

Application: A.26-03-009 et al
Exhibit No.: _____
Date: September 30, 2026
Witness(es): Various

WESTLIGHT ENERGY

**TESTIMONY REGARDING ITS
2028-2031 EE PORTFOLIO PLAN AND 2028-2035 BUSINESS PLAN
EXHIBIT 1**

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**WESTLIGHT ENERGY 2028-2031 EE PORTFOLIO PLAN AND 2028-2035 BUSINESS
PLAN**

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WESTLIGHT ENERGY
TESTIMONY REGARDING ITS
2028-2031 EE PORTFOLIO PLAN AND 2028-2035 BUSINESS PLAN

TABLE OF CONTENTS

**EXHIBIT 1: WESTLIGHT ENERGY 2028-2031 EE PORTFOLIO PLAN AND 2028-2035
BUSINESS PLAN**

Chapter	Title	Witness
Chapter 1	Executive Summary	Jana Kopyciok-Lande
Chapter 2	Portfolio Summary	Matthew Rutherford Shelby Bush Tim Olsen
Chapter 3	Portfolio Strategies	Matthew Rutherford Shelby Bush
Chapter 4	Forecast Methodology and Zero-Based Budgeting	Shelby Bush
Chapter 5	Portfolio Management	Shelby Bush
Chapter 6	Sector and Segmentation Strategy	Shelby Bush
Chapter 7	Portfolio Coordination	Shelby Bush
Chapter 8	Stakeholder Engagement	Shelby Bush
Chapter 9	Evaluation, Measurement, and Verification	Shelby Bush
Chapter 10	Policy Recommendations	Matthew Rutherford Shelby Bush
Appendix A	Witness Statements of Qualifications	Jana Kopyciok-Lande Shelby Bush Matthew Rutherford Tim Olsen

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EXHIBIT 2: PROGRAM CARDS

Chapter	Title	Witness
	Program Cards	Shelby Bush

EXHIBIT 3: CEDARS MATERIALS

Chapter	Title	Witness
	Notice of Availability	Tim Olsen
	CEDARS Links	
	CEDARS Filing Receipts	

CHAPTER 1: EXECUTIVE SUMMARY

TABLE OF CONTENTS

1.1. About <u>WestLight Energy</u>	1-1
1.2 The Motivation Behind <u>WestLight</u> 's Inaugural Application	1-2
1.3 Overview of <u>WestLight</u> 's Goals and Strategies	1-3
1.4 Ratepayer Impacts	1-5
1.5 Conclusion	1-5

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FIGURES AND TABLES

Figure 1-1: Ratepayer Impacts	1-5
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1.1. About WestLight Energy

WestLight Energy (WestLight) is a California Joint Powers Authority formed in 2016 for the purposes of implementing and operating a Community Choice Aggregation (CCA) program called WestLight Energy.¹ WestLight is the default electricity provider of San Mateo County and the City of Los Banos. As of the filing of this Application, WestLight provides electric generation service to over 800,000 people and 310,000 customer accounts across its service area. In 2025, WestLight supplied its customers with more than 3,600 gigawatt-hours (GWh) of electricity that was 50% renewable and 100% greenhouse-gas free.

WestLight was formed for the express purpose of providing electric generation service that meets the unique needs and reflects the specific values of the communities it serves. WestLight's mission is to provide affordable, clean electricity and advance local solutions that lower costs, reduce pollution, and strengthen community resilience. Driven by this mission, WestLight's strategic goals emphasize (1) **accelerating decarbonization** through electrification; (2) **limiting cost impacts** for ratepayers; and (3) **advancing innovative clean energy solutions** that can be replicated by other market participants.²

WestLight deploys multiple strategies to achieve these goals. Among those strategies, WestLight implements a broad spectrum of customer programs that promote decarbonization, lower pollution, advance affordability, and build resilience. These programs deliver energy efficiency (EE), enable building and transportation electrification, and unlock solar procurement for public agencies and low-income customers. WestLight is in a unique position to implement locally-focused, responsive, and innovative customer programs given its role as a public agency and its close relationship with the communities it serves. However, WestLight is first and foremost a load-serving entity and prioritizes affordability in pursuit of the strategic goals above. Indeed, WestLight consistently provides generation service to its customers at lower rates than the incumbent utility, Pacific Gas and Electric Company (PG&E).

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¹ WestLight Energy was previously named Peninsula Clean Energy Authority. WestLight filed a notice of its name change in this proceeding on July 2, 2026.

² See Peninsula Clean Energy, Our Path Forward: 2026-2030 Strategic Plan at 9 ("Guiding Principles") (Nov. 20, 2025). Available at: <https://library.pennulacleanenergy.com/m/16178ff0ecf9ef16/original/Our-Path-Forward-2026-2030-Strategic-Plan.pdf>.

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1 EE is an important component of WestLight's comprehensive approach to achieving its
2 strategic goals. WestLight has a proven track record of implementing EE programming for over
3 five years. In May 2022, the Commission approved³ WestLight's request to administer a
4 "FLEXMarket" EE program for three years beginning May 2022 through May 2025, under
5 Sections 381.1(e)-(f) of the California Public Utilities Code (the "elect-to-administer" pathway for
6 CCAs).⁴ The Commission certified the re-launch of FLEXMarket for a new three-year term in
7 Resolution E-5442, issued January 20, 2026.⁵

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9 1.2 The Motivation Behind WestLight's Inaugural Application

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10 California is at an "all hands on deck" moment. The State has established critical and
11 ambitious climate and decarbonization goals, including the goal of doubling statewide EE savings
12 by 2030 (Senate Bill (SB) 350); carbon neutrality by 2045 (SB 100); a 40 percent reduction in
13 greenhouse gas emissions from residential and commercial buildings by 2030 (Assembly Bill (AB)
14 3232); and a goal of 6 million heat pumps installed by 2030 (Governor Newsom's 2022 letter to
15 the California Air Resources Board (CARB)). However, the State risks falling short of many of
16 those targets without sustained investment and innovative strategies to help a broader swath of
17 Californians to participate in (and benefit from) the State's pursuit of those targets.

18 WestLight plans to substantially expand its EE offerings to meet the moment and help the
19 State meet its climate targets. Through this Application, WestLight proposes to deliver an
20 ambitious EE portfolio that will improve energy affordability for both participants and non-
21 participants, address local needs, complement existing EE and demand-side offerings, and
22 accelerate the State's progress towards its climate goals. WestLight is well-equipped to effectively
23 deliver that portfolio. It has built a close and trusting relationship with its customers and therefore
24 can successfully communicate and deliver EE programming to the diverse communities in its
25 service area. It currently runs (and self-funds) several other customer programs—including electric
26 vehicle, battery, solar and electrification programs—and therefore has the successful track-record
27 to deliver cost-effective programming. Through this experience, WestLight has also developed a
28 unique expertise in "stacking" funding (*i.e.*, leveraging various sources of funding to optimize the

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³ Resolution E-5197 (May 4, 2022).

⁴ Cal. Pub. Util. Code sec. 381.1(e)-(f) (authorizing community choice aggregators to administer EE funds).

⁵ Resolution E-5442 (Jan. 20, 2026).

economic proposition for customers), which again, makes WestLight well-positioned to effectively deliver a broad ratepayer-funded EE portfolio.

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The legislative and regulatory framework guiding WestLight's inaugural application is described in more detail in Chapter 2 of this testimony. Key Commission decisions informing this application include D.14-01-033, which recognized CCAs as portfolio administrators eligible to administer EE funds; D.21-05-031, which authorized the portfolio segmentation model and modified the Commission's portfolio approval and oversight process; and D.23-06-055, which ushered in a host of additional requirements relevant to EE portfolio and business plans. WestLight comprehensively tabulates its compliance with the Commission's filing and compliance requirements in Table 2-4, Chapter 2.

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1.3 Overview of WestLight's Goals and Strategies

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WestLight's goals associated with its EE portfolio are organized around three pillars: 1) **Innovation**, 2) **Equity and Affordability**, and 3) **Community-based programming**. Below, we briefly describe each pillar, and the strategies WestLight will deploy under each pillar. Chapter 3 of this testimony describes each of these strategies in more detail.

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Innovation

Innovation is a hallmark of WestLight's broadened portfolio because WestLight believes innovative customer programs will be a critical catalyst that allows the State to achieve its ambitious energy objectives. Three aspects of WestLight's EE portfolio illustrate the emphasis WestLight places on innovation. First, WestLight's portfolio advances the broad adoption of **electrification** by reducing baseline energy demand, preparing buildings for cost-effective electrification, and helping customers navigate the economic and operational implications of transitioning to all-electric technologies. WestLight's proposed Non-Residential Strategic Energy Management (SEM) program, for instance, integrates electrification readiness assessments, long-term decarbonization planning and load flexibility into its EE engagement with participants. Second, WestLight's portfolio targets **high-global warming potential (GWP) refrigerants** by introducing a FLEXMarket refrigerant innovation pathway focused on detecting and mitigating high-GWP refrigerant leaks. Through its Refrigerant Workforce Education and Training (WE&T) program, WestLight will develop a trained local workforce capable of delivering high-quality

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1 refrigerant services. Third, WestLight's portfolio emphasizes **load shaping and demand**
2 **flexibility**. WestLight's FLEXMarket program, for instance, supports EE that is focused on
3 shifting load out of peak hours. In addition, the Integrated Demand-Side Management (IDSM)
4 Program provides a pathway for shifting load using WestLight's self-funded Distributed Energy
5 Resource Management System (DERMS) platform to verify measurable load-shifting during peak
6 hours.

7 Equity and Affordability

8 WestLight's portfolio is intentionally designed to advance affordability and mitigate rate
9 impacts for both participating customers and non-participant ratepayers. With respect to
10 participating customers, WestLight's portfolio will help reduce energy bills. With respect to non-
11 participant ratepayers, WestLight's portfolio will advance affordability by driving off-peak
12 electricity consumption, improving system utilization, avoiding infrastructure costs, and
13 minimizing ratepayer impacts by stacking funding from other sources. WestLight's portfolio will
14 also facilitate EE adoption for underserved and hard-to-reach customers by delivering two
15 programs in the Equity segment: a Residential Direct Install program that provides no-cost
16 measures to equity customers; and a Renters Marketplace, an online platform that offers EE
17 measure bundles designed specifically for renters.

19 Community-Based Programming

20 As explained above, WestLight was expressly created with the goal of serving the unique
21 needs and reflecting the specific values of the communities it serves. That goal is embedded within
22 the third pillar of WestLight's EE Application, which is to offer "community-based"
23 programming. WestLight defined "community-based" as EE programs that promote meaningful
24 community involvement, advance equity, and serve the goals of the Commission's Environmental
25 and Social Justice (ESJ) Action Plan. Looking forward, WestLight will pursue this goal by
26 working closely with community-based organizations (CBOs) to refine program outreach and
27 communication strategies such that it overcomes its customers' language and digital access
28 barriers. Additionally, WestLight will conduct recurring listening sessions and community
29 feedback loops to identify participation barriers specific to renters, multifamily tenants, and hard-
30 to-reach single-family households.

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To ensure that these principles of community-based programming were woven into WestLight's proposed portfolio from the ground up, WestLight embarked upon a deliberate and comprehensive multi-pronged community outreach strategy to inform the development of its inaugural EE portfolio goals and strategies. The objective of deploying that outreach strategy was to design a portfolio tailored to WestLight customers' experiences and priorities. That rigorous process helped WestLight identify several barriers to EE adoption and program participation in its service area and helped it to identify unmet customer needs in its service area. These findings helped inform the portfolio strategies WestLight describes above and in Chapter 3 of this testimony. WestLight's community engagement strategies in the development of this application are further described in Chapter 8.

1.4 Ratepayer Impacts

WestLight carefully and holistically considered ratepayer impacts in the development of its proposed EE portfolio to ensure it will deliver meaningful benefits to customers while balancing affordability and equity considerations. Figure 1-1 below reflects WestLight's total requested budget, forecasted Total System Benefit, net lifetime savings in GWh and therms, and an estimate of customers to be served.

Figure 1-1: Ratepayer Impacts



1.5 Conclusion

WestLight proposes to expand its EE efforts and administer a portfolio of EE programs to help accelerate the State's progress towards its decarbonization goals. WestLight's EE portfolio is closely aligned with its mission and strategic objectives. The portfolio emphasizes innovation, equity and affordability, and community-based programming. To deliver on these goals, WestLight has designed—and will execute—a comprehensive set of strategies informed by

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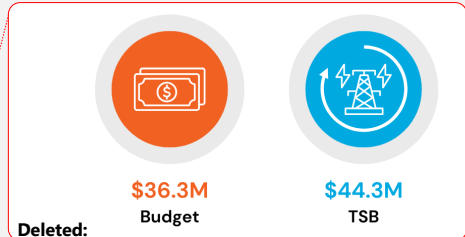
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1 Commission directives, the State’s policy goals, and extensive community feedback. Importantly,
2 WestLight’s breadth of EE programs will not only deliver affordability benefits to participating
3 customers, but will also drive affordability for all ratepayers by right-sizing infrastructure,
4 reducing costs and improving system utilization.

