated from the University of California, Berkeley with a Bachelor's degree and Massachusetts Institute of Technology with a Master's degree, both in Civil and Environmental Engineering. For almost three years, I worked as a research petroleum engineer at TotalEnergies in the United Kingdom.

I joined the Commission in 2016 and the Public Advocates Office in 2018. Since then, I have worked on proceedings such as General Rate Cases of large energy investor-owned utilities, Investigation on the 2019 Public Safety Power Shutoff events, energy efficiency, and others.

Q3. What is your responsibility in this proceeding?

A3. My responsibility in this proceeding covers the policy analysis of policy and budgetary issues related to program administrators' applications to fund the 2028-2032 cycle of energy efficiency programs. I am also responsible for the portfolio review of 3CREN, CCRREN, and IREN.

Q4. Does this conclude your prepared direct testimony?

A4. Yes, it does.

QUALIFICATIONS AND PREPARED TESTIMONY
OF
ANDY ZHANG

Q1. Please state your name, business address, and position with the Public Advocates Office (Cal Advocates).

A1. My name is Andy Zhang and my business address is 505 Van Ness Ave, San Francisco, CA 94102. I am currently employed by the Public Advocates Office at the California Public Utilities Commission as a Public Utilities Regulatory Analyst assigned to the Electric Pricing and Customer Programs branch of Cal Advocates, Customer Programs section.

Q2. Please summarize your educational background and professional experience.

A2. I graduated from New York University in 2021 with a bachelor's degree, double majoring in Environmental Studies and Political Science. Additionally, I have received training in ratemaking principles from the National Association of Utility Commissioners (NARUC).

I joined Cal Advocates in 2023 and have been assigned to work on energy efficiency, building decarbonization, clean energy financing, distributed energy resources, and income-qualified programs. In this capacity, I have participated in the related Commission proceedings as a subject matter expert.

Q3. What is your responsibility in this proceeding?

A3. I am responsible for sponsoring the portfolio review of SoCalGas, SDG&E, SDREN, Westlight, and MCE. I am also responsible for the policy sections regarding Market Access Programs and EE Measures without energy savings claiming TSB.

Q4. Does this conclude your prepared direct testimony?

A4. Yes, it does.

APPENDIX B

Key Factors Affecting the State's Progress in Electrification

Table B-1: Key Factors Affecting the State's Progress in Electrification

Key Factors	Supporting Findings from Recent Studies
Households are sensitive to energy prices.	• The Commission's study on the fuel substitution highlights customers' concerns over heat pump technologies' operating costs and rising electricity rates as barriers to substituting gas for electric equipment.[1] • In the Evaluation Report on the San Joaquin Valley Disadvantaged Communities Pilot Projects, the Commission finds that 66 percent of the non-participant cited concerns about potential bill increases as a barrier to participating into the electrification pilot.[2] • Recent UC Berkeley's research finds that households' heating choices are highly sensitive to energy prices.[3] A 10 percent increase in electricity prices is estimated to decrease the choice to adopt electric instead of natural gas furnaces by 4 percent.[4] • According to the American Council for an Energy-Efficient Economy (ACEEE), a quarter of U.S. households shoulder a high energy burden.

[1] Exhibit CA-01-SA, Attachment 28, Opinion Dynamics, *Impact of Incentives on Customer Fuel Substitution, Research for the California Investor-Owned Utilities*, May 31, 2024, at 8 ("Overall, customers have concerns about heat pump technologies' upfront and operating costs".). The Commission directed the IOUs to conduct this statewide market study in effort seeking a viable electric alternative to gas measures. Accessed September 1, 2026 at: https://pda.energydataweb.com/api/view/3968/CA%20Impact%20of%20Incentives%20on%20Fuel%20Sub%20Report_FINAL_2024-05-31.pdf

[2] Exhibit CA-01-SA, Attachment 29, Evergreen Economics, *San Joaquin Valley Disadvantaged Communities Pilot Projects Process Evaluation Final Report* (SJV DAC Pilot Report), October 20, 2022, at 7. Accessed August 25, 2026, at: https://pda.energydataweb.com/api/view/2716/2022%20SJV%20DAC%20Report%20091622%20clean.pdf

[3] Exhibit CA-01-SA, Attachment 30, UC Berkeley's Energy Institute at Haas, *What Matters for Electrification? Evidence from 70 Years of U.S. Home Heating Choices*, October 2022, at 2 ("Heating choices are shown to be highly sensitive to energy prices such that the change in energy prices can explain over two-thirds of the increase in electrification."). Accessed October 23, 2026: https://escholarship.org/uc/item/1mq4c1nh

[4] Exhibit CA-01-SA, Attachment 31, Legislative Analyst's Office, *Assessing California's Climate Policies—Residential Electricity Rates in California* (The LAO Report), January 2025, at 20 ("For example, recent research by a UC Berkeley professor found that household decisions on home heating technology are highly sensitive to energy prices, with a 10 percent increase in electricity prices estimated to decrease the choice to adopt electric sources of home heating (versus natural gas furnaces) by about 4 percentage points."); *What Matters for Electrification? Evidence from 70 Years of U.S. Home Heating Choices* at 12 ("[F]or example, a 10% increase in electricity prices decreases electric heating by 4.2 percentage points.").

Key Factors	Supporting Findings from Recent Studies
	These households pay more than 6 percent of their income on utility bills.[5]
High electricity rates can discourage households from electrification.	• The Legislative Analyst Office pointed out that high electricity rates increase the operating costs of electric-powered appliances, making it harder for Californians to justify spending more on typically higher up-front purchase costs for such goods. This dynamic could slow progress on the State's climate goals.[6] • According to the ACEEE, California electric rate, being one of the highest in the nation, has discouraged electrification.[7]
Electrification can drive up households' energy bills.	• The International Energy Agency's (IEA) *Energy Efficiency 2024 Report* finds that whether electrifying space heating lowers energy bills depends on the electricity and gas price differentials and switching from gas boilers to heat pump "can in some cases even lead to higher bills" when electricity is more than quadruple the price of gas.[8] This is already the case in Southern California, where SCE's electricity rate is over four times SoCalGas' gas rate.[9]

