SEPTEMBER FILINGS

Pacific Gas and Electric Company®

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Director
Regulatory Relations

Pacific Gas and Electric Company
300 Lakeside Drive
Oakland, CA 94612

August 1, 2025

Advice Letter 5095-G/7664-E (Pacific Gas and Electric Company – ID U 39 M)
Advice Letter 21-E/21-G (Southern California Regional Energy Network–CPUC ID #940)
Advice Letter 31-E (Bay Area Regional Energy Network–CPUC ID #941)
Advice Letter 7-E/7-G (Inland Regional Energy Network–CPUC ID #246)
Advice Letter 89-E (Marin Clean Energy)
Advice Letter 4700-E/3443-G (San Diego Gas & Electric Company–CPUC ID # U 902 E)
Advice Letter 5595-E (Southern California Edison Company–CPUC ID #U 338 E)
Advice Letter 6515-G (Southern California Gas Company–CPUC ID #U 904 G)
Advice Letter 13-E/12-G (Tri-County Regional Energy Network–CPUC ID #220)
Advice Letter 002-E (San Diego Community Power–CPUC ID #4001)
Advice Letter 004-E/004-G (Northern CA Rural Regional Energy Network–CPUC ID #1401 E)
Advice Letter 2-E/2-G (Central CA Rural Regional Energy Network–CPUC ID #4002)

Public Utilities Commission of the State of California

Subject: **PG&E's Filing on Behalf of the Energy Efficiency Portfolio Administrators for Goal Constructs Associated with Equity and Market Support Indicators [Pursuant to D.23-06-055, Ordering Paragraph 25]**

Purpose

Pursuant to Ordering Paragraph (OP) 25[1] of Decision (D.) 23-06-055, Pacific Gas & Electric Company (PG&E), on behalf of Energy Efficiency Portfolio Administrators (PAs),[2] hereby submits for approval a Tier 3 Advice Letter (AL) with the California Public Utilities Commission (CPUC or Commission). Attached hereto in Attachment A is an

[1] *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031*, California Public Utilities Commission, June 29, 2023. OP 25 also includes other direction not addressed in this Advice Letter for one selected PA to submit a Tier 2 Advice Letter, which was due August 1, 2024, related to Awareness, Knowledge, Attitude and Behavior (AKAB) surveys. This prior Advice Letter (AL), led by PG&E, on behalf of the PAs, was filed via AL 4951-G/7344-E on August 1, 2024. The AKAP AL received CPUC approval effective October 4, 2024.

[2] The Program Administrators include: Pacific Gas and Electric Company (PG&E), Southern California Regional Energy Network (SoCalREN), Bay Area Regional Energy Network (BayREN), Inland Regional Network (IREN), Marin Clean Energy (MCE), San Diego Gas and Electric (SDG&E), Southern California Edison Company (SCE), Southern California Gas Company (SCG), Tri-County Regional Energy Network (3C-REN), San Diego Community Power (SDREN), Northern California Rural Regional Energy Network (NCRREN), and Central California Rural Regional Energy Network (CCRREN).

accompanying Report titled the "Equity and Market Support Goal Constructs Report" (Report), prepared by Laguna Creek LLC[3] that is dated August 1, 2025. This Report proposes goal constructs for the equity and market support segments for the PAs Energy Efficiency (EE) Portfolios.

The Report contains the following elements:

- Proposed goal construct options for each segment (equity and market support),
- A recommended process for proposing and adopting equity and market support segment goals, and
- A proposed study scope, methods, and associated budget to develop meaningful, measurable, and achievable goals.

OP 25 states a joint Tier 3 advice letter be filed "by no later than March 1, 2025." However, on February 27, 2025, the CPUC's Executive Director granted an extension until August 11, 2025, due to the potential impacts associated with efforts under OP 11[4] of D.23-06-055, which involved the clarification of metrics and indicators.[5]

Background

D.23-06-055 directs PAs to define long-term goals for the equity and market support segments of their EE portfolios. OP 25 requires this joint submission to: 1) propose two to three goal construct options each for equity and market support; 2) recommend a goal-setting process; 3) define required baseline and study methodologies; and 4) propose a

[3] PG&E engaged Laguna Creek LLC to work with the PAs and interested stakeholders to develop the goal constructs, associated processes, and recommendations contained in the accompanying Report.
[4] D.23-06-055, OP 11: The portfolio administrators shall jointly submit a Tier 2 advice letter by no later than May 1, 2024 clarifying all of the indicators adopted in this decision, including any modifications from metrics and indicators adopted in Decision 18-05-041, and identifying information that could be used as baselines for future targets or methodologies for how the indicator information can be used as baselines.
[5] PG&E on behalf of the PAs requested an extension from the Executive Director of the CPUC via a letter dated February 21, 2025. The request for extension was granted on February 27, 2025. The request for extension was primarily driven by the potential cross-link to the approval of OP 11 from D.23.06-055, which addresses indicators and metrics. The original Tier 2 AL for OP 11 (SDG&E 4438-E/3299-G, et. al.) was up-tiered to a Tier 3 AL, thereby necessitating a formal CPUC Resolution, which was released on May 8, 2025 via Draft Resolution E-5351. Subsequently, Resolution E-5351 was adopted on June 12, 2025. The Executive Director's extension provides for a 60 day filing period from the *effective* date of the OP 11 Resolution, which is August 11, 2025.

budget from the collectively set-aside $1 million in evaluation, measurement and verification (EM&V) funds.

Summary of Goal Constructs

The attached Report, developed based on extensive PA collaboration, recommends the goal constructs depicted in the following Table for the Commission's consideration. Specifically, the PAs recommend the Commission select two goal constructs, with one goal construct from the equity (E) segment and one goal construct from the market support (MS) segment, in order to measure the success of PA equity and market support segments.

Proposed Goal Constructs		
Equity Segment		
Identifier	**Goal Construct Title**	**Goal Construct Description**
E-1	Categorical Equity Target Participation	Count of participation in distinct groups
E-2	Percent of Equity Target Participants in Portfolio	Percentage of participation
E-3	Equity Target Bill Savings	Dollar value of bill savings
Market Support Segment		
Identifier	**Goal Construct Title**	**Goal Construct Description**
MS-1	Supply and Demand	Training, Contractor Reach, Jurisdictional Penetration
MS-2	PA Determined Market Needs	Flexible, PA-specific metrics based on sub-objectives

Each goal construct aligns with CPUC-adopted objectives and indicators, as well as statutory requirements (e.g., Assembly Bill 3264) and recent Commission guidance provided under Resolution E-5351.[6] These constructs are intended to be meaningful, inclusive, and straightforward, while allowing for incremental progress tracking and stakeholder engagement.

[6] See Resolution E-5351, available at 570086609.PDF.

Proposed Study Budget and Funding Use

A combined $1 million allocation from the *IOU* PAs' EM&V budgets is to be reserved to fund the necessary study.[7] The study will: 1) establish goal baselines; 2) refine metrics and methodologies; and 3) inform goal target development for Commission approval. The PAs will select a lead PA to oversee vendor selection and study execution.

Requested CPUC Action

The PAs respectfully request that the Commission:

1. Approve one goal construct option each for the:
    - Equity segment (E-1, E-2, or E-3), and
    - Market Support segment (MS-1 or MS-2);
2. Approve the proposed goal-setting process and authorize the PA-led market study;
3. Approve the use of the $1 million in set-aside from *IOU* EM&V funds for the market study or studies, with a designated PA overseeing implementation.

Protests

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than **August 21, 2025** which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to the Portfolio Administrators via E-mail at the addresses shown below on the same date it is electronically delivered to the Commission:

For PG&E:
Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
E-mail: PGETariffs@pge.com

[7] OP 25 indicates that the $1M allocation should come from the PAs' collective EM&V budgets; the PAs have determined it is most efficient to fund the study from the IOUs' EM&V budgets.

For SoCalREN:
Lujuana Medina
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E-mail: lmedina@isd.lacounty.gov

For BayREN:
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For MCE:
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Attn: Greg Anderson
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E-mail: GAnderson@sdge.com
SDGETariffs@sdge.com

For SCE:
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And,

Melissa Brandt
Brandt Energy Strategies – consultant for County of San Luis Obispo
E-mail: melissa@brandtenergystrategies.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name and e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 25 of D.23-06-055, this advice letter is submitted with a Tier 3 designation. PG&E requests that this Tier 3 advice submittal become effective upon Commission approval.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.22-02-005 and R.25-04-010. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: http://www.pge.com/tariffs/.

/S/

Sidney Bob Dietz II
Director, Regulatory Relations
CPUC Communications

Attachments:
Attachment A – Equity and Market Support Goal Constructs Report

cc: Service List A.22-02-005 and R.25-04-010

California Public Utilities Commission

ADVICE LETTER SUMMARY

ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 M)

Utility type:

- [x] ELC
- [x] GAS
- [ ] WATER
- [ ] PLC
- [ ] HEAT

Contact Person: Michael Finnerty
Phone #: (279) 789-6216
E-mail: PGETariffs@pge.com
E-mail Disposition Notice to: michael.finnerty@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5095-G/7664-E, et al.

Tier Designation: 3

Subject of AL: PG&E's Filing on Behalf of the Energy Efficiency Portfolio Administrators for Goal Constructs Associated with Equity and Market Support Indicators [Pursuant to D.23-06-055, Ordering Paragraph 25]

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL Type: [ ] Monthly [ ] Quarterly [ ] Annual [x] One-Time [ ] Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.23-06-055

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? [ ] Yes [x] No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? [x] Yes [ ] No

Requested effective date:

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: N/A

[1]Discuss in AL if more space is needed.

Clear Form

Protests and correspondence regarding this AL are to be sent via email and are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

California Public Utilities Commission Energy Division Tariff Unit Email: EDTariffUnit@cpuc.ca.gov	Contact Name: Sidney Bob Dietz II, c/o Megan Lawson Title: Director, Regulatory Relations Utility/Entity Name: Pacific Gas and Electric Company Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email: PGETariffs@pge.com
	Contact Name: Title: Utility/Entity Name: Telephone (xxx) xxx-xxxx: Facsimile (xxx) xxx-xxxx: Email:

CPUC
Energy Division Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Clear Form

Attachment A

D.23-06-055, Ordering Paragraph 25

Equity and Market Support Goal Constructs Report

August 1, 2025

Equity and Market Support Goal Constructs Report

An Energy Efficiency Portfolio Administrator report in compliance with California Public Utilities Commission Decision 23-06-055, Ordering Paragraph 25

August 1, 2025

Prepared by California's Energy Efficiency Portfolio Administrators, which include:

Bay Area Regional Energy Network (BayREN)
Central California Rural REN (CCR REN)
Inland Regional Energy Network (I-REN)
Marin Clean Energy (MCE)
Pacific Gas and Electric Company (PG&E)
Northern California Rural Regional Energy Network (NREN)
San Diego Gas and Electric Company (SDG&E)
San Diego Regional Energy Network (SDREN)
Southern California Edison Company (SCE)
Southern California Gas Company (SoCalGas)
Southern California Regional Energy Network (SoCalREN)
Tri-County Regional Energy Network (3C-REN)

Report drafted by: Laguna Creek LLC

Contents

Glossary of Acronyms and Initialisms

Acronym	Definition
AB	Assembly Bill
AKAB	Awareness, Knowledge, Attitude, and Behavior
AL	Advice Letter
BRO	Behavior, Retrocommissioning, and Operational (Measure)
C&S	Codes and Standards
CAEECC	California Energy Efficiency Coordinating Council
CalMTA	California Market Transformation Administrator
CARE	California Alternative Rates for Energy
CBO	Community-Based Organization
CCA	Community Choice Aggregator
CEC	California Energy Commission
CEDARS	California Energy Data and Reporting System
CPUC	California Public Utilities Commission
DACAG	Disadvantaged Communities Advisory Group
DEA	Distributional Equity Analysis
DER	Distributed Energy Resource
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
EMWG	Equity Metrics Working Group
ESJ	Environmental & Social Justice
ETP	Emerging Technology Program
FERA	Family Electric Rate Assistance
HTR	Hard-to-Reach
IOU	Investor-Owned Utility
MSMWG	Market Support Metrics Working Group
MTAB	Market Transformation Advisory Board
MTI	Market Transformation Initiative
NEBs	Non-Energy Benefits
OP	Ordering Paragraph
PA	Portfolio Administrator
PAC	Program Administrator Cost
PCG	Program Coordination Group
RSC	Ruling Seeking Comment
REN	Regional Energy Network
TOU	Time of Use
TRC	Total Resource Cost
TSB	Total System Benefit
TUAL	True-up Advice Letter
URPS	Unique Residential Population Served
WE&T	Workforce Education & Training

Executive Summary

California's Energy Efficiency (EE) Portfolio Administrators (PAs) have prepared this report to comply with Ordering Paragraph (OP) 25 of California Public Utilities Commission (CPUC or Commission) Decision (D.) 23-06-055. The Decision requires the PAs to collaboratively propose goal constructs for the equity and market support segments of their energy efficiency portfolios. This document outlines the proposed goal constructs, the process for adoption, and necessary studies to quantify and operationalize these goals. It also provides supporting background on the regulatory and policy context shaping these proposals.

Purpose of the Report

The purpose of this report is to present the CPUC with:

1. **Goal Construct Options:** Two or three clearly defined goal construct options each for the equity and market support segments that align with the objectives and indicators adopted in Decision 23-06-055.
2. **Goal-Setting Process**: A recommended process for proposing, adopting, and tracking goals over a medium- to long-term timeframe (12–24 years, in four-year increments).
3. **Study Requirements:** A description of the necessary studies, including scope, methods, and funding, to set targets for goals and ensure they are meaningful, measurable, and achievable.

Background

Energy efficiency portfolios in California have undergone significant evolution over the past decade, including the introduction of portfolio segmentation in Decision 21-05-031. The segments (resource acquisition, market support, equity, and codes & standards) are designed to balance achieving cost-effectiveness with pursuing broader policy objectives, such as improving equity and supporting the long-term success of the energy efficiency market. While the CPUC has established goals that apply to the resource acquisition and codes & standards segments, the equity and market support segments currently lack associated goals. This report is a critical step in addressing this gap.

The equity segment focuses on offering energy efficiency opportunities to underserved, disadvantaged, and hard-to-reach communities, consistent with the CPUC's Environmental and Social Justice (ESJ) Action Plan. The market support segment aims to strengthen the long-term success of the energy efficiency market by fostering demand, supply chains, partnerships, innovation, and access to capital.

Proposed Goal Constructs

The PAs have developed the following goal construct options for the equity and market support segments, each designed to be meaningful, inclusive, and straightforward:

Equity Segment Goal Construct Options

- **E-1: Categorical Equity-target Participation**
  - Measures the count of program participants in distinct equity-target categories.
  - Offers detailed insights into participation across different categories of participation in different customer groups.
- **E-2: Proportion of Equity-target Participants in the Portfolio**
  - Tracks the percentage of equity-target participants compared to total participation.

    - Highlights the penetration of equity-focused efforts within the overall portfolio.
- **E-3: Equity-target Bill Savings**
    - Quantifies the dollar value of bill savings achieved by equity-target participants.
    - Demonstrates tangible financial benefits for underserved, hard-to-reach (HTR), and disadvantaged communities.

Market Support Segment Goal Construct Options

- **MS-1: Supply and Demand**
    - Tracks the number of training participants and the percentage of jurisdictions with participation by sector.
    - Captures progress in building supply chains and market demand for energy efficiency solutions.
- **MS-2: PA-Determined Market Needs**
    - Allows each PA to define specific market support metrics tailored to their regional priorities.
    - Offers maximum flexibility while aligning with segment objectives.

Goal-Setting Process

The proposed goal-setting process aligns with the cadence of the application filing following a similar process as the current Potential and Goals Study, providing consistency and allowing stakeholder engagement. Key elements of the process include:

- **Baseline Development**: Establishing baseline data for each construct.
- **Stakeholder Engagement**: Incorporating input from workshops and public comments.
- **Incremental Targets**: Setting medium- to long-term targets in four-year increments to track progress and adjust goals as needed.
- **Integration with Existing Metrics**: Using existing indicators and reporting frameworks to minimize administrative burden.

Study Requirements

To support quantification and operationalization of the proposed goals, the PAs will conduct studies funded through a $1 million allocation from the collective Evaluation, Measurement, and Verification (EM&V) budgets. These studies will:

- Define baseline metrics for each segment.
- Analyze potential data collection methodologies and tools.
- Develop actionable recommendations for goal implementation and tracking.

Alignment with CPUC Objectives

The proposed goal construct options are designed to:

- **Advance Equity:** Address disparities in access to energy efficiency programs and promote resilience, energy affordability, and workforce opportunities in disadvantaged, underserved, and HTR communities.
- **Support the EE Market:** Build long-term market capacity and partnerships while fostering innovation, accessibility, and access to capital.
- **Promote Accountability**: Provide measurable, transparent metrics that enable tracking of progress toward segment objectives for each PA.