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CHAPTER 2: PORTFOLIO SUMMARY

TABLE OF CONTENTS

2.1. Service Territory Description and Impact on EE Programming.....	2-1
2.1.1. Service Territory Overview.....	2-1
2.1.2. Equity Customers	2-2
2.1.3. Socioeconomic Factors	2-6
2.1.4. Customer Types and Energy Consumption.....	2-10
2.1.5. Climate Impacts.....	2-15
2.2. Regulatory and Legislative Context.....	2-21
2.2.1 Legislative Framework.....	2-21
2.2.2. Alignment with Statewide and <u>WestLight</u> Action Plans.....	2-25
2.2.3 CPUC Policy Requirements Governing EE Portfolios	2-29
2.2.4 CPUC Filing and Compliance Requirements.....	2-35
2.3 Application Summary Tables	2-37

FIGURES AND TABLES

Figure 2-1: <u>WestLight</u> 's Service Area	2-1
Figure 2-2: Number of Accounts by Customer Type	2-2
Figure 2-3: Load by Customer Type (MWh).....	2-2
Figure 2-4: DACs in SMC	2-4
Figure 2-5: DACs in Los Banos.....	2-4
Figure 2-6: DAC and Underserved Communities in San Mateo County	2-5
Figure 2-7: DAC and Underserved Communities in Los Banos	2-5
Figure 2-8: Underserved Population Percentages.....	2-6
Figure 2-9: Renters vs. Homeowners.....	2-8
Figure 2-10: Single-Family vs. Multi-Family Renters	2-8
Figure 2-11: Languages Spoken at Home.....	2-9
Figure 2-12: Latinx and Asian Populations	2-9
Figure 2-13: Customers per Type	2-11
Figure 2-14: Load by Customer Type (MWh).....	2-11
Figure 2-15: Los Banos Residential Sector	2-11
Figure 2-16: San Mateo County Residential Sector	2-11
Figure 2-17: Businesses in Los Banos.....	2-12

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Figure 2-18: Businesses in San Mateo County	2-12
Figure 2-19: Load Disaggregation (MWh)	2-13
Figure 2-20: Average Peak Demand by Customer Type	2-15
Figure 2-21: Climate Zones in <u>WestLight</u> 's Service Area	2-16
Figure 2-22: Changing Heat Patterns in Los Banos	2-18
Figure 2-23: Projections for High Heat Days in San Mateo County	2-19
Figure 2-24: High-Fire Threat Districts in <u>WestLight</u> 's Service Area	2-21
Table 2-1: DACs in San Mateo County and Los Banos	2-4
Table 2-2: Underserved Residential Customers in San Mateo County and Los Banos	2-5
Table 2-3: Socio-Economic Factors in <u>WestLight</u> 's Service Area	2-7
Table 2-4: Overview of <u>WestLight</u> 's Application Compliance with Commission Requirements 2-35	
Table 2-5: 4-year Portfolio Budget Forecast Summary (2028-2031)	2-37
Table 2-6: 4-year Portfolio Forecast Summary (2028-2031)	2-37
Table 2-7: 4-year Portfolio Budget Forecast Summary (2032-2035)	2-38
Table 2-8: 4-year and 8-year Total System Benefit Forecast (w/out C&S) vs. Goals	2-38

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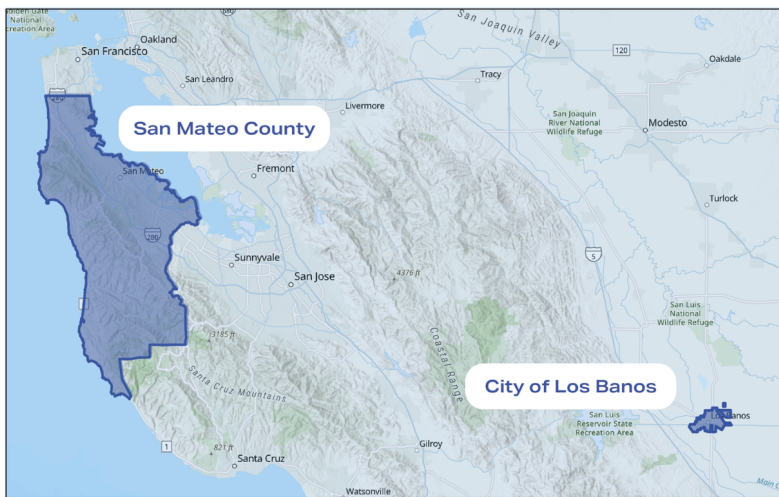
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2.1. Service Territory Description and Impact on EE Programming

2.1.1. Service Territory Overview

~~WestLight Energy~~ (~~WestLight~~) serves all of San Mateo County's 20 cities and unincorporated areas, as well as the City of Los Banos in Merced County.

Figure 2-1: ~~WestLight~~'s Service Area



San Mateo County is part of the San Francisco Bay Area, spanning much of the San Francisco Peninsula. The county includes coastal, bay shore and mountainous terrain, creating a variety of micro-climates. Broadly, the county experiences warm, dry summers and mild, wet winters. In contrast, Los Banos, which is located in California's Central Valley (San Joaquin Valley), experiences very hot, dry summers with frequent extreme temperatures across seasons (highs greater than 90 °F on approximately 97 days per year, and lows lower than 32 °F approximately 15 days per year).¹

The total population of San Mateo County and Los Banos combined is approximately 790,000. ~~WestLight~~ serves 97% of the customers located in its service area – the remaining 3% receive electric generation services from the local investor-owned utility (IOU) or Electric Service

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¹ See U.S. Climate Data, available at: usclimatedata.com/climate/los-banos/california/united-states/usca0640.

Providers (ESP) via Direct Access, Pacific Gas & Electric (PG&E). As of the filing of this Application, WestLight serves over 300,000 customer accounts (i.e., metered service points).

Approximately 90% of WestLight's customers are residential, and the remaining customers are largely commercial and industrial customers. However, approximately 60% of the load WestLight serves is commercial and industrial load (including load associated with public sector customers), whereas 40% of WestLight's load is residential.

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Figure 2-2: Number of Accounts by Customer Type

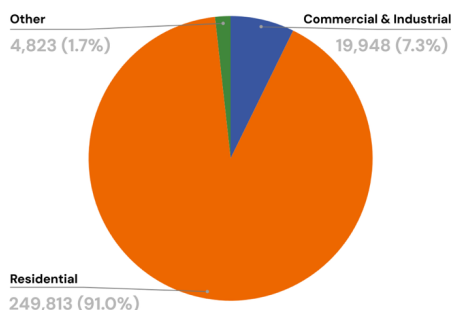
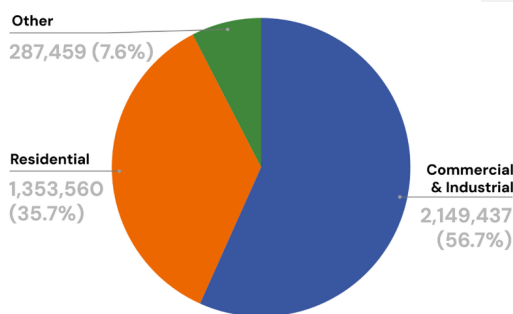


Figure 2-3: Load by Customer Type (MWh)



2.1.2. Equity Customers

In the context of the Energy Efficiency (EE) portfolio, "Equity" customers are defined as hard-to-reach customers, underserved customers, and customers living in disadvantaged communities (DACs).

- **Hard-to-reach (HTR) customers:** HTR customers are defined by criteria that vary based on sector. In the public sector, for instance, HTR customers are local government customers meeting a set of geographic criteria.² In the residential and small business sectors, HTR customers are those that meet a set of geographic criteria and *one* other equity criterion. Alternatively, residential and small business customers can be considered Equity

² Either customers located in areas other than the San Francisco Bay Area, the greater Los Angeles area, the greater Sacramento area and San Diego county or customers in disadvantaged communities, as identified by the California Environmental Protection Agency pursuant to Health and Safety Code Section 39711.

customers even if they do not meet the geographic criteria if they meet three separate equity criteria.³

- **Underserved customers:** In the residential and public sectors, an underserved customer is a member of an underserved community, as defined by Public Utilities Code Section 1601(e). In the commercial, industrial, and agricultural sectors, an underserved customer must not only be a member of an underserved community, but also be an underserved business group as defined by Government Code Section 12100.63(h)(2).

- **Disadvantaged communities:** DACs are identified using the CalEnviroScreen (CES) tool developed by the California Environmental Protection Agency (CalEPA).⁴ The CES tool identifies areas with high levels of pollution burden, such as ozone concentration exposures and groundwater threats, and sensitive population characteristics, such as asthma, linguistic isolation, and poverty.⁵ In Decision (D.) 18-05-041, the California Public Utilities Commission (CPUC or Commission) established the following criteria for identifying DACs:

- Census tracts receiving the highest 25 percent of overall scores in CalEnviroScreen 4.0;
- Census tracts lacking overall scores in CalEnviroScreen 4.0 due to data gaps, but receiving the highest 5 percent of CalEnviroScreen 4.0 cumulative pollution burden scores;
- Census tracts identified in the 2017 DAC designation as disadvantaged, regardless of their scores in CalEnviroScreen 4.0.⁶

WestLight's service area includes a significant number of Equity customers, including
hard-to-reach customers, underserved customers, and those living in DACs.

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³ Other equity criteria include a "Language" criterion, as well as "Business Size" and "Leased or Rented Facilities" criteria for small businesses and "Income" and "Housing Type" criteria for residential customers.

⁴ WestLight is aware that Version 5.0 of the CalEnviroScreen Tool is currently under development.

WestLight will stay apprised of these updates and is prepared to make adjustments should the Commission issue updated guidance.

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⁵ CalEnviroScreen is a mapping tool that helps identify California communities that are most affected by many sources of pollution, and where people are often especially vulnerable to pollution's effects. CalEnviroScreen uses environmental, health, and socioeconomic information to produce scores for every census tract in the state. These scores are then mapped to compare different communities. Available at: <https://oehha.ca.gov/calenviroscreen/about-calenviroscreen>.

⁶ D.18-05-041 at COL 26.

DACs in *WestLight's* Service Area

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In Los Banos, 76% of residents (or 22,199 residents) live in a DAC. Notably, those customers live in census tracts that are in the 97th and 89th percentile per CES 4.0. In absolute numbers, there are more residents living in DACs in San Mateo County (40,409 residents), but in Los Banos, the relative share of customers living in DACs is much higher (76% in Los Banos vs. 5% in San Mateo County). The table and graphics below display DACs in San Mateo County and Los Banos.

Figure 2-4: DACs in SMC

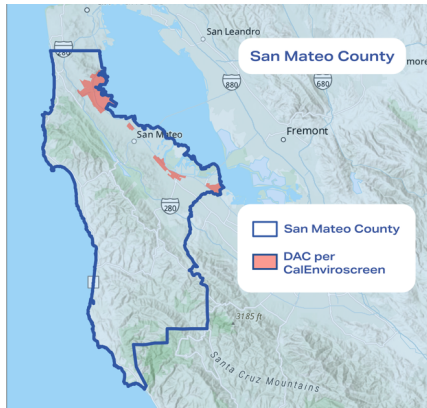


Figure 2-5: DACs in Los Banos

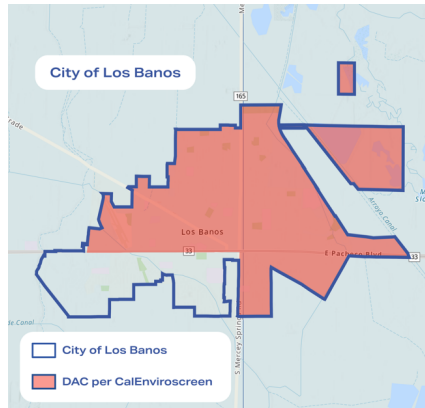


Table 2-1: DACs in San Mateo County and Los Banos

Census Tract	Total Population	ZIP	Approximate Location	CES 4.0 Percentile
6047002201	6,249	93635	Los Banos	97.09
6047002302	15,950	93635	Los Banos	89.38
6081602100	3,700	94080	South San Francisco	84.87
6081610201	5,568	94063	Redwood City	84.22
6081602300	4,196	94080	South San Francisco	83.33
6081606200	7,788	94401	San Mateo	78.34
6081612000	7,091	94303	East Palo Alto	76.97
6081604101	8,053	94066	San Bruno	76.56
6081610202	4,013	94063	Redwood City	75.62

Hard-to-Reach and Underserved Customers in WestLight's Service Area

Beyond DACs, WestLight's Equity customers include a significant number of hard-to-reach and underserved customers. Counting residential customers living in "underserved communities" (as defined above), 41% of WestLight's residential customers are considered "Equity" customers.⁷ The following figures display DAC and underserved communities in WestLight's service area:

Figure 2-6: DAC and Underserved Communities in San Mateo County

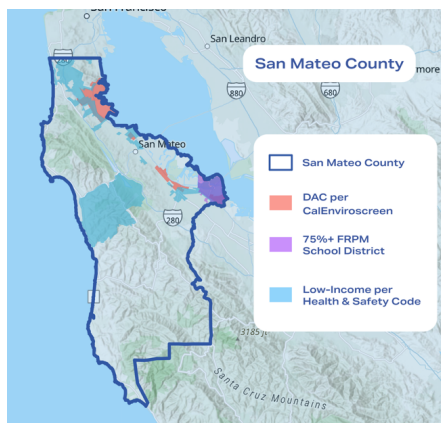
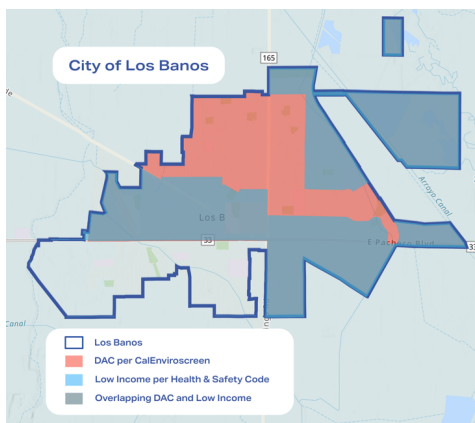


Figure 2-7: DAC and Underserved Communities in Los Banos⁸



The table below breaks out those customers by San Mateo County and Los Banos.

Table 2-2: Underserved Residential Customers in San Mateo County and Los Banos

Total Population Underserved Residential Customers			
	Number of Customers		Percentage
San Mateo County	737,553	285,278	39%
City of Los Banos	46,058	37,657	82%
Total	783,611	322,935	41%

⁷ This definition only includes residential customers that fall under the geographic definitions for Equity customers, i.e., "underserved community" per Public Utilities Code Section 1601(e).

⁸ Note: the map for Los Banos does not include shading for Free or Reduced-Price Meal School Districts because that program has no coverage in Los Banos.

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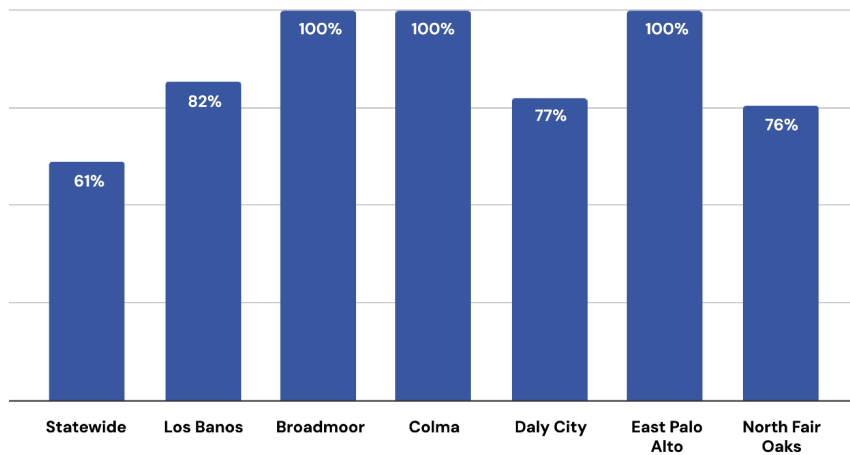
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As Table 2-2 demonstrates, San Mateo County includes a significant number of Equity customers (~300,000) (even though the percentage of Equity customers is lower than in Los Banos). Indeed, those Equity customers are concentrated in pockets of San Mateo County where the local percentage of underserved customers is far higher than the statewide average, as the figure below demonstrates.

Figure 2-8: Underserved Population Percentages



WestLight will leverage these equity indicators to identify where targeted outreach and community partnerships may be most impactful to meet the Equity goals of WestLight's EE portfolio.

2.1.3. Socioeconomic Factors

WestLight's service area is extremely diverse, including notable disparities not only between Los Banos and San Mateo County, but also within San Mateo County itself. Many of those characteristics and disparities are directly relevant to the design of WestLight's EE portfolio.

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The table below illustrates the economic and demographic composition of **WestLight**'s service territory, relative to California as a whole.⁹ Each of the indicators is then briefly discussed below.