[5] Exhibit CA-01-SA, Attachment 32, American Council for an Energy-Efficient Economy (ACEEE), *Equity and Electrification-Driven Rate Policy Options* (The ACEEE's Paper), September 2023, at 1. Accessed, August 14, 2026, at: https://www.aceee.org/sites/default/files/pdfs/equity_and_electrification-driven_rate_policy_options_-_encrypt.pdf

[6] Exhibit CA-01-SA, Attachment 31, at 20 ("High electricity rates can discourage households from investing in electrification because they increase the operating costs of electric-powered cars and appliances, making it harder for Californians to justify spending more on typically higher up-front purchase costs for such goods. This dynamic could slow progress on the state's climate goals."). Accessed, November 2, 2026, at: https://lao.ca.gov/reports/2025/4950/Residential-Electricity-Rates-010725.pdf

[7] Exhibit CA-01-SA, Attachment 32, at 15 ("This has become problematic due to the spike in volumetric energy charges in recent years, making California's volumetric rates one of the highest in the nation (EIA 2023), which has discouraged electrification…. Many of these costs result from state policies and strategies aimed at mitigating the effects of climate change and reducing GHG emissions. Such costs are rising rapidly and being overly reliant on volumetric rates to pay for them has been challenging for California's pursuit of electrification goals."); at 17 ("Rates are currently the main vehicle to recover the costs of state decarbonization mandates and other social and environmental policies. It would be useful to fully examine whether this funding practice still makes sense.").

[8] Exhibit CA-01-SA, Attachment 33, International Energy Agency (IEA), *Energy Efficiency 2024* (The IEA Report), at 48 ("Due to their higher efficiency, heat pumps consume less energy than gas boilers to produce the same amount of heat. However, whether switching from one to the other lowers energy bills depends on the difference in gas and electricity prices…. In countries where electricity is more than quadruple the price of gas, such as the United Kingdom, switching to a heat pump results in much smaller financial benefits – and can in some cases even lead to higher bills, though this can be mitigated through improving the insulation of the building envelope.")

[9] As of January 1, 2026, SCE's TOU-D-PRIME off-peak rate during the winter season was $0.2227 per kWh for non-CARE customers. Also, as of January 1, 2026, SoCalGas' baseline GR rate is $1.60427 per therm = $0.0547 per kWh (Note: 1 therm equals 29.3071 kWh). Dividing the electricity rate by the gas

Key Factors	Supporting Findings from Recent Studies
	• The consultant Energy and Environmental Economics (E3) finds that "the efficiency of the electric unit compared to the gas counterpart, the total energy consumption, and the electricity rates" as well as climate zones determine the amount of bill savings upon electrification.[10] • The ACEEE identifies that, when electricity rates are high, electrification can increase the overall energy bill for participating customers.[11]

1

rates = $0.2227 per kWh / $0.0547 per kWh = 4.07. Here, baseline rate is used as baseline usage is assumed to cover the gas usage needed for essential space heating during winter.

See, Exhibit CA-01-SA, Attachment 6, Question 1, with attachment; Exhibit CA-01-SA, Attachment 7, Question 1; SoCalGas, Schedule No. GR, Residential Service, Revised Cal. P.U.C. Sheet No. 63641-G, Effective January 1, 2026; SCE, Schedule TOU-D Time-Of-Use Domestic, Residential Service, Revised Cal. P.U.C. Sheet No. 90937-E, Effective January 1, 2026.

[10] Exhibit CA-01-SA, Attachment 34, Energy and Environmental Economics (E3), *Residential Building Electrification in California* (E3 Study), April 2019, at 57 ("The amount of bill savings is determined by the efficiency of the electric unit compared to the gas counterpart, the total energy consumption, and the electricity rates…. Electricity rates also drive differences… Over the long term, bill savings for HVAC heat pumps could increase if gas retail rates increase faster than electric rates."); and 67. Accessed September 1, 2026 at: https://www.ethree.com/wp-content/uploads/2019/04/E3_Residential_Building_Electrification_in_California_April_2019.pdf

[11] The ACEEE Paper at 1. ("When the price difference between natural gas and electricity is not significant, fuel switching should lower most customers' bills…. When electric rates are high, fuel-switching can increase the overall energy bill for participating customers.").

APPENDIX C

Comparison of Cal Advocates' and BayREN's Proposed Program Budgets by Year (2028-2031)

Program ID	Year	BayREN Budget Request	Cal Advocates Proposal	Proposed Adjustment
BAY_CS_PortfolioSupport	2028	$90,571.47	$90,571.47	$0.00
BAY_Equity_PortfolioSupport	2028	$1,534,769.94	$1,254,893.77	-$279,876.17
BAY_MS_PortfolioSupport	2028	$293,123.58	$293,123.58	$0.00
BAY_RA_PortfolioSupport	2028	$327,125.02	$223,564.13	-$103,560.89
BAYREN02	2028	$9,289,660.00	$9,289,660.00	$0.00
BAYREN03	2028	$1,619,702.00	$1,619,702.00	$0.00
BAYREN05-A	2028	$1,786,450.00	$387,880.48	-$1,398,569.52
BAYREN06	2028	$5,603,453.00	$3,748,774.10	-$1,854,678.90
BAYREN07	2028	$1,045,255.00	$1,045,255.00	$0.00
BAYREN08	2028	$11,039,273.00	$3,983,003.50	-$7,056,269.50
BAYREN09	2028	$3,390,299.00	$3,009,927.74	-$380,371.26
BAYREN10	2028	$4,652,038.00	$952,379.83	-$3,699,658.17
BAYREN11	2028	$1,242,889.00	$978,578.64	-$264,310.36
BAYREN12	2028	$1,481,865.00	$968,607.10	-$513,257.90
BAYREN13	2028	$1,264,781.00	$1,264,781.00	$0.00
BAY_CS_PortfolioSupport	2029	$94,671.76	$94,671.76	$0.00
BAY_Equity_PortfolioSupport	2029	$1,604,251.12	$1,380,383.15	-$223,867.97
BAY_MS_PortfolioSupport	2029	$306,393.69	$306,393.69	$0.00
BAY_RA_PortfolioSupport	2029	$341,934.42	$245,920.54	-$96,013.88
BAYREN02	2029	$9,386,584.00	$9,386,584.00	$0.00
BAYREN03	2029	$1,693,478.00	$1,693,478.00	$0.00
BAYREN05-A	2029	$1,838,187.00	$426,668.52	-$1,411,518.48
BAYREN06	2029	$5,711,517.00	$4,123,651.51	-$1,587,865.49
BAYREN07	2029	$1,071,145.00	$1,071,145.00	$0.00
BAYREN08	2029	$11,176,533.00	$4,381,303.85	-$6,795,229.15
BAYREN09	2029	$3,489,147.00	$3,310,920.51	-$178,226.49
BAYREN10	2029	$4,708,528.00	$1,047,617.82	-$3,660,910.18
BAYREN11	2029	$1,280,314.00	$1,076,436.50	-$203,877.50
BAYREN12	2029	$1,759,054.00	$1,065,467.80	-$693,586.20
BAYREN13	2029	$1,492,942.00	$1,391,259.10	-$101,682.90
BAY_CS_PortfolioSupport	2030	$94,186.88	$94,186.88	$0.00
BAY_Equity_PortfolioSupport	2030	$1,596,034.57	$1,518,421.46	-$77,613.11
BAY_MS_PortfolioSupport	2030	$304,824.43	$304,824.43	$0.00
BAY_RA_PortfolioSupport	2030	$340,183.13	$270,512.60	-$69,670.53

