

DOCKETED

Docket Number:	16-OIR-06
Project Title:	Senate Bill 350 Disadvantaged Community Advisory Group
TN #:	273139
Document Title:	Item 6 - Energy Efficiency Equity Segments
Description:	N/A
Filer:	Dorothy Murimi
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	10/16/2026 5:34:19 AM
Docketed Date:	10/16/2026

2028-2031 Energy Efficiency Business Plan: Equity Summary

For Disadvantaged Community Advisory Group

October 16, 2026

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California Public
Utilities Commission

Agenda

- CA Energy Efficiency 101
- Overview of Energy Efficiency Application Proceeding
- Questions for DACAG
- Background on Equity in Energy Efficiency
- Forecasted Budgets
- Portfolio Administrator Equity Approaches
- Next Steps
- Appendix

All Application Materials: <https://www.caeecc.org/2028-2035-business-plans-application-docs>

Meeting Purpose: Prepare DACAG to provide feedback, as desired, to the EE Application proceeding as soon after Oct 2026 meeting as feasible.

California Regulated Energy Efficiency 101

- **Market Rate Energy Efficiency (EE)** (focus of today) is distinct from the **Energy Savings Assistance (ESA)** Program
 - **Market Rate EE** is a portfolio of programs designed to improve buildings and support the workforce who upgrades them in residential, commercial, industrial, agricultural, and public sectors
 - **ESA** is one program delivered to income qualified residential customers to help reduce their energy bills and improve health, safety, and comfort
- Market rate EE & ESA are delivered by **Investor Owns Utilities** (e.g. PG&E, SCE, SDG&E, SCG)
- Market rate R EE is also delivered by **Community Choice Aggregators (CCAs)** and **Regional Energy Networks (RENs)**
 - RENs are networks of local governments who formally agreed to collaboratively deliver specific types of energy efficiency programs funded by ratepayers

Portfolio Administrator Types:

- Investor-Owned Utility (IOU)
- Community Choice Aggregator (CCA)
- Regional Energy Network (REN)

California Regulated Energy Efficiency 101

- Every four years, PAs submit 8-year Business Plans and 4-year Applications
 - **Business Plans** convey overall anticipated strategy, direction, and magnitude of energy efficiency and fuel substitution efforts
 - **Applications** seek authority to spend ratepayer funds on energy efficiency portfolios and provide more detailed plans for how funds will be spent
- The Commission approves the **Potential and Goals Decision** every two years that sets the **Total System Benefit** (TSB) goal for each IOU territory
 - TSB – Aggregation of energy avoided costs like kWh, therms, KW, GHG, and ancillary services
 - PAs design their portfolios to meet forecasts exceeding the goals

Overview of EE Business Plan Application Proceeding

(A.26-03-009 assigned to Commissioner Douglas)

- CPUC Decision 21-05-031 directed Portfolio Administrators (PAs) to submit Business Plan **applications for Energy Efficiency** (EE) program budgets and designs for 2024-2027 and **every 4 years** after.
- 2028-2031 Applications (A.26-03-009) propose programs in **four segments (Resource Acquisition, Equity, Market Support, and Codes & Standards)** totaling \$3.7 billion in funding forecasted to achieve **\$4 billion of Total System Benefit**.
- Portfolio **Resource Acquisition Total Resource Cost** (TRC) benefit-cost ratio = **~1.5**
- Portfolio TRC = just below 1

Main Questions for DACAG's Consideration

- Are PA budgets, segmentation, & portfolio design appropriate and reasonable?
- Are applications aligned with Commission policies on affordability and equity, especially the Environment and Social Justice Action Plan?
- Should the definition of Equity Targeted Customer change?
- Are there benefits, caps, targets, or limitations the Commission should consider when deciding whether EE funding should be used for fuel switching and other non-energy saving measures?

These questions come from the scoping memo and ruling questions. Links to both can be found in the Appendix.