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Table 2-3: Socio-Economic Factors in **WestLight**'s Service Area

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Indicator	California	Los Banos	San Mateo County
Median Household Income	\$95,521.00	\$70,893.00	\$151,485.00
Persons in Poverty, percent	12%	16%	7%
Bachelor's Degree or Higher	38%	13%	55%
Homeownership Rate	55%	58%	59%
Foreign Born Population	27%	28%	36%
– Hispanic or Latino	41%	73%	25%
– Asian	19%	4%	33%
Language Other Than English at Hom	45%	52%	45%
– Spanish	29%	48%	18%
– Asian/Pacific Islander	10%	< 2%	20%

Income and Poverty

First, the data illustrates the income disparities between San Mateo County and Los Banos. San Mateo County's median household income (\$151,485) is more than double the median household income in Los Banos (\$70,893). This income gap starkly illustrates the wealth disparity between urban coastal regions and rural Central Valley communities. In addition, it is important to keep in mind that aggregate data masks local conditions. For instance, in San Mateo County, the county median income is \$156,000, but that number is inflated by cities like Atherton and Menlo Park (where the median household income is greater than \$250,000 and \$205,000, respectively). This stands in stark contrast to East Palo Alto, where the median household income is \$104,832. East Palo Alto is a vulnerable neighborhood located less than 2 miles from Atherton and Menlo Park.

Education

Educational attainment characteristics vary across **WestLight**'s service area. Only 13.2% of adults in Los Banos have a bachelor's degree or higher, whereas 54.8% of adults in San Mateo County have achieved similar educational attainment (the statewide number is 37.5%). These differences can influence how customers prefer to receive information and engage with programs.

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⁹ See United States Census Bureau, American Community Survey, available at: <https://data.census.gov/table/ACSDP1Y2024.DP05?g=040XX00US06>.

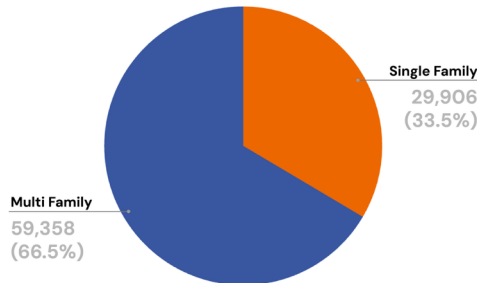
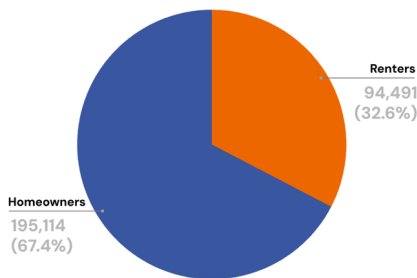
To support equitable participation, WestLight will prioritize clear and accessible communication, community-based outreach, and engagement through trusted local partners. WestLight also understands it can build trust not just through simplified messaging, but also via alignment with motivating factors such as non-energy benefits. Finally, WestLight will offer a Refrigerant Workforce Education and Training (WE&T) program designed to help local contractors and technicians build practical skills through hands-on workshops and industry-recognized certifications, supporting career advancement within the region’s energy and refrigeration sectors.

Homeownership

Average homeownership rates in both Los Banos and San Mateo County are above (but close to) the average rates statewide. However, aggregated data again masks local conditions. East Palo Alto and Daly City, for example, have lower homeownership rates (below 50%). Hence, renter-focused programs and landlord incentives are critical to support WestLight’s EE portfolio in these areas. Overall, renters make up about 32% of the WestLight territory (67% multifamily, 33.5% single family).

Figure 2-9: Renters vs. Homeowners

Figure 2-10: Single-Family vs. Multi-Family Renters



Language and Culture

The varied linguistic and cultural needs of the communities across WestLight’s service territory are also relevant to the design of WestLight’s EE portfolio. Whereas 47.8% of households in Los Banos speak Spanish at home, only 17.5% of households in San Mateo County speak Spanish at home. This is not surprising; the demographics of Los Banos are overwhelmingly Hispanic/Latino (73.2%). In contrast, San Mateo County is more ethnically diverse. 33.1% of San

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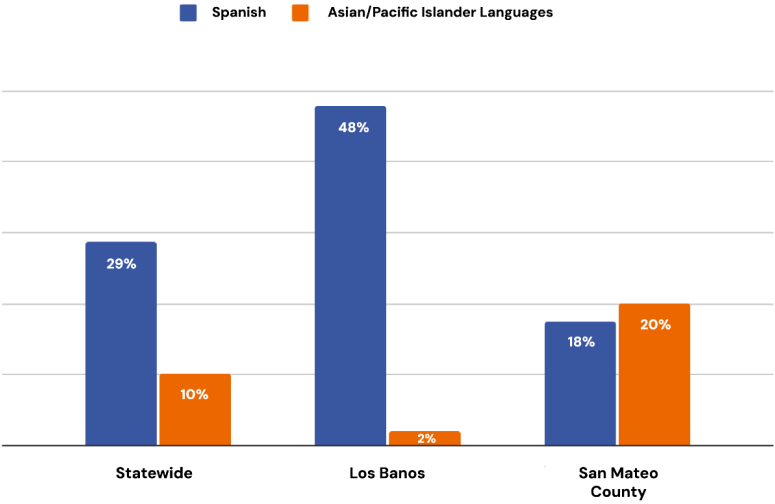
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1 Mateo County residents identify as Asian (including Chinese, Filipino, Indian, Vietnamese and
2 Japanese speakers), and 24.8% identify as Hispanic/Latino.

3

4

Figure 2-11: Languages Spoken at Home

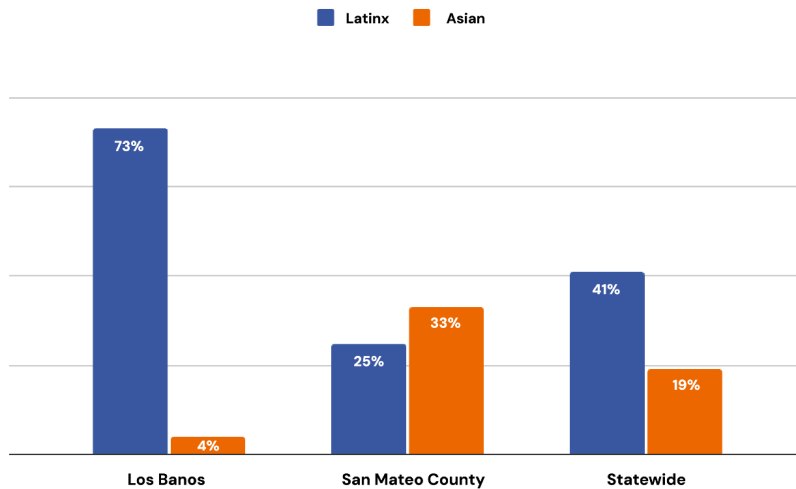


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Figure 2-12: Latinx and Asian Populations



As such, both regions require culturally competent program strategies, Los Banos will benefit most from tailored Hispanic/Latino engagement. That means that program materials must be available in Spanish, and outreach strategies must focus on partnerships with Latino-led community-based organizations, churches and media outlets. San Mateo County, on the other hand, will require a multi-ethnic, multilingual approach, especially for Asian and Pacific Islander communities. A neighborhood-specific, targeted approach will help achieve program success in San Mateo County, and materials should be translated not only into Spanish but also into Tagalog and Chinese.

2.1.4. Customer Types and Energy Consumption

WestLight serves all major customer types, including residential (single-family and multifamily), commercial, industrial, agricultural, and public sector. WestLight serves both urban and coastal communities (San Mateo County), as well as rural and agricultural communities (Los Banos). Residential customers account for approximately 90% of the accounts in the WestLight territory, but only 35% of the load. Conversely, commercial and industrial account for

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1 approximately 7% of the accounts, but over half of the load share. The public sector is much
 2 smaller, accounting for less than 2% of customer accounts and less than 10% of the load.

Figure 2-13: Customers per Type

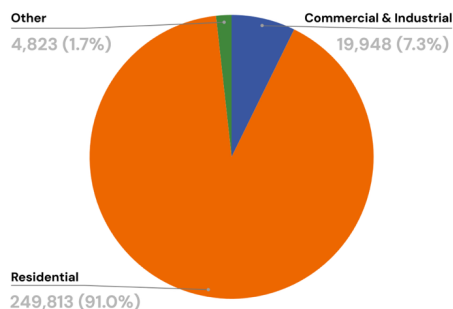
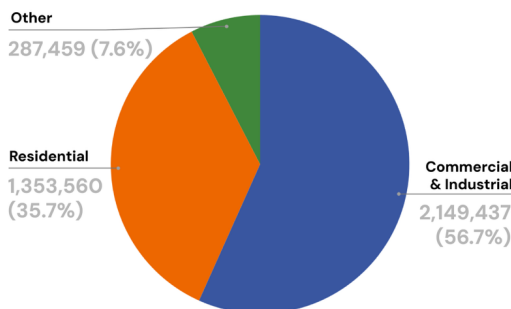


Figure 2-14: Load by Customer Type (MWh)



3 Because **WestLight**'s public and agricultural customer counts and load are relatively small,
 4 **WestLight**'s EE portfolio does not include dedicated programs for these sectors but public and
 5 agricultural customers can participate in programs targeting non-residential customers.

Load Characteristics by Sector

9 In the residential sector, the percentage of single-family and multifamily homes closely
 10 aligns with the percentage of load they each represent, indicating that housing type shares are
 11 generally proportional to their share of electricity consumption.

Figure 2-15: Los Banos Residential Sector

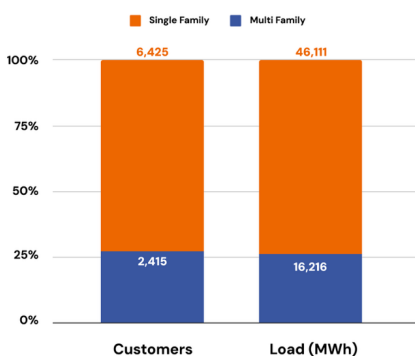
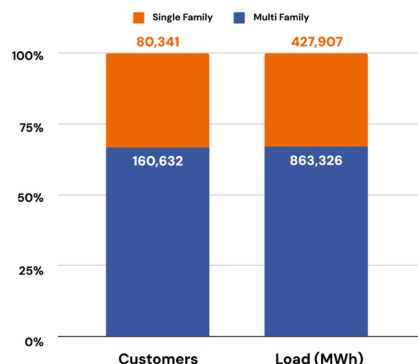


Figure 2-16: San Mateo County Residential Sector



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In contrast to the residential sector, customer share and load share diverge significantly in the commercial sector. Small and medium businesses (SMB) represent a sizeable portion of commercial accounts (~200 in Los Banos and ~7,000 in San Mateo County), but they contribute only a small share of total electricity use in the commercial sector (less than 2% in both Los Banos and San Mateo County). Large commercial and industrial customers accounts, which constitute roughly 65% of commercial accounts in WestLight's service area, represent the vast majority of WestLight's commercial load.

Figure 2-17: Businesses in Los Banos

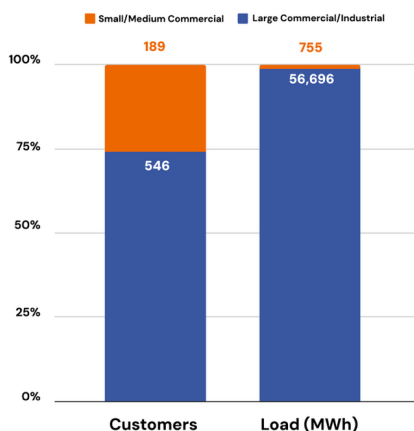
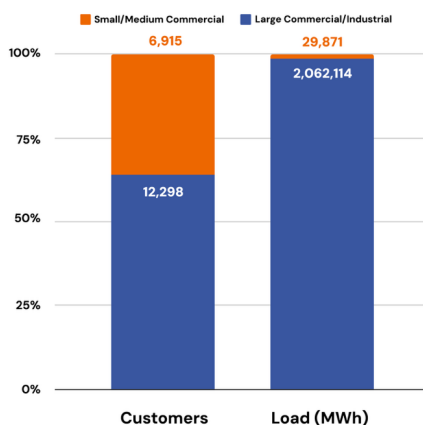


Figure 2-18: Businesses in San Mateo County



WestLight tailors its programs and customer engagement differently for its Large Commercial and Industrial (C&I) and SMB customers. SMB programs prioritize accessibility, technical assistance, and low-barrier offerings. Large C&I programs focus on deep savings opportunities.

Load Disaggregation

In the preparation of this application, WestLight leveraged smart meter data and Normalized Metered Energy Consumption (NMEC)-based weather and time-of-use modeling to isolate the major drivers of electricity consumption in its service area. This gives WestLight a clear picture of where energy is being used and where interventions like energy efficiency,

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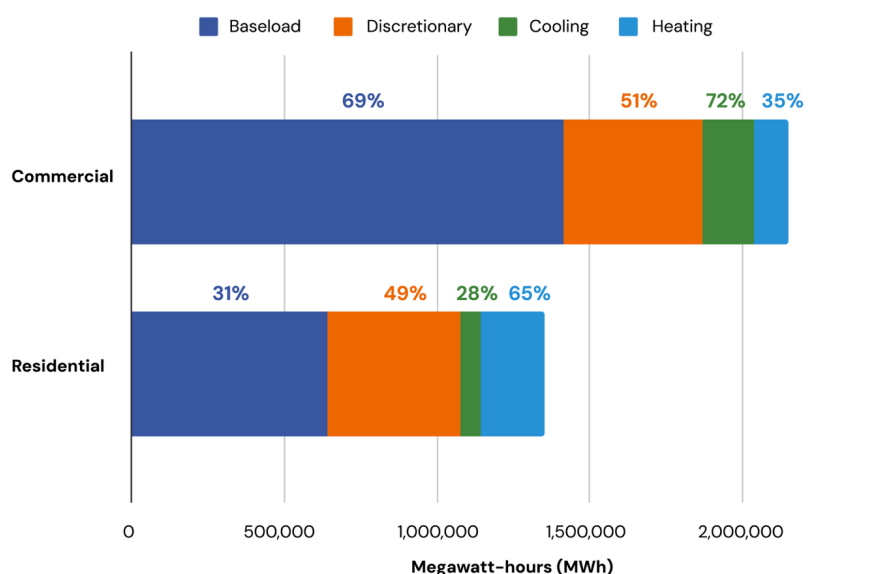
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1 electrification, and load shifting can be most effective. The following figure outlines the
2 percentage of load by customer type (residential vs. commercial/industrial¹⁰) in WestLight's
3 service area:

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5 *Figure 2-19: Load Disaggregation (MWh)*



6
7 In the figure above, “baseload” refers to electricity use that occurs consistently throughout
8 the day and year, regardless of weather or time of day. Typical end uses include refrigeration,
9 water heating, electronics, and “always-on” lighting and plug loads. This type of load is
10 characterized by steady and relatively inflexible demand. “Discretionary” refers to electricity use
11 that customers can shift in time but often occurs during specific windows of convenience. Typical
12 end uses include laundry (washer/dryer), dishwashing, electric vehicle (EV) charging, and
13 cooking. This type of load is not constant — customers have some control, but shifting requires
14 effort or enabling technology. “Cooling” refers to electricity used to operate air conditioning and
15 ventilation systems. Typical end uses include central AC, room AC units, fans, and ventilation

¹⁰ All customer sectors were analyzed but in order to comply with data privacy laws, only commercial/industrial and residential are discussed in the testimony.

equipment. This type of load is strongly weather-driven, with peaks during hot afternoons and evenings, especially in summer. Finally, “Heating” refers to electricity used to provide space heating in homes or businesses that rely on electric heat. Typical end uses include electric resistance heating, heat pumps, and portable space heaters. This type of load is strongly temperature-driven, with peaks during cold mornings and evenings, especially in winter.

