

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

Application of Marin Clean Energy for
Approval of 2028-2031 Energy Efficiency
Portfolio Plan and 2032-2035 Energy
Efficiency Portfolio Plan

Application 26-03-____
(Filed March 16, 2026)

**APPLICATION OF MARIN CLEAN ENERGY
FOR APPROVAL OF
2028-2031 ENERGY EFFICIENCY PORTFOLIO PLAN
AND
2032-2035 ENERGY EFFICIENCY BUSINESS PLAN**

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I. INTRODUCTION

Marin Clean Energy (“MCE”) respectfully submits this Application for approval of its 2028-2031 energy efficiency (“EE”) Portfolio Plan and its 2032-2035 EE Business Plan¹ pursuant to Article 2 of the California Public Utilities Commission’s (“Commission” or “CPUC”) Rules of Practice and Procedure, California Public Utilities Code § 381.1, and Decisions (“D.”) 21-05-031² and D.23-06-055.³

MCE has successfully administered EE programs for well over a decade.⁴ MCE’s EE programs have consistently delivered energy savings while also providing meaningful customer

¹ MCE’s 2028-2031 EE Portfolio Plan and 2032-2035 EE Business Plan are included as Exhibit 1 of the testimony served with this Application. While the Commission initially envisioned PA Business Plans to cover an eight-year period (*see* Decision (“D.”) 21-05-031, Ordering Paragraph (“OP”) 5), per discussions with Energy Division (and the template developed pursuant to D.21-05-031, OP 6), MCE is providing a Business Plan covering the four years after the conclusion of the Portfolio Plan.

² Rulemaking (“R.”) 13-11-005, D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process* (May 20, 2021).

³ Application (“A.”) 22-02-005 *et al.*, D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031* (June 29, 2023).

⁴ D.12-11-015, *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets*, p. 50, OP 1 (November 15, 2012) (approving MCE EE portfolio).

and community benefits.⁵ Though MCE’s programs have primarily benefited communities local to MCE’s service area, those programs have also supported the equitable growth of the EE, electrification, and demand side management markets statewide. Through this Application, MCE seeks Commission approval to continue to deliver a balanced and diverse portfolio of EE programs to its residential, commercial, industrial, public, and agricultural customers.

MCE’s four-year Portfolio Plan, covering the 2028-2031 period, largely builds on the successes of its existing portfolio of programs, with innovative additions to address a refrigerant regulatory gap facing small businesses, and to launch a new single-family residential Resource Acquisition program modeled on MCE’s successful Equity program. MCE’s Business Plan, covering the 2032-2035 period, provides a longer-term strategic vision that is consistent with the near-term tactics and objectives in MCE’s Portfolio Plan. MCE’s Business Plan and Portfolio Plan, in concert, chart a path for MCE to scale the impact of its EE programming, support California’s decarbonization goals, and ensure ratepayer funds are used efficiently and effectively for these ends. The Commission should approve both proposals, including MCE’s annual budgets for program years (“PY”) 2028-2035.⁶ Informed by its experience administering programs in its PYs 2024-2027 portfolio and by the energy affordability crisis in California—which necessitates greater scrutiny of ratepayer funds⁷—MCE requests a \$14.8 million reduction in its 2028-2031

⁵ See Marin Clean Energy, Customer Programs & Offerings, available at: <https://www.mcecleanenergy.org/customer-programs/>.

⁶ MCE expects that its 2028-2035 budget, once approved, will set the budget cap for the eight-year period, while its 2028-2031 zero-based budget will establish its portfolio period spending budget. MCE understands the Commission considers its approval of 2032-2035 budgets as forecasts for planning purposes.

⁷ Sierra Club, California’s Affordability Crisis: Utilities Asking for More Money for Shareholders, November 2025, available at: <https://www.sierraclub.org/articles/2025/11/california-s-affordability-crisis-utilities-asking-more-money-shareholders>; Executive Department State of California, EXECUTIVE ORDER N-5-24, October 30, 2024, available at: <https://www.gov.ca.gov/wp->

budget,⁸ constituting a 19 percent four-year budget reduction.

MCE also requests that the Commission update and clarify its policies to reflect the value that EE Program Administrators’ (“PA”) Equity and Market Support programs have achieved for California ratepayers since they were last approved in the 2024-2027 application cycle. First, MCE requests that the Commission reconsider its current 30 percent budget cap on Equity and Market Support segments for community choice aggregator (“CCA”) PAs, and instead adopt a more flexible limit that permits MCE to adjust its Equity segment budget cap to be more proportional to the level of Equity customers⁹ within MCE’s service territory.

Second, MCE requests the Commission clarify that the budget cap limit on expenditures for Equity and Market Support customers is a budget cap for the *entire* portfolio period and is fully authorized at the time of an Application decision—*i.e.*, it operates as a cap that limits the four-year spend for this customer group. Advice Letters (“AL”) and check-ins during the portfolio period are important to make sure PAs are approximately on track and have a plan to ensure that ultimate expenditures comply with any Commission-imposed caps. However, in MCE’s experience, Energy Division has adopted an approach to budgeting that the Commission never contemplated, and that interferes with PAs’ ability to operate their programs in an efficient, cost-effective, and flexible manner, responsive to normal fluctuations in customer demand. This approach improperly lowered MCE’s Equity and Market Support budgets by \$2,346,187.77 based on MCE’s slower

<content/uploads/2024/10/energy-EO-10-30-24.pdf>, pp. 1-2; Assembly Bill 3264 (Petrie-Norris), sec. 1(b), 3(b).

⁸ D.23-06-055, p. 94 (authorizing a 2028-2031 \$80,063,445 budget forecast for MCE).

⁹ MCE refers to all categories of customers eligible for its proposed Equity segment programs using the umbrella term “Equity customers.” Consistent with D.21-05-031 and D.23-06-055, MCE defines “Equity customers” as residential customers and businesses within identified “Environmental and Social Justice Communities” (“ESJ Communities”) by the Commission’s Environmental and Social Justice Action Plan. *See Exhibit 1, Chapter 6, Section 5.1.*

deployment of Resource Acquisition programs (which caused the percent of outlaid Equity and Market Support funds to exceed the total portfolio period's budget cap of 30 percent).

The Commission should therefore take this opportunity to clarify both that (1) a CCA PA should be permitted to adjust its Equity budget cap to reflect the proportionate share of Equity customers in that PA's portfolio, and (2) the Equity budget cap applies to the portfolio period *as a whole*, and PAs should not have their budgets reduced if their initial investments across programs cause the Equity and Market Support budgets to slightly outpace the percentage of the total budgets that they will ultimately spend.

II. BACKGROUND

Since its founding as California's first CCA in 2010, MCE has steadily increased the number of communities it serves, the customer programs it offers, and the impact it achieves. Today, MCE serves over 1.5 million residential and non-residential customers in 38 diverse member communities across four San Francisco Bay Area counties (Marin, Napa, Solano, and Contra Costa counties). MCE is the primary electric service provider in its service area and provides innovative customer programs that span the entire breadth of distributed energy resources ("DERs").¹⁰

Energy efficiency is a pillar of MCE's mission and vision, and a critical resource to serve its customers' load.¹¹ MCE initially applied to administer EE programs in 2012, soon after its inception.¹² While the Commission initially restricted MCE to serving gaps in the investor-owned

¹⁰ See Marin Clean Energy, Customer Programs & Offerings, *available at*: <https://www.mcecleanenergy.org/customer-programs/>.

¹¹ See Marin Clean Energy, About Us, *available at*: <https://www.mcecleanenergy.org/about-us/>.

¹² Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget, A.12-07-001 *et al.* (Jul. 2, 2012).

utilities’ (“IOU”) EE programs,¹³ the Commission subsequently lifted that restriction and allowed MCE to offer a more comprehensive portfolio of cost-effective EE programs.¹⁴

MCE filed its most recent application for Commission approval of its EE portfolio in 2022 (Application (“A.”) 22-02-005 (consolidated)).¹⁵ That portfolio included a comprehensive set of programs serving the residential single-family, residential multi-family, commercial, industrial, and agricultural sectors, and met the Commission’s cost-effectiveness requirements. The Commission approved MCE’s proposed portfolio of programs and associated budgets in D.23-06-055.¹⁶ It noted that MCE had “been administering [its] own portfolio[] for a decade,” and that MCE’s proposal had generally segmented its portfolio appropriately.¹⁷

Since that decision, MCE has steadily refined the scope of its EE portfolio, launching multiple new programs for its residential and non-residential customers, including Equity segment programs. For example, in 2024 MCE launched its Small Business Energy Advantage (“SBEA”) program, which provides commercial Equity customers free, on-site energy assessments along with financial incentives to install energy-efficient upgrades. Late last year, the Commission approved MCE’s Integrated Demand-Side Management (“IDSMS”) program, offering commercial and residential customers incentives for daily load shifting and load reduction during peak hours.¹⁸ And only two months ago, MCE launched a new Resource Acquisition program for residential

¹³ A.12-07-001 *et al.*, D.12-11-015, *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets*, pp. 45-46 (Nov. 8, 2012).