Background on Equity Segment Target Groups

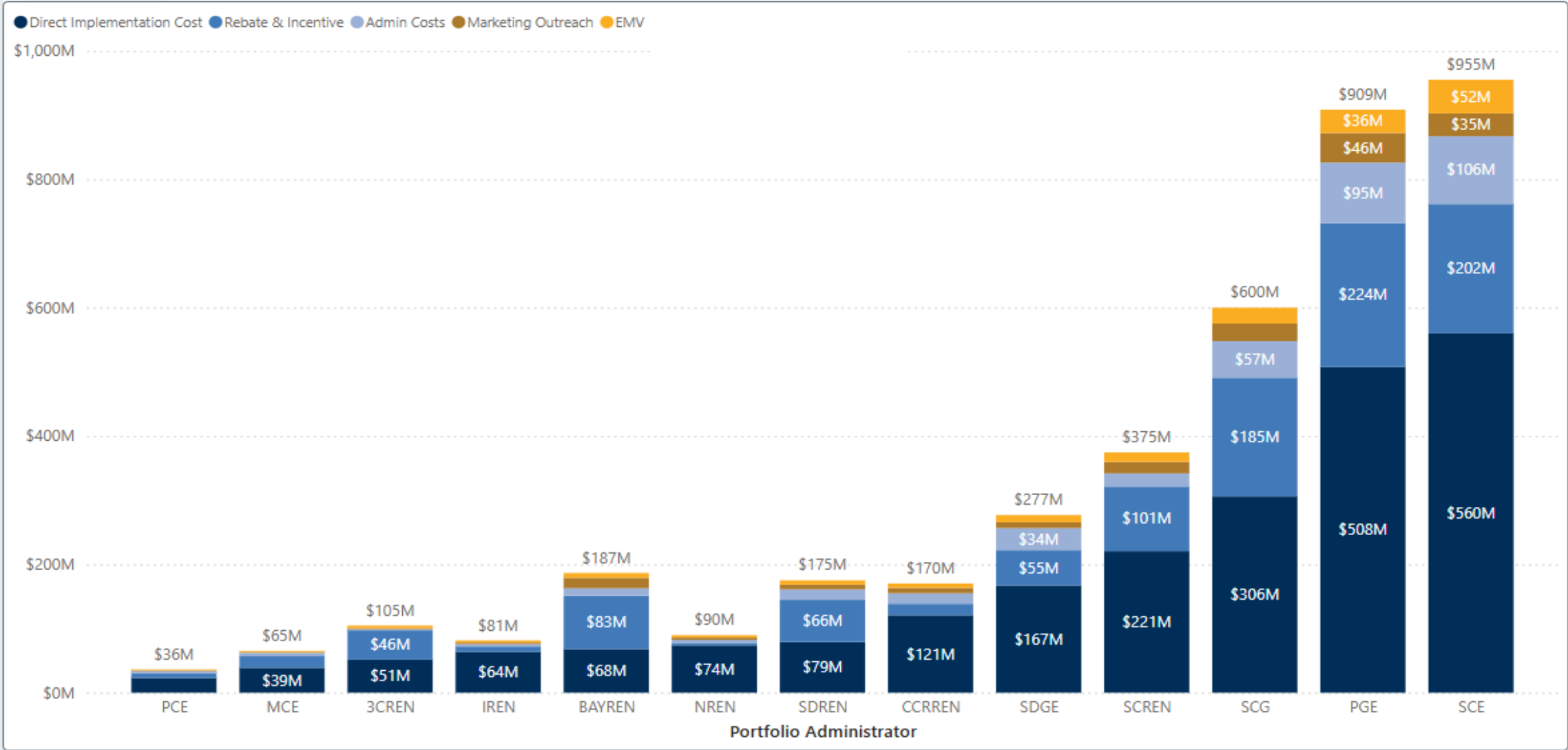
Purpose of Equity Segment (D.21-05-01): *Programs with a primary purpose of **providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities** in advancement of the Commission's Environmental and Social Justice (ESJ) Action Plan; Improving access to energy efficiency 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.*

- **Hard-to-Reach (HTR)** customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a language, income, housing type, geographic, or home ownership/split incentives barrier. (See. D.18-05-041 and D.23-06-055 for official HTR definition and criteria)
- **Disadvantaged Communities (DAC)** as defined by most up-to-date CalEnviroScreen