Program ID	Year	BayREN Budget Request	Cal Advocates Proposal	Proposed Adjustment
BAYREN02	2030	$9,485,452.00	$9,485,452.00	$0.00
BAYREN03	2030	$1,767,120.00	$1,767,120.00	$0.00
BAYREN05-A	2030	$1,901,271.00	$469,335.38	-$1,431,935.62
BAYREN06	2030	$6,377,855.00	$4,536,016.66	-$1,841,838.34
BAYREN07	2030	$1,096,535.00	$1,096,535.00	$0.00
BAYREN08	2030	$11,229,205.00	$4,819,434.24	-$6,409,770.76
BAYREN09	2030	$3,588,678.00	$3,588,678.00	$0.00
BAYREN10	2030	$5,362,429.00	$1,152,379.60	-$4,210,049.40
BAYREN11	2030	$1,317,406.00	$1,184,080.15	-$133,325.85
BAYREN12	2030	$1,552,002.00	$1,172,014.59	-$379,987.41
BAYREN13	2030	$1,518,592.00	$1,518,592.00	$0.00
BAY_CS_PortfolioSupport	2031	$97,409.35	$97,409.35	$0.00
BAY_Equity_PortfolioSupport	2031	$1,650,656.99	$1,650,656.99	$0.00
BAY_MS_PortfolioSupport	2031	$315,256.94	$315,256.94	$0.00
BAY_RA_PortfolioSupport	2031	$351,824.72	$297,563.86	-$54,260.86
BAYREN02	2031	$9,586,373.00	$9,586,373.00	$0.00
BAYREN03	2031	$1,762,143.02	$1,762,143.02	$0.00
BAYREN05-A	2031	$1,937,943.00	$516,268.91	-$1,421,674.09
BAYREN06	2031	$6,455,620.00	$4,989,618.32	-$1,466,001.68
BAYREN07	2031	$1,123,403.18	$1,123,403.18	$0.00
BAYREN08	2031	$11,318,040.00	$5,301,377.66	-$6,016,662.34
BAYREN09	2031	$3,692,958.00	$3,692,958.00	$0.00
BAYREN10	2031	$5,410,310.00	$1,267,617.56	-$4,142,692.44
BAYREN11	2031	$1,356,662.00	$1,302,488.16	-$54,173.84
BAYREN12	2031	$1,843,584.43	$1,289,216.04	-$554,368.39
BAYREN13	2031	$1,546,382.77	$1,546,382.77	$0.00
Total (2028-2031)		**$186,596,276.41**	**$127,828,920.82**	**-$58,767,355.59**

APPENDIX D

Comparison of Cal Advocates' and NREN's Proposed Program Budgets by Year (2028-2031)

Program ID	Year	NREN Budget Request	Cal Advocates Proposal	Proposed Adjustment
RRN001	2028	$3,421,141	$1,971,999	-$1,449,142
RRN004	2028	$929,937	$468,458	-$461,479
RRN005	2028	$2,296,352	$1,156,792	-$1,139,560
RRN006	2028	$2,269,872	$1,143,452	-$1,126,420
RRN009_Equity_Portfolio Support	2028	$1,123,645	$566,038	-$557,606
RRN011_EMV	2028	$747,675	$376,643	-$371,032
RRN013_MS_PortfolioSupport	2028	$206,797	$104,175	-$102,623
RRN014	2028	$3,365,957	$1,695,607	-$1,670,349
RRN015	2028	$4,330,495	$2,181,495	-$2,149,000
RRN001	2029	$3,721,713	$2,169,198	-$1,552,515
RRN004	2029	$993,843	$515,303	-$478,540
RRN005	2029	$2,431,829	$1,272,471	-$1,159,358
RRN006	2029	$2,411,561	$1,257,798	-$1,153,764
RRN009_Equity_Portfolio Support	2029	$1,180,942	$622,642	-$558,300
RRN011_EMV	2029	$816,462	$414,307	-$402,156
RRN013_MS_PortfolioSupport	2029	$217,342	$114,592	-$102,750
RRN014	2029	$3,845,762	$1,865,168	-$1,980,594
RRN015	2029	$4,792,107	$2,399,645	-$2,392,463
RRN001	2030	$4,092,618	$2,386,118	-$1,706,500
RRN004	2030	$1,047,870	$566,834	-$481,037
RRN005	2030	$2,570,377	$1,399,718	-$1,170,659
RRN006	2030	$2,517,298	$1,383,577	-$1,133,720
RRN009_Equity_Portfolio Support	2030	$1,239,231	$684,906	-$554,325
RRN011_EMV	2030	$949,618	$455,738	-$493,881
RRN013_MS_PortfolioSupport	2030	$228,070	$126,051	-$102,019
RRN014	2030	$5,623,786	$2,051,685	-$3,572,102
RRN015	2030	$5,471,585	$2,639,609	-$2,831,975
RRN001	2031	$4,512,286	$2,624,730	-$1,887,556
RRN004	2031	$1,099,299	$623,517	-$475,782
RRN005	2031	$2,712,343	$1,539,690	-$1,172,653
RRN006	2031	$2,630,782	$1,521,935	-$1,108,847
RRN009_Equity_Portfolio Support	2031	$1,299,200	$753,397	-$545,803

