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Renew Home Comments on IEPR Load Shift Goal Workshop

Additional submitted attachment is included below.

Renew Home

July 2, 2025

California Energy Commission
Docket Unit MS-4
715 P Street
Sacramento, CA 95814

RE: Docket No. 25-IEPR-05
Renew Home Comments on Integrated Energy Policy Report Commissioner Workshop on California's Progress Toward the Load-Shift Goal

California Energy Commission and Staff:

Renew Home appreciates the opportunity to comment on the recent Load-Shift Goal workshop. Renew Home would like to thank the CEC for bringing together key leadership from various agencies to address load flexibility in California. The collaboration between the CEC, the California Public Utilities Commission, the California Independent System Operator, and the California Air Resources Board demonstrated at the workshop exemplifies the type of coordination needed to tackle this complex challenge. We particularly commend the CEC for establishing the ambitious goal of 7 gigawatts (GW) of load flexibility by 2030. This target appropriately reflects the scale of the challenge we face as California moves toward electrification while maintaining reliability and affordability.

The CEC's analysis of current barriers to implementing load flexibility is a critical step toward addressing these challenges. As highlighted in the workshop, California currently has approximately 3.5 GW of load flexibility resources, representing only a modest 4% increase since 2022. Under business-as-usual conditions, California is projected to reach only about 4 GW by 2030, falling significantly short of the 7 GW goal. This gap underscores the urgency of developing a comprehensive and cohesive strategy.

Need for Coordinated Vision and Implementation Plan

California currently employs multiple pathways to implement load flexibility, such as supply-side demand response (DR), time-of-use rates, dynamic CalFUSE rates, and emerging load-modifying demand flexibility programs. While this diversity of approaches offers multiple avenues to engage consumers, it has also resulted in disparate

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performance expectations and measurement methodologies that create market confusion and reduce overall effectiveness. California urgently needs a comprehensive approach to compare various load flexibility strategies and program types.

Now is the time for California to transition from planning to implementation to meet the 7 GW goal by 2030. The CEC's analysis shows that while load modifying and emergency resources have grown by about 32% since 2022, resource adequacy-eligible demand response has declined by approximately 23% (300 megawatts). This decline in RA-eligible demand response is concerning and requires immediate attention. A successful load flexibility plan must support RA-eligible resources including supply-side DR and event-based load-modifying load flexibility.

Current bills under consideration support these goals, including AB 740, SB 541, and AB 44. These bills collectively address critical elements of load flexibility implementation, including VPP implementation plans, evaluation of load-shifting strategies, and technical requirements for load modification protocols. Renew Home supports these legislative efforts broadly. However, we urge the CEC to pursue a cohesive VPP and load flexibility plan regardless of the passage of any specific bill. The CEC has significant authority to articulate an overarching vison and to implement or support many of these policies.

Indeed, as noted in the workshop, the CEC has both the authority and responsibility to lead on these issues to meet the 7GW goal by 2030. The collaborative approach demonstrated at the workshop between agencies should continue and deepen to ensure a coordinated, effective implementation strategy.

Renew Home's Recommendations for Implementation

As part of any implementation plan for load shifting and DR, Renew Home advocates for the following improvements across load flexibility pathways:

- **Incentivize IOUs to Procure High-Performing Load Flexibility:** Allow California's investor-owned utilities to earn a return on cost-effective load shifting and DR in addition to pass-through of operational costs. Options include allowing utilities to recover a predefined cost per MW (or percentage of the rate base) for procuring and successfully delivering load flexibility or allowing a specified rate of return on operational costs that credibly defer transmission and distribution infrastructure investments. Regardless of the specific pathway, capacity and energy value delivered by third parties and associated procurement costs should be eligible for compensation.

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- **Eliminate Barriers to Participation:** Enrollment in DR has posed a consistent challenge to enrolling and engaging customers. California can reduce these barriers both by streamlining enrollment in supply-side DR and by enabling new low-friction load flexibility pathways. For example, PG&E's Automated Response Technology program allows customers to be enrolled in supply-side DR using information known to the participant, such as name, address, and phone number.
  Device-level enrollment can enable collocated distributed energy resources and DR-enabled devices to participate independently. For example, a smart thermostat, electric water heater, and battery in a single home could be enrolled, dispatched, measured, and compensated independently. This would prevent any single provider from monopolizing a customer and leaving other flexible loads stranded. Currently, only the Demand Side Grid Support program allows batteries and smart thermostats at the same site to participate under different providers.
- **Enable Advanced Load Flexibility Measurement:** Baseline methodologies in common use, such as day- and weather-matching, introduce bias into load reduction estimates. In contrast, Randomized Controlled Trials (RCTs) are the gold standard for measuring causal impact of interventions, including in non-event hours (such as pre-cooling and snapback). While RCTs require withholding a control group, this can be very small with large and relatively homogeneous residential populations. This approach would provide more accurate measurement of program impacts and better inform future program design, including both supply-side and load-modifying load flexibility programs.

Conclusion

Renew Home again commends the CEC for its leadership on load flexibility and demand response. The recent workshop highlighted both the challenges and opportunities in this space. We have an immense opportunity to successfully grow these resources if we can address the barriers identified by stakeholders, including market uncertainty, restrictive program requirements, data access challenges, and customer engagement issues.

The time has come to move from planning to implementation. With the current trajectory showing California falling short of its 7 GW goal, bold action is needed. Renew Home stands ready to work with the CEC and other agencies to develop and implement effective load flexibility strategies. Thank you for the opportunity to submit these comments.

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