- **Underserved Communities** include DAC, Tribes, and income eligibility tied to qualifying for national school lunch program as well as Health & Safety Code

Background on Equity Segment

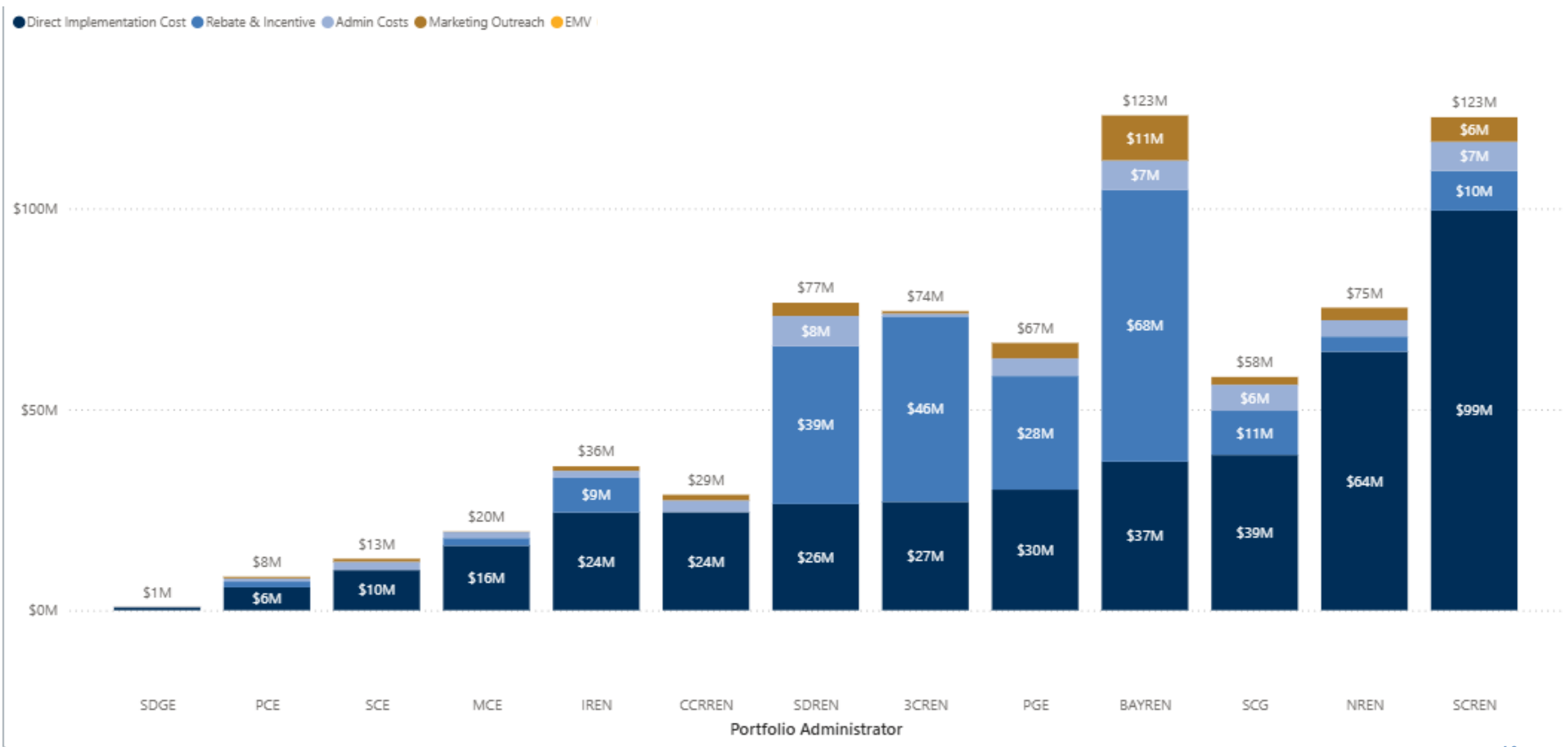
- Equity Segment Objective (D.23-06-055) –
For hard-to-reach, disadvantaged, and/or underserved communities:
 - Address disparities in access to energy efficiency programs;
 - Promote resilience, health, comfort, safety, energy affordability, and/or energy savings;
 - Reduce energy-related greenhouse gas and criteria pollutant emissions; and
 - Provide workforce opportunities.
- Rules for Equity Segment:
 - Equity category is **distinct from income-qualified** Energy Savings Assistance (ESA) programs
 - **Budget cap of 30%** (Market Support + Equity segment combined budgets)
 - **No cost-effectiveness threshold** required for Equity or Market Support segments