Executive Summary Conclusion

These constructs provide a thoughtful foundation for shaping equity and market support goals, recognizing that they will likely be adapted as the energy efficiency landscape evolves. By adopting one construct for equity and one for market support, the CPUC can make meaningful progress toward a more equitable, inclusive, and dynamic energy efficiency framework that addresses the needs of underserved communities, HTR and disadvantaged communities as well as California's broader energy goals.

Introduction

This report was prepared by Laguna Creek LLC, under contract with PG&E and in collaboration with PAs, to support PAs' compliance with the goals related portion[1] of the California Public Utilities Commission (CPUC or Commission) Decision 23-06-055 Ordering Paragraph (OP) 25. The relevant portions of OP 25 are quoted below.

> 25. The portfolio administrators (PAs) shall set aside at least $1 million from their collective evaluation, measurement, and verification (EM&V) budgets and shall select one PA from among them to hire a vendor or vendors to conduct a study to set goals for the market support and equity segment indicators. By no later than March 1, 2025[2], the PAs must submit a joint Tier 3 advice letter that:
>
> a) Defines the process for proposing and adopting long-term market support and equity goals;
> b) Defines options for two or three goal constructs each for market support and equity segments, where a construct describes how to recognize success by:
>   i. Demonstrating alignment with objectives;
>   ii. Identifying which metric(s) or indicator(s) should be used for goals;
>   iii. Whether goals should be set statewide, by territory, or by portfolio administrator;
>   iv. Anticipated timeline for goal achievement; and
>   v. Necessary baseline information.
> c) Defines what study or studies process is necessary to quantify goals, and propose a budget for each study from the funding set aside from the EM&V budgets, as directed above.

In addition to the ordering paragraph, the Decision included additional guidance[3] for goals:

> Goals should have the following general characteristics:
>
> - Include a medium to long term (i.e., 12-24 years) timeframe, and be broken into four-year increments;

[1] In addition to goals related directives, OP 25 includes separate directives related to Awareness Knowledge Attitude and Behavior studies which are not addressed in this report.

[2] The original requirement for the advice letter to be filed "by no later than March 1, 2025" was extended to August 11, 2025 per the letter from the Energy Division Executive Director dated February 27, 2025 titled: "Re: Request for Extension of Time to Comply …".

[3] D. 23-06-055 p. 70-71

- Be based on known baselines;
- Be high priority metric(s), a score or ratio, or single monetary value (or equivalent);
- Count total progress toward market support and equity goals from all programs in the portfolio, irrespective of which segment the program is within; and
- Facilitate setting targets for metrics demonstrating incremental progress toward meeting goals.

The PAs have already set aside the required $1 million or more from their collective EM&V budgets and will select a PA to hire a vendor to perform a study or studies after Commission Resolution approves the study or studies.

In a series of seven group meetings facilitated by Laguna Creek, the PAs[4] worked together to understand the scope of the OP, define principles for construct design, and develop and refine goal construct options. In addition to the larger group meetings, Laguna Creek facilitated a series of one-on-one interviews with each PA as well as smaller focused meetings to develop individual constructs. Each PA was provided with an opportunity to contribute content and provide edits and comments on this report. Specifically, this report includes the advice letter elements listed in OP 25 and includes additional background and context that the PAs relied on to develop them, including a) a process for proposing and adopting goals, b) options for goal constructs, and c) description of studies necessary to quantify goals for the equity and market support segments.

Background

Energy efficiency programs in California have been in operation and *evolving* for several decades. Among many other changes to energy efficiency in California over the last ten years, rebate programs' savings goals have evolved from gross annual energy savings to net annual energy savings, to its current state of net lifecycle total system benefit. Over the same period, the role of Portfolio Administration has transitioned from being primarily performed by the four Investor-Owned Utilities (IOUs) to a diverse mix of PAs that now also include seven Regional Energy Networks (RENs) and one Community Choice Aggregator (CCA). A list of currently approved PAs is provided below in Table 1, below.

Table 1 – Currently Approved Portfolio Administrator (PA) List

PA	PA Abbreviation	PA Type
Bay Area Regional Energy Network	BayREN	REN
Central California Rural REN	CCR REN	REN
Inland Regional Energy Network	I-REN	REN
Marin Clean Energy	MCE	CCA
Pacific Gas and Electric Company	PG&E	IOU
Northern California Rural Regional Energy Network	NREN	REN
San Diego Gas and Electric Company	SDG&E	IOU
San Diego Regional Energy Network	SDREN	REN

[4] All active PAs regularly contributed toward the development of goal constructs options and this report, except for CCR REN which was approved for administration after the existing PAs had already begun work on this project. CCR REN was included in the process, informed of developments, and participated in some of the activities.

Southern California Edison Company	SCE	IOU
Southern California Gas Company	SoCalGas	IOU
Southern California Regional Energy Network	SoCalREN	REN
Tri-County Regional Energy Network	3C-REN	REN

Most importantly, in the context of this report, the CPUC has introduced portfolio segments into EE portfolios. Portfolio segmentation is a solution to problems associated with balancing portfolio cost-effectiveness while simultaneously meeting other important portfolio objectives that often have a negative impact on cost-effectiveness. Specifically, the CPUC segmented program portfolios into four primary segments: resource acquisition, equity, market support, and codes and standards. The resource acquisition and codes and standards segments have existing applicable goal constructs[5], while the equity and market support segments do not yet have specific goals. Establishing goal constructs, and subsequently goals, for both equity and market support segments is the next iteration of the evolving energy efficiency journey in California.

Changes in energy efficiency portfolio administration have not occurred in a vacuum. The greater environment in which the energy efficiency proceeding operates has also evolved, including the Commission's renewed focus on environmental and social justice[6], new market transformation[7] initiatives, a new law related to reporting program impacts[8], and the development of distributional equity analysis[9] (DEA) to complement distributed energy resource (DER) cost-effectiveness.

The following two sections provide a detailed background of relevant energy efficiency proceeding activity and other relevant factors outside of the EE proceeding that are important to consider in the context of market support and equity segment goal construct development.

Energy Efficiency Proceeding Background

Decision 21-05-031: Creation of Portfolio Segments

Commission Decision 21-05-031 adopted the concept of, and fiscal requirements for, program segments. Specifically, this decision established resource acquisition, market support, and equity segments. Whereby, except for REN portfolios[10], the resource acquisition segment of each PA portfolio must meet a cost effectiveness threshold, and the combined budget for the equity and market support segments is limited to 30% of their total portfolio budget. This Decision directed PAs to begin to segment their portfolios based on the primary purpose of each program[11], as follows:

> **Resource Acquisition:** Programs with a primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity and natural gas systems. Short-term is defined as

[5] The CPUC has not expressly assigned goals to either the resource acquisition segment or the codes and standards segments, though there are goals associated with those concepts.

[6] https://www.cpuc.ca.gov/news-and-updates/newsroom/environmental-and-social-justice-action-plan

[7] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/energy-efficiency/energy-efficiency-market-transformation

[8] https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB3264

[9] https://emp.lbl.gov/publications/distributional-equity-analysis

[10] D. 21-05-031 p. 23 "The RENs are exempted from this requirement because of the nature of their portfolios, which is already different from the other program administrators."

[11] D. 21-05-031 p. 14-15

during the approved budget period for the portfolio, which will be discussed further later in this decision. This segment should make up the bulk of savings to achieve TSB[12] goals.

Market Support: Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.

Equity: Programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission's Environmental and Social Justice (ESJ) Action Plan; Improving access to energy efficiency for ESJ communities, as defined in the ESJ Action Plan, may provide corollary benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

In addition to these new segments, the Commission clarified codes and standards (C&S) is also a segment option[13], acknowledging its unique attributes, to allow all EE programs to be appropriately assigned to a segment.

Additionally, this Decision required the development of new reporting metrics for the market support and equity segments, asking that the California Energy Efficiency Coordinating Committee (CAEECC) form a working group to develop and vet the proposal[14]. The work product of the CAEECC Working Group effort is described below.

2021 Equity Metrics and Market Support Metrics Working Groups

Decision 21-05-031 prompted the formation of two CAEECC working groups, tasked with developing and vetting metrics for the equity and market support segments. The working groups consisted of all the active PAs at the time, several other proceeding stakeholders, as well as the members of the CPUC and California Energy Commission (CEC) as ex-officio participants. Documentation for both the Equity Metrics Working Group (EMWG) and the Market Support Metrics Working Group (MSMWG) can be found on the CAEECC website using the links below:

- EMWG: https://www.caeecc.org/equity-metrics-working-group-meeting
- MSMWG: https://www.caeecc.org/market-support-metrics-wg

The final reports for each working group included principles for developing metrics, proposed objectives, proposed metrics and *indicators*, and additional considerations.

Indicators differ from metrics in that metrics have associated targets while indicators are intended to track progress and tracked for reference[15]. While the working groups were tasked with developing metrics, many of the values proposed for tracking were not necessarily appropriate to be assigned a target. Additionally, for the metrics that were proposed, the working group found that there was insufficient data at the time to set

[12] TSB stands for Total System Benefit, which D. 21-05-031 defines as "an expression, in dollar terms, of the lifecycle energy, capacity, and GHG benefits, expressed on an annual basis", p. 9.
[13] D. 21-05-031 p. 16 "C&S programs will remain separate as well, as previously defined in D.12-05-015."
[14] D. 21-05-031 OP 14
[15] In defining metrics and indicators, D.18-05-041 stated that generally, a metric is a measure of progress towards achieving desired market effect(s) and includes a baseline and a target or targets (short, medium, or long term). An indicator does not include baselines or targets, but progress is still tracked.

reasonable and meaningful targets. As such, while the working groups proposed metrics, they did not propose targets for any metric. The reports included multiple possible methods for setting targets later.

The working group reports were referenced in Decision 23-06-055 and used to support the adoption of objectives and indicators for both the equity and market support segments.

Decision 23-06-055: Adoption of Segment Objectives and Indicators

Commission Decision 23-06-055, considering the CAEECC working group reports and additional stakeholder input, adopted objectives and indicators for the equity and market support segments. Specifically, the adopted objectives[16] for these segments are:

Equity Segment Objective: For hard-to-reach, disadvantaged, and/or underserved communities (as defined earlier in this section):

- Address disparities in access to energy efficiency programs;
- Promote resilience, health, comfort, safety, energy affordability, and/or energy savings;
- Reduce energy-related greenhouse gas and criteria pollutant emissions;
- Provide workforce opportunities.

Market Support Segment Objective: Supporting the long-term success of the energy efficiency market.

- Sub-Objective #1: Demand: Build, enable, and maintain demand for energy efficient products and services in all sectors and industries to ensure interest in, knowledge of benefits of, or awareness of how to obtain energy efficiency products and/or services. [Activity example: educating customers]
- Sub-Objective #2: Supply: Build, enable, and maintain supply chains to increase the capability and motivation of market actors to supply energy efficient products and/or services, and to increase the ability, capability, and motivation of market actors to perform/ensure quality installations that optimize energy efficiency savings. [Activity example: training contractors]
- Sub-Objective #3: Partnerships: Build, enable, and maintain partnerships with consumers, governments, advocates, contractors, suppliers, manufacturers, community-based organizations and/or other entities to obtain delivery and/or funding efficiencies for energy efficiency products and/or services and added value for partners. [Activity example: building partnerships]
- Sub-Objective #4: Innovation and Accessibility: Build, enable, and maintain innovation and accessibility in technologies, approaches, and services development to increase value, decrease costs, increase energy efficiency, and/or increase scale of and/or access to emerging or existing energy efficient products and/or services. [Activity example: moving beneficial technologies towards greater cost-effectiveness or declining costs.]
- Sub-Objective #5: Access to Capital: Build, enable, and maintain greater, broader, and/or more equitable access to capital and program coordination to increase affordability of and investment in energy efficient projects, products, or services. [Activity example: financing.]

[16] D. 23-06-055 p. 57-59

This Decision also adopted 13 indicators for the equity segment, 25 indicators for the market support segment, and an additional 17 Awareness, Knowledge, Attitude, and Behavior (AKAB) market support indicators, which can be found in Appendix A.

In addition to adopting objectives and indicators, this Decision also required that the PAs file an advice letter to clarify the indicators such that all PAs and stakeholders would have a consistent understanding of data collection needs and interpretation of results. The advice letter is discussed below.

Equity and Market Support Indicator Clarification Advice Letter and Resolution E-5331

Commission Decision 23-06-055, concurrent with its adoption of indicators for the equity and market support segments, ordered[17] PAs to submit a joint advice letter clarifying the adopted indicators with support from the CAEECC equity and market support working groups[18]. On May 1, 2024, SDG&E submitted the required joint advice letter[19] that included a CAEECC working group report with indicator clarifications. The report provided clarifications for all 13 equity indicators, and nine of the 25 market support indicators. For reasons discussed in more detail in the working group report, many of the market support indicators were deprioritized and not clarified because they are equivalent to established common metrics, unclear, or otherwise too complex to address in the allotted time. Specifically, indicator clarifications were submitted as follows:

Table 2 - SDG&E Advice Letter (AL) 4438-E/3299-G Indicator Clarification Status

Indicator Status	Equity Indicator #s	Market Support Indicator #s
Clarified in AL	1 - 13	1, 2, 13, 17, 18, 20, 22, 23, 25
Not clarified in AL, but an established common metric	n/a	3 - 10, 14
Not clarified in AL	n/a	11, 12, 15, 16, 19, 21, 24

Following the indicator clarification AL, Resolution E-5351 (June 2025) provides clarification and revisions to equity and market support indicators originally adopted in D.23-06-055. Notably, it confirms and modifies several definitions, reporting methodologies, and calculation practices that directly support the development of measurable goals in these segments:

> **Equity Target Participants Definition**: The Resolution formally defines "equity target participant" as someone meeting CPUC-adopted criteria for being hard-to-reach (HTR), located in a disadvantaged community (DAC), or underserved. This participant can be served by any program segment (equity, market support, resource acquisition, or codes & standards).
>
> **URPS (Unique Residential Population Served):** To enhance understanding of equity reach, PAs must annually report the estimated number of individual people served by residential EE programs using the URPS metric:

[17] OP11
[18] D. 23-06-055 p. 29
[19] SDG&E Advice Letter 4438-E/3299-G

URPS = Number of Unique Premise Accounts × Average Household Population[20]

This aims to prevent duplication and offers a clearer picture of equity segment impact. Specifically, the Resolution states that it “will provide more insight into the unique population of people who participated in residential EE programs.”

Projected and Actual Bill Savings Reporting: In alignment with AB 3264, Resolution E-5351 requires PAs to estimate and report bill savings for both equity-target and general participants using a standardized, TOU-sensitive, net-benefit-based methodology[21]. This supports reporting for both Equity Indicator 2 and newly required statewide reporting on portfolio-wide bill savings.

Paused Market Support Indicators: The CPUC has paused reporting on Market Support Indicators 13, 15–17, and 21–25 due to unclear definitions, lack of reporting readiness, and/or the need for further stakeholder engagement to clarify their purpose and value. These indicators and metrics were found to currently lack actionable insights or consistent methodologies and will not be required until further development occurs via the Reporting PCG (Program Coordination Group) or future Commission guidance.

Indicator Clarifications and Standardization: The Resolution reinforces the role of indicators in tracking progress and provides a structure to standardize definitions and data reporting across PAs to support goal development, including quarterly and annual participation reporting, population counts, and methodologies for bill savings and equity metrics.

These clarifications provide a stronger foundation for adopting goal constructs that track participation and program benefits, such as bill savings. The bill savings methodologies in particular offer baseline tools to enable setting meaningful, population-anchored goals. The newly adopted URPS indicator, however, is likely best utilized as an indicator, and not incorporated into goals, until there is a greater understanding of its utility and trends in PA program activity.

Abridged History of Goals and Goals Process for Incentive Programs

While goal constructs for equity and market support are a new development, goals for EE portfolios have existed for many years. Understanding the mechanics and history of existing goal constructs can help to inform the thoughtful design of new constructs.

EE programs have been in place, with goals, long before the creation of portfolio segments. For this report, we will consider the EE goal constructs for “incentive programs”[22] going back to program year 2009 to help understand the evolution of existing goal constructs.

[20] Average household population by Census tract

[21] See Appendix D for a detailed summary of the bill savings guidance included in the resolution.

[22] Incentive programs is a term often used to describe resource programs, excluding codes and standards programs, and including programs such as direct install programs, financing programs, and behavior-based programs that do not include traditional rebates or incentives. Codes and Standards Advocacy programs have separate goals that are not included in this discussion.