This exercise allowed WestLight to identify a number of meaningful energy efficiency and load shifting opportunities. The focus of WestLight’s EE programs will be on the activities that constitute the bulk of its customer’s energy consumption. In the C&I sector, 61% of energy consumption is “baseload”, which means EE efforts must target baseload equipment, such as motors, refrigeration, heating, ventilation, and air-conditioning (HVAC) fans and lighting, which run near-constantly. In the residential sector, where 40% of energy consumption is “baseload” and 14% is heating, WestLight will focus on appliance and plug load efficiency upgrades (for example, upgrades to refrigerators, water heaters and lighting). Heating efficiency is also critical for this sector, and heat pumps offer a direct pathway to reduce both electricity (in some cases where heating and cooling exist) use and natural gas reliance.

WestLight’s load disaggregation efforts also revealed several compelling load-shifting opportunities. In the residential sector, where 40% of electricity consumption is discretionary, WestLight identified a significant opportunity to shift flexible loads like EV charging, laundry, and dishwashing into midday solar hours or overnight. Residential behavioral change programs, time-of-use rates, and enabling tech (e.g., smart thermostats, managed EV charging, and battery energy storage systems (BESS)) can move demand away from peak times (i.e., 4–9 PM). In the C&I sector, where 24% of electricity consumption is discretionary, WestLight identified a meaningful opportunity to shift process loads with automation (e.g., pumping, industrial refrigeration defrost cycles etc.). Load management programs, such as the Integrated Demand-Side Management (IDSMS) Program that WestLight proposes in this Application can incentivize shifting or shedding these loads during peak times.

Peak Demand

The average peak demand profile across WestLight’s service territory shows clear differences in how the various customer segments contribute to system peaks. As illustrated in the

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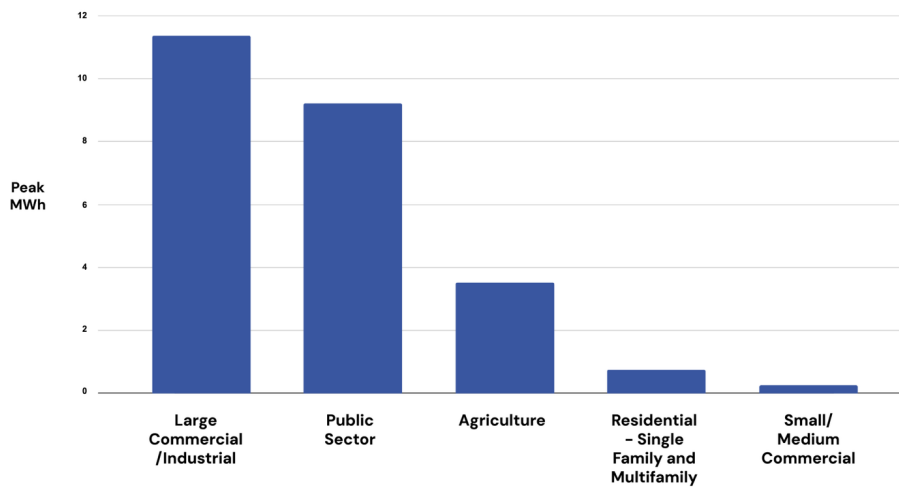
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figure below, commercial and public-sector customers account for the majority of peak load in both regions.

Figure 2-20: Average Peak Demand by Customer Type



This concentration of peak load highlights the commercial sector as [WestLight](#)'s greatest opportunity for meaningful demand reduction. Programs such as Strategic Energy Management (SEM) and FLEXMarket are purposefully designed to capture these reductions by improving operational efficiency, optimizing equipment performance, and incentivizing verifiable peak savings.

In addition, [WestLight](#)'s IDSM strategy will expand demand reduction potential within the public sector by supporting battery storage and other load-shifting technologies. These resources will enable public agencies to manage their peak usage more effectively, support resilience, and contribute to system-level reliability benefits.

2.1.5. Climate Impacts

The California Energy Commission has established sixteen "climate zones" for the purposes of California's Title 24 Energy Code. Those zones roughly correspond to unique climatic conditions that dictate the minimum efficiency requirements needed for that specific climate zone. Each climate zone represents a unique combination of temperature patterns, humidity levels, and

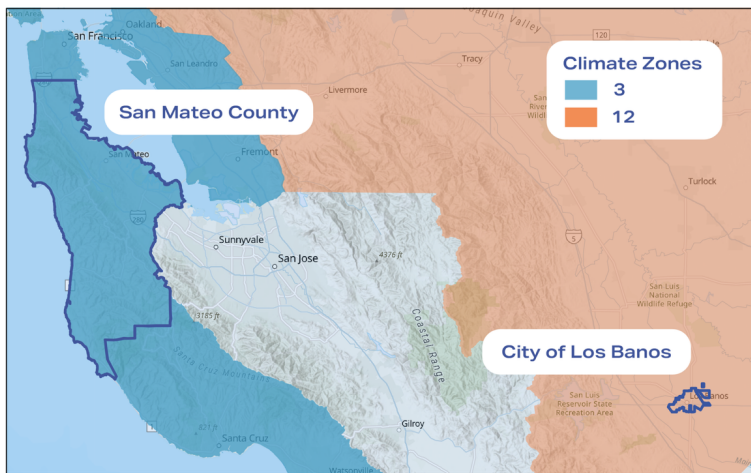
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seasonal energy demand characteristics. These distinctions directly impact heating and cooling loads, customer energy use behaviors, and cost-effective technology choices. As such, tailoring program strategies to the unique needs of each climate zone ensures that energy efficiency investments are both equitable and impactful.

WestLight's service territory falls into two climate zones: San Mateo County in Climate Zone 3, and Los Banos in Climate Zone 12.

Figure 2-21: Climate Zones in WestLight's Service Area



Climate Zone 3 exhibits significant microclimate variation between San Mateo's coastal and inland communities. While these areas share the same formal climate zone designation, WestLight's program strategies will be tailored to the variability of cooler coastal communities and warmer inland cities.

Climate Zone 12 is assigned to Los Banos and is defined by hot, dry summers and cold winters. This zone experiences significant cooling loads and an increasing number of extreme heat days due to climate change. Energy efficiency efforts in Climate Zone 12 will focus on HVAC system performance, building envelope improvements, demand response readiness, and low-global warming potential (GWP) refrigerant measures to simultaneously reduce energy burden and mitigate climate impacts.

Incorporating these climate zone distinctions into program planning ensures that technology offerings, incentive levels, and outreach strategies are appropriately calibrated to local

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1 building stock, usage patterns, and community vulnerability. It also allows WestLight to identify
2 and prioritize grid-beneficial load reductions in high-demand seasons and maximize co-benefits
3 such as improved indoor air quality and climate resilience.

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4 The widely divergent climates across WestLight's service territory implicate a variety of
5 climate risks, including extreme heat and wildfire exposure. Those challenges underscore the need
6 for tailored energy efficiency and electrification strategies. More concretely, they inform
7 WestLight's portfolio design by highlighting where interventions such as resilience-focused
8 building upgrades, load shifting technologies, and equity-driven program delivery will be most
9 critical for advancing climate adaptation and energy equity. Below, we discuss these climate risks
10 in greater detail and discuss how WestLight's portfolio will rise to those challenges.

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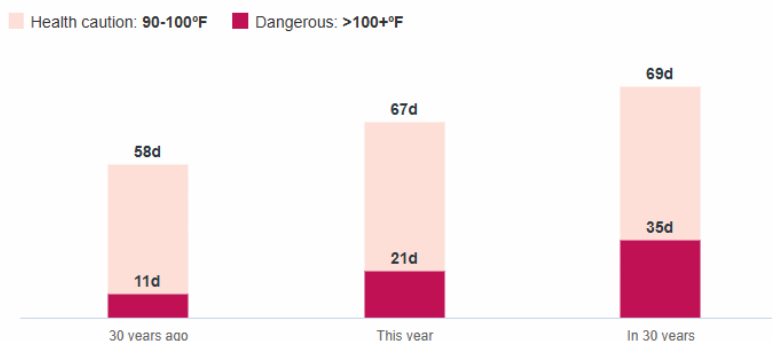
11 12 Extreme Heat

13 This risk acutely impacts the Los Banos portion of WestLight's territory. The San Joaquin
14 Valley annual average maximum temperatures increased by 1 °F (0.6 °C) from 1950 to 2020, and
15 is projected to increase 4 °F to 5 °F (2.2 °C to 2.7 °C) by mid-century and 5 °F to 8 °F (2.7 °C to
16 4.4 °C) by the end of the century. If emissions continue to rise at high rates, projections indicate
17 that half of the San Joaquin Valley counties will have average annual maximum temperatures over
18 80 °F (26.7 °C) by the end of the century, which is more than an 8 °F increase compared to
19 historical conditions.¹¹ As a result, Los Banos residents will experience extreme temperatures far
20 more frequently in the future. As the graphic below illustrates, whereas temperatures reached
21 dangerous levels on 21 days in 2025, temperatures will reach dangerous levels on an estimated 35
22 days in 30 years.

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¹¹ California's Fourth Climate Change Assessment, San Joaquin Valley Region Report, available at:
https://www.energy.ca.gov/sites/default/files/2022-01/CA4_CCA_SJ_Region_Eng_ada.pdf.

Figure 2-22: Changing Heat Patterns in Los Banos



More than half of the population in the San Joaquin Valley live in DACs (~74% in Los Banos¹²), and many rural DACs lack access to basic services such as safe, reliable, and affordable drinking water, sewage, and health care, making them some of the least resilient communities in California. Climate change is already disproportionately exacerbating their vulnerabilities, including water insecurity and extremely poor air quality.¹³ Higher temperatures are increasing the risk of heat-stroke and other effects on vulnerable populations and outdoor workers. Valley fever cases are more common in the San Joaquin Valley than in the rest of California, and this poorly studied illness could be exacerbated by the intensified combination of wetter conditions that allow the fungus to reproduce, and dryer, windy periods that contribute to the spread of the spores from the soil into people's respiratory systems. Current health services are insufficient, and climate change is increasing the necessity of emergency attention.¹⁴

While extreme heat is not as severe in San Mateo County as in Los Banos, it nevertheless still represents an increasing challenge for the county. The figure below shows projections for the average number of high heat days (above 85°F) in San Mateo County by jurisdiction over the near-term (2020-2029) and long-term (2016-2045).¹⁵ Modeling suggests the average number of high

¹² See CalEnviroScreen 4.0, available at: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>.

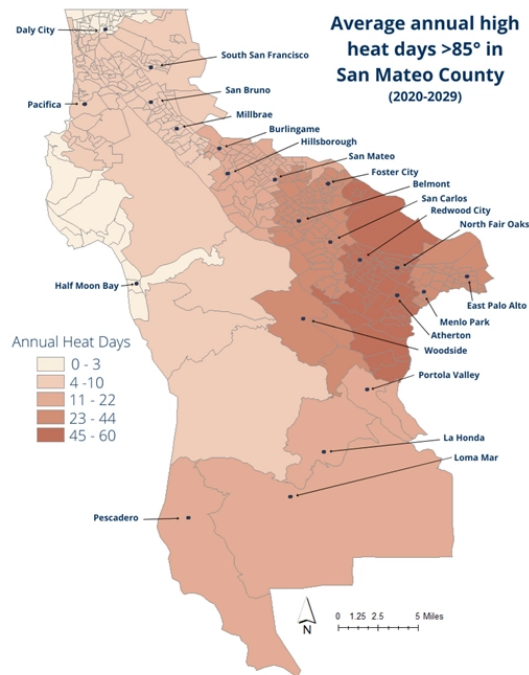
¹³ California's Fourth Climate Change Assessment, San Joaquin Valley Region Report, available at: https://www.energy.ca.gov/sites/default/files/2022-01/CA4_CCA_SJ_Region_Eng_ada.pdf.

¹⁴ *Id.*

¹⁵ See Climate Ready San Mateo County, Extreme Heat and Public Health at 3, available at: <https://www.smcustainability.org/wp-content/uploads/Climate-Ready-SMC-Hazard-Factsheet-Extreme-Heat-and-Health.pdf#:~:text=For%20more%20information%20on%20the%20Office%20of,areas%20with%20experience%20more%20high%20heat%20days>.

heat days will increase for many jurisdictions with greatest impacts expected in Atherton, East Palo Alto, Menlo Park, North Fair Oaks, Redwood City, San Carlos, and Woodside.

Figure 2-23: Projections for High Heat Days in San Mateo County



In San Mateo County, Equity communities often experience multiple risk factors for heat illness, creating intersecting vulnerabilities likely to produce poor outcomes in a high heat event.¹⁶ For instance, someone living in an disadvantaged community is less likely to have air conditioning or a personal vehicle, and more likely to have preexisting health conditions that make them physiologically more vulnerable to high temperatures.

WestLight's programs will help customers better cope with these conditions by expanding access to heat pumps, weatherization, and other upgrades that improve indoor comfort and reduce

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¹⁶ San Mateo County Sustainability Department, available at: <https://www.smcsustainability.org/climate-resilience/climate-risks/extreme-heat/>.

1 exposure to unsafe temperatures. By reducing cooling costs and improving building performance,
2 these offerings directly support customer health and comfort during increasingly frequent heat
3 events.

5 *Wildfire Exposure*

6 A significant proportion of San Mateo County falls within areas designated as fire hazard
7 zones by the State.¹⁷ The hills west of San Mateo, in particular, are expected to see an increase in
8 wildfire frequency. Fires in this densely populated area could result in severe damage to residences,
9 communities and critical facilities.¹⁸ Moreover, smoke from frequent fires has worsened regional
10 air quality, raising respiratory and heat-related health risks.¹⁹ WestLight's portfolio integrates
11 indoor air quality measures to address these worsening climate conditions (e.g. HVAC upgrades,
12 air purification).

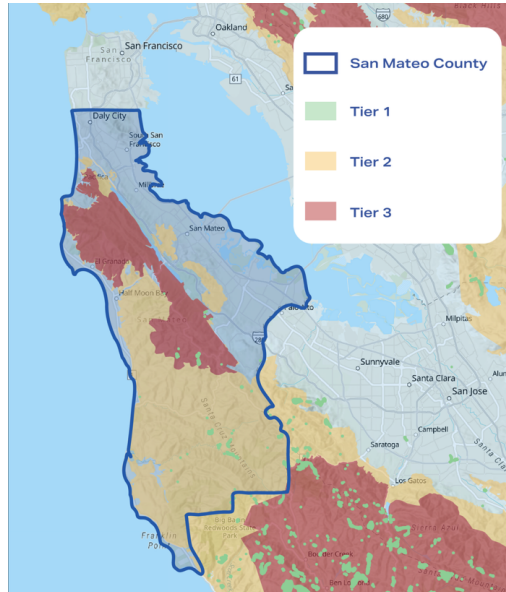
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¹⁷ See California Department of Forestry and Fire Protection, Fire Hazard Severity Zones, available at: <https://osfm.fire.ca.gov/what-we-do/community-wildfire-preparedness-and-mitigation/fire-hazard-severity-zones>.

¹⁸ See City of San Mateo Climate Action Plan, available at: <https://www.cityofsanmateo.org/DocumentCenter/View/93755/Climate-Action-Plan-2024-Update?bidId=>.

¹⁹ Sustainable San Mateo County, "Pathways to Sustainable Communities", available at: https://sustainablesanmateo.org/wp-content/uploads/2021/04/Pathways-Report-revised-Jan-19-2021_FinalReview04202021.pdf.