2028-2031 PA Budgets by Spending Category



EE Performance and Forecast Dashboards can be found at:
<https://cedars.cpuc.ca.gov/reports/portfolio-metrics/>

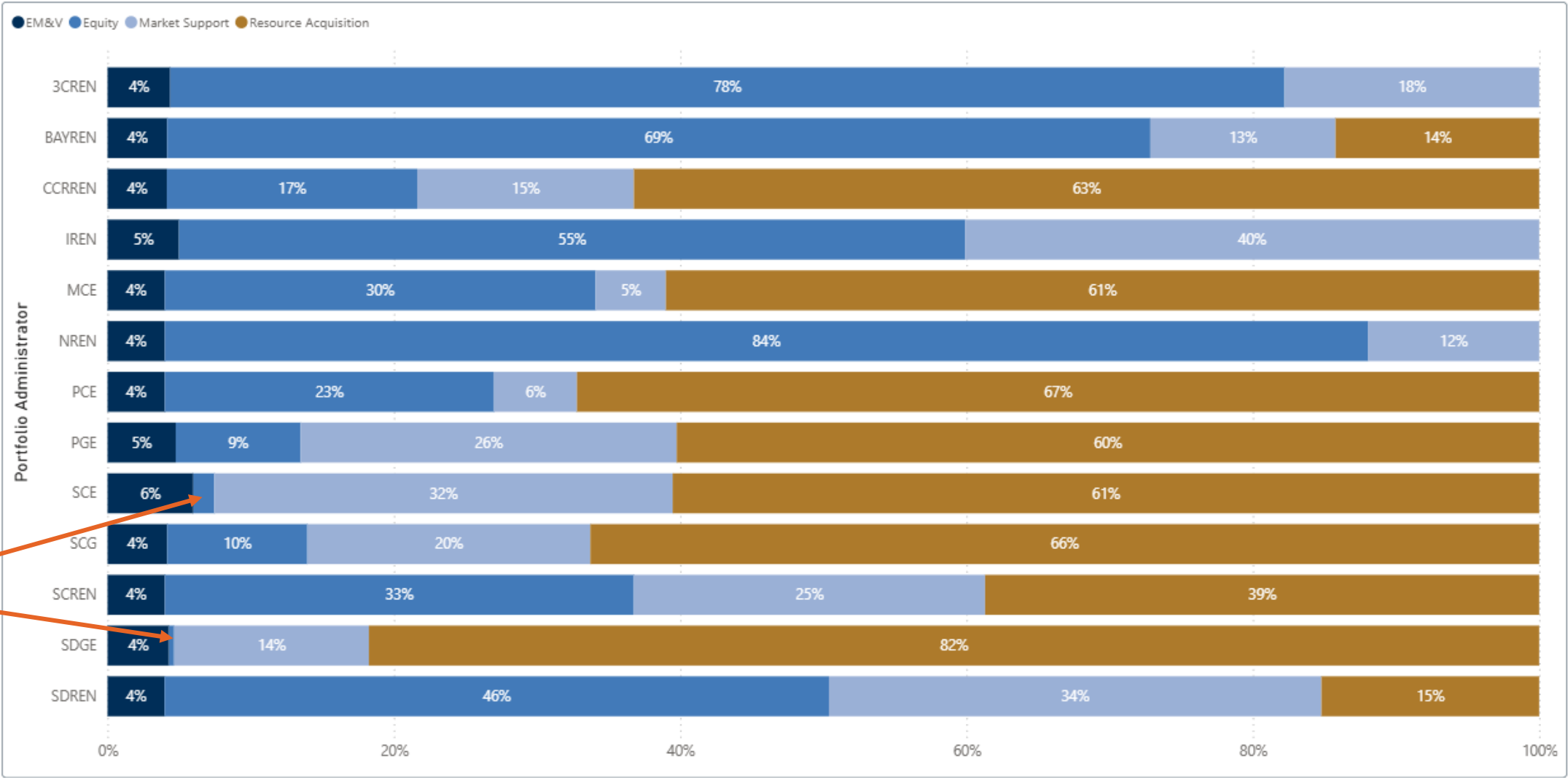
2028-2031 Forecasted Equity Budgets



2028-2031 PA Budget Allocations by Segment

< Back to report

BUDGET BY PORTFOLIO SEGMENT AS PERCENT OF TOTAL



Equity Allocations:
SCE <1.5%
SDGE <0.4%

Portfolio Administrators' Equity Approaches

- **Local Government and Community-Based Organization Touchpoints**
 - **Marin Clean Energy (MCE)** – Equity programs for single family, multi-family, and small business customers; addressing disparities in access to EE, provide non-energy benefits, and reduce emissions
 - **Westlight Energy (formerly Peninsula Clean Energy (PCE))** – **Focus on linguistically diverse households and renters.** Constrained by budget caps; would like to be allowed to use a larger portion of budget for Equity.
 - **PG&E** – Targeting eligible Equity customers, engaging with CBOs, local governments, schools, etc., inclusive program design with in-language materials, **incentivizing 3rd-party implementers with equity-specific metrics**
- **Targeting Equity Targeted Customers for Exempt Measures**
 - **SoCalGas (SCG)**– Focusing on exempt measures (those that conserve gas, such as **insulation or smart thermostats**), as well as targeted outreach and education/workforce readiness programs
 - **Southern CA REN (SCREN)** – Prioritizing the use of exempt measures and ensuring that Equity programs serve 100% DAC and HTR participants.

Portfolio Administrators' Equity Approaches

- **Channeling Equity Customers to other programs**
 - **SCE** – Planning to use Equity programs to transition customers to non-equity programs
 - **SDG&E** – Plans on channeling equity funding through SDREN
- **Balancing the needs of their communities**
 - **Inland REN (IREN)**– Focus on needs of local governments and gaps in local workforce within San Bernardino and Riverside Counties.
 - **San Diego REN (SDREN)** – Expanding programs in the region to fill gaps to reach those not served by SDG&E

Portfolio Administrators' Equity Approaches

- **Most budget goes toward Equity**
 - **Northern CA Rural REN (NREN)**– Proposing Equity for five out of their six programs.
 - **Bay Area REN (BAYREN)**- Nearly 2/3 of their budget is to serve Equity
 - **TriCounty REN (3CREN)** - Spanish-language concierge services in rural and geographically isolated communities in San Luis Obispo, Santa Barbara and Ventura.
- **Although outside of Equity Segment, still focus is on Equity**
 - **Central CA Rural REN (CCRREN)**– Focus on HTR, Underserved, Disadvantaged, and Tribal communities in their Resource Acquisition programs.



Next Steps

- If DACAG wishes to submit a comment letter, this is helpful to get as soon as feasible
- Intervenor Testimony Due **11/13/2026**
- Rebuttal Testimony Due **12/15/2026**
- Proposed Decision anticipated Q2 2027

Questions?

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Appendix

Scoping Memo Issues Pertinent to DACAG

A.26-03-009 Scoping Memo – Selected Issues

Issue 4 - Are the budgets and goals of all administrators for the four portfolio segments (resource acquisition, equity, market support, and codes and standards) appropriate and reasonable? Does each portfolio administrator's portfolio segmentation comply with the requirements of D.21-05-031 and D.23-06-055?

Issue 7 - Are the proposed programs and portfolios sufficiently aligned with Commission policy objectives for affordability and equity, as articulated in the Commission's Environmental and Social Justice Action Plan? If not, how should they be modified?

Issue 14 - Potential changes to the definition of Equity and Hard to Reach customers.

Issue 19 - Should energy efficiency funding be allowed to be used to encourage fuel switching from non-regulated fuels to regulated fuels? If so, should this be allowed for switches to natural gas or electricity or both? What segment(s) do these measures qualify for, if allowed?

Ruling Questions Pertinent to DACAG

Sept. 17 Ruling - Selected Questions

Question 2 - Is **equity segment** funding from each applicant ... sufficient to achieve the Commission's policy objectives for the equity segment?

Question 6 - Should all portfolio administrators use a single definition of **Equity Targeted Customer** – instead of using Hard-to-Reach, Disadvantaged Communities, and Underserved?

- a. What level of stringency is appropriate for portfolio administrators in determining who qualifies as an Equity Targeted Customer?
- b. Should the definition of Equity Targeted Customer take into account the number of projects (direct install/incentive) that have historically been implemented in certain communities?
- c. Should the Commission consider the potential population size of Equity Targeted Customers in determining the appropriate definitions?