Program ID	Year	NREN Budget Request	Cal Advocates Proposal	Proposed Adjustment
RRN011_EMV	2031	$1,071,679	$501,311	-$570,368
RRN013_MS_PortfolioSupport	2031	$239,107	$138,656	-$100,450
RRN014	2031	$6,678,784	$2,256,853	-$4,421,931
RRN015	2031	$6,548,507	$2,903,570	-$3,644,937
Total (2028-2031)		**$89,635,872**	**$44,853,676**	**-$44,782,196**

APPENDIX E

Comparison of PG&E's Authorized Budgets and Claimed Expenditures by Program (2022-2025, Regional Programs)

Program ID	Total Filing Budget	Total Claim Total Expenditures	Total Underspend
	(A)	(B)	(A) - (B) = (C)
PGE_Ag_001	$50,414,008	$46,946,931	$3,467,076
PGE_CEC_SEES	$0	$0	$0
PGE_Com_001	$7,101,458	$2,328,947	$4,772,511
PGE_Com_002	$4,903,117	$2,321,689	$2,581,428
PGE_Com_003	$19,667,019	$26,508,725	-$6,841,706
PGE_Com_004	$9,413,050	$4,819,352	$4,593,699
PGE_Com_005	$9,319,745	$4,513,803	$4,805,942
PGE_Com_006	$16,856,596	$3,842,533	$13,014,063
PGE_Com_007	$1,242,269	$241,495	$1,000,773
PGE_Com_008	$425,000	$0	$425,000
PGE_Com_009	$0	$551,563	-$551,563
PGE_Com_EM	$3,782,246	$0	$3,782,246
PGE_Com_SmallBiz	$13,912,249	$13,743,354	$168,895
PGE_Com_ZE	$3,081,520		$3,081,520
PGE_CS_Decarb	$1,859,947	$1,111,248	$748,699
PGE_CS_GRC_Overheads	$0	$0	$0
PGE_CS_PortfolioSupport	$4,973,985	$4,242,445	$731,540
PGE_EMV	$20,891,870	$20,401,928	$489,942
PGE_EMV_001	$5,705,488	$4,033,851	$1,671,637
PGE_EMV_002	$13,001,031	$8,629,051	$4,371,979
PGE_Equity_GRC_Overheads	$0	$0	$0
PGE_Equity_PortfolioSupport	$1,241,021	$1,129,751	$111,270
PGE_ESA	$0	$0	$0
PGE_Ind_001a	$21,465,770	$24,440,183	-$2,974,413
PGE_Ind_001b	$28,707,413	$40,765,862	-$12,058,449
PGE_Ind_002	$24,840,350	$6,743,584	$18,096,767
PGE_Ind_003	$22,711,653	$21,223,325	$1,488,328
PGE_LoanPool	$0	$0	$0
PGE_MS_GRC_Overheads	$0	$0	$0
PGE_MS_PortfolioSupport	$6,487,257	$3,652,937	$2,834,321

Program ID	Total Filing Budget	Total Claim Total Expenditures	Total Underspend
	(A)	(B)	(A) - (B) = (C)
PGE_OBFAP	$7,050,067	$4,539,726	$2,510,341
PGE_OtherPA_Admin	$791,176	$410,507	$380,669
PGE_Portfolio_Oversight	$0	$0	$0
PGE_Pub_001	$1,929,760	$1,822,130	$107,630
PGE_Pub_002	$1,081,458	$902,988	$178,471
PGE_Pub_003	$1,627,091	$1,517,384	$109,707
PGE_Pub_004	$3,496,955	$3,276,451	$220,504
PGE_Pub_005	$2,660,918	$2,524,458	$136,460
PGE_Pub_006	$1,988,417	$1,091,115	$897,302
PGE_Pub_007	$2,938,502	$2,620,161	$318,341
PGE_Pub_008	$1,931,450	$1,795,662	$135,788
PGE_Pub_009	$18,188,362	$29,853,234	-$11,664,872
PGE_Pub_010	$8,082,347	$2,268,229	$5,814,118
PGE_Pub_011	$178,437	$0	$178,437
PGE_Pub_Resiliency	$578,153	$0	$578,153
PGE_RA_GRC_Overheads	$0	$0	$0
PGE_RA_PortfolioSupport	$18,729,154	$13,963,848	$4,765,307
PGE_Res_001a	$3,723,550	$6,907,732	-$3,184,182
PGE_Res_001b	$7,315,381	$7,866,156	-$550,776
PGE_Res_001c	$3,356,342	$1,015,457	$2,340,885
PGE_Res_001d		$175,371	-$175,371
PGE_Res_002a	$10,673,585	$11,413,857	-$740,273
PGE_Res_002b	$387,482	$439,819	-$52,338
PGE_Res_002c		$13,528	-$13,528
PGE_Res_002d	$81,936,069	$79,950,270	$1,985,800
PGE_Res_002e	$4,204,469	$5,302,828	-$1,098,359
PGE_Res_003	$9,742,965	$3,812,331	$5,930,634
PGE_Res_004a	$0	$2,291,279	-$2,291,279
PGE_Res_004b	$0	$2,618,651	-$2,618,651
PGE_Res_005	$0	$2,290,037	-$2,290,037
PGE_Res_006	$0	$422,803	-$422,803

Program ID	Total Filing Budget	Total Claim Total Expenditures	Total Underspend
	(A)	(B)	(A) - (B) = (C)
PGE_Res_Equity	$8,189,265	$0	$8,189,265
PGE_Res_LoadMgt	$2,288,181	$0	$2,288,181
PGE_Res_Mkt_Spt	$3,344,663	$0	$3,344,663
PGE_Res_Resiliency	$1,034,894	$0	$1,034,894
PGE_Res_ZE	$3,163,181	$0	$3,163,181
PGE_WATER	$0	$0	$0
PGE21001	$0	$0	$0
PGE210010	$0	$0	$0
PGE210011	$0	$0	$0
PGE21002	$816,021	$2,468,454	-$1,652,434
PGE21003	$0	$0	$0
PGE21004	$0	$0	$0
PGE21005	$1,405,484	$1,434,105	-$28,621
PGE21006	$0	$0	$0
PGE21007	$1,761,564	$1,444,960	$316,604
PGE21008	$0	$0	$0
PGE21009	$0	$0	$0
PGE21011	$9,517,886	$8,122,299	$1,395,587
PGE210112	$0	$0	$0
PGE210119	$0	$0	$0
PGE21012	$8,260,554	$10,469,291	-$2,208,737
PGE210123	$0	$0	$0
PGE210135	$0	$0	$0
PGE21014	$4,665,231	$7,321,732	-$2,656,501
PGE210143	$0	-$35,069	$35,069
PGE21015	$0	-$7,319	$7,319
PGE21018	$0	$0	$0
PGE21021	$16,312,549	$4,194,775	$12,117,774
PGE210210	$0	-$51,185	$51,185
PGE210211	$0	$0	$0
PGE210212	$1,240,953	$324,545	$916,408