¹⁴ See R.09-11-014, D.14-01-033, *Decision Enabling Community Choice Aggregators to Administer Energy Efficiency Programs*, OP 3 (Jan. 16, 2014).

¹⁵ See A.22-02-005 *et al.*, Application of Marin Clean Energy for Approval of 2024-0231 Energy Efficiency Business Plan and 2024-2027 Energy Efficiency Portfolio Plan (Mar. 4, 2022).

¹⁶ D.23-06-055, OP 5-6.

¹⁷ *Id.*, pp. 14, 16.

¹⁸ Resolution E-5387 (with a September 23, 2025 date of issuance).

customers (the Multi-Family Energy Savings-Resource program) modeled on its successful Equity-focused Multi-Family Energy Savings-Equity program.

MCE looks forward to presenting its proposals to methodically and conscientiously expand, refine, and better target its EE offerings to ensure the Commission’s goals for the state’s EE programs are delivered in an efficient, collaborative, and transparent manner.

III. LEGAL AND POLICY FRAMEWORK

MCE has administered EE programs under the authority granted in Cal. Pub. Util. Code § 381.1(a)-(d) since 2013. On May 20, 2021, the Commission issued an Order significantly modifying the EE portfolio approval and oversight process.¹⁹ Decision 21-05-031 created the obligation for PAs to file EE applications in 2026 containing the following elements:

1. A four-year portfolio plan, providing a detailed description of the EE portfolio and budget for PYs 2028-2031. The Commission requires that the portfolio plan specifically contain: detailed sector and program strategies; annual budgets, totaling to a four-year revenue requirement; cost-effectiveness showings over the four-year period; and program implementation plans.
2. A business plan describing the PA’s strategic EE plan for PYs 2032-2035, and containing sector-level strategies, metrics, and a budget.²⁰

In April 2023, D.23-04-035 limited ratepayer-funded incentives for natural gas energy efficiency measures related to combustion (exempting efficiency measures unrelated to combustion).²¹ MCE’s Application complies with this decision by proposing no cost-ineffective,

¹⁹ D.21-05-031.

²⁰ D.23-06-055, p. 26.

²¹ A.22-02-005, D.23-04-035, *Decision Addressing Codes and Standards Subprograms and Budgets and Staff Proposal on Reducing Ratepayer-Funded Incentives for Gas Energy Efficiency Measures*, OPs 3, 6.

non-exempt gas measures, and it includes a comprehensive strategy for promoting and deploying exempt measures in its Equity segment.

In June 2023, the Commission approved the PAs' first round of applications under these new requirements in D.23-06-055.²² Decision 23-06-055 also directed several changes to EE policy and the EE program approval and oversight process. The most notable changes include: (1) adopting changes to the general portfolio oversight process through new objectives, goals, and a stakeholder group;²³ (2) updating metrics and goals (*e.g.*, expanding the use of normalized metered energy consumption) and initiating processes to develop recommendations regarding new metrics and goals;²⁴ and (3) adopting changes to definitions, objectives, and indicators for the Equity segment.²⁵ This decision also reiterated the value the Commission places on all EE PAs working together, with Commission staff, and through various working groups to produce reports and propose policies and metrics.²⁶

Accordingly, MCE files this Application, which requests Commission approval of MCE's four-year EE Portfolio Plan and subsequent four-year EE Business Plan (included as Exhibit 1 in MCE's testimony). MCE's Portfolio Plan and Business Plan comply with each of the filing and substantive requirements in D.21-05-031, D.23-06-055, and prior Commission decisions.

In addition to these Commission decisions, other legislative directives and aspects of state policy also impacted the development of MCE's 2028-2031 EE Portfolio Plan and associated annual budgets. First, Senate Bill ("SB") 350 (De León, 2015) requires that the state double its EE

²² D.23-06-055.

²³ *Id.*, pp. 26-37.

²⁴ *Id.*, pp. 37-42.

²⁵ *Id.*, pp. 52-54, 57-59, and 61-65.

²⁶ *See, e.g., id.*, p. 89, Conclusion of Law ("COL") 46.

savings by 2030. Accordingly, MCE proposes to expand its EE programming, as described in more detail in Exhibit 1, Chapter 4, Section 4 of MCE’s testimony.

Another key consideration that informed all aspects of MCE’s Application is the ongoing and worsening energy affordability crisis in California. In September 2024, Assembly Bill (“AB”) 3264 directed the Commission to analyze a variety of relevant metrics to “identify evidence-based approaches to mitigating, reducing, and managing” residential electric rates in response to rising electricity prices.²⁷ The next month, Executive Order (“E.O.”) N-5-24 instructed the Commission to (1) examine the “benefits and costs to electric ratepayers of programs it oversees and rules and orders it has promulgated” that may be “unduly adding to electric rates, or whose funding might more appropriately come from a source other than ratepayers,” and (2) “take immediate action” to “modify or sunset any underperforming or underutilized programs or orders whose cost exceed the value and benefits to electric ratepayers.”²⁸ In this Application, MCE documents the analysis and metrics it is using to ensure that its EE offerings meet the Commission’s relevant cost-effectiveness goals. MCE’s commitment to affordability goals is also reflected in its proposal for a 19 percent reduction in its EE budget for years 2028-2031, as compared to that initially approved by the Commission in D.23-06-055.

Finally, MCE’s policy proposals in this Application are also geared toward addressing affordability concerns in the context of the state’s EE programming—both in terms of ensuring ratepayer funds are used in the most efficient and effective manner, and in terms of expanding access to the benefits of EE to more Equity customers. MCE is asking that the Commission adopt a policy that excludes participant costs from cost-effectiveness tests (to enable MCE to stretch

²⁷ AB 3264 (Petrie-Norris), sec. 1(b), 3(b).

²⁸ State of California, Executive Department, E.O. N-5-24 (Oct. 30, 2024).

ratepayer funds further), and adopt a flexible budget cap for MCE’s Equity programs (to enable MCE to spend more of its budget assisting those customers who are most strained by the high energy burdens facing California residents).

IV. THE COMMISSION SHOULD APPROVE MCE’S APPLICATION

MCE requests Commission approval of its 2028-2031 EE Portfolio Plan and its 2032-2035 EE Business Plan. MCE also requests that the Commission adopt several policy recommendations related to EE program and portfolio development.

A. The Commission Should Approve MCE’s 2028-2031 Energy Efficiency Portfolio Plan, Including MCE’s Proposed Annual Budgets.

MCE does not propose to make wholesale changes to its portfolio during the 2028-2031 Portfolio Plan period. Instead, MCE will fine-tune its existing portfolio—building on lessons learned from administering successful, locally led EE programs since 2013—and incorporate innovations that meet new policy goals. The sections below explain how MCE’s proposed 2028-2031 EE Portfolio Plan will benefit not only customers in MCE’s service area but also all California ratepayers.

1. MCE’s Proposed Energy Efficiency Portfolio Plan and Annual Budgets are Reasonable.

MCE’s 2028-2031 Portfolio Plan is reasonable because it includes a balanced set of program offerings that comprehensively address the needs of its agricultural, commercial, industrial, public, and residential customers. Over the four-year Portfolio Plan period, MCE will implement cost-effective EE (and demand management) programs, while also supporting the sustained growth of the EE market in its service area and ensuring that all customers enjoy the benefits of EE, especially those historically underserved by EE programs. MCE’s budget for PY 2028-2031 is lower than that originally approved in the 2024-2031 Business Plan, reducing the impact of this program on ratepayers to the extent appropriate based on MCE’s assessment of the

opportunities to accomplish EE program goals in its territory. MCE refined its EE portfolio to better ensure prudent and cost-effective program administration.

MCE’s customer base, which spans four Bay Area counties, is unique and diverse. While residential customers are the most prominent group among MCE’s customer accounts, MCE also serves commercial, agricultural, public, and industrial customers. A significant proportion of customers in MCE’s service area were born outside the United States, and nearly one-third of MCE’s population base speaks a language other than English at home. Household incomes in MCE’s service area vary widely—whereas household incomes are higher in Marin and Contra Costa counties, incomes are comparatively lower in Napa and Solano counties.