Questions 7 & 10

Does allowing **fuel switching** measures (with no energy savings from regulated fuel sources) to use EE funding OR **measures with no energy savings**, like low-GWP measures, to claim TSB:

- a. Align with the statutory authority and legislative intent of the Commission's energy efficiency policies?
- b. Offer **equity**, grid, or other system level benefits in addition to greenhouse gas benefits?
- c. Is the existing Avoided Cost Calculator (ACC) sufficient for valuing these measures? If not, how should the Commission value them?

Questions 8 & 9 also pertain to fuel switching

1 Cross-PA Comparisons & Themes

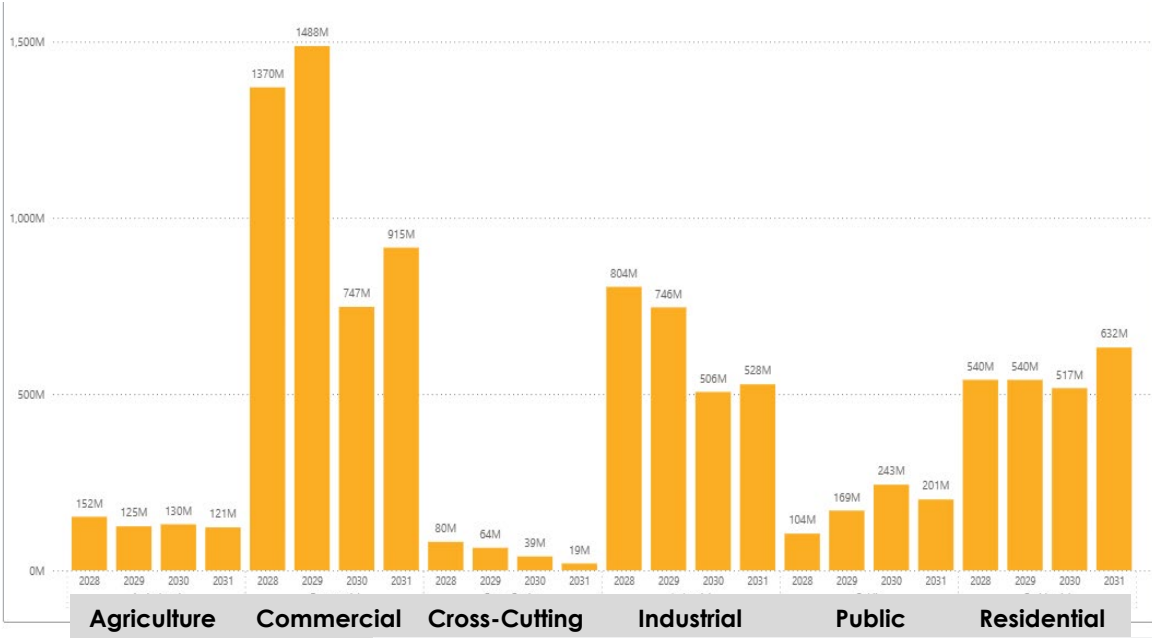
1.1 Summary Table (2028-2031)

PA	Total 4-Year Budget CHANGE: 2024-2027 vs 2028-2031	TRC Cost Effectiveness		PAC Cost Effectiveness		Equity Budget %	Market <u>Support Segment</u> Budget %
		RA Segment	Portfolio	RA Segment	Portfolio		
PG&E	\$(145,432,269)	1.89	1.24	2.07	1.46	7%	22%
SCE	\$(523,136,655)	1.22	0.89	1.58	1.08	1.3%	29%
SCG	\$(11,704,003)	1.88	1.41	2.18	1.58	10%	20%
SDG&E	\$(55,361,746)	1.35	1.17	1.47	1.28	0.3%	13%
MCE	\$(12,966,531)	1.23	1.0	1.43	1.09	30%	5%
PCE	N/A	1.10	0.89	1.55	1.21	23%	6%
NREN	\$56,496,794	NA	0.48	NA	0.48	84%	12%
<u>BayREN</u>	\$24,819,640	0.25	0.23	0.25	0.23	66%	12%
CCR-REN	\$129,143,643	1.39	1.10	1.63	1.25	17%	15%
3CREN	\$33,302,136	NA	0.24	NA	0.48	71%	16%
IREN	N/A	NA	0.04	NA	0.03	44%	32%
<u>SoCalREN</u>	\$157,530,235	1.23	0.75	1.45	0.83	33%	25%
SDREN	N/A	0.53	0.28	0.64	0.30	44%	32%