Table 3 shows an abridged summary of EE incentive program goals.

Table 3 - The Evolution of Savings-based Goals for "Incentive Programs"

Program Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Scope	PA (IOU)*				PA (IOU)*					PA (IOU)*						PA (IOU)*			
Metric	gross annual & cumulative kWh, kW, and thm savings				gross annual kWh, kW, and thm savings					net annual kWh, kW, and thm savings						net lifecycle total system benefit			
Timeline (achieve)	Annual				Annual					Annual						Portfolio Period (4-yr)			
Timeline (set)	~10 yrs, updated every ~3 yr				~10 yrs, updated every ~2 yr					~10 yrs, updated every 2 yr						~10 yrs, updated every 2 yr			
Baseline	Potential Study				Potential Study					Potential Study						Potential Study			

*Savings-based goals are assigned exclusively to IOU PAs.

The goal construct for incentive programs for program year 2009[23] was new at that time and remained in place for four years. For several reasons cited on the record, the goal construct that included gross annual and cumulative targets for up to three savings metrics per PA, changed again beginning in program year 2013[24], removing the cumulative gross targets and increasing the frequency of goal setting. After five years of annual gross savings goals for kWh, KW, and therms, the construct changed again to favor a net savings metric beginning in program year 2018[25]. Net annual savings goals remained in place for six years – the longest such span since program year 2009, before transitioning away from annual energy-savings metrics all together to the current metric of Total System Benefit (TSB) beginning with program year 2024[26].

While the goals metrics have changed multiple times since 2009, the overall process for setting targets has remained largely unchanged. Approximately every two years, the Energy Division has overseen the study of the available energy efficiency potential available in the market which the Commission uses to determine energy savings-based targets for each IOU PA. Each version of the study typically includes multiple "scenarios" and is shaped by contemporary policy issues and stakeholder input at multiple milestones along the way. Below is a summary of recent potential studies, including notable changes, scenarios, or new analysis types associated with each.

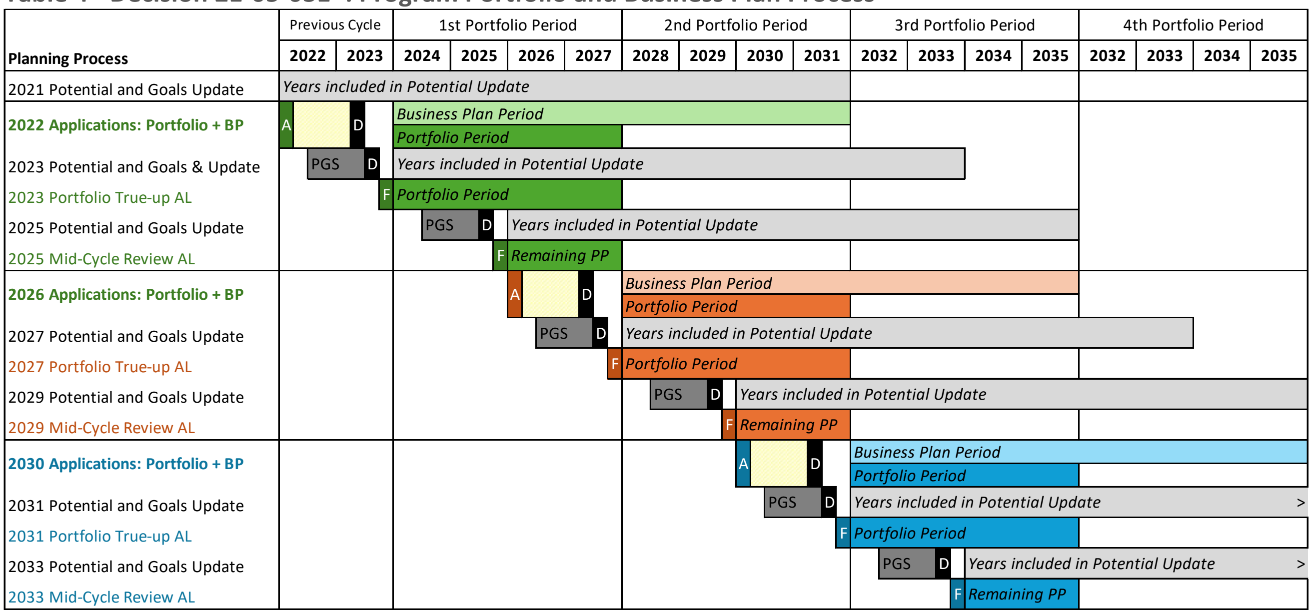
- 2023: Viable electric alternatives, Inflation Reduction Act, advanced HERs modeling
- 2021: Fuel substitution potential, Demand Response integration, total system benefit analysis
- 2019: Increased financing and modified cost effectiveness screening scenarios
- 2018: Net savings potential, addition of Behavior, Retrocommissioning and Operational (BROs) savings, advanced scenario options (GHG adders, Total Resource Cost (TRC) vs Program Administrator Costs (PAC) tests)
- 2015: "update study" relative to the 2013 study
- 2013: low-, mid- and high- scenarios

[23] See D. 07-10-032
[24] See D. 12-05-015
[25] See D. 16-08-019
[26] See D. 21-09-037

Every study after the 2015 “update study” has included significant changes in its approach to scenarios, inclusion of new or modified measure categories, externalities, and/or output metrics. In other words, the potential study is not a fixed analysis approach and evolves according to contemporary issues and ongoing learnings.

In addition to changing the goal metric to TSB, the Commission also changed the timeframe that PAs have to achieve goals from annually to every four-year portfolio period. The current process is outlined in Table 4 below. While the schedule is defined for many years into the future, the EE portfolios are in the beginning of the first portfolio period (2024-2027) under this construct.

Table 4 - Decision 21-05-031*: Program Portfolio and Business Plan Process



*This is a visual interpretation of the goal setting and PA application and filing schedule described in D. 21-05-031 Table 4.

Planning Process	Description
Applications: Portfolio + BP	PAs submit applications including an 8-year business plan (BP) and a detailed 4-year portfolio plan, including TSB goals and budgets.
Potential and Goals Update	CPUC oversees a potential and goals update process which determines the TSB potential for each IOU over a long term period.
Portfolio True-up AL	PAs recalibrate their porfolio and budgets for the 4-year portfolio period based on recently adpoted TSB goals.
Mid-Cycle Review AL	PAs recalibrate their portfolio and budgets for the remaining two years of the portfolio period, based on recently adopted TSB goals.

Icon	Description
A	PA Application Submission
D	CPUC Decision on related planning process (i.e. goal adoption, application approval)
F	PA Advice Letter Filing (subsequent disposition not shown in table)
PGS	Potential and Goals Study Period (includes workshops, drafts, and CPUC Ruling)

This context is important to consider now with the development of goal constructs for the nascent segments of equity and market support. The Commission’s goal constructs and its analytical approach to target setting for incentive programs, which have existed for approximately 50 years, have not been locked or stagnant. The constructs and targets evolve over time to respond to trends in portfolios, stakeholder input, policy, and imperfections with the goal constructs themselves.

Since 2009, the average lifespan of a goal construct for incentive programs is five years. It is reasonable to expect that the current TSB goal construct will likewise be subject to change as the current portfolios and the state’s policy goals evolve. Similarly, it is not reasonable to expect that the forthcoming adoption of goal constructs for equity and market support will and must remain unchanged for decades to come. As such, the new goal constructs and target setting for equity and market support segments may be better described as an informed starting point for segment development rather than a constraint or boundary within which the new segments must remain for perpetuity.

Additional Background and Context

The EE proceeding does not exist in a vacuum. There are many relevant activities and trends within California and beyond that impact EE, specifically the equity and market support segments that should be considered when contemplating goals and segment direction. Additional activities and information that was considered in the PA's development of goal constructs are summarized below.

CPUC Equity Action Beyond EE Proceeding

The CPUC has adopted an Environmental & Social Justice Action Plan[27] (ESJ Action Plan). According to the ESJ Action Plan version 2[28], it "reflect(s) a continuation of efforts to systematize the consideration of ESJ principles across Commission activities." From the ESJ Action Plan 2.0:

> "In accordance with the CPUC's institutional values of accountability, excellence, integrity, open communication, and stewardship, the CPUC has created the Environmental and Social Justice (ESJ) Action Plan to serve as both a commitment to furthering ESJ principles, as well as an operating framework with which to integrate ESJ considerations throughout the agency's work.
>
> "Environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies. Because the CPUC regulates utility services beyond those tied to the environment, the term "environmental and social justice" or "ESJ" has been adopted to capture a broader effort and potential population."

CPUC Long-term EE Market Action Beyond EE Proceeding

Parallel to the EE proceeding, the Commission also oversees energy-efficiency-adjacent market transformation activity administered by a California Market Transformation Administrator (CalMTA). As described on the CalMTA website[29]:

> "The California Public Utilities Commission (CPUC) established a comprehensive market transformation framework in Decision 19-12-021 issued on December 12, 2019. The framework called for the creation of a market transformation administrator (now known as CalMTA) and an advisory board to the CalMTA (the Market Transformation Advisory Board or MTAB). The framework also provides funding for CalMTA to support market transformation initiatives (MTIs) to increase energy efficiency and reduce GHGs by driving market adoption of selected technologies and practices.
>
> "CalMTA will identify cutting-edge energy efficiency and GHG reducing technologies and practices and couple them with activities that remove market barriers and jump-start market adoption."

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[27] https://www.cpuc.ca.gov/news-and-updates/newsroom/environmental-and-social-justice-action-plan

[28] https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf

[29] https://calmta.org/

This activity is important to consider as EE market support and EE market transformation are distinct and different from each other. Market Support activities, and therefore its goal construct, should not materially duplicate existing market transformation activities.

Disadvantaged Communities Advisory Group (DACAG)

Senate Bill 350, the Clean Energy and Pollution Reduction Act of 2015, prompted the formation of the Disadvantaged Communities Advisory Group (DACAG). The DACAG is tasked with advising the CPUC and the CEC on the development, implementation, and impacts of proposed programs related to Senate Bill 350 in disadvantaged communities. The advisory group is comprised of members either from or representing disadvantaged communities and reviews CPUC and CEC clean energy programs and policies to ensure that disadvantaged communities, including tribal and rural communities, benefit from proposed clean energy and pollution reduction programs. The DACAG's guiding principles[30] may be summarized as: increasing access to clean energy technologies, maintaining or enhancing the affordability of energy service, and increasing the benefits of clean energy programs in disadvantaged communities.

In response to a presentation by the CPUC's Energy Division on the nascent equity segment, the DACAG provided a letter to the Energy Division regarding "Comment on Energy Efficiency Business Plan Application Equity Segment" on August 19, 2022. In the letter the DACAG made several recommendations including suggesting the CPUC consider non-energy benefits for various metrics and tests, increasing the budget cap for the equity segment, and the use of an array of suggested metrics for the equity segment. Decision 23-06-055 cited[31] the DACAG letter in its section adopting indicators for the equity segment and in support of its direction to develop goals for the equity and market support segments.

The DACAG's primary proposal for equity metrics in their August 19, 2022, letter was based on participation of equity-target customers[32]. Specifically, the letter[33] suggests that:

> "The business plan metrics and targets should therefore be structured in a way that such a goal can be easily achieved and progress measured. We therefore strongly recommend that the metrics include both the *total* number of customers served as currently proposed — such as single family or multifamily homes — as well as the *percentage of eligible customers served*. [emphasis as original]

In addition to the above participation metrics, the letter also included nine other suggestions for metrics, several of which were effectively adopted as indicators in D. 23-06-055. A list of the nine suggestions and their adoption status are below. Top-level bullets are the DACAG recommendations verbatim; lower bullets, in *italics*, indicate a policy analysis of the adoption status in D. 23-06-055. A description of each D. 23-06-055 adopted indicator can be found in Appendix A.

DACAG proposed equity metrics:

- The percentage of eligible customers reached for each customer class (in addition to the total number of customers reached).

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[30] The principles in their entirety can be found in the DACAG charter, available at: https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/disadvantaged-communities/disadvantaged-communities-advisory-group

[31] D. 23-06-055 p. 69

[32] The equity-target moniker was developed after the DACAG letter but is closely aligned with the intent of the customers described in the letter.

[33] DACAG letter p. 5

    - *Effectively adopted/recognized in equity indicator 11 and 12.*
- The average kWh, kW, and therm savings per customer, by customer class (in addition to the total savings for the program).
    - *Effectively adopted/recognized by combining equity indicator 1 with 6, 7, and 8.*
- The average annual bill savings for participating customers, both first year and annually.
    - *Effectively adopted/recognized by combining equity indicator 1 with 2; median bill savings is addressed in equity indicator 10.*
- The average energy cost burdens, and reduction in energy cost burdens, for residential customers.
    - *Not addressed in adopted indicators.*
- The number and percentage of CARE or other bill-assistance customers (and eligible customers) who receive efficiency upgrades, as well as the energy savings and bill savings for these customers. Specifically, the data should enable us to determine whether energy cost burdens have fallen for these customers, by how much, and the bill-assistance savings that have been achieved through energy efficiency investments.
    - *Not addressed in adopted indicators.*
- Appropriate metrics to track workforce development, job quality and job placement, as well as access to training and employment for disadvantaged populations.
    - *Partially adopted/recognized by market support indicator 4.*
- The estimated reduction of criteria air pollutant (tons), both in-home and from the electric grid, in addition to GHG reductions.
    - *Partially adopted/recognized by market support indicator 5. Indicator 5 only addresses GHG reductions and does not address "in home" pollutants but does include GHG reductions from gas savings.*
- Average disconnection and arrears rates for homes pre- and post-treatment.
    - *Not addressed in adopted indicators.*
- An evaluation of how many/much of the indicators, including other NEBs, programs meet. NEBs should be an indicator for all Energy Efficiency Programs.
    - *Not addressed in adopted indicators.*

California Government Action in Support of Affordability

In the period between the issuance of D. 23-06-055 OP 25 and the filing of its directed advice letter, the California legislature passed AB-3264[34] which was signed into law by Governor Newsom. Among other requirements largely aimed at improving energy affordability, the bill includes requirements related to the CPUC's reporting of evaluations of all demand-side management programs, including energy efficiency programs. Specifically, SEC. 4 states that:

> "[…] the commission shall submit a report to the Legislature on the demand-side management programs it oversees or that are paid for by ratepayers of community choice aggregators, electrical corporations, or gas corporations, including, but not limited to, energy efficiency and demand response programs.

[34] https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB3264

(2) The report shall include a list of all demand-side management programs, inclusive of codes and standards programs, with evaluations for each program that include, but are not limited to, all of the following:

(A) Program description and target population.

(B) Authorized budgets and actual expenditures.

(C) Projected and actual energy savings over the program cycle.

(D) Projected and actual bill savings to the average participating and the average nonparticipating ratepayer.

(E) Cost-effectiveness analysis, including a total resource cost test and a program administrator cost test.

(F) Public interest impacts, as applicable.

(G) Actual customers served, aggregated by customer class, geographic distribution, and income level.

(H) Peak demand reduction, as applicable.

(I) Total system benefits, as adopted in the commission's Decision 21-09-037 (September 23, 2021) Decision Adopting Energy Efficiency Goals for 2022-2032."

SEC. 2 Section 369.5 also adds a requirement from the CPUC in consultation with the California Energy Commission (CEC) to "develop a framework for assessing, tracking, and analyzing total annual energy costs paid by residential households in California" including a means to project possible future energy costs for residential households for the next 10 years and scenarios that that may lead to 5, 10, and 15% reductions in annual energy costs for residential households in 2035.

These new requirements effectively necessitate that the Commission adopt a standardized method for quantifying bill savings on or before December 2026. As there is now a law requiring the Commission to develop a framework to project residential bill (cost) reductions, it may be prudent to take this into account in the development of potential equity and/or market support segment goal constructs so as not to develop a conflicting metric or an obsolete-upon-adoption goal construct.

National Distributional Equity Analysis Guidance

In concert with the Lawrence Berkeley National Laboratory, Synapse Energy Economics, and the National Energy Screening Project, the U.S. Department of Energy released a Practical Guide[35] on "Distributional Equity Analysis for Energy Efficiency and Other Distributed Energy Resources." The Practical Guide, and its companion summary document, were developed to support "utilities, regulators, communities, and stakeholders to answer questions about the equity implications of utility investments and to consider those implications alongside benefit-cost analysis (BCA)."

"The burdens of the energy system do not fall equally on all electricity and gas utility customers. The production, delivery, and consumption of electricity and gas can cause disproportionate social,

[35] https://eta-publications.lbl.gov/sites/default/files/bto-distributed-equity-analysis-guide_may2024.pdf

health, and economic costs and benefits among low-income communities, communities of color, Indigenous people, and rural customers, for example.