Program ID	Total Filing Budget	Total Claim Total Expenditures	Total Underspend
	(A)	(B)	(A) - (B) = (C)
PGE210213	$0	$0	$0
PGE21022	$1,027,416	$500,528	$526,888
PGE21023	$0	$0	$0
PGE21024	$641,278	$833,545	-$192,267
PGE21025	$0	$0	$0
PGE21026	$0	$0	$0
PGE21027	$0	$720,122	-$720,122
PGE21029	$0	$0	$0
PGE21030	$0	$0	$0
PGE21031	$2,522,844	$2,622,556	-$99,711
PGE210311	$0	$0	$0
PGE210312	$0	$0	$0
PGE21032	$1,784,044	$1,857,110	-$73,066
PGE21034	$876,235	$1,431,451	-$555,216
PGE21036	$0	$0	$0
PGE21039	$0	$0	$0
PGE21041	$0	$0	$0
PGE21051	$0	-$7,757	$7,757
PGE21052	$0	$0	$0
PGE21053	$22,537,566	$24,981,407	-$2,443,841
PGE21054	$8,212,182	$8,972,418	-$760,236
PGE21055	$3,582,030	$3,544,070	$37,960
PGE21056	$35,365,503	$62,938,331	-$27,572,827
PGE21057	$0	$0	$0
PGE21061	$0	$3,909	-$3,909
PGE21062	$1,819,090	$2,514,192	-$695,101
PGE21063	$1,055,137	$1,648,365	-$593,228
PGE21071	$31,368,884	$24,838,233	$6,530,652
PGE21072	$0	$9,203	-$9,203
PGE21073	$0	$3,019	-$3,019
PGE21091	$1,052,527	$4,121,408	-$3,068,881

Program ID	Total Filing Budget	Total Claim Total Expenditures	Total Underspend
	(A)	(B)	(A) - (B) = (C)
PGE210911	$8,023,929	$4,380,990	$3,642,939
PGE21092	$0	-$156,216	$156,216
PGE21093	$0	$2,163,162	-$2,163,162
PGE2110011	$434,259	$702,054	-$267,795
PGE2110012	$2,093,850	$2,907,119	-$813,268
PGE2110013	$772,713	$977,959	-$205,245
PGE2110014	$572,697	-$27,653	$600,349
PGE2110051	$1,813,589	$2,915,531	-$1,101,943
PGE2110052	$0	$0	$0
PGE211025	$1,074,443	$666,146	$408,297
Total	**$673,226,799**	**$625,046,361**	**$48,180,439**

APPENDIX F

Comparison of Cal Advocates' and PG&E's Proposed Program Budgets by Year (2028-2031)

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_Ag_001	2028	$8,385,105	$8,385,105	$0
PGE_CC_001	2028	$1,500,000	$1,446,325	-$53,675
PGE_Com_003	2028	$11,794,524	$11,185,276	-$609,248
PGE_Com_004	2028	$942,928	$942,928	$0
PGE_Com_005	2028	$1,572,998	$1,566,979	-$6,019
PGE_Com_007	2028	$229,600	$213,169	-$16,432
PGE_Com_009	2028	$3,065,037	$2,845,683	-$219,354
PGE_Com_010	2028	$2,614,848	$2,521,281	-$93,568
PGE_Com_SmallBiz	2028	$3,231,387	$3,231,387	$0
PGE_CS_Decarb	2028	$1,290,985	$1,198,594	-$92,391
PGE_CS_GRC_Overheads	2028	$0	$0	$0
PGE_CS_PortfolioSupport	2028	$3,273,799	$3,039,505	-$234,294
PGE_EMV_001	2028	$2,489,052	$2,489,052	$0
PGE_EMV_002	2028	$6,562,045	$6,092,423	-$469,622
PGE_Equity_GRC_Overheads	2028	$0	$0	$0
PGE_Equity_PortfolioSupport	2028	$1,566,390	$1,454,289	-$112,101
PGE_Ind_001a	2028	$5,044,209	$5,044,209	$0
PGE_Ind_001b	2028	$9,765,364	$9,668,232	-$97,132
PGE_Ind_003	2028	$3,735,998	$3,735,998	$0
PGE_LoanPool	2028	$0	$0	$0
PGE_MS_GRC_Overheads	2028	$0	$0	$0
PGE_MS_PortfolioSupport	2028	$4,655,251	$4,322,091	-$333,160
PGE_OBFAP	2028	$1,954,152	$1,954,152	$0
PGE_OtherPA_Admin	2028	$220,040	$219,384	-$656
PGE_Portfolio_Oversight	2028	$285,900	$265,439	-$20,461
PGE_Pub_009	2028	$7,723,679	$7,723,679	$0
PGE_Pub_011	2028	$81,960	$76,094	-$5,866
PGE_RA_GRC_Overheads	2028	$0	$0	$0
PGE_RA_PortfolioSupport	2028	$10,237,118	$9,504,484	-$732,634
PGE_Res_001b	2028	$3,481,437	$3,232,283	-$249,154
PGE_Res_002a	2028	$2,315,835	$2,315,835	$0
PGE_Res_002d	2028	$21,302,100	$20,286,943	-$1,015,156
PGE_Res_002e	2028	$982,351	$982,351	$0