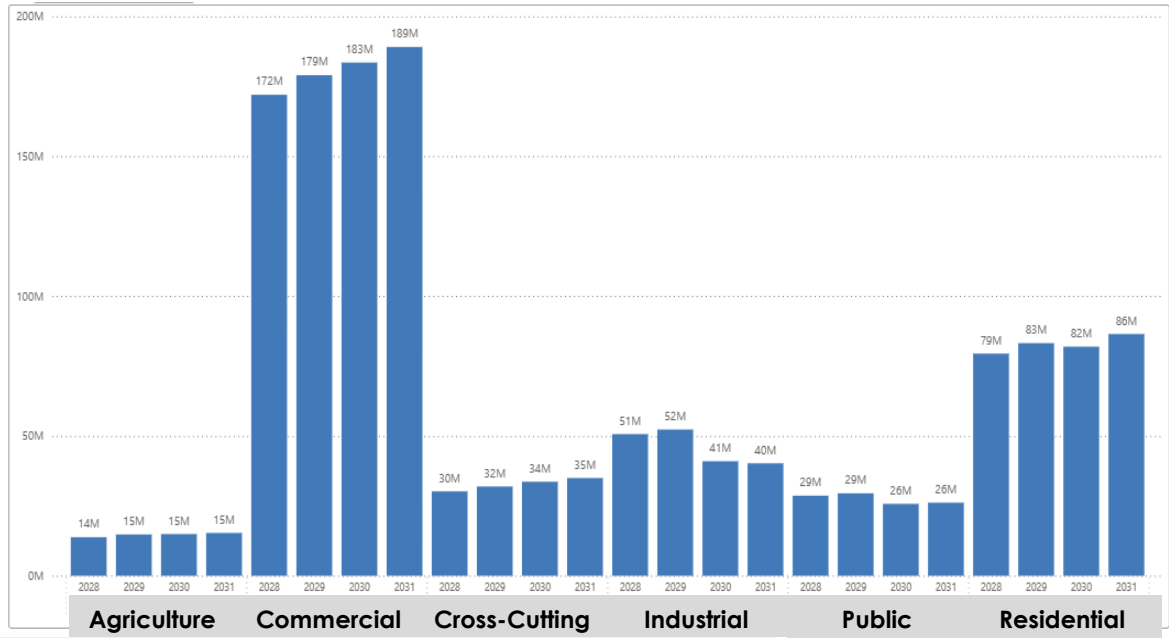
¹ Value is for forecasted TSB, not including C&S.

Forecasted Savings by Sector

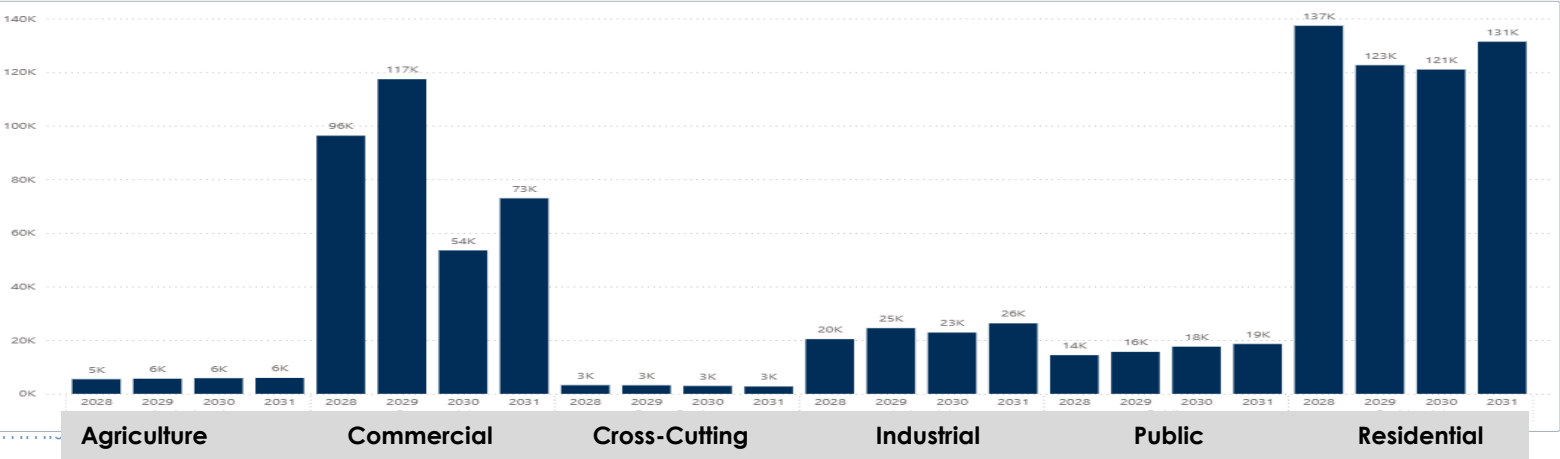
Lifecycle kWh Savings by Sector 2028-2031