Distributional equity analysis (DEA) is an analytical framework that allows utilities, regulators, communities, and stakeholders to answer questions about the equity implications of utility investments and to consider those implications alongside benefit-cost analysis (BCA)."

The Practical Guide is over 150 pages long and includes background information and details on a multi-step process for distributional equity analysis. In the most distilled sense, distributional equity analysis compares metrics for "priority populations[36]" to the same metrics for other customers. The Practical Guide provides examples of what metrics could be used[37] and how priority populations could be identified but does not provide a prescriptive approach to establishing either. One example metric in the Practical Guide would compare the *Participants as a percent of eligible customers* for Priority Populations to that of other customers for a DER program or programs.

The DEA guidance suggests that DEA is intended largely to supplement cost effectiveness analysis of DER program activity with information related to distributional equity. While establishing an equity segment goal construct is not identical to analyzing distributional equity impacts alongside cost effectiveness, it is largely similar. The novel and developing approaches outlined in the DEA guidance are helpful context in the development of goals for the equity segment.

Parallel D. 23-06-055 ordered Indicator and Metric Development Efforts

There are several ongoing efforts ordered through D. 23-06-055 related to equity and market support indicators and metrics that have potential to impact or influence equity and market support goal constructs or related methodology. These efforts are ongoing as of the writing of this report. They are noted here because they may define terms and/or methodologies that could impact the equity and market support goal metrics that are ultimately adopted. Specifically, D. 23-06-055 requires that:

- PAs develop a report that addresses certain questions related to demographic participation reporting for energy efficiency programs[38]. This report may have implications for how participation is counted within the context of the equity and market support goal constructs. This report is due September 1, 2025.
- PAs include clarified community engagement indicators[39] in their mid-cycle advice letters due Sept 1, 2025. The clarified indicators are expected to be developed through the California Energy Efficiency Coordinating Council (CAEECC) Equity Metrics Working Group (EMWG).
- IOU PAs select a study lead to, with input from a stakeholder working group, conduct a non-energy benefits (NEBs) study intended to facilitate tracking and reporting of NEBs in the equity segment starting with the Quarter 1 2028 quarterly report[40].

[36] The Practical Guide describes priority populations as "a set of electric or gas utility customers who typically experience disparities or inequities relative to other customers."
[37] Ibid Section 4.4 Example: Applying the Guidelines for Developing DEA Metrics from System-Wide Metrics, p. 45-
[38] D. 23-06-055 OP 23
[39] *Id.* OP 24
[40] *Id.* OP 17, 18, 19

PA Considerations and Policy Interpretations

While preparing goal construct options, the PAs met and discussed the requirements of the ordered advice letter and related guidance. While the D. 23-06-055 included the advice letter requirements and guidance, there was room for interpretation on some elements. Notable PA interpretations and context are summarized in the below sections.

Segments in the Context of Portfolios

Decision 21-05-031 adopted program segments largely to allow IOU and CCA portfolios to achieve cost effectiveness thresholds while also meeting other important policy objectives. Specifically, Decision 21-05-031 provided guidance for assigning a segment designation to individual programs and set fiscal expectations (cost effectiveness for the resource acquisition segment and a budget cap for the equity and market support segments together). The guidance[41] for assigning a program segment to an individual program was based on each program's "primary purpose" and noted that while the designations "are not meant to be mutually exclusive" that "purposes of portfolio reporting and tracking, an individual program may only be assigned to one segment at a given time."

Later, in D. 23-06-055, the Commission adopted objectives for the equity and market support segments[42] and instructed the PAs to develop goal constructs for these segments. In doing so, the CPUC provided the guidance that the goal constructs should "count total progress toward market support and equity goals from all programs in the portfolio, irrespective of which segment the program is within"[43] and demonstrate that the goals are in alignment with segment objectives.

Combining the logic that program segments are not mutually exclusive and that segment goals are intended to apply all programs in the portfolio irrespective of their program segment designation, the segment goals may be best described as portfolio goals that are in alignment with segment objectives. This interpretation is distinct and different from the idea that segment goals are goals for programs within a segment or that segment goals are related to the program segment categorization guidance in D. 21-05-031.

As such, through the advice letter accompanying this report, the PAs propose options for goal constructs for the equity and market support segments that are effectively portfolio-wide and aligned with segment objectives.

Portfolio Composition and Goal Applicability

Decision 23-06-055 provided the guidance that "the goals should also apply to all PAs, including RENs and CCAs[44]" noting that the "new goals […] should be important accountability mechanisms for RENs." Additionally, "the IOUs and MCE are responsible for spending up to 30 percent of their portfolio budgets on market support and equity programs and should be held similarly accountable for their progress."[45] The PAs, inclusive of IOUs, CCA, and RENs, agree with this reasoning and approach.

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[41] D. 21-05-031 p. 14-16

[42] Objectives for the resource acquisition and Codes and Standards segments have not yet been established.

[43] *Id*. 71

[44] D. 21-05-031 p. 71; specifically, the goals associated with portfolio segments should apply to only "Apply to Administer" CCAs, not "Elect to Administer" CCAs, as clarified in D. 21-05-031.

[45] Id. p. 71

While the PAs agree that goals should apply to all PAs, appropriate goal targets and metrics for each PA will likely require a level of customization. The RENs are generally intended and authorized to propose activities that fill gaps in IOU or CCA portfolios, to pilot activities for scalability to a broader geographic area, and/or to serve hard-to-reach (HTR) markets regardless of overlap with IOU or CCA programs.[46]

The objectives for each segment, and especially for market support, are specific and wide ranging. The market support segment objective has five distinct sub-objectives, each intended to address a specific market need that may vary in scale by PA region. The service area of every PA overlaps with at least one other PA, and in many cases, multiple PAs. Additionally, there is no requirement, expressed or implied, that RENs or any PA address and/or have programs dedicated to each component of each segment objective.

For these reasons, the PAs interpret the statement that "the goals should also apply to all PAs" to mean that each PA should have segment goals for segments for which they offer programs, but that the specific goal metrics and targets may vary from one PA to another. For example, only the IOU PAs currently offer emerging technologies programs, which are the main program types aligned with the market support segment sub-objective #4 Innovation and Accessibility. This interpretation will allow the PAs to meet the needs of customers in their service areas while simultaneously providing accountability for each PA's specific portfolio.

Goal Scope: Accountability vs Feasibility

OP 25 requires that PAs indicate for each goal construct option, "whether goals should be set statewide, by territory, or by portfolio administrator". As noted in the Decision[47], these goals will be an important "accountability mechanisms for RENs" and that IOUs and MCE will be "held similarly accountable for their progress."

While there may exist potential goal construct options that warrant a statewide or territorial approach, the consensus among the PAs is that setting targets and tracking progress should be at the PA level for conceivable constructs at this time. Assigning goals at the PA level will allow for the greatest accountability for each PA.

PA Principles of Goal Construct Design

With the background and policy interpretations discussed above in mind, the PAs established a set of principles for their designs of goal constructs. Specifically, an ideal goal construct should be meaningful, inclusive, and straightforward. Each of these components and their applicability to goal constructs is described below.

Meaningful

Goal Construct options for a segment should be meaningful. For a goal construct to be considered meaningful it should:

- Be aligned with segment objectives or subobjectives[48]
- Help demonstrate portfolio value and provide a mechanism for accountability, and

[46] D.19-12-021 OP 4.
[47] D. 23-06-055 p. 71
[48] This does not imply that goal constructs must demonstrate alignment with every component of a segment objective or every sub-objective to be meaningful.

▪ Be able to positively inform portfolio design.

Inclusive

Goal Construct options for a segment should be inclusive. For a goal construct to be considered inclusive, it should:

▪ Be relevant to all PAs
▪ Reflect the diversity of individual portfolio objectives, and
▪ Include contributions of programs in each program segment, as feasible[49].

Straightforward

Goal Construct options for a segment should be straightforward. For a goal construct to be considered straightforward, it should:

▪ Be feasible to quantify without undue administrative or analytical burden
▪ Synchronize with or use existing metrics, indicators, and reporting requirements, as feasible[50], and
▪ Be easily described and understood by stakeholders.

Equity Construct Options

As directed, the PAs worked together to develop goal constructs for the equity segment following the guidance in D. 23-06-055. After deliberation and considering many options, the PAs narrowed down the field to three unique goal construct options for the equity segment for the Commission's consideration.

- E-1: Categorical Equity-target Participation (*count* of participation in distinct groups)
- E-2: Proportion of Equity-target Participants in Portfolio (*percentage* of participation)
- E-3: Equity-target Bill Savings (*dollar value* of bill savings)

Each of these unique construct options is intended to stand alone, meaning that the PAs intend for precisely one equity goal construct option to be adopted. All three options are detailed below, including their potential advantages and disadvantages. The inclusion of construct options does not imply that all PAs equally support each option and/or specific details thereof. The pros and cons section for each construct highlights concerns or reservations that one or more PA has with a given construct. The PAs also considered several other goal construct options which are summarized in Appendix B.

Common definitions for all Constructs are summarized here:

> **Equity-target participant:** a program participant that meets Commission-adopted criteria for being hard-to-reach, located in a disadvantaged community, or underserved. The participant can be in an equity, market support, resource acquisition, or codes & standards segment program. (Consistent with the definition adopted by Resolution E-5351)

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[49]Unless it is determined to be prohibitive, goal metrics for equity and market support should include contributions from all customer programs, including resource acquisition, equity, market support, and non-statewide codes and standards.

[50] Constructs may include new or novel metrics but should strive to align with existing data collection and reporting whenever possible.

Equity Goal Construct Option E-1: Categorical Equity-target Participation

Table 5 – E-1 Categorical Equity-target Participation

Construct Title	Categorical Equity-target Participation
Goal Metric	Unique equity-target participation by category, as applicable to each PA
Goal Units	Participant Count
Goal Scope	PA
Timeline	Annual
Programs Included	All resource acquisition, equity, and market support programs; and non-statewide codes and standards programs
Programs Excluded	Statewide code and standards programs, evaluation measurement and verification programs.
Methodology	The quantity of unique equity-target participants will be tracked and reported, as applicable, for three categories of participation across two customer groups. Specifically, the number of unique participants in each of the following categories: 1) Opt-in savings-oriented (e.g., widget-based programs) 2) Opt-out savings-oriented (e.g., behavioral energy reports type programs) 3) Non-savings-oriented engagements (e.g., outreach and education) separately for the following two customer groups: 1) Residential 2) Non-Residential PAs that do not have program activity related to a specific category for a customer group will not be assigned goals for that element. Long-term target setting is intended to approach having equity-target participation meet or exceed that of non-equity-target participants.
Definitions	Three participation categories: 1) **Opt-in savings-oriented:** customer participation that is intended to directly result in customer site energy savings, specifically for programs that customers opt-in to participate. Typically, participation with a corresponding PA savings claim, but may include deployment of measures without PA saving claims. 2) **Opt-out savings-oriented:** customer participation that is expected to directly result in customer energy savings, through an opt-out program, typified by Home Energy Reports behavioral based programs. 3) **Non-savings-oriented engagements:** participation that is not expected to directly result in customer energy savings, including customer or workforce education and training, technical assistance or another defined engagement type intended to promote resilience, health, comfort, safety, energy affordability, and/or energy savings. Two customer groups: 1) **Residential customers:** include customers in single-family homes, mobile homes, multi-family dwelling units; excluding owners of multi-family buildings and their associated common areas. 2) **Non-residential customers:** include the commercial, industrial, agricultural, and public sectors, as well as multi-family building owners and common areas.

	Unique participation: Participants in a given program may only be counted once per year in each category. For a participant to be counted in multiple categories in a given program year, the participant must participate in multiple programs. For example, a customer who participates in a single retrofit program that also has education component may only count toward one category, at the PA's discretion; a customer who participates in a retrofit program and also participates in separate education program may be counted for each category.
Objective Alignment	This construct is aligned with the equity objective because it encourages participation for hard-to-reach, disadvantaged, and/or underserved communities (i.e., equity-target participants) and aims to increase their access to EE programs that result in customer savings. Additionally, this construct encourages PAs to promote energy efficiency benefits such as resilience, health, comfort, safety, energy affordability, and/or energy savings through non-savings-oriented programs.
Supporting Narrative	Equity is a multi-faceted segment with objectives that include addressing disparities in access, promoting benefits of EE for customers, reducing GHG emissions, and supporting workforce opportunities. Setting targets based on customer participation is straightforward and will provide real data on access to customer programs for equity-target participants. Breaking out targets into categories will help to measure and ensure that customer access is equitable across program and customer types. Opt-out savings-oriented programs were broken out from opt-in programs because of the significant volume of customers that can be reached through that engagement type compared to opt-in programs. Breaking out residential and non-residential customer groups will help ensure that non-residential customers (which are significantly outnumbered by residential customers) are recognized appropriately. This construct is **meaningful** in that it encourages PAs to address disparities in access across multiple categories. By breaking out the goals into (a maximum of) six categories per PA, the PAs and stakeholders will have insight into not only the quantity of participants, but the kinds of interventions being provided. This allows for high-cost-per-touch interventions (e.g., equipment retrofits) to be offered on a level-playing field with low-cost-per-touch interventions (e.g., Home Energy Reports) from a goals perspective. The construct is **inclusive** because it can be applied to all PAs and recognizes the unique properties of major participation types. The construct is **straightforward** in that it can be clearly understood by any stakeholder - it measures the portion of a PA's program participation represented by equity-target customers. Additionally, this construct metric is a participation count which does not involve a counterfactual, estimation, or other potentially contentious speculation of future impacts. It is closely aligned with equity-target-related indicators and primarily relies on data the PAs are already directed to track.

Table 6 – E-1 Percent of Equity-target Participants in Portfolio Analysis

Pros	This construct is aligned with the objective of addressing disparities in access to energy efficiency programs and is based on a high-priority metric. The construct is feasible and straightforward for all PAs, primarily using data that is already tracked. This construct would allow stakeholders to compare PAs' individual achievements over time and to other PAs.
Cons	This construct does not capture impacts or benefits to equity-target customers, only participation. This construct may encourage PAs to target easier-to-reach equity-target

	customers, such as those in DACs, while discouraging targeting HTR customers, especially those in rural areas. Effective and appropriate target percentages may vary significantly across PAs based on the demographics in their service areas and portfolio objectives. Non-savings-oriented engagements fall under a broad spectrum. To capture them all under one umbrella may not be as meaningful as breaking them out further.
Optionality to Address Cons	To ensure that the groups of equity-target customers are not left out (potentially continuing existing inequities in service), the metric could include targets for specific demographics. For example, participation of customers who meet the geographic HTR criteria could be measured separately from those who meet the DAC criteria, or HTR language criteria. To make the non-savings-oriented engagements metric more meaningful, it could be further sub-divided to track participation of disadvantaged workers separately from customer participants, or by tracking engagements with CBOs and Tribal Leaders separately. These optionalities address cons with the base option, however creating sub-goals may create unnecessary complication and warrants further discussion.

Equity Goal Construct Option E-2: Percent of Equity-target Participants in Portfolio

Table 7 – E-2 Percent of Equity-target Participants in Portfolio

Title	Percent of equity-target participants in portfolio
Goal Metric	Percent of equity-target participants in portfolio
Goal Units	Percentage
Goal Scope	PA
Timeline	Annual
Programs Included	All resource acquisition, equity, and market support programs; and non-statewide codes and standards programs
Programs Excluded	Statewide code and standards programs, evaluation measurement and verification programs.
Methodology	Numerator: count of unique equity-target participants in included programs. Denominator: count of total unique participants in included programs.
Definitions	Participant: an individual eligible customer or Tribe or member of the workforce who participates in a program.
Objective Alignment	This construct is aligned with the equity objective because it encourages participation for hard-to-reach, disadvantaged, and/or underserved communities and aims to increase their access to EE programs that result in customer savings. Participation may include the realization and/or promotion of energy efficiency benefits such as resilience, health, comfort, safety, energy affordability, and/or energy savings.
Supporting Narrative	This construct is **meaningful** in that it highlights PAs' outcomes in reaching equity participants, which is a priority not just for RENs but for all PAs since the adoption of program segmentation in D.21-05-031.

	The construct is **inclusive** for several reasons. As a percentage rather than a count it avoids potential misrepresentation of achievements for PAs with smaller populations in their territories. As a measure of participation, it can be applied to any type of program in any sector or segment, like the way that non-REN PA's TSB can be counted from any segment, not just resource acquisition. The construct is **straightforward** in that it can be clearly understood by any stakeholder as the metric simply measures the portion of a PA's program participation represented by equity-target customers. It is closely aligned with equity-target-related indicators for equity and market support and relies on data the PAs are already directed to track.