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_Res_004a	2028	$3,749,907	$3,481,539	-$268,367
PGE_Res_004b	2028	$3,744,789	$3,476,788	-$268,001
PGE_Res_005	2028	$4,247,253	$3,943,292	-$303,961
PGE_Res_008	2028	$4,614,848	$4,449,714	-$165,134
PGE_Res_009	2028	$5,114,848	$4,931,823	-$183,026
PGE_Res_010	2028	$2,114,848	$2,039,172	-$75,676
PGE_Res_011	2028	$3,114,848	$3,003,389	-$111,459
PGE21011	2028	$45,024	$45,024	$0
PGE21012	2028	$45,024	$45,024	$0
PGE21021	2028	$31,636	$31,636	$0
PGE21022	2028	$31,636	$31,636	$0
PGE21031	2028	$31,636	$31,636	$0
PGE21032	2028	$31,636	$31,636	$0
PGE21053	2028	$6,567,290	$6,250,938	-$316,352
PGE21054	2028	$2,403,541	$2,231,528	-$172,013
PGE21055	2028	$1,022,498	$1,022,498	$0
PGE21056	2028	$10,083,648	$10,083,648	$0
PGE21071	2028	$6,737,267	$6,255,104	-$482,162
PGE_Ag_001	2029	$8,343,343	$8,343,343	$0
PGE_CC_001	2029	$1,500,000	$1,500,000	$0
PGE_Com_003	2029	$12,200,647	$12,200,647	$0
PGE_Com_004	2029	$948,805	$948,805	$0
PGE_Com_005	2029	$1,578,418	$1,578,418	$0
PGE_Com_007	2029	$233,032	$233,032	$0
PGE_Com_009	2029	$3,770,811	$3,130,251	-$640,560
PGE_Com_010	2029	$2,619,155	$2,619,155	$0
PGE_Com_SmallBiz	2029	$2,739,293	$2,739,293	$0
PGE_CS_Decarb	2029	$1,292,522	$1,292,522	$0
PGE_CS_GRC_Overheads	2029	$0	$0	$0
PGE_CS_PortfolioSupport	2029	$3,335,706	$3,335,706	$0
PGE_EMV_001	2029	$2,501,282	$2,501,282	$0
PGE_EMV_002	2029	$6,594,289	$6,594,289	$0
PGE_Equity_GRC_Overheads	2029	$0	$0	$0
PGE_Equity_PortfolioSupport	2029	$1,542,416	$1,542,416	$0
PGE_Ind_001a	2029	$5,048,010	$5,048,010	$0

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_Ind_001b	2029	$9,805,785	$9,805,785	$0
PGE_Ind_003	2029	$3,729,733	$3,729,733	$0
PGE_LoanPool	2029	$0	$0	$0
PGE_MS_GRC_Overheads	2029	$0	$0	$0
PGE_MS_PortfolioSupport	2029	$4,636,012	$4,636,012	$0
PGE_OBFAP	2029	$1,988,392	$1,988,392	$0
PGE_OtherPA_Admin	2029	$228,291	$228,291	$0
PGE_Portfolio_Oversight	2029	$285,900	$285,900	$0
PGE_Pub_009	2029	$7,774,927	$7,774,927	$0
PGE_Pub_011	2029	$81,960	$81,960	$0
PGE_RA_GRC_Overheads	2029	$0	$0	$0
PGE_RA_PortfolioSupport	2029	$10,594,442	$10,454,932	-$139,510
PGE_Res_001b	2029	$3,484,698	$3,484,698	$0
PGE_Res_002a	2029	$2,321,457	$2,321,457	$0
PGE_Res_002d	2029	$21,319,619	$21,319,619	$0
PGE_Res_002e	2029	$987,774	$987,774	$0
PGE_Res_004a	2029	$3,755,299	$3,755,299	$0
PGE_Res_004b	2029	$3,750,173	$3,750,173	$0
PGE_Res_005	2029	$4,252,639	$4,252,639	$0
PGE_Res_008	2029	$4,619,155	$4,619,155	$0
PGE_Res_009	2029	$4,119,155	$4,119,155	$0
PGE_Res_010	2029	$2,119,155	$2,119,155	$0
PGE_Res_011	2029	$3,119,155	$3,119,155	$0
PGE21011	2029	$45,775	$45,775	$0
PGE21012	2029	$45,775	$45,775	$0
PGE21021	2029	$31,885	$31,885	$0
PGE21022	2029	$31,885	$31,885	$0
PGE21031	2029	$31,885	$31,885	$0
PGE21032	2029	$31,885	$31,885	$0
PGE21053	2029	$6,576,511	$6,576,511	$0
PGE21054	2029	$2,405,462	$2,405,462	$0
PGE21055	2029	$1,024,035	$1,024,035	$0
PGE21056	2029	$10,100,717	$10,100,717	$0
PGE21071	2029	$6,781,160	$6,781,160	$0
PGE_Ag_001	2030	$8,351,763	$8,351,763	$0

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_CC_001	2030	$1,500,000	$1,500,000	$0
PGE_Com_003	2030	$12,297,088	$12,297,088	$0
PGE_Com_004	2030	$956,751	$956,751	$0
PGE_Com_005	2030	$1,587,636	$1,587,636	$0
PGE_Com_007	2030	$236,591	$236,591	$0
PGE_Com_009	2030	$4,075,807	$3,443,276	-$632,530
PGE_Com_010	2030	$2,623,624	$2,623,624	$0
PGE_Com_SmallBiz	2030	$2,247,495	$2,247,495	$0
PGE_CS_Decarb	2030	$1,294,117	$1,294,117	$0
PGE_CS_GRC_Overheads	2030	$0	$0	$0
PGE_CS_PortfolioSupport	2030	$3,425,936	$3,425,936	$0
PGE_EMV_001	2030	$2,496,653	$2,496,653	$0
PGE_EMV_002	2030	$6,582,086	$6,582,086	$0
PGE_Equity_GRC_Overheads	2030	$0	$0	$0
PGE_Equity_PortfolioSupport	2030	$1,529,371	$1,529,371	$0
PGE_Ind_001a	2030	$5,068,434	$5,068,434	$0
PGE_Ind_001b	2030	$9,804,413	$9,804,413	$0
PGE_Ind_003	2030	$3,730,829	$3,730,829	$0
PGE_LoanPool	2030	$0	$0	$0
PGE_MS_GRC_Overheads	2030	$0	$0	$0
PGE_MS_PortfolioSupport	2030	$4,615,809	$4,615,809	$0
PGE_OBFAP	2030	$2,012,621	$2,012,621	$0
PGE_OtherPA_Admin	2030	$236,852	$236,852	$0
PGE_Portfolio_Oversight	2030	$285,900	$285,900	$0
PGE_Pub_009	2030	$7,830,439	$7,830,439	$0
PGE_Pub_011	2030	$81,960	$81,960	$0
PGE_RA_GRC_Overheads	2030	$0	$0	$0
PGE_RA_PortfolioSupport	2030	$10,927,575	$10,927,575	$0
PGE_Res_001b	2030	$3,496,537	$3,496,537	$0
PGE_Res_002a	2030	$2,327,900	$2,327,900	$0
PGE_Res_002d	2030	$21,338,405	$21,338,405	$0
PGE_Res_002e	2030	$993,401	$993,401	$0
PGE_Res_004a	2030	$3,760,893	$3,760,893	$0
PGE_Res_004b	2030	$3,755,759	$3,755,759	$0
PGE_Res_005	2030	$4,258,226	$4,258,226	$0