Figure 2-24: High-Fire Threat Districts in *WestLight's* Service Area



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2.2. Regulatory and Legislative Context

For many years, the CPUC and the California legislature have emphasized the importance of energy efficiency (EE) in meeting emissions reductions, affordability, and equity goals. As mission-driven local government entities, community choice aggregators (CCAs) are particularly well suited to administer EE programs to carry out these goals. In recognition of this reality, the legislature provided a pathway in which CCAs may apply to administer EE programs, and the Commission has subsequently built upon this framework over time to further develop a number of guidelines for CCA portfolio administrators (PAs).

2.2.1 Legislative Framework

In 2002, the legislature enacted **Assembly Bill (AB) 117**, which initially authorized community choice aggregation in California.²⁰ AB 117 simultaneously established Section 381.1 of the California Public Utilities Code, which mandated that the Commission establish procedures

²⁰ See Cal. Pub. Util. Code § 366.2.

1 enabling CCAs to apply to administer cost-effective EE programs. California Public Utility Code
2 Sections 381.1(a)-(d) are commonly referred to as the Apply-to-Administer (ATA) framework.
3 The ATA framework “allows CCAs to access energy efficiency funds from, and provide energy
4 efficiency programs to, both their customers *and* other utilities’ customers.”²¹ **WestLight** submits
5 this Application pursuant to the requirements of California Public Utility Code Sections 381.1(a)-
6 (d), as well as the subsequent Commission decisions implementing the ATA framework as
7 discussed in more depth below.

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8 Beyond consistency with the general ATA framework, **WestLight**’s Application is crafted
9 to further carry out numerous legislative objectives related to EE. These include, but are not limited
10 to:

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11 **Senate Bill (SB) 350 (2015)** requires doubling of statewide EE savings and demand
12 reduction by 2030.²² The Commission has taken significant steps to facilitate achievement of SB
13 350 goals, particularly through the integrated resource planning process.²³ Notwithstanding, EE
14 continues to serve a critical role in achieving SB 350 targets. The Commission has acknowledged
15 that “EE and fuel substitution are among the most cost-effective decarbonization levers and are
16 crucial to delivering the most affordable and reliable carbon-free energy system at the lowest
17 ratepayer cost.”²⁴ Along these lines, the California Energy Commission’s (CEC) December 2025
18 Draft Building Energy Action Plan assessed statewide progress towards SB 350 goals, concluding
19 that “[a]chieving energy efficiency doubling by 2030 while reducing GHG emissions from
20 buildings requires the continued success of traditional efficiency programs, as well as new efforts
21 to electrify end uses.”²⁵ Moreover, the CEC’s Draft 2025 Building Energy Action Plan’s modeling
22 demonstrated that aggressive EE in a high-electrification future is needed to reach the ultimate SB

²¹ D.14-01-033 at 5.

²² Cal. Pub. Resources Code § 25310(c)(1).

²³ California Public Utilities Commission, *Senate Bill 350 (Clean Energy and Pollution Reduction Act) Accomplishment Tracking* (June 2021); available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/sb-350-te/sb350_tracker_121221.pdf.

²⁴ California Public Utilities Commission, *Report on Demand-Side Management Programs Pursuant to PUC Section 913.5* at 9 (Jul. 2025). Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/report-on-demandside-management-programs-pursuant-to-puc-section-9135.pdf>.

²⁵ California Energy Commission (CEC), *Draft Commission Report: California Building Energy Action Plan* at 137 (Dec. 2025). Available at: <https://www.energy.ca.gov/sites/default/files/2025-12/CEC-400-2025-001-CMD.pdf>.

350 goal.²⁶ **WestLight**'s ATA portfolio aligns well with these identified needs, as its portfolio is designed to capture deeper savings and dedicates resources to workforce training, especially in Equity communities, to facilitate sustained progress towards California's decarbonization goals.

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AB 802 (2015) required the Commission to authorize IOUs to provide financial incentives and pay-for-performance (P4P) approaches to customers to increase the energy efficiency of existing buildings based on all estimated energy savings and energy usage reductions, including Normalized Metered Energy Consumption (NMEC).²⁷ **WestLight**'s programs employ NMEC and P4P methods to ensure compliance with AB 802 and to safeguard ratepayer funds.

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SB 32 (2016) required the California State Air Resources Board (CARB) to ensure the state's greenhouse gas (GHG) emissions are reduced to 40% below the 1990 levels by 2030.²⁸ The CEC's Building Decarbonization Assessment explains:

California can achieve significantly more than a 40 percent reduction by 2030 through these strategies. *Efficient electrification of space and water heating in California's buildings combined with refrigerant leakage reduction presents the most readily achievable pathway to a greater than 40 percent reduction in greenhouse gas emissions by 2030.* Challenges exist to accomplishing these emissions reductions, from consumer awareness to financing availability, but can be overcome and implemented equitably with collaboration and planning among state and local officials, utilities, environmental justice organizations, equipment manufacturers and distributors, financiers, and community leaders.²⁹

More recently, the CEC's 2025 Draft Building Energy Action Plan reiterated this conclusion, finding that updated modeling "confirms that aggressive, efficient electrification — as articulated by the aspirational 6-million-heat-pump goal — is the *only* scenario that will achieve GHG emission reductions from buildings consistent with the state's 2045 climate and efficiency goals."³⁰ **WestLight**'s portfolio strategies directly align with several of the key strategies identified in the CEC's Building Decarbonization Assessment, which recommended a continued emphasis

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²⁶ 2025 Draft Building Energy Action Plan at 141, Table 16 and 147, Figure 15 (explaining and modeling the results of CEC Scenario 2).

²⁷ See Cal. Pub. Util. Code § 381.2.

²⁸ Cal. Health and Safety Code § 38566.

²⁹ CEC, Building Decarbonization Assessment at ii. (Aug. 13, 2021) (emphasis added). Available at: <https://www.energy.ca.gov/publications/2021/california-building-decarbonization-assessment>.

³⁰ CEC 2025 Draft Building Energy Action Plan at 3 (emphasis added).

on traditional EE, deeper investments into electrification, and sustained consideration of equity in decarbonization efforts.³¹

SB 100 (2018) codified California’s north star goal of carbon neutrality by 2045.³² In assessing the key means by which the state can achieve this goal, CARB’s 2022 Scoping Plan placed a strong emphasis on building decarbonization measures. The 2022 Scoping Plan defined building decarbonization as “maximizing energy efficiency, use of low- and zero-carbon electricity, demand flexibility, energy storage, use of very low- or no-GWP refrigerants and refrigerant emission leak reduction, and eliminating fuel combustion by electrifying appliances and equipment, among other actions.”³³ The 2022 Scoping Plan further explained that:

While the State, regions, local jurisdictions, and utilities are undertaking many efforts to facilitate decarbonization, *more work is needed*. To ensure that building decarbonization is successful, policymakers must work together across agency jurisdictions to align policies and collaborate with and prioritize frontline communities in those policies. There are a variety of potential actions that could be pursued to reduce emissions in both new construction and existing buildings. *Market-enabling actions such as incentives, affordable energy rates, education, and flexible demand programs lay the foundation to prepare consumers, building developers, appliance manufacturers, and contractors for an equitable transition to building decarbonization.*³⁴

WestLight’s proposed portfolio advances these strategies, placing an emphasis on equity, workforce training, accelerated electrification, efficient load shaping, and promotion of clean energy solutions.

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SB 1013 (2018) directed the Commission to consider inclusion of low-GWP refrigerants in EE portfolios.³⁵ WestLight proposes a Refrigerant WE&T program in the Market Support segment to support adoption of low-GWP refrigerant technologies consistent with SB 1013. The program will train small and independent HVAC contractors on safe refrigerant recovery and recycling with free instruction, assistance with Environmental Protection Agency (EPA) certification, and guidance on resale and credit opportunities to create new revenue streams.

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WestLight is also recommending a change in policy to adjust rules that currently limit PAs’ ability

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³¹ CEC 2021 Building Decarbonization Assessment at 14-15.

³² Cal. Pub. Util. Code § 454.53(a).

³³ CARB, *2022 Scoping Plan, Appendix F: Building Decarbonization* at 1 (Nov. 2022).

³⁴ CARB Scoping Plan, Appendix F at 49 (emphasis added).

³⁵ Cal. Pub. Resources Code § 76002.

1 to leverage low-GWP measures to deliver GHG savings that contribute to advancing SB 1013
2 goals and accelerate the transition away from high-GWP refrigerants.

3 **AB 3264 (2024)** required the Commission to report on Demand Side Management
4 programs every three years, including customers served and bill savings.³⁶ The Commission
5 currently utilizes the California Energy Data and Reporting System (CEDARS) platform to
6 generate data on participation and bill savings for inclusion within these reports. WestLight's
7 programs will offer tools to program participants to help evaluate the projected bill impacts of EE
8 measures and facilitate informed decision-making. As these processes evolve, WestLight will
9 work with the Reporting Project Coordination Group (PCG) to share best practices and update
10 how bill savings are calculated in CEDARS to generate the most accurate data possible.

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12 2.2.2. Alignment with Statewide and WestLight Action Plans

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13 Beyond statewide priorities specifically codified in statute, the State has adopted several
14 action plans and broader goals that center equity, decarbonization, and innovation in EE.
15 WestLight developed its portfolio with these policy objectives in mind, ensuring alignment
16 between its portfolio offerings, State policy objectives, and WestLight's internal goals and
17 strategies.

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18 The Commission adopted its **Environmental & Social Justice Action Plan, Version 2.0**
19 (**ESJ Action Plan 2.0**), in April of 2022.³⁷ The ESJ Action Plan 2.0 incorporates eight overarching
20 goals, which, among other things, include integrating equity and access considerations across all
21 Commission regulatory activities, increasing investment in clean energy resources to benefit ESJ
22 communities, and to promote high-road workforce pathways.³⁸ WestLight's portfolio aligns well
23 with the priorities set forth in the ESJ Action Plan 2.0, with equity and affordability centered as a
24 guiding goal for this Application. WestLight's Equity program portfolio targets underserved and
25 hard-to-reach communities, implements strategies to improve local air quality and public health,

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³⁶ Cal. Pub. Util. Code § 913.5.

³⁷ See California Public Utilities Commission, *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>.

³⁸ ESJ Action Plan 2.0 at 4-6; see also Cal. Employment Ins. Code § 14005(r) (defining “high-road” as “a set of economic and workforce development strategies to achieve economic growth, economic equity, shared prosperity and a clean environment” and providing example strategies).

1 and promotes meaningful workforce development opportunities that provide lasting community
2 benefits.

3 Also in April of 2022, the Commission adopted its **Distributed Energy Resources (DER)**
4 **Action Plan, Version 2.0 (DER Action Plan 2.0).**³⁹ The DER Action Plan 2.0 is intended to
5 ensure coordination between Commission proceedings related to grid planning, affordability, load
6 flexibility, market integration, and customer programs to ultimately facilitate SB 100 and general
7 State climate goals.⁴⁰ Moreover, the DER Action Plan 2.0 seeks to maximize the ratepayer and
8 societal value of an anticipated high-DER future.⁴¹ WestLight's proposed portfolio builds upon
9 these principles through its NMEC-based programs and IDSM pilots, which work to integrate EE
10 with demand-side resources to enhance load flexibility and grid reliability.

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11 AB 785 (2015) required the CEC to adopt its first **Energy Efficiency Action Plan.**⁴² The
12 CEC has updated its Energy Efficiency Action Plan several times since then, with two companion
13 reports comprising the 2021 Energy Efficiency Action Plan.⁴³ Together, these reports reinforce
14 building decarbonization and EE as central strategies in meeting the State's climate goals. The
15 2021 Energy Efficiency Action Plan further emphasizes the importance of efficient electrification,
16 demand flexibility, refrigerant management, and distributed energy resources towards these
17 objectives. The plan set forth forward-looking targets, such as the installation of 6 million heat
18 pumps by 2030, while stressing the need for equitable investment in disadvantaged communities
19 and the importance of addressing embodied carbon in buildings. WestLight designed its ATA
20 portfolio in alignment with these priorities by focusing on efficiency and electrification, integrating
21 demand flexibility and supporting low-income households.

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22 In addition to these action plans, the State has also established goals through executive
23 action. On October 30, 2024, Governor Newsom issued **Executive Order N-5-24**, which directs

³⁹ See California Public Utilities Commission, *Distributed Energy Resources Action Plan*, Version 2.0 (Apr. 21, 2022). Available at: <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M467/K47/467470758.PDF>.

⁴⁰ DER Action Plan 2.0 at 3.

⁴¹ DER Action Plan 2.0 at 3.

⁴² See California Energy Commission, "Energy Efficiency in Existing Buildings." Available at: <https://www.energy.ca.gov/programs-and-topics/programs/energy-efficiency-existing-buildings>.

⁴³ See *id.* (the 2021 Energy Efficiency Action Plan is comprised of the 2021 California Building Decarbonization Assessment and the 2021 Integrated Energy Policy Report, Volume I: Building Decarbonization). Note that the CEC is working towards the publication of a 2025 Energy Efficiency Action Plan Update.

1 the Commission and other agencies to address California’s electricity affordability crisis by: 1)
2 identifying underperforming or underutilized programs and returning unused funds to ratepayers;
3 2) evaluating whether certain mandates unduly increase rates; 3) maximizing federal funding
4 opportunities; and 4) increasing the value of the California Climate Credit for low-income
5 consumers.⁴⁴ WestLight’s ATA Application centers affordability as a guiding principle to ensure
6 that its EE investments support affordability not only for customers who participate in its programs
7 (via energy bill savings) but also for all ratepayers (via fund stacking, increased system utilization,
8 load shifting and other strategies described in Chapter 3 of this testimony).

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9 In a July 22, 2022 **Letter from the Governor to CARB**, Governor Newsom called for the
10 deployment of 6 million heat pumps statewide by 2030 to support aggressive decarbonization and
11 healthy homes.⁴⁵ The California Heat Pump Partnership reported in March of 2025 that, “[a]s of
12 the end of 2024, 1.9 million heat pump units were installed statewide. At the current rate of heat
13 pump adoption, the state is projected to reach only 4 million heat pumps by 2030, falling 2 million
14 units short of the state’s 6 million heat pump target.”⁴⁶ In addition, the most recently published
15 Integrated Energy Policy Report Update explained that: “[w]hile [various existing state and
16 federal] programs will be impactful in advancing the state goal to reduce greenhouse gas emissions
17 from buildings equitably, sustained funding and private investment will be required to achieve the
18 Governor’s climate goal of installing 6 million heat pumps by 2030.”⁴⁷ WestLight’s focus on
19 decarbonization and electrification will directly support efforts to achieve this goal, and its
20 ratepayer funded EE programs are a part of the “sustained funding” needed to meet the 6 million
21 heat pump target.

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22 In July of 2021, Governor Newsom issued a **Proclamation of a State of Emergency** to
23 relieve grid stress during extreme heat events by expediting clean energy projects, authorizing the
24 use of back-up generation by large users, suspending certain permitting requirements, and enabling

⁴⁴ See generally, California Executive Order N-5-24 (Oct. 30, 2024). Available at: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

⁴⁵ Governor’s Letter to CARB at 2 (Jul. 22, 2022). Available at: <https://www.gov.ca.gov/wp-content/uploads/2022/07/07.22.2022-Governors-Letter-to-CARB.pdf>.