Table 8 – E-2 Percent of Equity-target Participants in Portfolio Analysis

Pros	This construct is aligned with the objective of addressing disparities in access to energy efficiency programs and is based on a high-priority metric. The construct is feasible and straightforward for all PAs, primarily using data that is already tracked. This construct would allow stakeholders to compare PAs' individual achievements over time and to other PAs. Using a percentage for the goal construct provides PAs flexibility to manage their portfolios to overall portfolio objectives while ensuring equity-target customers remain a priority focus within those portfolio goals. Furthermore, using a percentage allows the CPUC to create long-term goals that are not complicated by annual changes in participation count from one year to the next.
Cons	This construct does not capture impacts or benefits to equity-target customers, only participation. Uncategorized participation-based goals may prioritize lower-cost lower-impact participation such as Home Energy Reports or community events over higher-impact participation such as a whole home retrofit or the quality installation of efficient HVAC equipment. In addition, this construct may encourage PAs to target easier-to-reach equity-target customers, such as those in DACs while discouraging targeting of HTR customers, especially those in rural areas. Effective and appropriate target percentages may vary significantly across PAs based on the demographics in their service areas and portfolio objectives.
Optionality to Address Cons	To ensure that the groups of equity-target customers are not left out (potentially continuing existing inequities in service), the metric could include targets for specific demographics. For example, participation of customers who meet the geographic HTR criteria could be measured separately from those who meet the DAC criteria, or HTR language criteria. To ensure that residential customers and non-residential customers are each given requisite priority, they could be broken out into two customer groups like the approach of Equity Goal Construct Option E-1.

Equity Goal Construct Option E-3: Equity-target Bill Savings

Table 9 – E-3 Equity-target Bill Savings Construct

Construct Title	Equity-target Bill Savings
Goal Metric	Sum of equity-target participants' estimated bill savings

Goal Units	Dollars
Goal Scope	PA
Timeline	Annual
Programs Included	All resource acquisition, equity, and market support programs
Programs Excluded	Codes and standards programs[51], evaluation measurement and verification programs
Methodology	Bill savings for this goal construct would align with the applicable criteria as outlined in Resolution E-5351, which will be further developed by the Reporting PCG. The criteria included in the resolution are provided in Appendix D for convenience. Specifics around which and how to apply criteria to this equity goal construct (if adopted) would be developed by the Reporting PCG in parallel with their development of methods for the portfolio generally. More important than the method used, the bill savings estimation method used to determine goal targets (projected bill savings) must match that which is ultimately used to determine achievements (actual or claimed billed savings).
Definitions	n/a
Objective Alignment	This construct is aligned with the equity objective of addressing disparities in access to energy efficiency programs and promoting energy affordability and/or energy savings by encouraging PAs to offer programs to equity-target customers that are estimated to produce bill savings.
Supporting Narrative	This construct focuses on bill savings and would capture estimated participant electricity and gas bill impacts. This is in alignment with the recent focus on affordability of the California legislature in AB-3264 and Governor Newsom's executive order. Focusing on bill impacts will encourage PAs to focus on delivering programs to equity-target customers that deliver meaningful savings. This construct is **meaningful** because it quantifies the financial benefits of energy efficiency programs for equity-target participants, directly addressing affordability for underserved communities. It is **inclusive** as it captures the impact of all applicable programs across all equity-target customers. It is **straightforward** as it will calculate bill savings using consistent (either existing or yet to be defined) methodologies, making it a practical and transparent metric for tracking progress.

Table 10 – E-3 Equity-target Bill Savings Analysis

Pros	This construct is aligned with the objective of addressing disparities in access to energy efficiency programs and promoting affordability and energy savings. Additionally, this construct aligns well with the intent and reporting requirements of AB 3264. PAs expect to receive guidance on calculating bill savings for AB3264 reporting purposes, which could reasonably be extended to this goal construct. By focusing on bill savings for all equity-target participants bill savings regardless of program segment, this construct will encourage PAs to design their portfolios to deliver bill savings to equity-target customers.
Cons	Many programmatic activities for equity-target customers do not have associated ex-ante energy impacts and therefore would not contribute to bill savings. In addition to the obvious cases, such as education and training, some programs deploy measures expected

[51] In contrast to the other equity constructs, it is neither meaningful nor technically achievable to determine codes and standards program (Statewide or non-statewide) customer bill savings in the context of the equity segment.

	to have energy impacts but do not have approved ex-ante values. REN PAs do not have customer rate and bill information as readily available as IOU PAs; as such, their estimates may be less accurate than IOU estimates or otherwise administratively burdensome. Potential energy use increases from fixed or repaired end uses would be not captured as that data is not included in ex ante data. Some equity programs have a goal of connecting customers to discount programs such as MCE's Small Business Energy Advantage program and MCE's CARES Credit, which would not be captured by default with the above methods. Additionally, fuel substitution measures (e.g., natural gas water heater replaced with a heat pump water heater) are expected to provide benefits to participating customers but may not produce positive bill savings with current energy prices. As such, this construct may discourage fuel substitution measures for equity-target customers.
Optionality to Address Cons	Estimated Bill savings from program referrals could be considered for inclusion. To not discourage or hide the bill impacts of electrification, bill savings could be reported with and without electrification measures and for gas and electric bills separately and together.

Market Support Construct Options

As directed, the PAs worked together to develop goal constructs for the market support segment following the guidance in D. 23-06-055. After deliberation and considering many options, the PAs narrowed down the field to two unique goal construct options for the market support segment for the Commission's consideration.

- MS-1: Supply and Demand
- MS-2: PA Determined Market Needs

Each of the two options is intended to stand alone, meaning that the PAs intend for precisely one market support goal construct option to be adopted. The MS-1 goal construct focuses on two MS sub-objectives, supply and demand, and selects 3 metrics (2 existing indicators and 1 new metric) with goals. The MS-2 goal construct allows each PA to select metrics and set goals that are approved, modified, or rejected by the CPUC—with input from stakeholders—through the EE portfolio application process. Each of these unique construct options are detailed below, including their potential advantages and disadvantages. The inclusion of construct options does not imply that all PAs equally support each option and/or specific details thereof. The pros and cons section for each construct highlights concerns or reservations that one or more PA has with a given construct.

MS Goal Construct Option MS-1: Supply and Demand

Table 11– MS-1 Supply and Demand Construct

Construct Title	Supply and Demand

Goal Metric	This construct consists of three unique metrics aimed at encouraging PAs to pursue the most vital elements of the EE market: supply and demand. • Supply (1S): Market support indicator #14, Number of unique participants that complete training. • Supply (2S): Market support indicator #19, Number of contractors (that serve in the PA service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize EE. • Demand (3D): Percentage of local jurisdictions with participants in PA programs, by sector.
Goal Units	Participant Count (1S, 2S) and Percentage (3D)
Goal Scope	PA
Timeline	Annual
Programs Included	All resource acquisition, equity, and market support programs; and non-statewide codes and standards programs
Programs Excluded	Statewide code and standards programs, evaluation measurement and verification programs.
Methodology	1S: Sum of each unique participant that completes training. 2S: Sum of contractors trained to provide quality installations. 3D: Numerator: count of local jurisdictions with participation in PA's portfolio, by sector. Denominator: count of total local jurisdictions in PA territory.
Definitions	**Local Jurisdiction**: The US Census Bureau counts incorporated and unincorporated local jurisdictions by defining places as concentrations of population that are either legally incorporated or a census-designated place (CDP): Incorporated places**:** These are places that are legally incorporated under state laws and have defined municipal boundaries. Examples of incorporated places include cities, towns, and villages. Census-designated places (CDPs): These are statistical equivalents of incorporated places, but they are not legally incorporated and do not have elected officials. CDPs are also known as unincorporated places. **Contractors:** general contractors and tradespeople (HVAC, plumbing, etc.).
Objective Alignment	This construct is directly aligned with the sub-objectives for supply and demand. This construct encourages PAs to educate and train the EE workforce. Additionally, this construct aligns with the segment's primary objective to support the long-term success of the EE market by encouraging PAs to ensure they are reaching participants across their territories.

Supporting Narrative	The segment has multiple unique sub-objectives that cannot each be meaningfully captured with a single metric. This construct focuses on two complementary sub-objectives that can meaningfully contribute toward, Supply and Demand. The construct consists of two supply metrics and one demand metric; supporting narratives for each are below: **1S** This metric is simple and straightforward, focusing on the unique number of participants who complete training. It aligns with the market support sub-objective of educating customers. **2S** This metric is simple and straightforward, focusing on the number of contractors trained to provide quality installations. This metric demonstrates the sum of those with knowledge to provide quality installations. **3D** This metric is simple, straightforward, and aims to show a PA's support for markets across its territory. The numerator is a count that should already be tracked by PAs. The denominator is a count that can be easily determined and should be relatively stable year-to-year. Because the metric is a percentage and not a count, it would not penalize PAs with smaller territories and less jurisdictions. The definition of participant is intended to be inclusive across any PA's portfolio with any mix of programs. This construct is **meaningful** because it tracks both the supply-side (e.g., contractor training) and demand-side (e.g., jurisdictional participation) progress, providing a comprehensive view of market activity. It is **inclusive** as it reflects efforts to build demand across geographic areas. The construct is also **straightforward**, as it uses existing indicators and metrics, making it feasible to implement without significant additional administrative effort.

Table 12 – MS-1 Supply and Demand Analysis

Pros	1S This metric is aligned with sub-objective 2 by increasing the capability and motivation of EE market actors. It is straightforward to quantify with data that is already tracked by PAs with training activities. 2S This metric is aligned with sub-objective 2 by increasing the capability and motivation of EE market actors. It is straightforward to quantify with data that is already tracked by PAs with training activities. 3D This metric aligns with subobjective 1 by encouraging broad participation across each PA's service areas, across all sectors. Additionally, this metric supports equity objectives by striving for more equitable access to programs for all customers. If market support goals are intended to capture the impact of market support programs on CPUC-authorized EE programs, and *not* the entire CA market inclusive of areas not covered by Commission authorized programs, then these metrics at least partially capture CPUC-authorized EE program impacts.

	Viewing market support goals at this time through the lens of market support impacts on CPUC-authorized EE programs—and not the greater CA market inclusive of areas not covered by Commission authorized programs—is more practical because it potentially allows for a clear causal link between EE program activities and metric results, whereby PAs can adjust their market support activities to impact metrics. Because the causal link between EE program activities and the greater CA market is harder to establish, establishing goals based on greater CA market metrics may result in EE program activities not being able to effect changes to meet those goals.
Cons	1S This metric does not apply to all PAs as many do not have training programs and it is not reasonable to expect all PAs to offer their own trainings going forward, especially when another PA has a robust offering in their service area. This only addresses one part of one of the five sub objectives. 2S This metric does not apply to all PAs as many do not have training programs and it is not reasonable to expect all PAs to offer their own trainings going forward, especially when another PA has a robust offering in their service area. This only addresses one part of one of the five sub objectives. 3D The existence of participation, in a specific jurisdiction or otherwise, does not necessarily demonstrate building, enabling, or maintaining demand for EE product and services. This metric strives to capture geographic reach but does not consider population density or scale market impacts. This metric only captures one component of one sub-objective. Additionally, depending on how jurisdictions are defined, this metric may require multiple enhancements to PA IT systems to track this information and would likely trigger renegotiations with vendors already in place as this may not be something currently captured in their contracts to track. This would also cause vendors to track this information for SW programs for enrollments outside of PA's service territory as it would not have that information. If market support goals are intended to capture the impact of market support programs on the greater CA market inclusive of areas not covered by Commission authorized programs, then these metrics will not be able to capture that impact. These metrics are limited in the breadth of potential market support program intervention impacts and only address a sliver of supply and demand sub-objectives, which are two of five market support sub-objectives identified in D.23-06-055. The metrics therefore may not provide the PA, CPUC, or stakeholders with adequate visibility into the success or impact of myriad market support interventions across each PA's portfolio.
Optionality to Address Cons	3D. Demonstrating non-zero participation in each jurisdiction may prove to be a trivial task; defining a minimum threshold for participation will be a useful addition to this metric. Perhaps setting a minimum threshold by count or penetration percentage to count toward the goal (e.g., only 30 or more participants get counted, or only a penetration rate of 0.5% of the eligible population)

MS Goal Construct Option MS-2: PA Determined Market Needs

Table 13 – MS-2 PA Determined Market Needs Construct

Construct Title	PA Determined Market Needs

Goal Metric	Subset of MS indicators/metrics or unique metrics if required.
Goal Units	Varies by PA
Goal Scope	PA or regionally coordinated
Timeline	Portfolio Period
Programs Included	All resource acquisition, equity, and market support programs; non-statewide codes and standards programs.
Programs Excluded	Statewide code and standards programs, evaluation measurement and verification programs
Methodology	MS goals are proposed in a market study conducted by the PAs. The study scope would be designed to identify metrics and targets based on each PA's programs and market needs, and the market study report would include PA proposals for metrics and targets for their portfolios. The study would leverage MS indicators and metrics (including AKAB indicators if appropriate) as baselines and include targets based on trends in market support indicators. The CPUC would seek stakeholder feedback on the MS metrics and targets via a Ruling (see Goal Setting Process section). Goal metrics should be based on existing indicators associated with the MS subobjectives (1 Supply, 2 Demand, 3 Partnerships, 4 Innovation and Accessibility, and 5 Access to Capital), Awareness, Knowledge, Attitude, and Behavior (AKAB) indicators, or common metrics, if possible. PAs may propose to base their goal metrics on paused indicators or metrics, however PAs would need to provide greater justification and additional clarity for reporting than for active indicators and metrics. A PA using a paused indicator or metric would not necessarily un-pause the indicator or metric for other PAs (the process outlined in Resolution E-5351 would still be required).
Definitions	n/a
Objective Alignment	Alignment to be demonstrated in PA applications.
Supporting Narrative	Under the MS-2 construct, PAs can propose market support segment indicators that best capture the impact of their respective portfolio's market support activities to act as goal metrics for their portfolios. Since PAs offer different market support activities, flexibility in selecting metrics is essential, especially given the breadth of market support activities. D.23-06-055 described the five market support sub-objectives and adopted indicators associated with four of those sub-objectives. Multiple indicators (selected to become goal metrics) can be used to assess market support impact depending on program design. Although this goal construct may lead to different goal metrics among PAs, prioritizing flexibility over uniformity ensures that goal metrics measure each PA's achievement of market support objectives—and justify their proposed market support interventions and budgets—rather than comparing market support performance between PAs. This construct is **meaningful** because it allows each PA to address specific market needs within their service areas, ensuring that market support activities are aligned with regional priorities and objectives. It is **inclusive** as it provides flexibility for PAs to design goal metrics that reflect the unique characteristics and needs of their local markets. This option is **straightforward** as it builds on the existing knowledge and practices within each PA, enabling them to leverage relevant metrics and processes to set goals that are both tailored and actionable.

Table 14 – MS-2 PA Determined Market Needs Analysis

Pros	Alignment with sub-objectives would be demonstrated within PA applications. This construct is inclusive, allowing each PA to propose goals and targets based on their portfolio needs and objectives. By setting goals at a portfolio level for each PA, PAs can coordinate at a macro-level. This enables PAs to work together to appropriately address market needs in a regionally coordinated way, without focusing on narrow and universal goal metrics. Although this flexibility in metric selection may result in different goal metrics among PAs, prioritizing flexibility over metrics uniformity aligns with the primary purpose of the goal metrics. The goal metrics are intended to measure a PA's fulfillment of market support objectives (and justify their proposed market support interventions and budgets) and not compare market support performance between PAs. Enabling each PA to propose goals and targets based on their portfolio needs and objectives will enable more meaningful visibility into whether a given PA's market support offerings are fulfilling the market support sub-objectives those offerings are intended to meet.
Cons	Each PA could have goals that are entirely different from other PAs, which would make comparing PA performance difficult. Additionally, having a diversity of goal metrics may be confusing for stakeholders to follow and understand. This construct pushes the process for proposing goal metrics and targets to the EE application proceeding, which may limit the amount of time allowed to develop and approve targets.
Comments	Viewing market support goals at this time through the lens of market support impacts on CPUC-authorized EE programs—and not the greater CA market inclusive of areas not covered by Commission authorized programs—is more practical because it potentially allows for a clear causal link between EE program activities and metric results, whereby PAs can adjust their market support activities to impact metrics. Because the causal link between EE program activities and the greater CA market is harder to establish, establishing goals based on greater CA market metrics may result in EE program activities not being able to effect changes to meet those goals.

Goal Setting Process

The goal setting process envisioned by the PAs would follow a similar timeline and process as the process for setting goals for "Incentive Programs" and codes and standards, but performed every four years instead of every two years. The process should allow for stakeholder input via workshops, informal comments, ALJ Ruling seeking comments, and other methods like those used for the Potential and Goals Study[52] process.