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_Res_008	2030	$3,123,624	$3,123,624	$0
PGE_Res_009	2030	$4,123,624	$4,123,624	$0
PGE_Res_010	2030	$2,123,624	$2,123,624	$0
PGE_Res_011	2030	$3,123,624	$3,123,624	$0
PGE21011	2030	$46,554	$46,554	$0
PGE21012	2030	$46,554	$46,554	$0
PGE21021	2030	$32,143	$32,143	$0
PGE21022	2030	$32,143	$32,143	$0
PGE21031	2030	$32,143	$32,143	$0
PGE21032	2030	$32,143	$32,143	$0
PGE21053	2030	$6,586,079	$6,586,079	$0
PGE21054	2030	$2,407,455	$2,407,455	$0
PGE21055	2030	$1,025,630	$1,025,630	$0
PGE21056	2030	$10,120,937	$10,120,937	$0
PGE21071	2030	$6,826,699	$6,826,699	$0
PGE_Ag_001	2031	$8,392,551	$8,392,551	$0
PGE_CC_001	2031	$1,500,000	$1,500,000	$0
PGE_Com_003	2031	$12,354,319	$12,354,319	$0
PGE_Com_004	2031	$964,966	$964,966	$0
PGE_Com_005	2031	$1,597,057	$1,597,057	$0
PGE_Com_007	2031	$240,285	$240,285	$0
PGE_Com_009	2031	$4,104,897	$3,787,604	-$317,293
PGE_Com_010	2031	$2,628,259	$2,628,259	$0
PGE_Com_SmallBiz	2031	$2,256,005	$2,256,005	$0
PGE_CS_Decarb	2031	$1,295,771	$1,295,771	$0
PGE_CS_GRC_Overheads	2031	$0	$0	$0
PGE_CS_PortfolioSupport	2031	$3,497,577	$3,497,577	$0
PGE_EMV_001	2031	$2,507,389	$2,507,389	$0
PGE_EMV_002	2031	$6,610,388	$6,610,388	$0
PGE_Equity_GRC_Overheads	2031	$0	$0	$0
PGE_Equity_PortfolioSupport	2031	$1,558,159	$1,558,159	$0
PGE_Ind_001a	2031	$5,090,905	$5,090,905	$0
PGE_Ind_001b	2031	$9,804,519	$9,804,519	$0
PGE_Ind_003	2031	$3,731,435	$3,731,435	$0
PGE_LoanPool	2031	$0	$0	$0

Program ID	Year	PG&E Budget Request	Cal Advocates Proposal	Proposed Adjustment
PGE_MS_GRC_Overheads	2031	$0	$0	$0
PGE_MS_PortfolioSupport	2031	$4,769,021	$4,769,021	$0
PGE_OBFAP	2031	$2,042,436	$2,042,436	$0
PGE_OtherPA_Admin	2031	$245,734	$245,734	$0
PGE_Portfolio_Oversight	2031	$285,900	$285,900	$0
PGE_Pub_009	2031	$7,883,930	$7,883,930	$0
PGE_Pub_011	2031	$81,960	$81,960	$0
PGE_RA_GRC_Overheads	2031	$0	$0	$0
PGE_RA_PortfolioSupport	2031	$11,078,681	$11,078,681	$0
PGE_Res_001b	2031	$3,507,190	$3,507,190	$0
PGE_Res_002a	2031	$2,334,645	$2,334,645	$0
PGE_Res_002d	2031	$21,357,956	$21,357,956	$0
PGE_Res_002e	2031	$999,239	$999,239	$0
PGE_Res_004a	2031	$3,766,697	$3,766,697	$0
PGE_Res_004b	2031	$3,761,555	$3,761,555	$0
PGE_Res_005	2031	$4,264,023	$4,264,023	$0
PGE_Res_008	2031	$3,128,259	$3,128,259	$0
PGE_Res_009	2031	$4,128,259	$4,128,259	$0
PGE_Res_010	2031	$2,128,259	$2,128,259	$0
PGE_Res_011	2031	$3,128,259	$3,128,259	$0
PGE21011	2031	$47,362	$47,362	$0
PGE21012	2031	$47,362	$47,362	$0
PGE21021	2031	$32,411	$32,411	$0
PGE21022	2031	$32,411	$32,411	$0
PGE21031	2031	$32,411	$32,411	$0
PGE21032	2031	$32,411	$32,411	$0
PGE21053	2031	$6,596,005	$6,596,005	$0
PGE21054	2031	$2,409,523	$2,409,523	$0
PGE21055	2031	$1,027,284	$1,027,284	$0
PGE21056	2031	$10,141,220	$10,141,220	$0
PGE21071	2031	$6,873,946	$6,873,946	$0
Total (2028-2031)		**$696,077,366**	**$687,640,401**	**-$8,436,965**

APPENDIX G

Comparison of Cal Advocates' and PA's Proposed Statewide Program Budgets by Year (2028-2031)