MCE’s unique service area and customer base require MCE to employ a diverse set of strategies in order to successfully deliver the portfolio outcomes it strives to achieve. MCE’s overarching portfolio strategies are to: (1) maximize Total System Benefits (“TSB”); (2) implement meaningful Equity programs; (3) support electrification and decarbonization efforts; (4) incorporate load shaping and demand response (“DR”); and (5) optimize delivery channels. MCE’s portfolio—including its proposed annual budgets and goals—is reasonably designed to implement those strategies. **Tables 1** and **2** below summarize MCE’s budget and goals on an annual basis during the 2028-2031 portfolio period.²⁹

²⁹ The difference between the total and the sum of each year is due to rounding.

Table 1: 4-Year Portfolio Budget Forecast Summary (2028-2031)

4-Year Portfolio Budget Forecast Summary (2028-2031) (\$000)					
	2028	2029	2030	2031	Total (4 Years)
Total Budget	\$15,577	\$16,454	\$16,556	\$16,664	\$65,251
Resource Acquisition Segment Budget	\$9,502	\$10,037	\$10,099	\$10,165	\$39,803
Market Support Segment Budget	\$765	\$808	\$813	\$818	\$3,203
Equity Segment Budget	\$4,687	\$4,951	\$4,982	\$5,014	\$19,635
Codes and Standard Budget	\$0	\$0	\$0	\$0	\$0
EM&V	\$623	\$658	\$662	\$667	\$2,610
Administration	\$1,020	\$1,460	\$1,499	\$1,539	\$5,518
ED Portfolio Oversight	\$0	\$0	\$0	\$0	\$0

Table 2: 4-Year Portfolio Forecast Summary (2028-2031)

4-Year Portfolio Forecast Summary (2028-2031) (\$000)						
	2028	2029	2030	2031	Resource Acquisition Segment Only (Total 4-Year)	Total (4 Years)
Total System Benefit (“TSB”)	\$16,737	\$17,452	\$18,224	\$19,012	\$58,392	\$71,426
Total Resource Cost (“TRC”) Ratio	0.98	0.97	1.00	1.03	1.23	1.00
Program Administrator Cost (“PAC”) Ratio	1.07	1.06	1.10	1.13	1.43	1.09
Societal Cost Test (“SCT”) Base	1.30	1.29	1.33	1.37	1.59	1.35
SCT High	1.30	1.29	1.33	1.37	1.60	1.35
Ratepayer Impact Measure Test Ratio (“RIM”)	0.58	0.58	0.59	0.59	0.71	0.58
Lifecycle GWh³⁰	27	27	27	27	192	109
First Year MW	1,467	1,467	1,467	1,467	5,553	5,868
Lifecycle MMTherms	7	7	7	7	16	26.3
Lifecycle CO2 Metric Tons	4,739	4,044	3,952	3,931	14,577	16,666

MCE’s annual Portfolio Plan budget is reasonable because it reflects a “zero-based” budgeting approach. The zero-based budgeting approach requires MCE to justify all expenses for each year of the four-year period after analyzing each function within the budget for its needs and costs.³¹ To develop a zero-based budget, MCE considered the following factors in turn: (1)

³⁰ Resource Acquisition Segment GWh savings exceed Total (4 Years) GWh savings due to the high volume of electrification measures forecasted within the Equity segment.

³¹ D.21-05-031, OP 8.

regulatory and statutory requirements and legislative guidance; (2) MCE’s mission and vision; (3) analysis of program performance during the current cycle; (4) assessment of emerging opportunities; and (5) analysis of other cost drivers, including staffing, implementation contracts, and incentive costs.

Decision 21-05-031 contains the key regulatory requirements relevant to MCE’s portfolio budget. Specifically, D.21-05-031 requires that PAs limit the expenditures on Market Support and Equity programs, combined, to a total of no more than 30 percent of their total portfolio budget.³² MCE applied this requirement when developing the budget for the portfolio period (PYs 2028 to 2031), in which the Market Support and Equity segments make up 30 percent of MCE’s EE portfolio.³³ However, MCE is also recommending that the Commission adopt a flexible limit on the budget cap for MCE’s Market Support and Equity segments (based on population percentages in MCE’s service area). Therefore, MCE has also provided an alternate budget that dedicates 35 percent of its portfolio period budget to these segments (30 percent Equity and five percent Market Support). MCE’s portfolio budget is further informed by SB 350 (De León, 2015) and AB 3264 (Petrie-Norris, 2024), which respectively require a doubling of EE by 2030 and the identification of “evidence-based approaches to mitigating, reducing, and managing” residential electric rates in response to rising electricity prices.³⁴

MCE’s mission and vision, which emphasize EE, also inform its budget. MCE’s EE programs are central to achieving its mission by (1) reducing load and making it easier to meet renewable energy targets; (2) supporting the local economy and advancing Equity goals through

³² D.21-05-031, OP 4.

³³ *See Exhibit 1, Chapter 6, Sections 2.*

³⁴ AB 3264 (Petrie-Norris), sec. 1(b), 3(b).

Equity programming; and (3) supporting the local workforce through a Workforce Education & Training (“WE&T”) program. As such, MCE’s budget reflects an effort to invest as much as possible in EE while following the rules and regulations for ratepayer-funded EE programs established by the Commission.

MCE completed its zero-based budgeting exercise by assessing the activities associated with its existing EE portfolio, identifying emerging opportunities for EE deployment, and analyzing key cost drivers. To identify emerging opportunities, MCE analyzed several sources including the 2025 Potential and Goals (“P&G”) study³⁵ and the 2024 Avoided Cost Calculator (“ACC”). MCE’s analysis of cost drivers included an examination of staffing and operational costs, implementation costs, marketing costs, and incentives. MCE describes its assessment and analysis of cost drivers, and their impacts on PY 2028-2031 budgets, in Exhibit 1, Chapter 4 of its testimony.

2. *MCE’s Proposed Energy Efficiency Portfolio is Reasonably Designed to Meet the Goals of its Resource Acquisition, Market Support, and Equity Segments.*

Consistent with the Commission’s directives in D.21-05-031,³⁶ MCE has divided its portfolio into Resource Acquisition, Market Support, and Equity segments (described in more detail in Exhibit 1, Chapters 3 and 6 of MCE’s testimony). MCE’s portfolio of programs is reasonably designed to meet the goals of each of these segments.

MCE’s Resource Acquisition segment includes programs that will deliver cost-effective avoided cost benefits to the electricity and natural gas systems. MCE designed these programs to

³⁵ See Cal. Pub. Util. Comm’n, 2025 Energy Efficiency Potential and Goals Study – Final, *available at*: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/2025-potential-goals-study/2025-group-e-potential--goals-study-final-report-20250717.pdf>.

³⁶ D.21-05-031, OP 2.

maximize TSB while mitigating ratepayer risk and providing value to MCE’s customers. MCE’s Resource Acquisition programs are a combination of existing and new programs. MCE’s existing programs include both established programs (*e.g.*, Flex Market and Strategic Energy Management) and recently launched and approved programs (*e.g.*, Multi-Family Energy Savings-Resource (“MFES-R”) and IDSM). MCE is also proposing two new Resource Acquisition programs. First, MCE’s Home Energy Savings-Resource program will build on strategies that MCE successfully developed in its Equity segment (as was the case for the MFES-R program). Second, MCE is launching a program to accelerate refrigerant replacement in its territory (Low Global Warming Potential Refrigerant Accelerator Program). MCE’s Resource Acquisition segment has a forecasted TRC ratio of 1.23 over the Portfolio Plan period, which exceeds the Commission’s *ex-ante* cost-effectiveness requirement (*i.e.*, a TRC ratio of 1.0).³⁷

MCE’s Equity segment includes programs with a primary purpose of providing EE to Equity customers in advancement of the Commission’s Environmental and Social Justice (“ESJ”) Action Plan.³⁸ The programs are designed to (1) address disparities in access to EE programs; (2) deliver non-energy benefits (“NEBs”); (3) reduce energy-related greenhouse gas and criteria pollutant emissions; and (4) provide workplace opportunities. MCE’s Equity programs cover the residential and commercial sectors, including the Home Energy Savings-Equity program, the Multi-Family Energy Savings-Equity program, and the SBEA program. MCE’s Equity programs offer (1) additional technical support; (2) reduced or no customer copays; (3) meaningful community engagement; and (4) targeted communications to eligible customers. They are geared

³⁷ D.21-05-031, OP 3.