The exact details, including who performs any required studies, should be informed by the selected goal constructs for each segment.

While supportive of the current "aggressive-yet-achievable" approach for incentive programs and C&S goals, the PAs do not believe that is necessarily the right approach for equity and market support segment goals. Equity and market support segment goals may be better thought of as more process- and system-oriented instead of outcome-oriented like savings goals. These goals are intended to be equitable and transformative

[52] https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/energy-efficiency/energy-efficiency-potential-and-goals-studies

instead of imposing “aggressive” goals that may be unrealistic. A more positive label for the goals for vulnerable communities may be “ambitious-yet-equitable.”

The following process for equity and market support goal setting mirrors the current process for “Incentive Programs” and Codes and Standards as noted above and incorporates checkpoints for the CPUC to gather stakeholder feedback on the efficacy of the equity and market-support goals. An equity and market support market study to inform segment goal targets (henceforth, “E&MS Goals Study”) could be conducted every four years, in alignment with each portfolio period. The E&MS Goals Study would be referenced in CPUC Rulings and Decisions to establish segment goals for PAs. The timeline presented below includes one iteration of the proposed E&MS Goals Study. The PAs propose that this study is conducted every four years with a similar timeline, each using the Ruling Seeking Comment process to solicit feedback from stakeholders as a continuous feedback loop.

Table 15 - Proposed Goals Adoption Process

E&MS Goals-related Task	Date(s)*	Notes
E&MS Goals Constructs Adoption Process		
Joint PA Tier 3 Advice Letter on E&MS Constructs	Aug 2025	• Joint Tier 3 advice letter proposing equity and market support goal constructs, process, and market study outline, in compliance with D.23-06-055 OP25; • Due date extended to 60 days after the effective date of the Commission resolution disposing of joint Advice Letter 4438-E/3299-G et al.
CPUC Draft Resolution on E&MS Constructs Joint AL	Sep 2025	• Draft Resolution on Tier 3 Joint Construct AL (with potential modifications) for stakeholder comment. • No required timeline for Resolution issuance but ideally within two months of AL. • 20-day comment period, no reply comments.
CPUC Final Resolution on E&MS Constructs Joint AL	Nov 2025	• No required timeline for issuance of Final Resolution, but recommended approximately one month following stakeholder comment period, for November 2025 CPUC voting meeting.
E&MS Goals Market Study (PY2028-2039)		
E&MS Goals Market Study Planning	Nov 2025 - Jan 2026	• Brief planning period to set study in motion after Final Resolution is adopted.
E&MS Goals Market Study and Draft Report	Feb 2026 - Oct 2026	• PA-led market study as required by D.23-06-055 OP25, in accordance with advice letter disposition determination on market study parameters (with any modifications). • Recommend roughly nine months for study duration with study commencing at the beginning of February.
PA-led Webinar/Workshop on E&MS Goals Market Study	Mar 2026 & Jul 2026	• Webinars or workshops to share work plan and solicit stakeholder input at the beginning and near the end of the study process. The webinar or workshop would be led by a PA but may be facilitated and/or prepared by a consultant.
Draft Report provided to ED / CPUC	Oct 2026	• PA's provide draft Study Report to ED in advance of a ALJ Ruling Seeking Comment.
E&MS Goals Targets Adoption Process		
Ruling Seeking Comment (RSC) on Draft E&MS Goals Market Study	Nov 2026	• Recommend Ruling seeking comment to be issued within one month following the draft study’s conclusion.

E&MS Goals-related Task	Date(s)*	Notes
Stakeholder RSC comments due	Dec 2026	• Recommended opening and reply comments for the Ruling limited to approximately one month, per CPUC rules.
CPUC PD on E&MS Goals (with Final Study)	Mar 2027	• Recommend issuance of PD approximately 2-3 months following Ruling comment period for issuance of PD.
CPUC Decision on Final E&MS Goals (with Final Study)	May 2027	• Recommend issuance of Decision on E&MS goals by no later than April 2027 to allow for PAs to adjust portfolio plans in time for TUALs.
2027 Portfolio True-up Advice Letter (TUAL)		
PA E&MS goals-related adjustments including SW coord.	Jun 2027 - Aug 2027	• Planning period for PAs to adjust portfolio make-up, coordinate statewide programs, determine needs for new or modified equity and market support programs.
PA 2028-2031 Portfolio TUAL submissions	Sep 2027	• PAs submit ALs that include modifications to their Business Plan filings to address newly adopted equity and market support goals.
ED Disposition on PA TUALs	Dec 2027	• ED disposes of TUALs.

*Assumed to take place by the end of the indicated month

A visual, Gantt-chart-style, summary of the above proposed timeline in Appendix C.

Equity and Market Support Goal Study

As discussed above, an E&MS Goals Study would be conducted every four years. The first 2027 E&MS Goals Study would be conducted by the PAs at a budget of $1 million in accordance with the market study requirements of D.23-06-055 OP25. The PAs recommend that subsequent E&MS Goals Studies, starting in 2029, be conducted by the CPUC in alignment with the format of the TSB-based Potential and Goals Studies. The 2027 E&MS Goals Study would include the Study Objectives, Research Questions, and Methods described below. **The Study Objectives and Research Questions would depend on which constructs are ultimately selected for inclusion in the Study based on the CPUC's Resolution disposing of the Joint PA Advice Letter; some constructs listed below may ultimately be excluded from the E&MS Goal Study scope.**

Equity Research Objectives, Questions, and Potential Methods

Equity Research Objectives

For the following equity metrics, (1) establish baselines and trends and (2) recommend 2028-2039 goal targets at low, medium, and high levels where progress to goal can reasonably be tracked/measured by PAs.

<u>Equity Metrics Constructs</u>

E-1: Categorical Equity-target Participation

The quantity of unique equity-target participants for three categories of participation across two customer groups. Specifically, the number of unique participants in each of the following categories:

a. Opt-in savings-oriented (e.g., widget-based programs)
b. Opt-out savings-oriented (e.g., behavioral energy reports type programs)
c. Non-savings-oriented engagements (e.g., outreach and education)

separately for the following two customer groups:

a. Residential
b. Non-Residential

E-2: Percent of Equity-target Participants in Portfolio

A ratio of the count of equity-target participants in included programs (numerator) relative to the count of total participants in included programs, where a participant is an individual eligible customer or Tribe or member of the workforce.

E-3: Equity-target Bill Savings

Equity-target participant bill savings determined following the Reporting PCG's methods, based on the criteria adopted by Resolution E-5351.

Equity Potential Research Questions

- What primary factors influence metrics outcomes positively and negatively?
- What primary factors will impact a PA's ability to meet proposed targets, and should be considered when setting realistic long-term portfolio goal targets?
- What defines a reasonable target for goal adoption?
- **E-1:** Do any PAs not have program activities related to a specific category for a customer group, and thus should they be excluded from goals for that element?
- **E-2:** What are some other ways PAs should consider defining "participants"?
- **E-3:** Should criteria 1, which requires PAs to account for differences in customers in resource acquisition and equity segments, be required for an equity goal construct?

Equity Potential Research Methods

- Literature review of equity intervention evaluation/measurement methods.
- In-depth interviews with market actors, including program administrators, CBOs, etc.
- Customer surveys – participants and non-participants.
- Distributional Equity Analysis
- User experience interviews to learn about equity customers and their energy behavior, goals, motivations, and need.

Market Support Research Objectives, Questions, and Potential Methods

Market Support Research Objectives

For the following market support metrics, (1) establish baselines and trends and (2) recommend 2028-2039 goal targets at low, medium, and high levels where progress to goal can reasonably be tracked/measured by PAs.

<u>Market Support Metrics Constructs</u>

MS-1: Supply and Demand

- Supply (1S): Market support indicator #14, count of unique participants that complete a training.
- Supply (2S): Market support indicator #19, count of contractors (that serve in the PA service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize EE.

- Demand (3D): Percentage of local jurisdictions with participants in PA programs, by sector, where the numerator is the count of local jurisdictions with participation in PA's portfolio, by sector, and denominator is the count of total local jurisdictions in PA territory.

MS-2: PA Determined Market Needs

- Metrics would be identified through market research to be scoped by each PA prior to study commencement, leveraging MS indicators and metrics (including AKAB indicators if appropriate) as baselines, to capture the impact of their respective portfolio's market support activities.

Market Support Potential Research Questions

- What primary factors influence metrics outcomes positively and negatively?
- What primary factors will impact a PA's ability to meet proposed targets, and should be considered when setting realistic long-term portfolio goal targets?
- **MS-2:**
    - Where are there gaps in existing market support intervention's support of relevant sub-objectives?
    - What metrics align with that area of market support need?
    - What targets should be set for those metrics to fill the gap?
    - What are the limitations of evaluation/study methods in evaluating gaps & impacts of market support interventions?

Market Support Potential Research Methods

- Literature review of market support intervention evaluation/measurement methods.
- In-depth interviews with market actors, including program administrators, implementers, etc.
- Customer surveys
- User experience interviews to learn about market support actors and their goals, motivations, and need.

Appendix A – Decision 23-06-055 Adopted Indicators

The adopted indicators for each segment are listed below as presented in the Decision. The parenthetical at the end of each indicator shows the required reporting scheme where Q is quarterly, A is annually, S is by segment, and P is by portfolio.

Equity:

1. Count of equity target participants in equity segment, by sector (Q, S);
2. Sum of equity target participants' expected first-year bill savings in equity segment, by sector (Q, S);
3. Count of equity target participants in market support segment, by sector (Q, S);
4. Count of equity target participants in resource acquisition segment, by sector (Q, S);
5. Sum of all equity segment participants' greenhouse gas reductions (in tons of carbon dioxide equivalent) in equity segment (Q, S);
6. Sum of all equity segment participants' kilowatt hour (kWh) savings in equity segment (Q, S);
7. Sum of all equity segment participants' kW savings in equity segment (Q, S);
8. Sum of all equity segment participants' therm savings in equity segment (Q, S);
9. Sum of all equity segment participants' TSB in equity segment (Q, S);
10. Median of equity target participants' expected first-year bill savings in equity segment, by sector (Q, S);
11. Percent of hard-to-reach customer participants in portfolio, by residential single family / multi-family and commercial sector (A, P);
12. Percent of disadvantaged community customer participants in portfolio, by residential single-family / multi-family and commercial sector (A, P);
13. Percent of equity target participants in equity segment, by sector (Q, S)

Market Support:

1. Number of partners by type and purposes
2. Dollar value of non-ratepayer in-kind funds/contributions utilized via partnerships
3. Percent of participation relative to eligible target population for curriculum
4. Percent of total WE&T program participants that meet the definition of disadvantaged worker
5. Number of career and workforce readiness participants who have been employed for 12 months after receiving the training
6. Prior year percentage of new measures added to the portfolio that were previously emerging technology program (ETP) technologies
7. Prior year number of new measures added to the portfolio that were previously ETP technologies
8. Prior year percentage of new codes or standards that were previously ETP technologies
9. Prior year number of new codes and standards that were previously ETP technologies
10. Savings (lifecycle net kWh, kWh, and therms) of measures currently in the portfolio that were supported by ETP, added since 2009. Ex ante with gross and net for all measures, with ex post where available
11. Number of new, validated technologies recommended to the California Technical Forum
12. Cost-effectiveness of a technology prior to market support program relative to cost-effectiveness of a technology after intervention by the market support programs (percentage change in cost-effectiveness)

13. Number of collaborations, with a contextual descriptions, by business plan sector to jointly develop or share training materials or resources
14. Number of unique participants by sector that complete training
15. Number of projects (outside of ETP) that validate the technical performance, market and market barrier knowledge, and/or effective program interventions of an emerging/under-utilized or existing energy efficient technology
16. Total projects completed/measures installed and dollar value of consolidated programs by sector
17. Ratio of ratepayer funds expended to private capital leveraged by sector
18. Percentage of partners that have taken action supporting energy efficiency by type
19. Number of contractors (that serve in the portfolio administrator service areas) with knowledge and trained by relevant market support programs to provide quality installations that optimize energy efficiency
20. Assessed value of the partnership by partners
21. Percent of market penetration of emerging/under-utilized or existing energy efficiency products or services
22. Percent of market participant awareness of emerging/under-utilized or existing energy efficiency products or services
23. Aggregated confidence level in performance verification by production, project, and service (for relevant programs)
24. Differential of cost defrayed from customers (e.g., difference between comparable market rate products and program products)
25. Comparisons between market-rate capital vs. capital accessed via energy efficiency programs (e.g., interest rate, monthly payment)

Market Support Awareness, Knowledge, Attitude, and Behavior (AKAB):

1. Percent of customer sample aware of energy efficiency product/service (awareness) (A, P);
2. Percent of customer sample that is knowledgeable of energy efficiency product/service benefits (Knowledge) (A, P);
3. Percent of customer sample that is interested in obtaining an energy efficiency product/service (attitude) (A, P);
4. Percent of customer sample that has taken action towards obtaining energy efficiency product/service (behavior A) (A, P);
5. Percent of customer sample that has obtained energy efficiency products/services (behavior B) (A, P);
6. Percent of market actors aware of energy efficiency products and/or services that can be supplied to customers (awareness) (A, P);
7. Percent of market actors knowledgeable of energy efficient products and/or services that can be supplied to customers (knowledge) (A, P);
8. Percent of market actors that are interested in supplying energy efficient products and/or services to customers (attitude) (A, P);
9. Percent of market actors that have supplied energy efficiency products and/or services to customers (behavior) (A, P);
10. Percent of market actors aware of what is required to perform/ensure quality installation of energy efficient products and/or services that optimizes energy efficiency savings (awareness) (A, P);
11. Percent of market actors knowledgeable of how to perform/ensure quality installation of energy efficiency products and/or services that optimize energy efficiency savings (knowledge) (A, P);

12. Percent of market actors that are interested in performing/ensuring quality installation of energy efficiency products and/or services that optimize energy efficiency savings (attitude) (A, P);
13. Percent of market actors that have performed/ensured quality installation of energy efficiency products and/or services that optimize energy efficiency savings (behavior) (A, P);
14. Percent of market participants aware of capital access opportunities for investments in energy efficient projects, products, and/or services (awareness) (A, P);
15. Percent of market participants knowledgeable about capital access opportunities for investments in energy efficient projects, products, and/or services (knowledge) (A, P);
16. Percent of market participants interested in leveraging capital access opportunities for investments in energy efficient projects, products, and/or services (attitude) (A, P);
17. Percent of market participants that were unable to take action due to access to capital or affordability of energy efficient projects, products, or services (behavior) (A, P)

Appendix B – Other Construct Options Considered

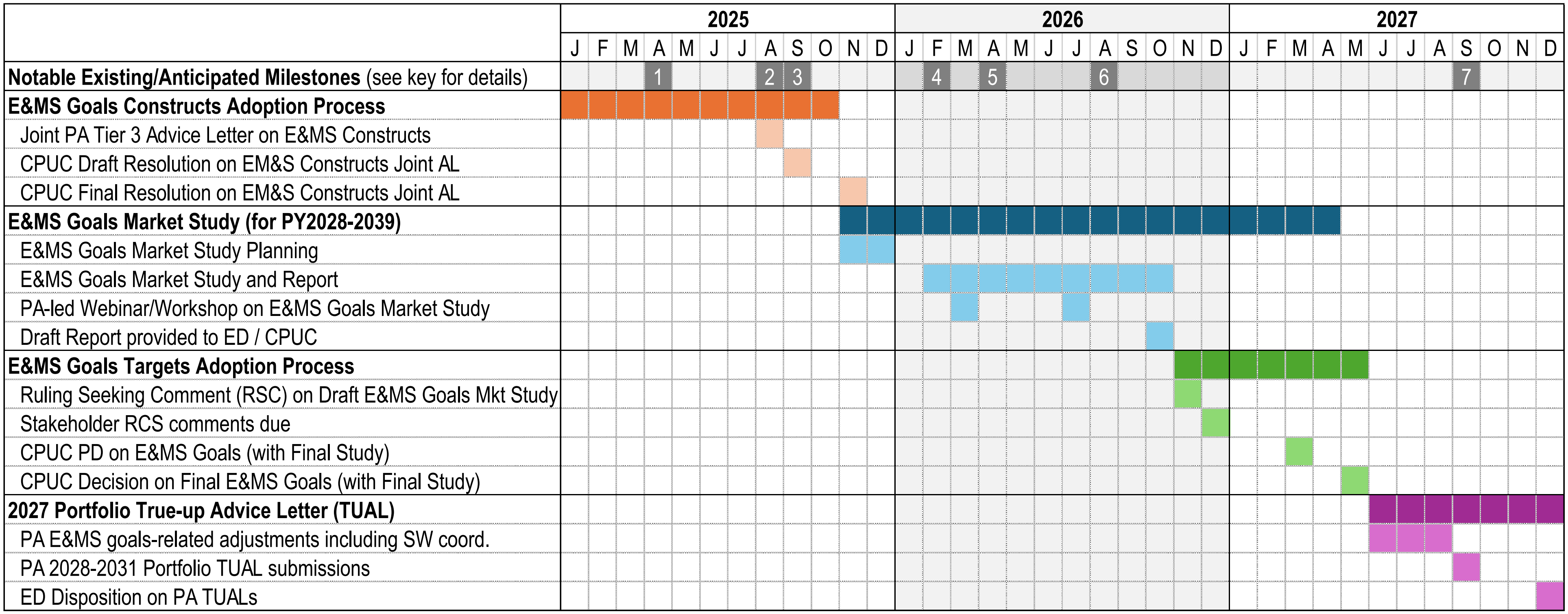
Equity

Goal Units	Goal Metric	Methodology	Comments
Customer count	Count of Geographic HTR participants	Sum of each PA's participants in a geographic HTR zip code	Deprioritized as a standalone construct; added as an option to E-1 and E-2.
Customer count	E1: Count of equity-target participants	Sum of each PA's unique participants in a PY who are either DAC, HTR, or underserved	Deprioritized as a standalone construct in favor of the more granular E-1 option.
Household count	Count of homes treated	Sum of each PA's treated homes within the residential Equity sector.	These complimentary constructs were deprioritized in favor of the more holistic and granular E-1 option.
Business count	Count of businesses treated	Sum of each PA's treated businesses within the residential Equity sector.	
Ratio	Ratio of equity EE participation % to equity customer %	Numerator: sum of equity EE participants / sum of all EE participants Denominator: sum of equity customers / sum of all customers	Deprioritized due to complexity and uncertainty of having the goal metric be on a ratio of a ratio; Targets for E-1 and E-2 could be based on this methodology.