⁴⁶ California Heat Pump Partnership Blueprint, *Fact Sheet* at 1 (Mar. 2025). Available at: <https://heatpumppartnership.org/wp-content/uploads/2025/03/CAHPP-Blueprint-Fact-Sheet-Final.pdf>.

⁴⁷ California Energy Commission, *Final 2024 Integrated Energy Policy Report Update* at 32 (Oct. 9, 2025). Available at: <https://www.energy.ca.gov/publications/2024/2024-integrated-energy-policy-report-update>.

1 demand-response emergency actions.⁴⁸ WestLight’s Application facilitates this directive through
2 programs that reduce peak demand through load flexibility, demand-side efficiency, and
3 integration with distributed energy resources to improve grid reliability during extreme weather
4 events.

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5 Finally, WestLight’s EE portfolio aligns with the internal policy directives it has adopted.
6 In September of 2021, WestLight’s Board of Directors directed WestLight to adopt a goal to
7 contribute to its member cities reaching a goal of 100% GHG-free in buildings and transportation
8 by 2035 and directed staff to analyze the feasibility of that target and return with an assessment
9 and plan. The detailed analysis was delivered to the WestLight Board in September 2022 in the
10 form of the WestLight Decarbonization Plan.⁴⁹ WestLight’s ATA portfolio is designed to
11 complement this Decarbonization Plan by delivering efficiency, electrification, and equity-focused
12 programs that directly reduce GHG emissions in buildings while preparing the customer base for
13 the broad electrification of end uses.

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14 In developing its Decarbonization Plan, WestLight identified major barriers to scaling
15 decarbonization. Accordingly, WestLight’s Board of Directors directed WestLight staff to develop
16 a DER Plan to complement the Decarbonization Plan, the WestLight DER Framework.
17 WestLight’s DER Framework identified several primary barriers to DER deployment and
18 established 2025-2030 goals to implement strategic policy that: 1) prioritizes efforts to accelerate
19 the development of carbon-free DERs to support further innovation and market transformation of
20 distributed energy technologies; 2) GHG reductions; and 3) provides for customer and community
21 resilience. WestLight’s ATA Application aligns with its DER Framework by integrating EE with
22 DER deployment strategies, supporting market transformation of distributed technologies, and
23 providing customer and community benefits beyond those that can be delivered through efficiency
24 alone.

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⁴⁸ See generally, Proclamation of a State of Emergency (Jul. 30, 2021). Available at: <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf>.

⁴⁹ See Peninsula Clean Energy, 2035 Decarbonization Feasibility Analysis & Plan (Sept. 22, 2022). Available at: <https://library.peninsulacleanenergy.com/m/57af4bcc255758ae/original/2035-Decarbonization-Analysis-and-Plan.pdf>.

2.2.3 CPUC Policy Requirements Governing EE Portfolios

Following AB 117, the Commission issued a series of decisions foundational to the implementation of the ATA framework. These decisions were crucial in defining ATA CCAs' role as PAs, as well as defining specific criteria that must be present in ATA portfolios. More recently, the Commission has refined requirements for PAs' portfolio applications, reporting, savings metrics, and goals. Each of these decisions and the guidance therein was instructive in developing WestLight's ATA portfolio.

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2.2.3.1 Foundational Decisions

In **D.14-01-033**,⁵⁰ the Commission first recognized CCAs as EE PAs eligible to administer EE funds.⁵¹ Decision 14-01-033 provided that CCAs may file an initial ATA application at any time, but that subsequent applications must comply with the application timing requirements applicable to IOUs.⁵² In accordance with the Commission's guidance, WestLight's portfolio is designed to meet each of these requirements, including ensuring that Resource Acquisition programs demonstrate a Total Resource Cost (TRC) ratio of at least 1.0. Further, WestLight opted to submit this Application in line with the other PAs' application filing schedule to facilitate comparison across portfolios and streamline Commission and stakeholder review.

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In 2018, the Commission adopted **D.18-05-041**,⁵³ which established a number of portfolio- and sector-level metrics under which PAs are required to track and report progress to the Commission.⁵⁴ Decision 18-05-041 also established a new requirement that all EE PAs with overlapping service territories must submit joint cooperation memorandums (JCMs), which provide detailed information ensuring overlapping PAs' programs are complementary and that transparent strategies for customer outreach are in place.⁵⁵ Through D.18-05-041, the Commission also reiterated its requirement that program Implementation Plans (IPs) must be submitted for stakeholder feedback, and provided guidance as to the timing of IP submission.⁵⁶ Decision 18-05-

⁵⁰ D.14-01-033, *Decision Enabling Community Choice Aggregators to Administer Energy Efficiency Programs* (Jan. 23, 2014).

⁵¹ *Id.* at 6-12.

⁵² *Id.* at 15.

⁵³ D.18-05-041, *Decision Addressing Energy Efficiency Business Plans* (Jun. 5, 2018).

⁵⁴ *Id.* at 22-23, Appendix A.

⁵⁵ *See id.* at 122, Finding of Fact (FOF) 55, Ordering Paragraph (OP) 38.

⁵⁶ *See id.* at OP 2.

1 041 further incorporated prior third-party implementation requirements and new workforce
2 standards into the review of PAs’ business plans.⁵⁷

3 The Commission subsequently expanded upon workforce requirements and third-party
4 contract terms through **D.18-10-008**,⁵⁸ which, among other things, established a set of criteria
5 specifically applicable to installation technicians.⁵⁹ WestLight’s ATA application conforms with
6 the Commission’s application guidance, adopts these Commission-approved metrics, applies
7 workforce standards to applicable projects, and incorporates third-party implementation where
8 required.

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9 Finally, in **D.21-05-031**,⁶⁰ the Commission made several modifications to the portfolio
10 approval and oversight process, as well as its processes for assessing EE potential and goals. In
11 particular, D.21-05-031 required EE PAs to submit eight-year business plans and four-year
12 portfolio plans and required PAs to categorize all programs into Resource Acquisition, Market
13 Support, or Equity segments.⁶¹ Portfolio segmentation is important, as the Resource Acquisition
14 segment must achieve a TRC ratio greater than or equal to 1.0, while the Market Support and
15 Equity Segments do not have a cost-effectiveness requirement but together are capped at 30% of
16 the total portfolio budget.⁶² Moreover, the decision adopted total system benefit (TSB), which
17 monetizes lifecycle energy, capacity, and GHG benefits, as the goal metric beginning in 2024,
18 replacing multiple energy savings goals.⁶³ Finally, D.21-05-031 established that funding proposals
19 use “zero-based” budgeting procedures, mandating that all PAs justify each line item of spending
20 rather than relying on historical allocations.⁶⁴

21 WestLight’s ATA Application includes a detailed four-year portfolio plan for program
22 years 2028–2031, and a high-level eight-year business plan for program years 2028-2035. Pursuant

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⁵⁷ *Id.* at Conclusion of Law (COL) 11-12, p. 21, OP 7.

⁵⁸ D.18-10-008, *Decision Addressing Workforce Requirements and Third-Party Contract Terms and Conditions* (Oct. 22, 2018).

⁵⁹ *See id.* at OP 1.

⁶⁰ D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process* (May 26, 2021).

⁶¹ D.21-05-031 at 65, COL 15, OP 5.

⁶² *Id.* at OPs 3-4, COL 8.

⁶³ *Id.* at OP 1.

⁶⁴ *Id.* at OP 8.

1 to more recent guidance from Energy Division staff, this Testimony effectively blends these two
2 plan documents together.⁶⁵

3 4 2.2.3.2. *Recent Decisions and Guidance*

5 More recently, the Commission has updated its requirements and policies for all PAs,
6 including ATA CCAs, through a number of decisions and resolutions. In **D.23-06-055**,⁶⁶ the
7 Decision approving the last EE portfolio cycle from 2024-2027, the Commission adopted
8 objectives and additional guidance for the Equity and Market Support segments.⁶⁷ Further, D.23-
9 06-055 authorized optional multi-DER IDSM pilots with budget set-asides for 2024-2027.⁶⁸ The
10 decision also updated prior guidance surrounding JCMs, requiring PAs to submit JCMs every two
11 years, within 60 days after Commission approval of the last of each PAs' true-up and mid-cycle
12 advice letters.⁶⁹ Decision 23-06-055 also required certain new, downstream residential and
13 commercial resource acquisition retrofit programs to use normalized metered energy consumption
14 or other meter-based savings evaluation methods, or to justify in the implementation plan why
15 such methods are not feasible or cost-effective.⁷⁰

16 WestLight's portfolio aligns with the Equity and Market Support objectives, reserves a
17 portion of its budget for IDSM activities, advances the Commission's equity and affordability
18 goals, and incorporates coordination strategies to mitigate program overlap. WestLight also
19 evaluated where meter-based approaches are appropriate and feasible when designing its portfolio.

20 In **D.23-04-035**,⁷¹ the Commission prohibited incentives for non-exempt, non-cost-
21 effective gas measures in new construction residential and commercial projects under the resource
22 acquisition and market support segments beginning in the Program Year 2024.⁷² The Commission
23 defined exempt measures as those that result in gas savings but do not burn gas, such as building

⁶⁵ Following the Application template provided by Energy Division staff to all PAs.

⁶⁶ D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031* (Jul. 3, 2023).

⁶⁷ *Id.* at 57-59 (Jul. 3, 2023) (Equity objectives include addressing disparities, promoting resilience, and providing workforce opportunities. Market Support objectives include demand creation, supply chain development, partnerships, innovation, financing access).

⁶⁸ *Id.* at OPs 28-29.

⁶⁹ *Id.* at 91, OP 35.

⁷⁰ *Id.* at OP 20.

⁷¹ 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* (Apr. 14, 2023).

⁷² *Id.* at OPs 3, 8, COL 10.

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1 insulation, air sealing, smart thermostats, faucet aerators, building envelope measures such as
2 windows and doors, behavioral measures, and energy efficiency audits.⁷³ The Commission also
3 directed PAs to incorporate a strategy for promoting and deploying exempt measures in the Equity
4 segment in their Program Year 2028 portfolio applications.⁷⁴ In addition, the Decision initiated a
5 statewide process to develop the Viable Electric Alternative (VEA) Technical Guidance Document
6 and stated the Commission’s intent to apply that framework to make more sweeping changes to
7 gas-measure eligibility once VEAs are fully defined and adopted.⁷⁵ In accordance with this
8 guidance, WestLight’s portfolio focuses gas-related activities on exempt measures, particularly in
9 the Equity segment.

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10 The Commission launched **Rulemaking (R.) 25-04-010 (EE OIR)** in April 2025, which
11 will explore a number of issues likely to influence WestLight’s Application. In particular, the
12 initial schedule includes consideration of VEA policy updates and better enabling EE for multi-
13 family properties.⁷⁶ The Scoping Ruling further provides opportunity to address a broad array of
14 other policy and implementation issues that are likely to affect all PAs. For example, the
15 Commission may evaluate potential policy issues including portfolio oversight and cost
16 effectiveness, equity and hard-to-reach (HTR) definitions, revisiting exiting budget caps,
17 consideration of additional workforce standards, and NMEC rulebook modifications.⁷⁷ The
18 Commission may further evaluate implementation issues including IDSM and California
19 Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) programs,
20 market transformation program rollout and oversight, SEM program updates, emerging technology
21 program updates, oversight and improvements to the Database for Energy Efficient Resources
22 (DEER), and program evaluation oversight.⁷⁸

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23 In June of 2025, the Commission issued **Resolution E-5351** to revise and clarify indicators
24 and metrics for the Equity and Market Support segments.⁷⁹ Resolution E-5351 also suspended,
25 revised, or converted to indicators many of the 300 required Common Metrics and added
26 requirements to report customer counts and bill savings (implementing AB 3264) which must flow

⁷³ *Id.* at COL 1.

⁷⁴ *Id.* at COL 2.

⁷⁵ *Id.* at OP 1, COL 6, at 7.

⁷⁶ R.25-04-010, *Assigned Commissioners’ Scoping Memo and Ruling* at 11 (Jul. 23, 2025).

⁷⁷ *Id.* at 6-7.

⁷⁸ *Id.* at 8-9.

⁷⁹ Resolution E-5351 (Jun. 17, 2025).

1 from program tracking into implementation plans and reporting.⁸⁰ ~~WestLight's~~ application
2 includes all required portfolio metrics, and establishes reporting systems, ensuring compliance
3 with Resolution E-5351.

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4 In June 2025, Energy Division disposed of **Advice Letters 20-E/20-G et al.**,⁸¹ which
5 discussed program overlap and risk mitigation within the statewide EE portfolio. ~~WestLight's~~
6 Application documents its proposed participation in JCMs and other coordination mechanisms and
7 describes overlap mitigation strategies.

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8 In August of 2025, the Commission issued **D.25-08-034**⁸² which adopted new TSB and
9 energy savings goals for 2026–2037 for the IOU PAs based on the 2025 Group E Potential and
10 Goals Study (P&G Study).⁸³ The P&G Study determines the binding energy efficiency goals that
11 the IOU PAs must achieve. Although the P&G Study does not establish binding TSB goals for
12 CCAs, ~~WestLight's~~ ATA Application aligns with these updated goals by utilizing the study as a
13 planning baseline, calibrating TSB targets accordingly, and ensuring that treatment of fuel
14 substitution, Inflation Reduction Act (IRA) tax credits, and Zero Emissions Appliance Standards
15 (ZEAS) assumptions are consistent with Commission direction. Decision 25-08-034 further
16 clarified that IRA tax credits must be treated consistently with potential study assumptions, and
17 tasked Energy Division to determine how credits are represented in CEDARS.⁸⁴

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18 On September 10, 2025, the Commission issued an Administrative Law Judge (ALJ)
19 Ruling Issuing **Revised Rulebook for Programs and Projects Leveraging Normalized Metered**
20 **Energy Consumption**.⁸⁵ These updated rules address two categories of NMEC approaches: 1)
21 site-level, where savings are calculated at an individual building, project, or site level; and 2)

⁸⁰ See generally, *id.*

⁸¹ CPUC Energy Division, *Disposition Letter Regarding Tier 2 Advice Letter Filed by Southern California Regional Energy Network on behalf of the Energy Efficiency Portfolio Administrators for Program Overlap Analysis* (Jun. 30, 2025). This Disposition Letter addressed the following advice letters: Southern California Regional Energy Network (SoCalREN) AL 20-E/20-G; Bay Area Regional Energy Network (BayREN) AL 27-E; Inland Regional Energy Network (I-REN) AL 7-E/6-G; Marin Clean Energy (MCE) AL 83-E; Pacific Gas and Electric Company (PG&E) AL 7980-G/7390-E; San Diego Gas & Electric Company (SDG&E) AL 4523-E/3351-G; Southern California Edison Company (SCE) AL 5383-E; Southern California Gas Company (SoCalGas) AL 6375-G; and Tri-County Regional Energy Network (3C-REN) AL 12-E/11-G.

⁸² D.25-08-034, *Decision Adopting Energy Efficiency Goals for 2026-2037* (Sept. 5, 2025).

⁸³ See *id.* at OP 1.

⁸⁴ *Id.* at OP 3.

⁸⁵ R.25-04-010, *Administrative Law Judge's Ruling Issuing Revised Rulebook for Programs and Projects Leveraging Normalized Metered Energy Consumption* (Sept. 10, 2025).