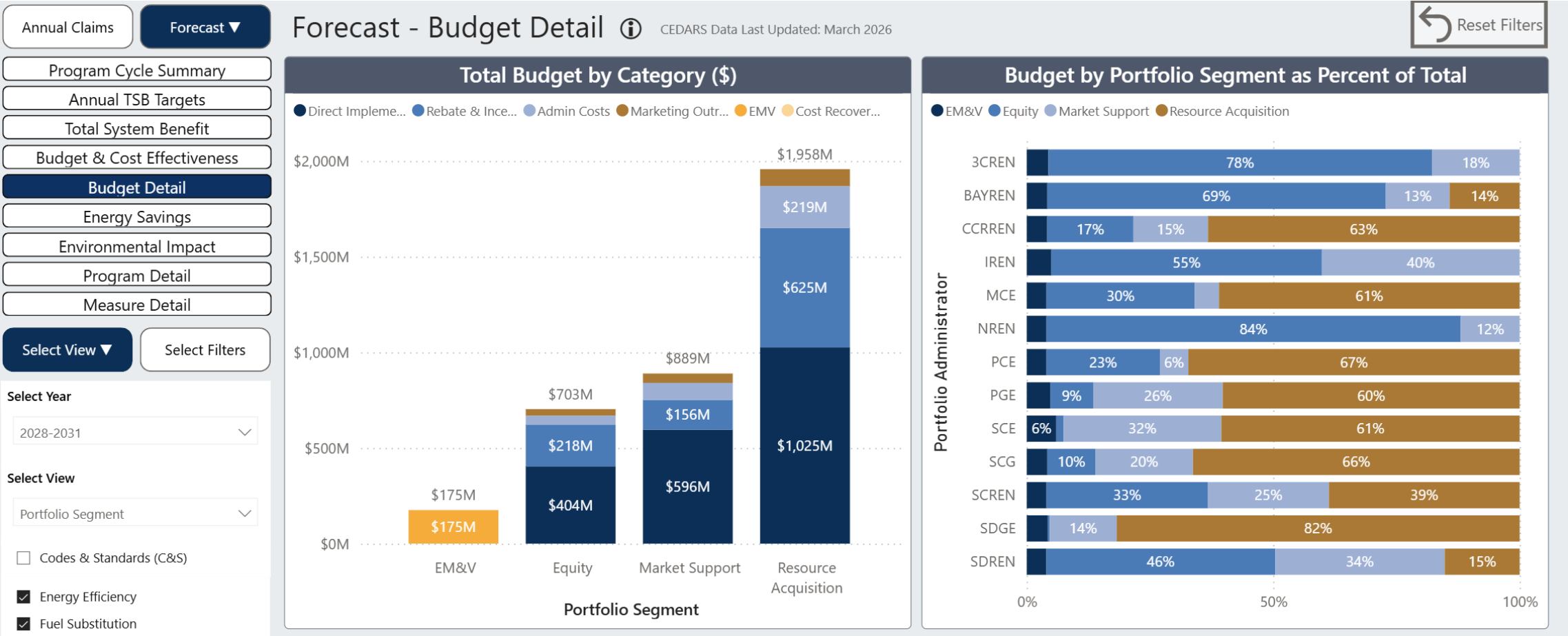
Lifecycle Therm Savings by Sector 2028-2031



kW Reductions
by Sector
2028-2031

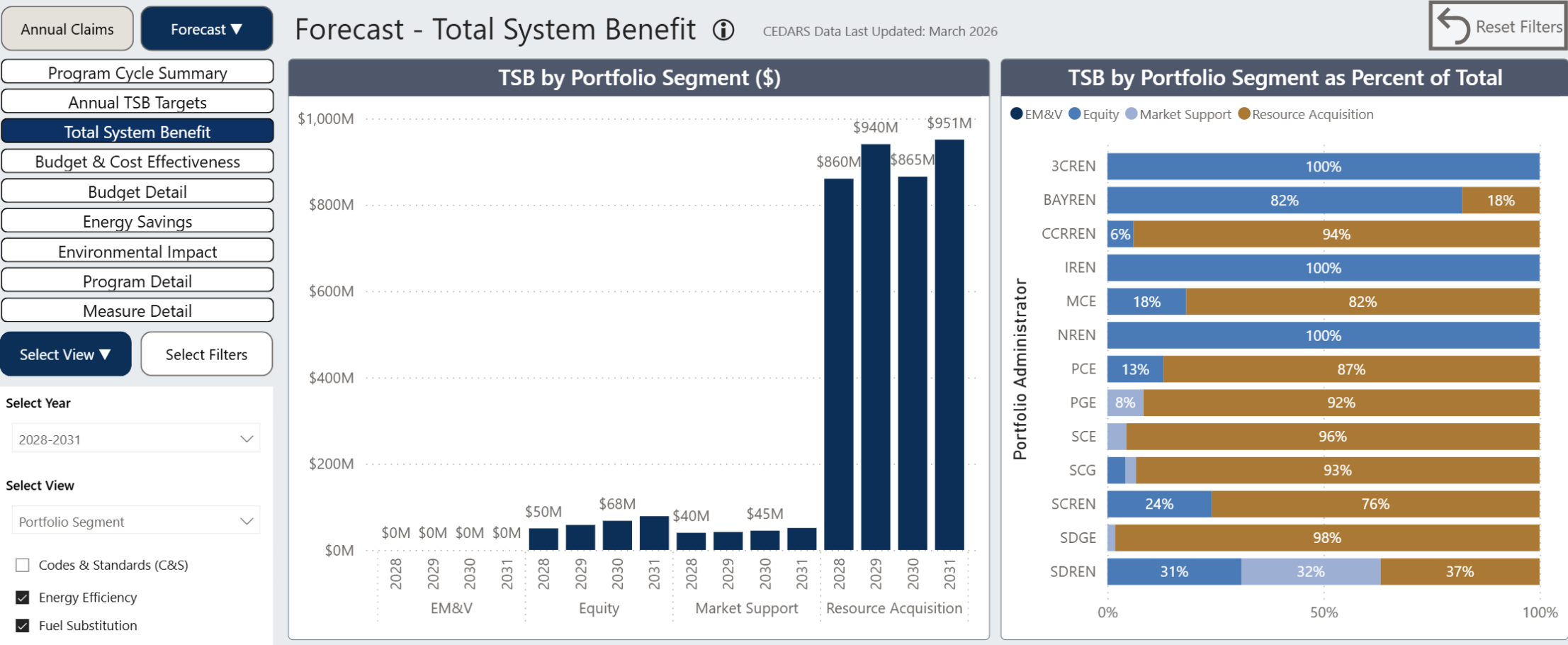


2028-2031 PA Budget by Segment



EE Dashboards can be found at:

2028-2031 Total System Benefit by PA and Segment



Forecast - Total System Benefit ⓘ

CEDARS Data Last Updated: March 2026

Reset Filters

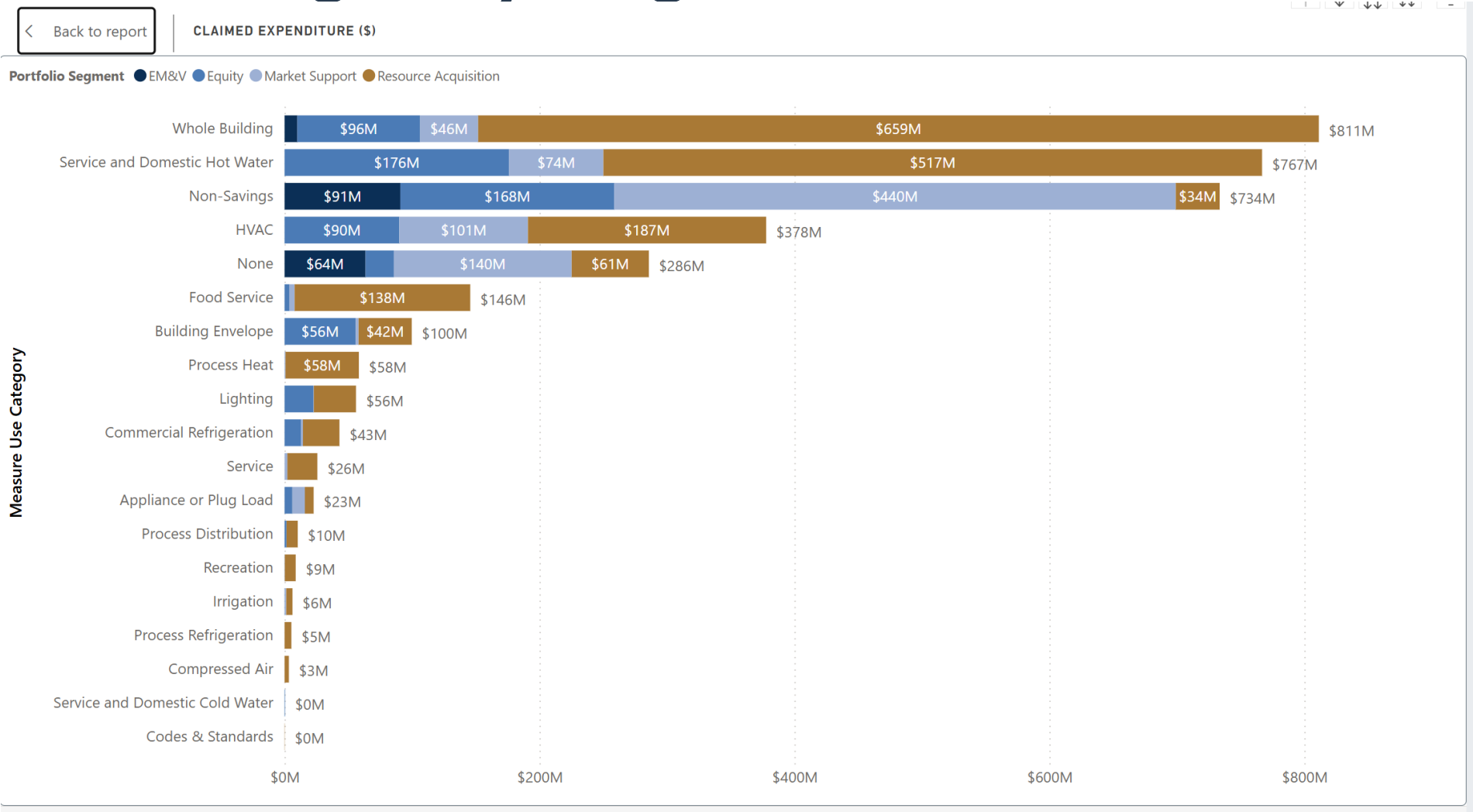
TSB by Portfolio Segment (\$)

Segment	2028	2029	2030	2031
EM&V	\$0M	\$0M	\$0M	\$0M
Equity	\$50M	\$68M	\$68M	\$40M
Market Support	\$40M	\$45M	\$45M	\$45M
Resource Acquisition	\$860M	\$940M	\$865M	\$951M

TSB by Portfolio Segment as Percent of Total

Portfolio Administrator	EM&V	Equity	Market Support	Resource Acquisition
3CREN	0%	100%	0%	0%
BAYREN	0%	82%	0%	18%
CCRREN	6%	0%	0%	94%
IREN	0%	100%	0%	0%
MCE	18%	0%	0%	82%
NREN	0%	100%	0%	0%
PCE	13%	0%	0%	87%
PGE	8%	0%	0%	92%
SCE	0%	0%	4%	96%
SCG	0%	2%	0%	93%
SCREN	24%	0%	0%	76%
SDGE	0%	0%	0%	98%
SDREN	31%	0%	32%	37%

2028-31 Budget by Segment and End Use



California Public Utilities Commission

2028-31 TSB by Segment and End Use