Market Support

Goal Units	Goal Metric	Methodology	Comments
Customer Count	MS14: Number of unique participants that complete training	Sum of each unique participant that completes training	Deprioritized as a standalone construct; added as a component of option MS-1.
Customer Count	MS19: Number of contractors with knowledge and trained by relevant market support programs to provide quality installations that optimize EE	Sum of contractors trained to provide quality installations	
Percentage	Percentage of local jurisdictions with participants in PA programs, by sector	Numerator: count of local jurisdictions with at least one participant in PA's portfolio Denominator: count of total local jurisdictions in PA territory	
Program-Specific	Varies by program	Goals are set on a program-by-program basis and reconciled with ongoing regulatory initiatives.	Deprioritized in favor of MS-2, which is similar but more structured.

Appendix C – Proposed Goals Adoption Timeline Graphic



Notable Existing/Anticipated Milestones Key

1 ED Resolution E-5351 effective (triggers submission of EM&S Constructs Joint AL within 60 days of June 12, 2025, or by August 11, 2025)

2 OP 25 EM&S Constructs Joint AL due by August 11, 2025

3 Mid-cycle Update Advice Letter due Sept. 1, 2025 (for PY2026-2027, *not* subject to E&MS Goals)

4 PA Business Plan Applications due Feb 15, 2026 (for PY2028-2035, subject to E&MS Goals)

5 *Approximate* timing of RSC on EE 2025 Potential and Goals Study Draft (based on timing of RSC on potential and goals study in April 2024)

6 *Approximate* timing of EE Goals Decision (based on timing of D. 24-08-005 on energy efficiency goals)

7 True-Up Advice Letter due Sept. 1, 2027 (for PY2028-2031, subject to E&MS Goals)

Appendix D – Resolution E-5351 Bill Savings Guidance

This appendix contains a selected portion of Resolution E-5351 that is expected to apply to an equity construct that includes bill savings and is provided here for convenience. For a complete account of bill savings guidance and its rationale, refer to Resolution E-5351 directly.

> AB 3264 Section 4 requests the Commission to report on "(D) Projected and actual bill savings to the average participating and the average nonparticipating ratepayer." This language essentially expands Equity indicator 2 to the entire portfolio and focuses on understanding bill savings to individual ratepayers.
>
> Collaborating via the Reporting PCG, the PAs shall develop and implement a common methodology all PAs will use for estimating bill savings. The intention is not an analysis of the actual customer's load profile but an aggregated calculation of the participants' bill impacts. The methodology must meet the following criteria:
>
> 1. Must account for differences in customers in resource acquisition and equity segments;
> 2. Must account for net kWh, KW, and Therm benefits and TOU impacts;
> 3. Must account for fuel substitution effects;
> 4. Must account for CARE and FERA impacts to bill savings;
> 5. Must be able to be calculated by all PAs allowing all ample time for quarterly reporting;
> 6. Must be able to report actual and projected bill savings where:
>   Projected = Forecasted in True-Up and Mid-Cycle Advice Letters
>   Actual = Claims; and
> 7. Must account for local rates and may consider IOU or CCA rates as appropriate.
>
> The Reporting PCG will collaborate to define the parameters for these calculations to facilitate reporting.

PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV

AT&T

Albion Power Company
Alta Power Group, LLC

Anderson & Poole
BART

Ava Community Energy

BART
Buchalter
Barkovich & Yap, Inc.
Biering & Brown LLP
Braun Blaising Smith Wynne, P.C.

California Community Choice Association
California Cotton Ginners & Growers Association
California Energy Commission
California Hub for Energy Efficiency
California Alternative Energy and Advanced Transportation Financing Authority
California Public Utilities Commission
Calpine
Cameron-Daniel, P.C.
Casner, Steve
Center for Biological Diversity
Chevron Pipeline and Power

Clean Power Research
Coast Economic Consulting
Commercial Energy
Crossborder Energy
Crown Road Energy, LLC

Davis Wright Tremaine LLP
Day Carter Murphy
Dept of General Services
Douglass & Liddell
Downey Brand LLP

Ellison Schneider & Harris LLP

Electrical Power Systems, Inc.
Fresno
Engie North America
Engineers and Scientists of California

GenOn Energy, Inc.
Green Power Institute

Hanna & Morton LLP

ICF consulting

iCommLaw

International Power Technology
Intertie

Intestate Gas Services, Inc.

Kaplan Kirsch LLP
Kelly Group
Ken Bohn Consulting
Keyes & Fox LLP

Leviton Manufacturing Co., Inc.
Los Angeles County Integrated

Waste Management Task Force

MRW & Associates
Manatt Phelps Phillips
Marin Energy Authority
McClintock IP
McKenzie & Associates
Modesto Irrigation District
NLine Energy Inc.
NOSSAMAN LLP
NRG Energy Inc.

OnGrid Solar

Pacific Gas and Electric Company
Peninsula Clean Energy
Pioneer Community Energy

Public Advocates Office
Redwood Coast Energy Authority

Regulatory & Cogeneration Service, Inc.
Resource Innovations
Rockpoint Gas Storage

San Diego Gas & Electric Company
San Jose Clean Energy
SPURR

Sempra Utilities

Sierra Telephone Company, Inc.
Southern California Edison Company
Southern California Gas Company

Spark Energy

Sun Light & Power
Sunshine Design
Stoel Rives LLP

Tecogen, Inc.
TerraVerde Renewable Partners
Tiger Natural Gas, Inc.

Utility Cost Management

Water and Energy Consulting

Yep Energy

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.	R.20-05-003

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE [PROPOSED] DECISION GRANTING, WITH MODIFICATIONS, SOUTHERN CALIFORNIA EDISON COMPANY'S PETITION FOR MODIFICATION OF DECISIONS 23-02-040 AND 24-02-047

Leanne Bober,
Director of Regulatory Affairs and Deputy General Counsel
Lauren Carr,
Senior Manager, Regulatory Affairs and Market Policy
Eric Little,
Director of Market Design

CALIFORNIA COMMUNITY CHOICE ASSOCIATION
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(510) 980-9459
E-mail: regulatory@cal-cca.org

September 2, 2025

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Other Authorities

California Public Utilities Commission Decisions

California Public Utilities Commission Proceedings

SUMMARY OF RECOMMENDATIONS[1]

The Commission should modify the Proposed Decision to:

- Reduce ambiguity by clarifying its intent to adopt SCE's PfM with modifications to apply it to all months and specifically stating that, in doing so, the Commission: (1) will not find LSEs out of compliance with their MTR obligations if they have a resource under contract that is delayed, as long as the LSEs meet their RA requirements in the delayed months; and (2) will not find an LSE out of compliance with their MTR obligations if the LSE had a resource under contract, the contract was terminated, and the LSE is making good faith efforts to replace the terminated contract, as long as the LSE has met its RA requirements in the interim;

- Commit to more clearly defining the "good faith efforts" standard adopted in the MTR Order in the new IRP rulemaking, R.25-06-019, to prevent unintended impacts of removing bridging and provide LSEs with more certainty on what is necessary to satisfy the standard; and

- Decline to adopt the long-term contract requirement for bridging delayed LLT resources and instead clarify that generic long-term contracts will continue to be allowed to cover LLT obligation shortfalls between 2028 and 2031, and commit to consider at a later date other paths to compliance in the event of LLT resource delays in this proceeding or R.25-06-019, to preserve affordability benefits.

[1] Acronyms used herein are defined in the body of this document.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue Electric Integrated Resource Planning and Related Procurement Processes.	R.20-05-003

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE [PROPOSED] DECISION GRANTING, WITH MODIFICATIONS, SOUTHERN CALIFORNIA EDISON COMPANY'S PETITION FOR MODIFICATION OF DECISIONS 23-02-040 AND 24-02-047

The California Community Choice Association[2] (CalCCA) submits these comments pursuant to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure[3] on the proposed *Decision Granting, with Modifications, Southern California Edison Company's Petition for Modification of Decisions 23-02-040 and 24-02-047*[4] (Proposed Decision), mailed August 13, 2025.

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2 California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

3 *State of California Public Utilities Commission, Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1* (May 2021): https://webproda.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/rules-of-practice-and-procedure-may-2021.pdf.

4 [Proposed] *Decision Granting, with Modifications, Southern California Edison Company's Petition for Modification of Decisions 23-02-040 and 24-02-047*, Rulemaking (R.) 20-05-003 (mailed Aug. 13, 2025): https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M575/K603/575603716.PDF.

I. INTRODUCTION

The Proposed Decision grants, with modifications, the petition for modification (PFM) of Decisions (D.) 23-02-040[5] and D.24-02-047[6] filed by Southern California Edison Company (SCE). The PfM seeks a waiver of the requirements for bridge contracts for resources required by D.21-06-035[7] and D.23-02-040, for the months not including July, August, and September of each year for load-serving entities (LSE) that meet their month-ahead resource adequacy (RA) obligations. The Proposed Decision "…goes beyond the relief requested by SCE and eliminates the option for LSE to use bridge contracts as an alternative compliance mechanism for the long-term procurement requirements of D.21-06-035 and D.23-02-040 for all months of the year…"[8] CalCCA supports the Commission's objective of "relieving ratepayers of the additional costs of those bridge resources that do not provide significant short-term reliability benefits,"[9] but clarifications are needed to ensure the Proposed Decision meets this objective.

The Proposed Decision's conclusion that it "eliminates the option" for bridging is ambiguous. Eliminating bridging could be interpreted as rendering LSEs out of compliance if their projects face delays, even if those delays are outside of the control of the LSE, with the LSE no longer able to bridge those delays. CalCCA does not believe this to be the Commission's intent. *Eliminating options* for compliance will not support the Commission's objective of

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5 D.23-02-040, *Decision Ordering Supplemental Mid-Term Reliability Procurement (2026-2027) and Transmitting Electric Resource Portfolios to California Independent System Operator for 2023-2024 Transmission Planning Process*, R.20-05-003 (Feb.23, 2025): docs.cpuc.ca.gov/PublishedDocs/Published/G000/M502/K956/502956567.PDF.

6 D.24-02-047, *Decision Adopting 2023 Preferred System Plan and Related Matters, and Addressing Two Petitions for Modification*, R.20-05-003 (Feb. 15, 2024): docs.cpuc.ca.gov/PublishedDocs/Published/G000/M525/K918/525918033.PDF.

7 D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 24, 2021): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF.

8 Proposed Decision, at 2.

9 *Id.*

providing relief to ratepayers, as LSEs already evaluate options by weighing their costs to ratepayers and selecting those that meet requirements at least cost. The Commission should therefore clarify the Proposed Decision to ensure LSEs have clear direction on how to comply by stating that in adopting SCE's PfM with modifications to apply to all months, the Commission: (1) will not find LSEs out of compliance with their mid-term reliability (MTR) obligations if they have a resource under contract that is delayed, as long as the LSEs meet their RA requirements in the months of the delay; and (2) will not find an LSE out of compliance with their MTR obligations if it had a resource under contract, the contract was terminated, and the LSE is making good faith efforts to replace the terminated contract, as long as the LSE has met its RA requirements in the interim.

In addition, the Commission should modify the Proposed Decision to commit to more clearly defining the "good faith efforts" standard adopted in D.21-06-035 (MTR Order).[10] Removing bridging as a compliance mechanism may have unintended impacts on LSEs' procurement progress towards the MTR Order, and more clarity on the requirements for demonstrating good faith efforts will ensure that the inability to bridge does not also have unintended compliance or affordability impacts.

Finally, the Commission should modify the Proposed Decision to remove the requirement for delayed long-lead time (LLT) resources to be replaced by generic long-term contracts. The Commission should instead clarify that generic long-term contracts will continue to be allowed to cover LLT obligation shortfalls between 2028 and 2031, and commit to consider at a later date other paths to compliance in the event of LLT resource delays. Requiring LSEs to show long-term contracts to cover delays that may only last a few months or years may be infeasible or

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[10] D.21-06-035.

result in excessive costs, especially if it is not clear how such procurement will count for future Reliable and Clean Power Procurement Program (RCPPP) requirements or other procurement requirements.

In summary, CalCCA recommends the Commission modify the Proposed Decision to:

- Reduce ambiguity by clarifying that its intent to adopt SCE's PfM with modifications to apply it to all months, and specifically stating that, in doing so, the Commission: (1) will not find LSEs out of compliance with their MTR obligations if they have a resource under contract that is delayed, as long as the LSE meets their RA requirements in the delayed months; and (2) will not find an LSE out of compliance with their MTR obligations if the LSE had a resource under contract, the contract was terminated, and the LSE is making good faith efforts to replace the terminated contract, as long as the LSE has met its RA requirements in the interim;

- Commit to more clearly defining the "good faith efforts" standard adopted in the MTR Order in the new IRP rulemaking, R.25-06-019, to prevent unintended impacts of removing bridging and provide LSEs with more certainty on what is necessary to satisfy the standard; and

- Decline to adopt the long-term contract requirement for bridging delayed LLT resources and instead clarify that generic long-term contracts will continue to be allowed to cover LLT obligation shortfalls between 2028 and 2031, and commit to consider at a later date other paths to compliance in the event of LLT resource delays in this proceeding or R.25-06-019, to preserve affordability benefits.

II. THE PROPOSED DECISION SHOULD BE CLARIFIED TO REDUCE AMBIGUITY AND ENSURE RATEPAYER AFFORDABILITY BENEFITS

The Commission should modify the Proposed Decision to reduce ambiguity so that ratepayers experience the affordability benefits intended in the Proposed Decision. The Proposed Decision modifies D.23-02-040 by stating that the Commission "decline[s] to allow the use of bridge contracts as a method for alternative compliance with the procurement requirements of [D.23-02-040] and D.21-06-035."[11] The statement that the Commission will "decline to allow bridging" could be interpreted in multiple ways, including that LSEs do not have a path for

[11] Proposed Decision, Ordering Paragraph (O¶) 2, at 29.

compliance if their projects face delays, even if those delays are outside of the control of the LSE. CalCCA does not believe this to be the Commission's intent, but clarification is needed. The Commission should therefore modify the Proposed Decision to ensure LSEs have clear direction on how to comply.

The Commission should modify the Proposed Decision to specifically state that in adopting SCE's PfM with modifications to apply it to all months (not just the non-third quarter months), the Commission: (1) will not find an LSE out of compliance with its MTR obligations if it has a resource under contract that is delayed, as long as the LSE meets its RA requirements in months of the delay; and (2) will not find an LSE out of compliance with its MTR obligations if it had a resource under contract, the contract was terminated, and the LSE is making good faith efforts to replace the terminated contract, as long as the LSE has met its RA requirements in the interim.

CalCCA agrees with the Commission that "the purpose of the bridge contracts to satisfy MTR procurement requirements is similar to that of the [RA] program's near-term procurement requirements and does not additionally contribute to short-term reliability."[12] Without modifications to the bridging requirements, LSEs could continue to face substantial costs for the over-procurement of bridge resources that are unnecessary for short-term reliability if they have met their month-ahead system RA requirements.