1 population-level, where savings are measures based on the aggregation of many buildings.⁸⁶ This
2 Ruling provided the most recent iteration of Staff's updates to the Rulebook, which were
3 developed in conjunction with a stakeholder review process.⁸⁷

4 Consistent with the authorization set forth in D.23-06-055, **Resolution E-5387** from
5 September 2025 approved the PAs' Tier 3 advice letters proposing new IDSM program
6 pathways.⁸⁸ These new IDSM pathways are intended to utilize EE program delivery channels to
7 integrate a comprehensive program strategy that will allow customers to install a multi-DER
8 project using multiple funding streams from a range of IDSM sources, as long as there is an EE
9 component.⁸⁹ The multi-DER IDSM programs can offer incentives from non-EE funding, subject
10 to specific rules for accessing the incentives.⁹⁰ Importantly, the EE multi-DER IDSM programs
11 and frameworks were not permitted to incentivize event-based demand response (DR).⁹¹
12 WestLight's portfolio includes an IDSM program that aligns with the guidance of D.23-06-055
13 and Resolution E-5387.

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14 On December 1, 2025, the Commission issued an ALJ Ruling in R.25-04-010 setting forth
15 the **Staff Proposal regarding VEA policy updates**.⁹² The Staff Proposal details Phase 2 of the
16 Commission's efforts to phase-out ratepayer-funded EE incentives for non-cost-effective gas
17 measures that have a viable electric alternative (VEA) within retrofit projects and for cost-effective
18 gas measures with a VEA installed in new construction projects.⁹³ Notably, the Staff Proposal
19 recommends adoption of the Participant Cost Test (PCT) as the primary measure of cost-
20 effectiveness for determining when a gas measure has a VEA measure. The Staff Proposal also
21 recommends that the Commission direct PAs to begin piloting programs using EE incentives to
22 reduce refrigerant leakage and increase use of low-GWP refrigerants, including refrigerant
23 handling training for installers.⁹⁴ WestLight makes recommendations related to cost-effectiveness

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⁸⁶ *Id.* at 1.

⁸⁷ *Id.* at 2.

⁸⁸ See generally, Resolution E-5387 (Sept. 18, 2025). Resolution E-5387 resolved the following advice letters: PG&E AL 7876-G/7209-E; SoCalGas AL 6276-G; SCE AL 5249-E; BayREN AL 25-E; I-REN AL 4/E/4-G; MCE AL 74-E; SoCalREN AL 18-E/18-G; 3C-REN AL 10-E/9-G.

⁸⁹ *Id.* at 3.

⁹⁰ *Id.* at 2.

⁹¹ *Id.* at 3.

⁹² See R.25-04-010, *Administrative Law Judge's Ruling Providing Notice and Opportunity for Comment on Staff Proposal for Policy on Natural Gas Energy Efficiency Incentive Measures* (Dec. 1, 2025).

⁹³ *Id.* at Attachment 1, p.1.

⁹⁴ *Id.* at Attachment 1, p.2.

ratios in Chapter 10 of this Application, and notes that its Application includes a Refrigerant WE&T program to support adoption of low-GWP refrigerant technologies.

2.2.4 CPUC Filing and Compliance Requirements

As described in Section 2.2.3 above, WestLight carefully crafted its proposed portfolio to align with the Commission’s filing and compliance requirements relevant to ATA PAs. WestLight’s compliance with those requirements is summarized in the table below.

Table 2-4: Overview of WestLight’s Application Compliance with Commission Requirements

Compliance Item	Commission Requirement	<u>WestLight</u> Compliance	Relevant Authority
Application Timing	CCAs initially applying to administer EE programs under PU Code § 381.1(a)-(d) may file their applications at any time. Subsequent applications must comply with the Commission’s application timing requirements.	<u>WestLight</u> ’s ATA application is submitted to align with the existing PA compliance deadline of March 16, 2026. <u>WestLight</u> is choosing to file its application on the same schedule as the IOUs to better enable comparability across PA portfolios and streamline stakeholder review.	D.14-01-033
Application Filing	PAs must submit 8-year business plans and 4-year portfolio plans as part of their applications. While portfolio and business plans were previously separate documents, the latest template provided to PAs by the CPUC’s Energy Division Staff effectively blends these two documents.	<u>WestLight</u> ’s ATA Application includes a detailed four-year portfolio plan for program years 2028–2031, and a high-level eight-year business plan for program years 2028-2035. <u>WestLight</u> ’s Application does not include separate an 8-year business plan and a 4-year portfolio plan.	D.21-05-031; ED Staff “EE Business Plan Application Template”

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Segmentation and Cost-Effectiveness	PAs must segment their portfolios into Resource Acquisition, Equity, and Market Support segments. Resource Acquisition segments are subject to cost-effectiveness criteria. Equity and Market Support segments are capped at 30% of the total portfolio budget.	<u>WestLight</u> 's portfolio demonstrates a TRC $\geq$ 1.0 for Resource Acquisition segment and caps Market Support and Equity at a combined 30% of the portfolio budget.	D.21-05-031
Metrics and Reporting	PAs must document and report on a range of indicators and metrics related to portfolio performance.	<u>WestLight</u> 's application includes all required portfolio metrics, including customer participation counts and bill savings reporting, consistent with AB 3264.	Resolution E-5351
Workforce Standards	PAs are required to comply with the workforce standards by only using technicians that meet the criteria.	<u>WestLight</u> 's contracts apply CPUC workforce requirements for HVAC and lighting projects.	D.18-10-008
Joint Cooperation Memorandums	PAs must submit JCMs every two years, within 60 days after Commission approval of the last of each JCM's PAs' true-up and mid-cycle advice letters.	Upon approval of its Application, <u>WestLight</u> will work with PG&E, BayREN and CCR REN to submit JCMs pursuant to Commission guidance.	D.23-06-055
Meter-based Savings Evaluation	For new, downstream, retrofit RA programs for residential and commercial customers, PAs are required to use NMEC, randomized control trials, SEM, or another meter-based savings evaluation method.	<u>WestLight</u> evaluated where meter-based approaches are appropriate and feasible when designing its portfolio and incorporated several meter- and performance-based programs under its RA portfolio (e.g., SEM program, FLEXmarket, IDSM Program).	D.23-06-055

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Exempt Gas Measures	PAs are prohibited from offering incentives for non-exempt, non-cost-effective gas measures in new construction residential and commercial projects beginning in the Program Year 2024 resource acquisition and market support segments.	WestLight's portfolio focuses gas-related activities on exempt measures, particularly in the Equity segment.	D.23-04-035
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2.3 Application Summary Tables

Table 2-5: 4-year Portfolio Budget Forecast Summary (2028-2031)

4-year Portfolio Budget Forecast Summary (2028-2031) (\$36,302,085)					
	2028	2029	2030	2031	Total
Total Budget	\$6,593,750	\$9,025,209	\$9,817,397	\$10,865,729	\$36,302,085
Resource Acquisition Segment Budget	\$4,449,000	\$6,156,201	\$6,603,201	\$7,191,600	\$24,400,002
Market Support Segment Budget	\$378,000	\$504,000	\$567,000	\$651,000	\$2,100,000
Equity Segment Budget	\$1,503,000	\$2,004,000	\$2,254,500	\$2,588,500	\$8,350,000
Codes and Standards Budget	\$0	\$0	\$0	\$0	\$0
EM&V	\$263,750	\$361,008	\$392,696	\$434,629	\$1,452,083
ED Portfolio Oversight	\$0	\$0	\$0	\$0	\$0

Table 2-6: 4-year Portfolio Forecast Summary (2028-2031)

4-year Portfolio Forecast Summary (2028-2031) (\$44,329,703)						
	2028	2029	2030	2031	Resource Acquisition Segment Only (Total 4 year)	Entire Portfolio (Total 4 year)
Total System Benefit (TSB)	\$5,431,631	\$11,583,015	\$13,058,456	\$14,933,031	\$39,284,766	\$45,006,133
Total Resource Cost (TRC) Ratio	0.60	0.95	0.97	0.99	0.54	0.95
Program Administrator Cost (PAC) Ratio	0.83	1.27	1.31	1.35	0.76	1.27
Societal Cost Test (SCT) Base	0.75	1.21	1.25	1.28	0.64	1.00
Societal Cost Test (SCT) High	0.75	1.22	1.25	1.28	0.64	1.00
Ratepayer Impact Measure Test Ratio (RIM)	0.30	0.38	0.42	0.43	0.23	0.42
Lifecycle GWh	28.81	64.05	62.42	65.57	198.19	220.83
First Year MW	0.36	1.25	1.28	1.36	3.76	4.25
Lifecycle MMOTHERMS	1.19	2.41	2.88	3.34	8.39	9.81
Lifecycle Net Electric CO2 Metric Tons	5620	28106	29879	32615	90015	96225
Lifecycle Net Gas CO2 Metric Tons	6312	12814	15315	17745	44553	52186

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4-year Portfolio Forecast Summary (2028-2031) (\$44,329,703)	
	2028
Total System Benefit (TSB)	\$5,272,131
Total Resource Cost (TRC) Ratio	0.95
Program Administrator Cost (PAC) Ratio	1.27
Societal Cost Test (SCT) Base	1.00
Societal Cost Test (SCT) High	1.00
Ratepayer Impact Measure Test Ratio (RIM)	0.42
Lifecycle GWh	220.83
First Year MW	4.25
Lifecycle MMOTHERMS	9.81
Lifecycle Net Electric CO2 Metric Tons	96,225
Lifecycle Net Gas CO2 Metric Tons	52,186

Table 2-7: 4-year Portfolio Budget Forecast Summary (2032-2035)

4-year Portfolio Budget Forecast Summary (2032-2035) (\$46,821,903)					
	2032	2033	2034	2035	Total
Total Budget	\$11,191,701	\$11,527,452	\$11,873,276	\$12,229,474	\$46,821,903
Resource Acquisition Segment Budget	\$7,407,348	\$7,629,569	\$7,858,456	\$8,094,209	\$30,989,582
Market Support Segment Budget	\$670,530	\$690,646	\$711,365	\$732,706	\$2,805,247
Equity Segment Budget	\$2,666,155	\$2,746,140	\$2,828,524	\$2,913,380	\$11,154,199
Codes and Standards Budget	\$0	\$0	\$0	\$0	\$0
EM&V	\$447,668	\$461,098	\$474,931	\$489,179	\$1,872,875
ED Portfolio Oversight	\$0	\$0	\$0	\$0	\$0

Table 2-8: 4-year and 8-year Total System Benefit Forecast (w/out C&S) vs. Goals

4-Year and 8-Year Total System Benefit Forecast vs. Goals (\$109,426,632)			
Year	Total System Benefit Forecast	Total System Benefit Goals	Percent of TSB Goal
2028	\$5,431,631	\$5,431,631	100%
2029	\$11,583,015	\$11,583,015	100%
2030	\$13,058,456	\$13,058,456	100%
2031	\$14,933,031	\$14,933,031	100%
Total (4 years)	\$45,006,133	\$45,006,133	100%
2032	\$15,511,008	\$15,511,008	100%
2033	\$16,090,663	\$16,090,663	100%
2034	\$16,678,258	\$16,678,258	100%
2035	\$17,477,291	\$17,477,291	100%
Total (4 years)	\$65,757,220	\$65,757,220	100%
Cumulative (8 years)	\$110,763,353	\$110,763,353	100%

4-Year and 8-Year Total System	
Year	Total S Benefit I
2028	\$5.
2029	\$11.
2030	\$12.
2031	\$14.
Total (4 years)	\$44.
2032	\$15.
2033	\$15.
2034	\$16.
2035	\$17.
Total (4 years)	\$65.
Cumulative (8 years)	\$109.

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CHAPTER 3: PORTFOLIO STRATEGIES

TABLE OF CONTENTS

3.1. Overview	3-1
3.2. Affordability	3-2
3.3. Total System Benefit	3-4
3.4. Building Decarbonization	3-7
3.5 Peak Savings	3-10
3.6. Meter-Based Measurement	3-13
3.7. Exempt Measures in the Equity Segment	3-14
3.8. ESJ Action Plan	3-16
3.9. Integrated Demand-Side Management	3-19
3.10. Workforce Training and Education	3-21
3.11. Demographic Data	3-23
3.12. Sector- and Segment-specific Challenges	3-25
3.12.1. Sector-specific Challenges	3-25
3.12.2. Segment-specific Challenges	3-27
3.13. Low-GWP Refrigerants	3-29
3.14. Innovation	3-31
3.15. Community-Based Programs	3-31

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FIGURES AND TABLES

Figure 3-1: Portfolio Vision & Strategies	3-2
Figure 3-2: Flattening the Load Curve with EE	3-11
Figure 3-3: Lunar Gridshare Platform	3-20

3.1. Overview

As described in Chapter 1, the goals of **WestLight Energy's (WestLight)** energy efficiency (EE) portfolio are anchored by three pillars: (1) **Innovation**; (2) **Equity and Affordability**; and (3) **Community-Based Programming**. This chapter describes the strategies **WestLight** will deploy to achieve these goals.

To support **innovation**, **WestLight** focuses on greenhouse gas (GHG) emissions reductions through electrification, low-global warming potential (low-GWP) refrigerants, and load shaping. **WestLight** will execute these strategies largely via its commercial sector programs – Non-Residential Strategic Energy Management (SEM); FLEXMarket, and Integrated Demand Side Management (IDSM). **WestLight's** innovative GHG emissions reductions strategies are grounded in the principle that energy efficiency, electrification, refrigeration measures, and load management practices work best when planned together, supported by transparent customer decision tools, right-sizing approaches, and integrated program design.

To support **equity**, **WestLight** will maximize its Equity segment budget and deliver two programs: a Residential Direct Install and Renters Marketplace program. **WestLight** will focus on customers that have been underserved to date – particularly renters (via the Renters Marketplace program). **WestLight** will also advance **affordability** for both participating and non-participating customers. For participating customers, **WestLight's** portfolio will directly help reduce energy bills. For nonparticipating customers, **WestLight's** portfolio will advance affordability by driving off-peak electricity consumption, improving system, utilization, avoiding infrastructure costs, and minimizing ratepayer impacts by stacking offerings from different funding sources to optimize value for both participating customers and non-participating ratepayers.

Finally, to support **community-based programming**, **WestLight** will work closely with community-based organizations (CBOs) to refine program outreach and communication strategies in order to overcome its customers' language and digital access barriers. **WestLight** will also leverage the San Mateo County Office of Sustainability and local municipal sustainability staff to reach diverse neighborhoods with trusted messengers; conduct recurring listening sessions and community feedback loops to identify participation barriers specific to renters, multifamily tenants, and hard-to-reach single-family households; and support CBOs with resources, training, and ongoing collaboration to ensure program messaging is culturally relevant and easy to understand.

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The figure below summarizes the vision driving WestLight's EE portfolio, as well as the strategies WestLight will deploy to achieve that vision.

Figure 3-1: Portfolio Vision & Strategies



As the graphic above illustrates, WestLight will deploy multi-faceted strategies to achieve the broader goals motivating its EE portfolio. Below, WestLight describes each of those strategies in greater detail, and explains how those strategies inform, and are reflected in, the program offerings in WestLight's EE portfolio.