³⁸ See Cal. Pub. Util. Comm’n, Environmental & Social Justice Action Plan; Version 2.0 (Apr. 7, 2022), available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf> (“ESJ Action Plan”).

toward customers that would otherwise be challenging to serve under the cost-effectiveness requirements applicable to the Resource Acquisition segment. Improving access to EE for Equity customers achieves energy savings and can also provide extremely valuable NEBs, such as (1) increased resiliency, health, comfort, and safety; (2) improved indoor air quality; and (3) more affordable utility bills and energy savings. These NEBs are consistent with Goals 1, 2, 5, and 7 in the Commission’s ESJ Action Plan.³⁹

MCE’s Market Support segment consists of a single program, the WE&T program, which is tailored to support a workforce that can install advanced EE and electrification measures. This program does not claim savings but instead supports other programs that incentivize building electrification by increasing the available contractor pool. As a part of this program, MCE will provide training for EE contractors and jobseekers in the sustainable energy field; match jobseekers with energy contractors for paid, on-the-job training; and follow best practices from industry leaders in creating high-quality employment. The WE&T program pursues each of the sub-objectives of the Market Support segment (*i.e.*, Demand, Supply, Partnerships, Innovation and Accessibility, and Access to Capital).

Table 1 (above) summarizes MCE’s requested budget on an annual basis, disaggregated by segment, during the 2028-2031 Portfolio Plan period.

3. *MCE’s Portfolio Includes Robust Programs in the Agricultural, Commercial, Cross-Cutting, Industrial, and Residential Sectors.*

Over the Portfolio Plan period, MCE will continue to offer programs in the agricultural, commercial, industrial, and residential sectors, as well as a cross-cutting WE&T program. MCE emphasizes its residential and commercial sector programming because the residential sector

³⁹ See ESJ Action Plan at 6-8.

makes up the highest number of MCE customer accounts (nearly 90 percent) while the commercial sector provides the greatest opportunities for achieving cost-effective savings.

MCE will deploy certain strategies that are common to all of its sectors. For instance, across all sectors, MCE will (1) scale TSB and implement pay-for-performance programs to align incentives; (2) identify customers with the greatest savings and TSB potential using MCE's Data Analytics Platform;⁴⁰ and (3) support streamlined customer enrollment in other complementary programs (referred to as the "Any Open Door" strategy), which leverages EE as an opportunity to promote complementary affordability, sustainability and energy offerings.

With respect to the residential sector, MCE proposes two primary goals: (1) serve low- to moderate-income customers with comprehensive offerings that save energy and produce bill savings while providing additional NEBs like improved health, safety, and comfort; and (2) serve market-rate residential customers with programs that meet or exceed TSB requirements. To meet its residential customers' needs, MCE will deploy the above common strategies as well as several strategies unique to this segment, namely: (1) expand existing programs to reach moderate-income customers, and (2) invest in community engagement.

With respect to the commercial sector, MCE proposes to supplement the common strategies with the following tailored strategies to meet its portfolio goals. MCE will (1) efficiently implement commercial programs within the overarching MCE Energy Management Program umbrella; (2) deploy Strategic Energy Management ("SEM") and custom projects with measures designed to meet commercial customers' unique business needs; (3) incorporate low global warming potential equipment installations; and (4) assist customers to access and enroll in creative

⁴⁰ MCE is committed to offering EE programs to all its customers, complying with all applicable data privacy laws, ensuring equitable access to its programs, and following Commission requirements for program administration. MCE's use of its data analytics tool is rooted in those core principles.

financing opportunities offered by other entities.⁴¹

MCE's unique strategies for the industrial sector include (1) holistic program design and implementation that cost-effectively addresses the needs of industrial customers (MCE's Energy Management program) and mitigates common customer pain points; and (2) deploying SEM and custom projects with measures designed to meet industrial customers' unique business needs.

For the smaller, challenging-to-serve agricultural sector, MCE will (1) efficiently implement agricultural programs within the overarching MCE Energy Management Program umbrella; (2) deploy EE projects with measures designed to meet agricultural customers' unique business needs; and (3) market program benefits by engaging with local agricultural partner organizations (*e.g.*, county farm bureaus).

Finally, MCE's cross-cutting WE&T program will increase the capacity of the workforce to install and maintain emerging EE and electrification measures and create opportunities for sustainable employment in the building electrification industry. The WE&T program is MCE's only program in the Market Support segment, and MCE's strategies for achieving its Market Support segment's goals are further described above.

Through these sector-specific strategies, which are described in more detail in Exhibit 1, Chapters 3 and 6 of MCE's testimony, MCE's portfolio will comprehensively address the needs of its agricultural, industrial, commercial, and residential customers. MCE will also continue to serve public sector customers through its existing EE programs depending on their specific characteristics and energy usage patterns. For example, MCE will continue to engage with public water and wastewater agencies under its industrial program.

⁴¹ MCE defines "Commercial Equity customers" for the purposes of this Application as businesses in ESJ communities. *See Exhibit 1, Chapter 3, Section 11.5; Chapter 6, Section 5.5.*

Table 3 below summarizes MCE’s requested budget on an annual basis, disaggregated by sector, during the 2028-2031 portfolio period.⁴²

Table 3: Budget Distribution by Sector

Budget Distribution by Sector (\$000)									
	Sector								
Budget	Residential	Commercial	Industrial	Agricultural	Public	Cross-Cutting	EM&V	Portfolio Support	Total Budget
2028	\$5,007	\$5,460	\$1,910	\$100	\$0	\$1,674	\$623	\$803	\$15,577
2029	\$5,289	\$5,823	\$2,018	\$106	\$0	\$1,712	\$658	\$848	\$16,454
2030	\$5,322	\$5,866	\$2,031	\$106	\$0	\$1716	\$662	\$853	\$16,556
2031	\$5,356	\$5,910	\$2,044	\$107	\$0	\$1721	\$667	\$859	\$16,664
Total (4-year)	\$20,974	\$23,059	\$8,003	\$419	\$0	\$6,823	\$2,610	\$3,363	\$65,251
2032	\$5,393	\$5,880	\$2,058	\$108	\$0	\$1,803	\$671	\$865	\$16,777
2033	\$5,431	\$5,922	\$2,072	\$108	\$0	\$1,816	\$676	\$871	\$16,896
2034	\$5,471	\$5,966	\$2,088	\$109	\$0	\$1,829	\$681	\$877	\$17,021
2035	\$5,513	\$6,012	\$2,104	\$110	\$0	\$1,843	\$686	\$884	\$17,151
Total (4-year)	\$21,808	\$23,779	\$8,321	\$436	\$0	\$7,290	\$2,714	\$3,497	\$67,845
Cumulative Total (8-Year)	\$42,782	\$46,838	\$16,324	\$854	\$0	\$14,113	\$5,324	\$6,860	\$133,096

4. MCE has Demonstrated Successful EE Program Administration During the Current Portfolio Period and Plans to Build on This Success in the Next Portfolio Period.

As noted above, MCE has been serving as an EE PA for over a decade. MCE has participated in numerous Commission-created working groups, developed deep and sustained relationships with stakeholders and community members, and has a documented history of successfully identifying, launching, managing, evaluating, and scaling EE programs in a challenging and changing service area.

To date, MCE EE programs have achieved the following notable impacts:

- **Energy Savings:**
 - 32,422,101 gross kWh; and

⁴² The difference between the total and the sum of each sector is due to rounding.

- 1,674,116 gross therms.⁴³
- **Multifamily Energy Savings-Equity program:**⁴⁴ Served 5,124 low-income (deed-restricted) multifamily units upgraded with direct install EE measures. Of those, 528 received electrification upgrades producing 1.4M kWh and 108,000 therms of energy savings.⁴⁵
- **Home Energy Savings-Equity program:**⁴⁶ Served 2,105 low- and moderate-income single-family homes with direct install EE and electrification measures producing 500,000 kWh and 7,000 therms of energy savings.⁴⁷
- **Flex Market programs (Commercial and Residential):**
 - **Commercial:** 103 commercial EE projects completed in PYs 2021-2024 and 49 approved for installation in PY 2025 producing 8,650,000 kWh in energy savings.⁴⁸
 - **Residential:** 54 residential heat pump water heater projects approved for installation in PY 2025.⁴⁹
- **Green Workforce Pathways program (“GWPP”):** Served 287

⁴³ MCE EE programs 2013 – 2025.

⁴⁴ Now the Multifamily Energy Savings-Equity program following approval of AL 91-E (approving launch of Multifamily Energy Savings-Resource program).

⁴⁵ Program established in 2013.

⁴⁶ Formerly the Home Energy Savings program prior to this Application.

⁴⁷ Program established in 2019.

⁴⁸ Program established in 2021.