In addition to applying the new scheme to LSEs with delayed contracts, the Commission should ensure that the modifications apply to an LSE with an executed long-term contract that was terminated for circumstances outside the LSE's control and for which the LSE is making good faith efforts to find a replacement. The Commission should not unnecessarily restrict the PfM by failing to allow use of the modified bridging requirements by an LSE with an executed

[12] Proposed Decision, at 19.

long-term contract for which the project failed due to circumstances outside the LSE's control. In these circumstances, the Commission should not find an LSE out of compliance with its MTR obligations if it complied with its month-ahead RA obligations in the months while the LSE is procuring to replace the terminated contract.

As stated in CalCCA's response to SCE's PfM, current procurement challenges mean that:

> even LSEs and developers making good faith efforts may be unable to deliver contracted projects on the schedule set upon contract execution. When delays are significant, terminating the contract and moving on to a new project could result in getting capacity online more quickly, and LSEs should not be penalized for doing so when it results in supporting identified reliability needs and meeting timelines established in the Commission's procurement orders."[13]

For these reasons, the modified bridging requirements advanced in the PfM should apply to both LSEs with currently active executed contracts experiencing delays *and* LSEs with executed long-term contracts that were terminated for circumstances outside the LSEs' control.

III. THE COMMISSION SHOULD COMMIT TO MORE CLEARLY DEFINING THE GOOD FAITH EFFORT STANDARD ADOPTED IN THE MTR ORDER

The good faith effort standard adopted in the MTR Order requires more definition to ensure LSEs have clear direction on what they need to do to satisfy this standard.[14] CalCCA supports removing the requirement to bridge consistent with the modifications described in section II above to support affordability objectives. Eliminating a compliance option, however, may negatively impact the compliance status of LSEs who previously had a clear path to compliance with the use of bridge capacity. The result may be that instead of the LSE using

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[13] *California Community Choice Association's Response to Southern California Edison Company's (U 338-E) Petition for Modification of Decisions 23-02-040 and 24-02-047*, R.20-05-003 (Apr. 21, 2025), at 8: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M564/K384/564384491.PDF.

[14] *See* D.21-06-035, *Decision Requiring Procurement to Address Mid-Term Reliability (2023-2026)*, R.20-05-003 (June 24, 2021), Conclusion of Law (COL) 27: https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M389/K603/389603637.PDF.

bridge capacity for compliance, the Commission may need to rely on the good faith efforts standard established in the MTR Order when assessing compliance.

While the MTR Order[15] and Resolution M-4846[16] provide guidance, they do not establish a structured process for LSEs to request a waiver of penalties, including the requirements for demonstrating good faith efforts, and for the Commission to evaluate these demonstrations in its assessment of penalties. Given LSEs will no longer being able to utilize a previously authorized compliance mechanism, it is even more critical that LSEs have clear standards and expectations on the compliance and penalty assessment process.

As recommended in CalCCA's August 1, 2025, Opening Comments to the Order Instituting Rulemaking in R.25-06-019, the Commission should "establish a structured process for LSEs to request a waiver of penalties, including the requirements for demonstrating good faith efforts, and for the Commission to evaluate these demonstrations in its assessment of penalties."[17] The Commission should modify the Proposed Decision to commit to providing more definition to the good faith efforts standard in the MTR Order in R.25-06-019.

The good faith efforts process should also consider that alternative compliance mechanisms (*e.g.,* having a contract for a new resource that does not reach commercial operation date (COD) in time for MTR compliance while meeting RA requirements for all of the months between the MTR compliance date and the delayed COD of the new resource) may not always be feasible or prudent. Given the well documented difficulties in the development of new

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15 *Ibid.*

16 *See* Resolution M-4846, *Resolution Adopting Commission Enforcement Policy* (Nov. 5, 2020) (Resolution M-4846): https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M350/K405/350405017.PDF.

17 *California Community Choice Association's Comments on the Order Instituting Rulemaking*, R.25-06-019 (Aug. 1, 2025), at 18-19: https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M575/K041/575041363.PDF.

resources, the probability that the RA market becomes capacity constrained like it was in 2023 and 2024 is high. Thus, LSEs attempting to comply with MTR procurement could be faced with paying exorbitant prices for RA, which despite best efforts may not be feasible to procure, which in turn will expose the LSE and its customers to penalties for RA and MTR

The Commission should therefore provide meaningful incentives to procure without exacerbating current affordability concerns, either through procurement at excessive prices or through penalties when compliance was not feasible or prudent given market conditions. In developing more meaningful and transparent standards for defining LSE good faith efforts in the MTR program, the Commission should: (1) acknowledge circumstances outside of an LSE's control; (2) incentivize prudent procurement action by LSEs that emphasizes meeting existing RA requirements (to ensure near term system reliability) and pursuit of incremental MTR eligible resources; and (3) acknowledge market realities and consider customer impacts.

IV. THE COMMISSION SHOULD REMOVE THE LONG-TERM CONTRACT REQUIREMENT FOR DELAYED LLT RESOURCES FROM THE PROPOSED DECISION, CLARIFY THAT LONG-TERM CONTRACTS CAN STILL COVER LLT OBLIGATION SHORTFALLS, AND COMMIT TO FURTHER EVALUATING LLT REQUIREMENT COMPLIANCE OPTIONS

The Proposed Decision should be modified to remove the requirement for LSEs to cover LLT resource delays with long-term contracts and instead commit to determining how to address LLT resource delays at a later date. While the Commission recognizes the costly nature of bridging contracts on a per-megawatt hours and per-kilowatt-month basis,[18] it fails to acknowledge that a requirement for a long-term contract to effectively serve as a bridge would likely be even more expensive. Instead, the Proposed Decision removes the opportunity to bridge for LLT delays while continuing to require LSEs "to procure long-term contracts for generic capacity for any shortfall in

[18] *See* Proposed Decision, Finding of Fact 4, at 27.

their LLT procurement obligations between June 1, 2028[,] and June 1, 2031."[19] The Commission should instead clarify that generic long-term contracts will continue to be allowed to cover LLT obligation shortfalls between 2028 and 2031, and commit to consider at a later date other paths to compliance in the event of LLT resource delays.

Requiring LSEs to show long-term contracts to cover delays that may only last a few months or year(s) may result in excessive costs, especially if it is not clear how such procurement of long-term contracts will count for future RCPPP or other Commission requirements. In addition, the timing and uncertainty of resource development may make this requirement infeasible. If an LSE is informed two months in advance of a compliance deadline that its LLT project is delayed, for example, the LSE could be unable to execute another long-term contract in time to satisfy the proposed requirement, leaving it no viable pathway for compliance.

To maintain the affordability objectives targeted in the Proposed Decision, the Commission should consider how to address LLT delays at a later time in this proceeding or R.25-06-019. In doing so, the Commission should consider if, as an alternative to bridging, LSEs can show compliance with month-ahead RA requirements in the months of a delay of a LLT resource. If, after further discussion in this proceeding or R.25-06-019, the Commission determines long-term contracts are needed to cover delays in LLT resources coming online, it must provide LSEs with clear direction that these long-term contracts will count towards future RCPPP requirements.

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19 *Id.*, COL 7, at 28.

V. CONCLUSION

CalCCA appreciates the opportunity to submit these comments and respectfully requests adoption of the recommendations proposed herein. For all the foregoing reasons, the Commission should modify the Proposed Decision as provided in Appendix A, attached hereto.

Respectfully submitted,

Leanne Bober,
Director of Regulatory Affairs and Deputy General Counsel
CALIFORNIA COMMUNITY CHOICE ASSOCIATION

September 2, 2025

APPENDIX A
TO
CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE [PROPOSED] DECISION GRANTING, WITH MODIFICATIONS, SOUTHERN CALIFORNIA EDISON COMPANY'S PETITION FOR MODIFICATION OF DECISIONS 23-02-040 AND 24-02-047

PROPOSED CHANGES TO FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

Proposed text deletions show as ~~**bold and strikethrough**~~
Proposed text additions show as <u>**bold and underlined**</u>

FINDINGS OF FACT

~~**9. Removing the bridge contract compliance option for LLT resources means that procuring long-term contracts for generic capacity is the remaining alternative compliance option for LSEs who do not meet their entire LLT procurement obligations by June 1, 2028.**~~

CONCLUSIONS OF LAW

~~**7. LSEs should continue to be required to procure long-term contracts for generic capacity for any shortfall in their LLT procurement obligations between June 1, 2028 and June 1, 2031.**~~

~~**9. LSEs should still be required to show contracts for long-term resources for their full procurement obligations to meet D.21-06-035 and D.23-02-040 requirements, even if those resources are delayed coming online**~~

New: <u>**The Commission should consider modifications to the compliance options for LLT procurement obligations later in this proceeding or in R.25-06-019.**</u>

ORDERING PARAGRAPHS

2. The text in Section 2.4.3.2 of Decision (D.) 23-02-040 shall be deleted in its entirety and replace with the following text, beginning on page 40 (with additions <u>underlined</u>):

> <u>We decline to allow the use of bridge contracts as a method for alternative compliance with the procurement requirements of this decision and D.21-06-035. Bridge contracts would typically come from imports, which can already be used for month-ahead resource adequacy compliance and effective planning reserve margin requirements, for reliability purposes, if available and necessary. Bridge contracts are also likely to be expensive and do not necessarily lead to the development of long-term new capacity required by this order and D.21-06-035.</u> <u>**Instead, the Commission: (1) will not find LSEs out of compliance with their MTR obligations if they have a resource under contract that**</u>

is delayed, as long as the LSEs meet their RA requirements in months of the delay; and (2) will not find an LSE out of compliance with their MTR obligations if it had a resource under contract, the contract was terminated, and the LSE is making good faith efforts to replace the terminated contract, as long as the LSE has met its RA requirements in the interim;

~~6. The following text appearing in Section 6.3 beginning on page 103 of Decision 24-02-047 shall be modified as follows (with additions underlined and deletions in strikethrough text):~~

> **~~Instead of requiring full replacement of 2,000 MW of LLT resources that were required to be online by June 1, 2028, we will implement an alternative procurement requirement as follows. Any LSE that does not meet its required LLT procurement requirements from D.21-06-035 as revised in D.23-02-040 will be required to procure the balance of its unmet LLT requirements through generic resource adequacy capacity procurement that otherwise meets the requirements of D.21-06-035. The capacity shall may be procured either through a long-term contract or a bridge contract, as long as the bridge resources are incremental and procured by the LSE for the full period until the LLT resource comes online. Bridge resources may also include firm imports eligible to serve as bridge resources, following the requirements in D.23-02-040. Inclusion of firm imports for bridge resources of three years or less does not change the fact that incremental generic resource adequacy capacity with a long-term contract or a contract longer than the bridge contract limit must be zero-emitting or otherwise RPS-eligible. The bridge or replacement resource must start delivery by June 1, 2028, but is not required to be identified in the LLT extension requests and can be procured at a later date.~~**
>
> **~~If an LSE meets all of its individual required LLT resource procurement requirements on time (by June 1, 2028), then it will be finished with the LLT requirements. If an LSE meets some of its LLT requirements by no later than June 1, 2028, it will be required to fulfill the remainder of its LLT procurement obligation with generic resource adequacy capacity under long-term contract that is otherwise eligible under the D.21-06-035 eligibility or D.23-02-040 bridge resource requirements until the extended LLT resources come online. If an LSE seeks a delay for all of its LLT procurement past June 1, 2028, then the LSE shall procure all of its LLT resource requirements in generic resource adequacy capacity under long-term contract that is otherwise eligible for D.21 06-035 or D.23-02-040 bridge resource requirements until all of their LLT capacity comes online.~~**

~~8. Conclusion of Law 22 of Decision 24-02-047 shall be amended as follows (with additions underlined and deletions in strikethrough text):~~

> **~~The Commission should require LSEs that do not meet their LLT resource procurement requirements by June 1, 2028 to procure generic replacement capacity, either through long-term contracts of ten years or more or bridge contracts defined in D.21-06-035 and D.23-02-040 until such time as their LLT resources can come online, by no later than June 1, 2031.~~**

~~**9. Ordering Paragraph 19 of Decision 24-02-047 shall be amended as follows (with additions underlined and deletions in strikethrough text):**~~

> ~~**Any load-serving entity that does not meet its required long lead-time (LLT) procurement requirements in Decisions (D.) 21-05-035 and D.23-02-040 by June 1, 2028 shall procure an equal amount (in net qualifying capacity) of the balance of its unmet LLT requirements through a bridge contract, which includes firm imports as defined in D.23-02-040, or long-term contracts that otherwise meet the characteristics required for generic procurement in D.21-06-035, to cover the shortfall until its LLT resources come online, from June 1, 20278 through June 1, 2031, at a minimum.**~~

September 3, 2025

California Public Utilities Commission
Energy Division
Attention: Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

RE: MCE Comments on Draft Resolution E-5387: Proposals submitted by Pacific Gas & Electric Company ("PG&E"), Southern California Edison Company ("SCE"), Southern California Gas Company ("SoCalGas"), San Francisco Bay Area Regional Energy Network ("BayREN"), Inland Regional Energy Network ("I-REN"), Marin Clean Energy (MCE), Southern California Regional Energy Network ("SoCalREN"), and Tri-County Regional Energy Network ("3C- REN"), detailing their intended multi-distributed energy resource integrated demand side management frameworks and programs.

Dear Energy Division Tariff Unit:

Pursuant to Rule 14.5 of the California Public Utilities Commission ("CPUC" or "Commission") Rules of Practice and Procedure, Marin Clean Energy ("MCE") hereby submits the following timely comments on Draft Resolution E-5387 ("Draft Resolution") issued August 14, 2025. MCE strongly supports the Draft Resolution and requests immediate adoption by the Commission.

I. BACKGROUND

MCE submitted its Integrated Demand-Side Management ("IDSM") Tier 3 Advice Letter ("AL") from the Energy Efficiency ("EE") Portfolio Administrators, MCE AL 74-E, pursuant to Decision ("D.") 23-06-055 *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2028-2031*; and guidance issued by the Commission on December 28, 2023, on March 15, 2024. MCE requested approval of its proposed IDSM program, the Peak Flex Market program, for Program Years ("PY") 2024-2027. The Commission issued Draft Resolution E-5327 on October 30, 2024, proposing to approve with some modifications the IDSM ALs. MCE submitted comments on Draft Resolution E-5327 on November 19, 2024, supporting approval of its Peak Flex Market program and requesting clarification on the use of load shapes in related calculations.

II. DISCUSSION

MCE Supports Draft Resolution and Requests Immediate Adoption

MCE supports the Draft Resolution and its approval of several multi-distributed energy resource integrated demand side management ("multi-DER IDSM") frameworks and programs including

MCE's Peak Flex Market program.[1] As California's reliability[2] and affordability[3] needs continue to evolve, IDSM programs integrated within energy efficiency portfolios are essential tools. MCE requests the Commission adopt the Draft Resolution immediately[4] to allow implementation of these crucial programs as soon as possible. As stated in MCE AL 74-E submitted in March 2024, MCE requested to launch its IDSM program to support strengthening summer 2024 reliability.[5] Program administrators will require time following the adoption of this Resolution to refine and launch IDSM offerings. MCE requests the Commission avoid any continued delays on submitted IDSM ALs and urgently adopt Draft Resolution E-5387.

III. CONCLUSION

MCE respectfully submits comments in fervent support of Draft Resolution E-5387 and thanks the Commission for its leadership. MCE looks forward to advancing California's vital demand management and energy efficiency goals through implementation of its Peak Flex Market program.

/s/ Wade Stano

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cc: Service Lists for R.25-04-010; R.13-11-005, A.22-02-005 et al. E-5387.
Tariff Unit.
Emily Pelstring, Public Utilities Regulatory Analyst II, Energy Division, CPUC.

DATED: September 3, 2025.

[1] MCE AL 74-E RE: Marin Clean Energy's Integrated Demand-Side Management Tier 3 Advice Letter from the Energy Efficiency Portfolio Administrators, Attachment A; MCE, MCE's Peak Flex Market Program, available at: https://mcecleanenergy.org/peak-flex-market/.

[2] CEC, Staff Report: California Energy Resource and Reliability Outlook, 2025, July 2025, available at: https://www.energy.ca.gov/publications/2025/california-energy-resource-and-reliability-outlook-2025, p. 108 ("Electricity Demand: California's electricity demand continues to rise, peaking in summer. The 2024 IEPR Update forecasts a coincident peak of nearly 46,000 MW for the California ISO in summer 2025.").

[3] Executive Order N-5-24.

[4] MCE recognizes, pursuant to Rule 14.5 of the CPUC's Rules of Practice and Procedure, the earliest the Commission may adopt Resolution E-5387 is September 18th, 2025.

[5] MCE AL 74-E, p. 1.