Program Name	Year	PA Proposed Budget	Cal Advocates Proposed Budget	Difference
Workforce Education and Training Career & Workforce Readiness	2028	$2,200,000	$2,200,000	$0
SW HVAC All Electric Non-Residential	2028	$7,693,312	$7,693,312	$0
New Construction - Residential - All Electric	2028	$10,954,816	$10,954,816	$0
New Construction - NonResidential - All Electric	2028	$13,355,724	$4,300,105	$9,055,619
New Construction - NonResidential - Mixed Fuel	2028	$8,984,276	$4,073,888	$4,910,388
Codes and Standards Appliance Advocacy	2028	$3,998,447	$3,998,447	$0
Codes and Standards Building Codes Advocacy	2028	$8,399,584	$8,399,584	$0
Codes and Standards National Codes Advocacy	2028	$5,088,827	$5,088,827	$0
Institutional Partnerships - Government	2028	$2,328,050	$964,843	$1,363,207
Workforce Education and Training - Career Connections	2028	$1,100,000	$1,100,000	$0
Water and Wastewater Pumping	2028	$0	$0	$0
SW Plug Load and Appliance All Electric	2028	$0	$0	$0
Emerging Technology Programs - Electric	2028	$17,000,000	$17,000,000	$0
Institutional Partnerships - Colleges	2028	$4,299,168	$4,299,168	$0
Emerging Technology Programs - Gas	2028	$3,750,000	$3,750,000	$0
Food Service	2028	$19,000,000	$19,000,000	$0
Midstream Commercial Water Heating	2028	$21,000,000	$21,000,000	$0
SW HVAC QI/QM Program	2028	$6,900,000	$6,900,000	$0
SW Home Energy Score California	2028	$4,639,214	$4,639,214	$0
Workforce Education and Training Career & Workforce Readiness	2029	$2,200,000	$2,200,000	$0
SW HVAC All Electric Non-Residential	2029	$9,430,512	$9,430,512	$0
New Construction - Residential - All Electric	2029	$10,267,036	$10,267,036	$0
New Construction - NonResidential - All Electric	2029	$14,209,484	$4,730,115	$9,479,369
New Construction - NonResidential - Mixed Fuel	2029	$8,130,516	$4,481,277	$3,649,239
Codes and Standards Appliance Advocacy	2029	$3,998,447	$3,998,447	$0
Codes and Standards Building Codes Advocacy	2029	$8,399,584	$8,399,584	$0
Codes and Standards National Codes Advocacy	2029	$5,088,827	$5,088,827	$0
Institutional Partnerships - Government	2029	$2,328,050	$1,061,327	$1,266,723
Workforce Education and Training - Career Connections	2029	$1,100,000	$1,100,000	$0

Program Name	Year	PA Proposed Budget	Cal Advocates Proposed Budget	Difference
Water and Wastewater Pumping	2029	$0	$0	$0
SW Plug Load and Appliance All Electric	2029	$0	$0	$0
Emerging Technology Programs - Electric	2029	$17,000,000	$17,000,000	$0
Institutional Partnerships - Colleges	2029	$4,992,631	$4,992,631	$0
Emerging Technology Programs - Gas	2029	$3,750,000	$3,750,000	$0
Food Service	2029	$19,000,000	$19,000,000	$0
Midstream Commercial Water Heating	2029	$21,000,000	$21,000,000	$0
SW HVAC QI/QM Program	2029	$6,900,000	$6,900,000	$0
SW Home Energy Score California	2029	$5,269,578	$5,269,578	$0
Workforce Education and Training Career & Workforce Readiness	2030	$2,200,000	$2,200,000	$0
SW HVAC All Electric Non-Residential	2030	$9,926,855	$9,926,855	$0
New Construction - Residential - All Electric	2030	$10,165,831	$10,165,831	$0
New Construction - NonResidential - All Electric	2030	$15,276,684	$5,203,127	$10,073,557
New Construction - NonResidential - Mixed Fuel	2030	$7,063,316	$4,929,404	$2,133,912
Codes and Standards Appliance Advocacy	2030	$3,998,447	$3,998,447	$0
Codes and Standards Building Codes Advocacy	2030	$8,399,584	$8,399,584	$0
Codes and Standards National Codes Advocacy	2030	$5,088,827	$5,088,827	$0
Institutional Partnerships - Government	2030	$2,328,050	$1,167,460	$1,160,590
Workforce Education and Training - Career Connections	2030	$1,100,000	$1,100,000	$0
Water and Wastewater Pumping	2030	$0	$0	$0
SW Plug Load and Appliance All Electric	2030	$0	$0	$0
Emerging Technology Programs - Electric	2030	$17,000,000	$17,000,000	$0
Institutional Partnerships - Colleges	2030	$5,266,700	$5,266,700	$0
Emerging Technology Programs - Gas	2030	$3,750,000	$3,750,000	$0
Food Service	2030	$19,000,000	$19,000,000	$0
Midstream Commercial Water Heating	2030	$21,000,000	$21,000,000	$0
SW HVAC QI/QM Program	2030	$6,900,000	$6,900,000	$0
SW Home Energy Score California	2030	$5,891,594	$5,891,594	$0
Workforce Education and Training Career & Workforce Readiness	2031	$2,200,000	$2,200,000	$0
SW HVAC All Electric Non-Residential	2031	$7,817,398	$7,817,398	$0
New Construction - Residential - All Electric	2031	$10,949,714	$10,949,714	$0
New Construction - NonResidential - All Electric	2031	$17,272,364	$5,723,439	$11,548,925

Program Name	Year	PA Proposed Budget	Cal Advocates Proposed Budget	Difference
New Construction - NonResidential - Mixed Fuel	2031	$5,727,636	$5,422,345	$305,291
Codes and Standards Appliance Advocacy	2031	$3,998,447	$3,998,447	$0
Codes and Standards Building Codes Advocacy	2031	$8,399,584	$8,399,584	$0
Codes and Standards National Codes Advocacy	2031	$5,088,827	$5,088,827	$0
Institutional Partnerships - Government	2031	$2,328,050	$1,284,206	$1,043,844
Workforce Education and Training - Career Connections	2031	$1,100,000	$1,100,000	$0
Water and Wastewater Pumping	2031	$0	$0	$0
SW Plug Load and Appliance All Electric	2031	$0	$0	$0
Emerging Technology Programs - Electric	2031	$17,000,000	$17,000,000	$0
Institutional Partnerships - Colleges	2031	$5,278,305	$5,278,305	$0
Emerging Technology Programs - Gas	2031	$3,750,000	$3,750,000	$0
Food Service	2031	$19,000,000	$19,000,000	$0
Midstream Commercial Water Heating	2031	$21,000,000	$21,000,000	$0
SW HVAC QI/QM Program	2031	$6,900,000	$6,900,000	$0
SW Home Energy Score California	2031	$6,536,061	$6,536,061	$0
Total		**$572,458,357**	**$516,467,690**	**$55,990,667**