⁴⁹ Program established in 2025.

participating contractors and job seekers.⁵⁰

During the portfolio’s 2024-2027 program years MCE also launched three new programs serving its Equity and Resource Acquisition segments and residential and commercial customers.⁵¹ One of these programs, the SBEA Equity segment program, has served 180 small businesses, with each business saving an estimated average of \$450/year on their utility bills. Each business served qualifies as an Equity customer,⁵² with 30 percent located in a Disadvantaged Community (“DAC”), 80 percent located in a Low-income census tract, and 74 percent meeting the criteria of Hard-to-Reach (“HTR”). SBEA has conducted four city-wide door-to-door campaigns in partnership with local Community Based Organizations (“CBOs”) and Green Business Programs (“GBPs”) with the aim of increasing access to program resources for Equity participants.

In addition to delivering these customer benefits through its EE programming, MCE has also invested in research and thought leadership in the EE space. MCE recently published an equitable residential electrification study⁵³ and is finalizing another study analyzing municipal permitting processes. Both studies have and will produce learnings that will benefit customers statewide.

MCE’s track record demonstrates it provides a strong, interconnected web of EE program offerings that operate to meaningfully increase the level of EE in MCE’s territory and statewide, while ensuring disadvantaged and HTR customers’ specific needs are appropriately prioritized.

⁵⁰ Program established in 2019.

⁵¹ Small Business Energy Advantage, Multifamily Energy Savings-Resource, and Integrated Demand Side Management program. **See Exhibit 1, Chapter 4, Section 4.2.**

⁵² MCE defines “Equity Customer” for the purposes of this Application as all categories of customers eligible for its proposed Equity segment programs in **Exhibit 1, Chapter 6, Section 5.1.**

⁵³ MCE Equitable Electrification: Final Report (Jan. 30, 2026), available at <https://pda.energydataweb.com/api/view/4275/Equitable%20Electrification%20Final%20Report%2001.30.26.pdf>.

B. The Commission Should Approve MCE’s Proposed 2032-2035 Energy Efficiency Business Plan, Including its Proposed Budget Cap.

MCE’s 2031-2035 Business Plan provides the long-term strategic overlay to MCE’s near-term Portfolio Plan strategies, expected outcomes, and budgets, as described above.⁵⁴ As such, the eight-year Business Plan is an extension of the four-year Portfolio Plan. Importantly, MCE has intentionally designed its Business Plan such that it is philosophically consistent with the Portfolio Plan.

Over the eight-year Business Plan period, MCE will continue to (1) aim to maximize TSB through the implementation of cost-effective EE programs; (2) support the sustained growth of the EE market in its service area; (3) foster the closer integration of EE and demand management strategies; and (4) ensure that all customers enjoy the benefits of EE, especially those historically underserved by EE programming. **Tables 4** and **5** below summarize MCE’s requested budget, TSB goals, and energy savings targets on an annual basis during the 2032-2035 Business Plan period.

Table 4: 4-Year Portfolio Budget Forecast Summary (2032-2035)

4-Year Portfolio Budget Forecast Summary (2028-2031) (\$000)					
	2032	2033	2034	2035	Total (4 Years)
Total Budget	\$16,777	\$16,896	\$17,021	\$17,151	\$67,845
Resource Acquisition Segment Budget	\$10,234	\$10,306	\$10,383	\$10,462	\$41,385
Market Support Segment Budget	\$824	\$829	\$835	\$842	\$3,330
Equity Segment Budget	\$5,048	\$5,084	\$5,122	\$5,161	\$20,415
Codes and Standard Budget	\$0	\$0	\$0	\$0	\$0
EM&V	\$671	\$676	\$681	\$686	\$2,714
Administration	\$1,585	\$1,633	\$1,682	\$1,732	\$6,632
ED Portfolio Oversight	\$0	\$0	\$0	\$0	\$0

⁵⁴ As noted *supra* in note 1, MCE is providing a business plan for PYs 2032-2035 in reliance on Energy Division staff instructions (verbal, email, and through the provided Application Template) to use these four years as opposed to 2028-2035 as the years for the Business Plan. *But see* D.21-05-031, at OP 5 (contemplating an eight-year business plan).

Table 5: 4-Year and 8-Year Total System Benefit Forecast (w/out C&S) vs. Goals

<i>4-Year and 8-Year Total System Benefit Forecast vs. Goals (\$000)</i>			
Year	Total System Benefit Forecast	Total System Benefit Goals	Percent of TSB Goal
2028	\$16,737	\$16,737	100%
2029	\$17,452	\$17,452	100%
2030	\$18,224	\$18,224	100%
2031	\$19,012	\$19,012	100%
Total (4 years)	\$71,426	\$71,426	100%
2032	\$19,818	\$19,818	100%
2033	\$20,642	\$20,642	100%
2034	\$21,542	\$21,542	100%
2035	\$22,413	\$22,413	100%
Total (4 years)	\$84,416	\$84,416	100%
Cumulative (8 years)	\$155,842	\$155,842	100%

MCE’s Business Plan and associated budgets are reasonable because they are an extension of the strategies in its four-year Portfolio Plan and because they anticipate continued evolution in California’s energy goals. As California’s energy goals evolve, new market and technology opportunities emerge, and the Commission institutes new demand-side management policies and directives, MCE will continue to innovate and diversify its program offerings. MCE expects that over the Business Plan period: (1) its meter-based and pay-for-performance programs will continue to grow; (2) electrification programs will become a more prominent feature of its portfolio; (3) decarbonization will play an increasingly important role in portfolio planning; (4) EE programs will be more closely integrated with other demand-side management offerings to support improved grid reliability; and (5) a focus on affordability will anchor portfolio planning and implementation decisions. Consistent with D.21-05-31, MCE will file a Portfolio Plan application for PYs 2032-2035 in which it will detail its program strategies for that future period in more detail.

C. Recommendations for New, Modified, or Clarified Energy Efficiency Policies

MCE includes its recommendations for new or modified EE policies in Exhibit 1, Chapter 11 of its testimony, and summarizes those recommendations briefly below.

1. *The Commission Should Exclude Participant Costs from Cost-Effectiveness Tests.*

The Commission uses a variety of cost-effectiveness tests and other relevant metrics to evaluate the performance of EE portfolios.⁵⁵ Importantly, the definition of cost-effectiveness is within the Commission’s discretion and naturally must evolve over time. As the Commission has explained, “the definition of cost-effectiveness has always been left to interpretation and implementation by the Commission, and though past decisions are interesting, they do not prevent the Commission from evolving its definition of cost-effectiveness, from time to time, as strategies evolve or as market conditions warrant.”⁵⁶

MCE recommends the Commission update its cost-effectiveness tests to exclude participant costs, to ensure ratepayer funds are put to their highest and best uses in response to California’s electric affordability crisis.⁵⁷ E.O. N-5-24 specifically requested the Commission evaluate the costs and benefits of electric ratepayer funded programs with an emphasis on their impacts to electric rates. Similarly, in 2024, the state legislature passed AB 3264 in response to rising energy costs and directed the Commission to analyze a variety of relevant metrics to “identify evidence-based approaches to mitigating, reducing, and managing” residential electric

⁵⁵ D.21-05-031, pp. 18-24.

⁵⁶ *Id.*, p. 67.

⁵⁷ Sierra Club, California’s Affordability Crisis: Utilities Asking for More Money for Shareholders, November 2025, available at: <https://www.sierraclub.org/articles/2025/11/california-s-affordability-crisis-utilities-asking-more-money-shareholders>.

rates.⁵⁸ In line with these directives, the Commission should adopt policies that ensure PAs maximize the benefit from all EE-dedicated ratepayer funds, and spread the benefits from these funds as far as possible while still achieving core program goals.

Removing participant costs from the calculation of the EE program cost-effectiveness tests would be an important step toward this end. The presence of participant costs in EE cost-effectiveness tests unnecessarily dilutes the accuracy and required oversight of ratepayer funds used in portfolios. Participant costs, by definition, are not ratepayer funds and are instead the personal, out-of-pocket expenses paid by a participating customer.⁵⁹ In light of the ongoing energy affordability crisis and recent corresponding policy directives, the Commission should take its next step in evolving its cost-effectiveness analysis and exclude participant costs from EE portfolio cost-effectiveness tests.

2. *The Commission Should Allow CCA PAs to Adjust Equity Segment Budget Caps in Support of Greater Energy Affordability and Energy Equity.*

The Commission requires PAs⁶⁰ to limit their Market Support and Equity segment programs to 30 percent of their total portfolio budgets.⁶¹ In creating the Market Support and Equity segments, the Commission prudently recognized that cost-effectiveness requirements were preventing the needed investments in Equity and Market Support focused activities and programs.⁶²

⁵⁸ AB 3264 (Petrie-Norris), sec. 1(b), 3(b).

⁵⁹ CPUC, Energy Efficiency Policy Manual Version 6, April 2020, *available at*: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/eepolicymanualrevised-march-20-2020-b.pdf>, at 25-26.

⁶⁰ Excluding RENs.

⁶¹ D.21-05-031, p. 23; D.23-06-055, p. 13.

⁶² D.21-05-031, pp. 13-14.

In 2021, the Commission based its adoption of a 30 percent budget cap for Market Support and Equity segments on its historic funding determinations for previous EE portfolios.⁶³ The Commission analyzed the then-current program expenditures of 20 percent non-resource program spending at that time and stated that increasing the non-resource budget to 30 percent was reasonable.⁶⁴ The segmentation scheme was brand new at that time and, absent any other competing proposals, basing the budgets on historic spending made sense.

However, we have five years of experience since 2021, and California is presently experiencing an energy affordability crisis which disproportionately and severely impacts low-income and DAC customers.⁶⁵ The EE portfolios are an important tool the Commission should utilize to better support energy affordability for those most unable to bear this increasing burden.

The Commission should therefore strategically relax current limits on this tool by allowing CCA PAs to adjust their Equity segment budget caps to a level that is more proportional to the demographics of their customer base, and specifically, to the percentage of their customers that are Equity customers. This proportional funding approach for Equity customers is common in other California climate and energy investment programs.⁶⁶ MCE's customer base is approximately 41 percent Equity customers, and as such MCE believes it is reasonable to spend up to 35 percent of its portfolio budget on Equity and Market Support segment (30 percent Equity;

⁶³ *Id.*, p. 23 (“Based on a review of the budgets approved by the Commission on similar program types in the past, beginning with this decision we will limit the funds that may be spent on market support and equity programs to 30 percent of the overall budget of each program administrator, with the exception of the RENs.”).

⁶⁴ *Ibid.*

⁶⁵ AB 3264 (Petrie-Norris), 2024, sec. 1(a)(2); 4.

⁶⁶ *See, e.g.*, Greenhouse Gas Reduction Fund and Electric Program Investment Charge. For example, SB 535 (De León 2012), AB 1550 (Gomez 2016), and AB 523 (Reyes 2018) all require 25 percent allocation of climate and energy funds to the 25 percent of the state's population living in DACs. SB 535 (De León 2012) Section 3(a), AB 1550 (Gomez 2016) Section 1(a), and AB 523 (Reyes 2018) Section 1(b).

five percent Market Support) programs. The Commission should not artificially restrict the ability of CCA PAs like MCE to serve the unique needs and characteristics of their service area by limiting Equity and Market Support segment budgets to 30 percent regardless of the percent of the PA's customer base that falls within the Equity designation.

3. *The Commission Must Clarify its Application of the Equity and Market Support Segment Budget Cap.*

PAs design, execute, and reevaluate their EE program offerings based on the four-year budgets the Commission approves and any limitations the Commission places on the use of those budgets. For example, for the 2024-2027 portfolio period, the Commission limited expenditures on Equity and Market Support across EE programs with a 30 percent total portfolio budget cap.

PAs operate a vast array of different kinds of programs, and not all programs that PAs operate draw down their budgets at the same rate. Tracking progress through ALs and check-ins with Energy Division is important, but PAs should not have their overall budgets reduced if their outlays do not precisely hit budget caps (that were meant for the full portfolio period) at numerous midpoints. If that were the case, once early-year actuals are realized, they would permanently affect the spending ratio, and it would be impossible to correct them through subsequent implementation. This would operate as a rolling proportional constraint tied to realized spending and would cease to serve as a cap evaluated against the Commission-authorized budget over the full four-year period.

This hybrid framework—combining cumulative actual expenditures with forward-looking forecasts—leads to unreasonable administrative burdens and policy distortions. In practice it effectively requires PAs to maintain proportional spending across portfolio segments throughout the portfolio period. For the Equity and Market Support budget cap, this means ensuring that, for every dollar spent outside these segments, a corresponding share of spending is reflected within

those segments, regardless of implementation timing, contract structures, or market conditions.

Recent experience highlights the need for policy clarification regarding how these kinds of budget caps are applied mid-cycle, particularly when prior-year actuals and voluntary budget adjustments are used in ways that redefine the cap itself.⁶⁷ The Commission adopted a four-year portfolio budget period for a reason. The Commission did not adopt a hybrid budgeting approach that mixes expenditures and forecasts, and it should clarify that it will not apply this hybrid framework analysis for the remainder of the 2024-2027 portfolio period or the 2028-2031 portfolio period.

While analyzing TSB (and other performance-based targets) using this kind of hybrid analysis is appropriate, budgets are not amenable to this kind of analysis. Applying a hybrid trajectory framework designed for performance goals to authorization-based budget caps conflates two fundamentally different regulatory constructs and effectively transforms a fixed cap into a rolling proportional spending requirement—an outcome neither articulated in Commission decisions nor aligned with the purpose of budget authorization.

MCE therefore respectfully requests that the Commission:

1. Clarify that the combined Equity and Market Support budget cap is calculated as a percentage of the Commission-authorized total portfolio budget approved in the EE application decision, and that this denominator remains fixed for the four-year portfolio period absent explicit Commission action.
2. Confirm that cumulative actual expenditures are used to measure progress toward the

⁶⁷ Energy Division recently required MCE to reduce its *budget* as part of the MCAL review. At the time of the MCAL filing, MCE's Equity and Market Support budgets remained within the dollar caps originally approved by the Commission in both the EE application decision and the 2023 True-Up Advice Letter (TUAL).

authorized cap but do not redefine or re-baseline the authorized budget base.

3. Affirm that the Mid-Cycle Advice Letter (“MCAL”) serves as the final forward-looking checkpoint for assessing cap compliance trajectory (unless the below trigger applies) and does not establish a new cap or denominator.
4. Direct PAs to include a standardized Equity and Market Support Cap Tracking Table in annual reports following MCAL approval to support transparent, prospective oversight.
5. Establish a trigger-based enforcement mechanism requiring prospective corrective action, including a Tier 2 AL where appropriate, only if an annual report demonstrates a reasonable risk of exceeding the authorized cap.
6. Clarify that while hybrid actuals-plus-forecast evaluation is appropriate for TSB goals, budget caps are authorization-based constraints and should be evaluated based on cumulative expenditures relative to Commission-authorized limits.

4. *The Commission Should Streamline and Update the Definition of an Energy Efficiency Program.*

MCE recommends the Commission update its definition of an EE program in its public reporting to improve portfolio transparency and customer access to program information. While the California Energy Data and Reporting System (“CEDARS”) is a tremendous tool that provides significant information to the public, MCE has received feedback from other stakeholders interested in EE programs that its interface and organization can be difficult to navigate.

One difficulty consistently identified by stakeholders is the sheer number of EE programs and metrics. On CEDARS, reports are organized by individual PA and on a programmatic basis with specific program identifications (“IDs”). The present organization of programmatic information is very detailed, but it can also be overwhelming and make it challenging to understand the larger trends of portfolio performance or program offerings. MCE recommends the

Commission update its definition of an EE program on the CEDARS website, prioritize aggregating data, and present streamlined trends of portfolio performance.

To reduce customer confusion, MCE recommends the Commission adopt an approach for CEDARS similar to the “Switch Is On” website.⁶⁸ MCE recognizes CEDARS serves additional important goals beyond customer education, so instead of removing existing CEDARS components, MCE recommends the Commission, in partnership with PAs, add an additional customer-focused resource that helps customers easily navigate EE program offerings.

5. *The Commission Should Reform EM&V Requirements to Strengthen Transparency, Clarity, and Administrative Efficiencies.*

MCE recommends the Commission update the Evaluation, Metrics and Verification (“EM&V”) requirements to improve transparency, clarity, and administrative efficiencies. Providing clearer EM&V direction to PAs will support more consistent and timelier compliance in furtherance of related goals.

Currently, the Commission issues EM&V requirements for PAs across several distinct sources including the *2020 Energy Policy Manual*, the *2006 California Energy Efficiency Evaluation Protocols*, and various decisions. These controlling authorities establish the foundational principle that Commission Energy Division Staff oversee EM&V activities and PAs are responsible for supporting evaluations, reviewing findings, and preparing Responses to Recommendations (“RTRs”) when included.

However, PAs do not have a streamlined method or source from which to learn when EM&V studies are published, determine whether specific recommendations apply to their

⁶⁸ The Switch Is On, Modern Electric Appliances Make Happier, Healthier Homes, *available at: <https://www.switchison.org/>*; *See also* Mass Save, Mass Save Data: The Massachusetts Energy Efficiency Database, *available at: <https://www.masssavedata.com/>* (offering streamlined and aggregated EE program reporting for Massachusetts).

portfolios, or to identify due dates for RTR submissions. Absent a single unified EM&V resource, PAs must monitor three distinct repositories.⁶⁹ In the absence of a single, centralized system and PA-specific notifications and indicators, PAs must manually and repeatedly review multiple resources to determine the receipt of a new RTR obligation. This process is time intensive, administratively inefficient, risks PAs missing valuable information, and particularly impacts smaller PAs with comparatively limited staff resources.

MCE recommends the following narrow improvements to reduce duplicative manual effort for all PAs, reduce the necessary staff resources and costs of compliance, remove existing compliance ambiguities, and support timely and accurate RTR submissions:

1. The Commission should issue notifications identifying which EM&V studies require RTRs and their corresponding due dates.
2. The Commission should require PA-specific tags or metadata on the PDA, PSR module, and CalMAC publications indicating which PAs are evaluated in each study.
3. The Commission should issue consolidated guidance and training materials explaining the purpose and application of CalMAC, the PDA, and the PSR module within EM&V requirements.

6. MCE Supports Greater Incorporation of Non-Energy Benefits in Portfolios as More Metrics Become Available.

MCE strongly supports the valuation and consideration of NEBs within the EE portfolios. NEBs like improved health, safety, comfort, resilience, and bill savings are also often the primary motivator for customers' participation in EE programs. As so many Californians are burdened by high energy bills, EE programs should maximize bill savings potential and the NEB of "bill

⁶⁹ The Public Documents Area, the Project Status Reporting Module, and CalMAC.

savings.”⁷⁰ As discussed above, the Governor and legislature directed the Commission to ensure ratepayer programs do everything possible to help energy affordability.⁷¹

Following the publication of the Non-Energy Benefits Study Working Group’s *Non-Energy Benefits Study* in 2026 and any other potentially relevant Non-Energy Impacts publications from the California Energy Commission, the Commission will require PAs to track and report NEBs for the equity segment starting in the Q1 2028 quarterly reports.⁷² There remains an opportunity to incorporate the lessons and recommendations of these publications well before Q1 2028. Since these publications are not presently available, MCE recommends the Commission consider greater incorporation of NEBs with a focus on bill savings prior to 2028 to support energy affordability, Executive Order N-5-24 and AB 3264 compliance, and ESJ Action Plan Goals 2, 4, and 7.⁷³

7. *MCE Strongly Supports IDSM Programs Within the Energy Efficiency Portfolios.*

MCE strongly supports the Commission continuing to fund IDSM programs within the EE portfolios. In D.23-06-055, the Commission authorized “each PA to set aside up to 2.5 percent, or \$4 million, whichever is great[er], of its energy efficiency budget for the portfolio period, up to a maximum of \$15 million, for ongoing load shifting that reduces peak consumption and is not

⁷⁰ Public Policy Institute of California, *Low-Income Households Struggle with the Cost of Electricity Bills*, August 2025, *available at*: <https://www.ppic.org/blog/low-income-households-struggle-with-the-cost-of-electricity-bills/>.

⁷¹ State of California, Executive Department, E.O. N-5-24 (Oct. 30, 2024), *available at*: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>, pp. 1-2; AB 3264 (Petrie-Norris), 2024, sec. 4.

⁷² D.23-06-055, OP 19.

⁷³ CPUC, *ESJ Action Plan Vol 2.*, April 2022, *available at*: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf> (GOAL 2: Increase Investment in Clean Energy Resources to Benefit ESJ Communities, Especially to Improve Local Air Quality and Public Health; GOAL 4: Increase Climate Resiliency in ESJ Communities; GOAL 7: Promote High Road Career Paths and Economic Opportunity for Residents of ESJ Communities).

event-based” for programs from 2024-2027.⁷⁴ In September 2025, the Commission issued a final resolution approving 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”), MCE, Southern California Regional Energy Network (“SoCalREN”), and Tri-County Regional Energy Network’s (“3C-REN”) IDSM frameworks and programs.⁷⁵ MCE expects to formally launch its IDSM program in 2026.

In D.23-06-055, the Commission did not explicitly authorize the funding of IDSM frameworks and programs beyond PY 2027.⁷⁶ MCE recommends the Commission continue IDSM funding for PYs 2028-2031 and beyond. The integration of IDSM measures and activities within EE portfolios supports several key policy goals including cost-effectiveness, grid reliability, bill savings, and customer satisfaction in program participation. Evaluations of IDSM programs consistently find the program designs allow the measure of flexibility necessary to produce more valuable energy savings at key times of electric grid stress that simultaneously benefit participant customers and non-participant customers.⁷⁷ As California’s reliability⁷⁸ and affordability⁷⁹ needs

⁷⁴ D.23-06-055, COL 41.

⁷⁵ Resolution E-5387.

⁷⁶ D.23-06-055, COL 41 (“for programs to be launched during 2024-2027”).

⁷⁷ American Council for an Energy-Efficient Economy, ENABLING INDUSTRIAL DEMAND FLEXIBILITY: ALIGNING INDUSTRIAL CONSUMER AND GRID BENEFITS, February 2024, *available at*: https://www.aceee.org/sites/default/files/pdfs/enabling_industrial_demand_flexibility-aligning_industrial_consumer_and_grid_benefits.pdf, p. 5.

⁷⁸ 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.”).

⁷⁹ State of California, Executive Department, E.O. N-5-24 (Oct. 30, 2024).

continue to evolve, the Commission should continue investing in the essential tools of IDSM programs integrated within EE portfolios. IDSM programs within EE portfolios further reduce the administrative costs and customer confusion resulting from administering multiple siloed EE, DSM, and demand response programs.⁸⁰ MCE recommends the Commission continue to authorize IDSM funding in EE portfolios for PYs 2028-2031.

V. ORGANIZATION OF MCE'S TESTIMONY

In support of this Application, MCE provides testimony describing its 2028-2031 EE Portfolio Plan and 2032-2035 EE Business Plan in Exhibit 1. This exhibit details MCE's strategic vision, provides annual budgets, and recommends new and modified EE policies for the Commission's consideration. It provides extensive information regarding MCE's portfolio and budget, including, in particular:

- An executive summary of MCE's Portfolio Plan and Business Plan (Chapter 1);
- Portfolio summary (including description of service territory and expected performance metrics) (Chapter 2);
- Portfolio strategy (Chapter 3);
- Forecast methodology and zero-based budgeting (Chapter 4);
- Portfolio management approaches (Chapter 5);
- Segmentation and sector strategy (Chapter 6);
- Portfolio coordination (Chapter 7);
- Stakeholder engagement (Chapter 8);

⁸⁰ Lawrence Berkeley National Lab, Barriers and Opportunities to Broader Adoption of Integrated Demand Side Management at Electric Utilities, February 2018, *available at*: https://eta-publications.lbl.gov/sites/default/files/barriers_and_opps_idsm_final_03222108.pdf, pp. 12, 34.

- Evaluation, measurement and verification (Chapter 9);⁸¹ and
- Policy recommendations (Chapter 11).

Exhibit 2 of MCE’s testimony includes the Program Cards for MCE’s EE programs, and Exhibit 3 contains the CEDARS Filing Links and Receipts.

Consistent with the Commission’s requirements, Exhibit 1 of MCE’s testimony adheres to a template approved by the Commission’s Energy Division. Exhibits 2 and 3 of MCE’s testimony follow the guidance provided by Energy Division staff.

VI. COMPLIANCE WITH THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE

In the sections below, MCE provides certain information regarding its Application, its supporting testimony, and its corporate form in compliance with the Commission’s Rules concerning applications.

A. Summary of Relief Sought - Rule 2.1

MCE respectfully requests that the Commission expeditiously approve this Application and grant the following relief:

- Approve MCE’s 2028-2031 EE Portfolio Plan described in Exhibit 1 of MCE’s testimony, and associated annual budgets described in Exhibit 1, Chapter 2 of MCE’s testimony;
- Approve MCE’s 2032-2035 EE Business Plan described in Exhibit 1 of MCE’s testimony, and associated budget cap described in Exhibit 1, Chapter 2 of MCE’s testimony;
- Exclude participant costs from the cost-effectiveness tests;
- Permit CCA PAs to adjust Equity segment budget caps to better reflect the Equity population of their service area;
- Clarify its application of the Equity segment budget cap;

⁸¹ According to the EE Business Plan Application Template, Chapter 10 is meant to include information regarding cost and cost recovery from IOUs only, and is therefore omitted.

- Streamline and update definitions of an EE program;
- Reform the EM&V requirements to strengthen transparency, clarity, and administrative efficiencies;
- Better include NEBs in portfolios as more metrics become available; and
- Continue to encourage the inclusion of IDSM programs in EE portfolios.

B. Statutory Authority - Rule 2.1

MCE is applying to continue administering EE programs under the authority granted in Cal. Pub. Util. Code § 381.1(a)-(d) and (f), and its obligations to procure EE on behalf of its customers as directed by Cal. Pub. Util. Code § 366.2(a)(5) and § 454.5(b)(9)(C).

C. Legal Name & Principal Place of Business - Rule 2.1(a)

The legal name of the Applicant is Marin Clean Energy. MCE’s principal place of business is San Rafael, California. Its address is 1125 Tamalpais Avenue, San Rafael, CA 94901. MCE is a joint powers authority formed under the laws of California.

D. Correspondence and Communication Regarding this Application - Rule 2.1(b)

MCE consents to email service of all notices, orders, and other correspondence and communications relating to this Application. All correspondence and communications regarding this Application should be addressed to:

Wade Stano
 Senior Policy Counsel
 Marin Clean Energy
 1125 Tamalpais Avenue
 San Rafael, CA 94901
 Telephone: (415) 464-6024
 E-Mail: wstano@mceCleanEnergy.org

Jennifer Green
 Director, Building Decarbonization and
 Energy Efficiency
 Marin Clean Energy
 1125 Tamalpais Avenue
 San Rafael, CA 94901
 Telephone: (415) 464-6039
 E-Mail: jgreen@mcecleanenergy.org

E. Categorization - Rule 2.1(c)

The Commission should categorize this Application as a “ratesetting” proceeding under Commission Rule 7.1(e)(2) because it does not clearly fit into any of the categories as defined by

Rules 1.3(a), 1.3(b), 1.3(f), and 1.3(g). MCE’s Application does not meet the definition of adjudicatory in Rule 1.3(a) because it is neither an enforcement investigation nor a complaint. MCE’s Application is not a “catastrophic wildfire proceeding” as defined in Rule 1.3(b) because it does not involve an application to recover costs and expenses related to a wildfire. MCE’s Application does not fit the definition of a “quasi-legislative proceeding” under Rule 1.3(f) because the application does not require the Commission to establish policy or rules affecting a class of regulated entities, and because the Application requests the Commission to grant relief that is specific to MCE. And while MCE’s Application does not ask the Commission to set or investigate rates⁸² and therefore does not meet the definition of a “ratesetting proceeding” in Rule 1.3(g), the Commission should nevertheless categorize this Application as a “ratesetting proceeding” because, as described above, the Commission has the authority to do so where a proceeding does not clearly fit into any of the categories as defined in Rules 1.3(a), (b), (f), and (g).⁸³

F. Need for Hearing - Rule 2.1(c)

MCE has made efforts to provide a sufficient record via its Application materials to obviate the need for evidentiary hearings, and does not recommend hearings at this time. If the need for hearings arises, MCE requests that the resulting hearing schedule allow the Commission to render a final decision on this Application with sufficient time for MCE to start implementing its 2028-2031 Portfolio Plan at the start of 2028. Section VI.H, below, sets forth a proposed schedule for

⁸² EE applications filed by investor-owned utilities are generally categorized as “ratesetting” proceedings under Rule 1.3(g) because those proceedings require the Commission to approve rates that collect the funds necessary to pay for EE programs. In contrast, MCE’s EE Application does not require the Commission to set or investigate rates because, while MCE’s Application has a ratesetting impact, MCE does not itself collect revenue for Commission-authorized EE programs and therefore does not request that the Commission set or investigate rates.

⁸³ Rule 7.1(e)(2).

the consideration of EE applications.

G. Issues to be Considered - Rule 2.1(c)

MCE’s Application requests that the Commission approve MCE’s 2028-2031 Portfolio Plan and its 2032-2035 Business Plan. Approval will enable MCE to successfully and sustainably provide a comprehensive EE portfolio to its member communities.

H. Proposed Schedule - Rule 2.1(c)

MCE proposes the following schedule for the consideration of EE applications:

Application Filed	March 16, 2026
Protests or Responses	April 15, 2026
Replies to Protests or Responses	April 27, 2026
Prehearing Conference	May 18, 2026
Workshops (if needed)	June 22, 2026
Testimony of Interested Parties	July 20, 2026
Rebuttal Testimony/Replies to Comments	August 20, 2026
Evidentiary Hearings (if needed)	September 14, 2026
Opening Briefs	October 19, 2027
Reply Briefs	November 19, 2027
Proposed Decision	February 2027
Final Decision	March 2027

This schedule would satisfy the Commission’s requirement in Rule 2.1(c) that ratesetting proceedings be resolved within 18 months or less.

I. Articles of Incorporation - Rule 2.2

MCE is a CCA operating as a joint powers authority (“JPA”) organized under California law. MCE commenced operations as a JPA on December 19, 2008. MCE is engaged in the provision of electric generation services under the authority granted in Cal. Pub. Util. Code § 366.2 and offers EE programs under the authority granted in Cal. Pub. Util. Code § 381.1. A copy of

MCE's current Amended JPA, amended April 17, 2025, is available on MCE's website.⁸⁴

J. Rule 3.2 Requirement

The requirements listed in Rule 3.2 do not apply to this Application because MCE does not request authority to increase rates or to implement changes that would result in increased rates. IOUs perform revenue collection for MCE's EE programs and typically provide the materials described in Rule 3.2 in their EE applications. As discussed above in Section VI.E (Categorization), MCE does not directly collect revenue for its EE programs. Thus, MCE does not propose specific rate changes in this Application. The requirements of Commission Rule 3.2 therefore cannot reasonably apply to this Application.

K. Notice and Service - Rule 1.9

A copy of the Application and supporting testimony are being served on the parties of record in Rulemaking ("R.") 13-11-005, A.22-02-005 and R.25-04-010, Commissioner Karen Douglas, and Administrative Law Judges Julie A. Fitch and Valerie Kao.

L. List of Supporting Documents

MCE includes several documents to support this Application:

- Testimony of Marin Clean Energy Regarding its 2028-2031 Energy Efficiency Portfolio Plan and 2032-2035 Business Plan (Exhibit 1);
- EE Program Cards (Exhibit 2); and
- CEDARS Filing Links and Receipts (Exhibit 3).

VII. CONCLUSION

For the reasons described in this Application, and in MCE's testimony in support of this

⁸⁴ Marin Energy Authority Joint Powers Agreement, effective December 19, 2008, as further amended by Amendment No. 17 (Apr. 17, 2025), available at: https://mcecleanenergy.org/wp-content/uploads/2025/10/MCE_JPA-Agreement_38_Communities-Updated_4.17.25.pdf.

Application, MCE respectfully requests that the Commission expeditiously approve this Application and grant the following relief:

- Approve MCE’s 2028-2031 EE Portfolio Plan described in Exhibit 1 of MCE’s testimony, and associated annual budgets described in **Exhibit 1, Chapter 2** of MCE’s testimony;
- Approve MCE’s 2032-2035 EE Business Plan described in Exhibit 1 of MCE's testimony, and associated budget cap described in **Exhibit 1, Chapter 2** of MCE’s testimony;
- Exclude participant costs from the cost-effectiveness tests;
- Permit CCA PAs to adjust Equity segment budget caps to better reflect the Equity population of their service area;
- Clarify its application of the equity segment budget cap;
- Streamline and update definitions of an EE program;
- Reform the EM&V requirements to strengthen transparency, clarity, and administrative efficiencies;
- Better include NEBs in portfolios as more metrics become available; and
- Continue to encourage the inclusion of IDSM programs in EE portfolios.

Respectfully submitted,

By: /s/ Jennifer Green
Jennifer Green

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/s/ Wade Stano
Wade Stano

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E-Mail: wstano@mceCleanEnergy.org

DATED: March 16, 2026

VERIFICATION

I, the undersigned, say:

I am an officer of Marin Clean Energy, a Community Choice Aggregator, and am authorized to make this verification on its behalf. The statements in the foregoing APPLICATION OF MARIN CLEAN ENERGY FOR APPROVAL OF 2028-2031 ENERGY EFFICIENCY PORTFOLIO PLAN AND 2032-2035 ENERGY EFFICIENCY BUSINESS PLAN are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on March 16, 2026, at Concord, California.

/s/ Dawn Weisz
Dawn Weisz
Chief Executive Officer