3.2. Affordability

Energy affordability is a priority policy objective for the State, the California Public Utilities Commission (Commission), and WestLight, and as such, it is a focus of WestLight's EE portfolio. As described in Chapter 2, Governor Newsom signed Executive Order N-5-24 in 2024, which directs the Commission and other agencies to address California's electricity affordability crisis.¹ WestLight's EE portfolio aligns with this objective—it is intentionally designed to advance affordability and mitigate rate impacts for participants and non-participants alike. WestLight has incorporated three key strategies into its portfolio to support affordability.

¹ See generally, California Executive Order N-5-24 (Oct. 30, 2024). Available at: <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>.

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1 First, **WestLight** will advance affordability is through strategic electrification, grounded in
2 the principle of “**right-sizing**”. Right-sizing, which is discussed in more depth in Section 3.4
3 below, as well as in Chapter 10, is a strategy to enable electrification within existing infrastructure
4 and without the need for panel or service upsizing. Right-sizing has important affordability
5 implications for both participating and non-participating customers. For participating customers,
6 right-sizing reduced measure costs and installation timelines by alleviating the need for
7 unnecessary panel, conduit, cable and associated service upsizing. For non-participating
8 customers, it supports system affordability by deferring or eliminating distribution grid upgrade
9 costs that are paid for by all customers.

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10 Second, **WestLight** will leverage **peak load reduction strategies** to support affordability
11 for participating and non-participating customers alike. For participating customers, peak
12 management strategies will be incorporated under various programs in **WestLight**’s EE portfolio.
13 The FLEXmarket program, for example, will continue to serve as a performance-based platform
14 that delivers hourly system value, focusing on shifting energy use out of the peak hours of the day
15 where the value to the customer and the grid is the greatest. In addition, **WestLight**’s SEM
16 programs will train participating facilities not only on core EE operational improvement but will
17 also highlight strategies that reduce demand during peak hours (e.g., controls upgrades). Finally,
18 **WestLight** will also foster peak load management through the installation of certain electrification
19 measures. For example, transitioning from gas to efficient heat pump water heaters (HPWHs)
20 enables the use of load shifting capabilities by pre-heating water when electricity is abundant and
21 inexpensive (*i.e.*, during solar hours) and avoiding load during high-cost evening peaks.

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22 All these strategies lead to positive impacts for non-participating customers and the energy
23 system as a whole. Shifting load out of peak times reduces energy use during the most expensive
24 and capacity-constrained hours of the day, thereby directly addressing the cost drivers that feed
25 into electricity rates. Simultaneously, it shifts electric load into non-peak hours, when existing grid
26 assets are underutilized, and increases system utilization. Increasing system utilization spreads the
27 fixed costs of the system (which are already being paid through rates) across additional billing
28 units (kilowatt-hours).

29 Finally, **WestLight** will advance affordability through an emphasis on “**fund stacking**.”
30 **WestLight**’s EE programs will directly help participating customers lower their bills by offering
31 measures that save energy. These benefits are particularly important for Equity customers, who

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1 have historically had less access to energy savings opportunities. Participating customers will
2 receive additional value by WestLight's "fund stacking" approach, which leverages
3 complementary programs (funded by other sources) to improve the economics of a participating
4 customer's energy efficiency project.

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5 WestLight's fund-stacking approach will also support affordability for non-participants, because
6 this approach allows WestLight to rely less on ratepayer funding for its EE offerings.

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7 8 **3.3. Total System Benefit**

9 WestLight's EE portfolio is designed to maximize Total System Benefit (TSB) and cost-
10 effectiveness by aligning program delivery, budgeting strategy, and measurement methods around
11 achieving the greatest system value per ratepayer dollar. The portfolio reflects an integrated
12 approach that combines performance-based delivery, low-cost operations and administration,
13 advanced measurement analytics, and strategic co-funding to ensure enduring value. To meet the
14 Commission's cost-effectiveness requirements, WestLight structured its Resource Acquisition
15 (RA) segment to achieve a TRC greater than 1.0 over the portfolio horizon. This design prioritizes
16 sectors and delivery mechanisms capable of producing large, measurable, and cost-effective
17 savings. As a result, the RA segment places a strong emphasis on non-residential opportunities,
18 where WestLight's service territory presents the highest-value energy efficiency potential and the
19 most cost-effective pathways for achieving TSB.

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20 Over the initial **four-year horizon (2028–2031)**, WestLight will focus on implementing
21 high-TSB measures and delivery mechanisms that directly reflect avoided cost value. The
22 FLEXMarket platform remains central to this approach, compensating implementers based on
23 Avoided Cost Calculator (ACC) value rather than prescriptive savings estimates. This
24 performance-based model ensures that incentives are directly linked to system benefit, driving
25 implementers to identify projects that deliver the greatest avoided cost value and load reduction
26 impact. By paying on ACC outcomes, FLEXMarket inherently steers program activity toward the
27 highest TSB opportunities while maintaining strong cost-effectiveness and market responsiveness.

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28 In parallel, WestLight's Strategic Energy Management (SEM) program will continue to
29 achieve low-cost, high-TSB operational and behavioral savings. SEM engages facilities in ongoing
30 energy performance improvement, resulting in persistent reductions in energy use and demand
31 through improved operations and staff engagement. Building on this foundation, WestLight will

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1 integrate electrification readiness planning into SEM, enabling customers to identify and sequence
2 building upgrades that support long-term decarbonization while maintaining grid flexibility and
3 system value. This approach ensures that SEM delivers both immediate TSB and sustained cost-
4 effectiveness over time.

5 To further enhance portfolio optimization, WestLight will expand the use of Normalized
6 Metered Energy Consumption (NMEC) analysis in both its FLEXMarket (population-level
7 NMEC) and SEM (site-level NMEC) programs. NMEC provides the flexibility to evaluate savings
8 dynamically based on metered performance, allowing WestLight to steer program design toward
9 measures and projects with the greatest time-differentiated grid value. WestLight will apply
10 custom load shapes in NMEC-based reporting to accurately reflect actual savings patterns,
11 ensuring that TSB reporting captures the true avoided cost impacts rather than relying on generic
12 measure assumptions.

13 Recognizing the critical role of data in optimizing program outcomes, WestLight will
14 continue investing in data analytics² and performance tracking tools to strengthen implementation
15 and overall portfolio management. These investments will improve forecasting accuracy, enhance
16 segmentation capabilities, and support continuous learning across programs. By integrating
17 analytics into planning and evaluation, WestLight will be able to dynamically adjust program
18 design, measure mix, and incentive structures to capture emerging high-TSB opportunities and
19 maintain portfolio cost-effectiveness.

20 WestLight will also layer its own generation funds alongside ratepayer-funded programs
21 to maximize TSB while minimizing ratepayer cost per unit of benefit achieved. This co-funding
22 strategy allows WestLight to expand participation among priority customer segments and support
23 measures that provide strong community or decarbonization value but may not fully meet
24 traditional cost-effectiveness thresholds. Through strategic layering with state and federal
25 programs, such as TECH Clean California, WestLight will braid investments to reduce duplication,
26 leverage external funding, and increase the overall system value of each dollar invested.

27 Over the **eight-year horizon (2028–2035)**, WestLight's TSB strategy will evolve toward
28 dynamic portfolio optimization, informed by NMEC results, avoided cost updates, sophisticated

² WestLight has leaned on data analytics to optimize program outcomes in other contexts, including electric vehicle (EV) managed charging pilot analytics, peak home energy use for service upgrade avoidance, and analytics related to gas reductions from electrification.

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1 data analyses, and market learning. As electrification accelerates, the portfolio will increasingly
2 emphasize managed load growth and integrated flexibility measures that deliver high system and
3 customer value. FLEXMarket and SEM are expected to remain foundational delivery mechanisms,
4 while data-driven analytics will guide adaptive planning and continuous improvement.

5 WestLight's long-term success in optimizing TSB and cost-effectiveness depends on
6 maintaining a supportive policy framework. Continued emphasis on TSB as the primary
7 performance metric, flexibility in cost-effectiveness testing to capture the full benefits of
8 electrification and flexible load measures, and alignment with related proceedings will ensure
9 consistent valuation of portfolio outcomes. To this end, WestLight will engage in the discussion
10 on ACC updates in Rulemaking (R.) 22-11-013 (*OIR to Consider Distributed Energy Resource*
11 *Program Cost-Effectiveness Issues, Data Access and Use, and Equipment Performance*
12 *Standards*).

13 As noted in more detail in Chapter 10, current rules limit the extent to which certain high-
14 value GHG mitigation strategies can contribute to the portfolio's overall TSB. First, the
15 Commission's current reliance on the Total Resource Cost (TRC) test as a primary metric for
16 portfolio cost effectiveness creates a persistent misalignment between costs and benefits that
17 impedes innovation through EE programs, and particularly harms electrification measures.
18 Specifically, whereas the TRC accounts for total costs to both portfolio administrators (PAs) and
19 participants, the test does not account for total benefits to the participant. WestLight recommends
20 adoption of the Portfolio Administrator Cost (PAC) test, which accounts for costs and benefits in
21 a more even-handed manner, and will better support the deployment of electrification measures.
22 The use of the TRC is particularly challenging for NMEC programs where PAs must consider the
23 full participant cost of a replacement measure (e.g. a HPWH) regardless of a code-compliant
24 alternative (e.g. a high-efficiency gas water heater). This leads to an undervaluation of metered
25 load-shifting and energy savings and impedes the growth of a program model that the Commission
26 and the State would like to foster (as reflected in AB 802).

27 WestLight also recommends the Commission permit stand-alone low-GWP measures
28 under the EE portfolio. In some cases, low-GWP measures may not produce energy savings, and
29 per existing Commission rules, they cannot presently be counted toward TSB goals despite their
30 potential for significant GHG savings. WestLight notes that enabling TSB valuation for low-GWP

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measures would materially increase system value within the portfolio and is consistent with the avoided GHG cost basis of the TSB metric.

3.4. Building Decarbonization

WestLight's building decarbonization strategy is grounded in the principle that EE and electrification work best when planned together, supported by transparent customer decision tools, right-sizing approaches, and integrated program design. In the initial four-year portfolio period, WestLight's EE portfolio plays a critical role in enabling and accelerating building decarbonization by reducing baseline energy demand, preparing buildings for cost-effective electrification, and helping customers navigate the economic and operational implications of transitioning to all-electric homes and businesses.

Across its programs, WestLight incorporates electrification readiness assessments to identify efficient pathways for future upgrades. These assessments are integrated into SEM cohorts, as well as Commercial and Residential Direct Install Programs, helping customers understand their electrical capacity, load constraints, infrastructure needs (i.e., 240-volt outlet), as well as the sequence of improvements and cost estimates.

As discussed above, WestLight's approach to building electrification is founded upon a philosophy of "right-sizing" electrification projects to meet customer needs while also avoiding unnecessary behind-the-meter and front-of-the-meter infrastructure costs, as further discussed in Chapter 10. Right-sizing is a strategy to enable electrification within existing infrastructure and without the need for panel or service upsizing. It is a three-step process that first begins with an assessment of the customer's actual hot water, HVAC, and cooking needs. Then, the project should be designed to meet those needs within existing panel and service capacity by evaluating available capacity and space through appropriate load calculations and infrastructure assessments. Where constraints are identified, the project should prioritize lower-cost solutions that address capacity limitations such as low-amperage equipment, circuit sharing or pausing devices, as well as measures that address panel space limitations, including breaker consolidation, subpanels, smaller form factor breakers, or circuit reconfiguration. More complex strategies such as smart panels, advanced load controls, or meter socket adapters, should be considered to address capacity constraints only after these lower-cost options have been evaluated. Panel replacement and service

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upsizing should be pursued only if these alternatives are insufficient to safely and reliably accommodate the electrification measures.

The right-sizing approach is essential for EE participants and non-participants alike. It reduces participant costs by avoiding utility service upgrades that may cost tens of thousands of dollars and take months to complete. It also reduces other front-of-the meter costs by limiting the electrification project's contribution to periods of peak demand on the grid (including system and local peaks) and deferring or eliminating the need for distribution grid upgrades. As a result, right-sizing reduces upward rate pressure caused by capital recovery on utility infrastructure investments. Right-sizing also facilitates greater access to electrification for more customers, including those that cannot afford major upgrades and customers that are more sensitive to electric rate increases.

WestLight has already proven that right-sizing can be an effective strategy. WestLight recently published the findings from a pilot that fully-electrified nine low-income homes in San Mateo County in 2024.³ None of the homes required upsizing of their utility services, even though five of the homes only had 100A panels. After analyzing each home's annual maximum hourly peak load at the meter pre-electrification and one-year post electrification, the average hourly peak load increased by just 1.36 kW and the highest observed peak load was 11.2 kW, less than half of the capacity of a 100A service. On average, electrifying their homes saved customers about 20% on their energy bills, though WestLight acknowledges that this result is dependent on several factors that may not be replicated in all cases.

Energy efficiency also plays a critical enabling role for electrification by reducing building load and making space on the grid for electrification. By strategically lowering baseline energy use through weatherization, HVAC optimization, refrigeration efficiency, and operational improvements, WestLight helps customers reduce the size, cost, and complexity of electrification equipment and mitigates associated peak load impacts. This is especially important in capacity-constrained buildings where efficiency can unlock electrification opportunities that would otherwise require expensive service upgrades.

³ WestLight, *Case Study of Whole-Home Electrification at Nine Low-Income Homes in San Mateo County* (January 2026) Available at: <https://library.peninsulacleanenergy.com/m/24e2e90876980d43/original/Case-Study-of-Whole-Home-Electrification-in-San-Mateo-County.pdf>.

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1 A central element of WestLight's decarbonization strategy is to provide transparent bill
2 impact and return on investment (ROI) analyses to help customers understand the financial
3 implications of electrification. Customers need clear information about how electrification affects
4 monthly bills, how EE measures offset load growth, and how electrification interacts with other
5 investments such as solar and battery storage. WestLight will invest in customer-facing bill savings
6 and load impact tools that model whole-building performance, enabling customers to make
7 informed decisions grounded in personalized data rather than generalized assumptions.

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8 WestLight will also promote paired electrification and solar + storage adoption,
9 recognizing that while electrification alone may increase electric load, combining it with on-site
10 solar and storage can produce a strong holistic ROI. Although solar + storage payback periods may
11 lengthen slightly when paired with electrification, the combined package often results in an overall
12 positive economic proposition. Planning these upgrades together allows customers to integrate
13 HVAC, HPWHs, and induction cooking seamlessly into an optimized energy system that provides
14 resilience, bill savings, and grid support. This integrated approach helps ensure that electrification
15 is not treated as an isolated upgrade but as part of a broader, customer-specific building
16 decarbonization plan. WestLight further describes its plan on how to integrate EE offerings with
17 WestLight's solar + storage programs in Chapter 7, Section 7.5.

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18 Over the **eight-year portfolio horizon**, WestLight's approach aims to align efficiency,
19 electrification, and load flexibility into a cohesive customer pathway that supports whole-building
20 decarbonization while maximizing avoided cost value. Even if electrification is not completed at
21 the time of initial efficiency interventions, the portfolio is designed to ensure that every efficiency
22 investment supports a future electrification trajectory through readiness, sequencing, and customer
23 decision tools.

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24 While this section focuses on the strategies WestLight can pursue under the current cost-
25 effectiveness framework, it is important to acknowledge how the Commission's cost-effectiveness
26 methodology fundamentally shapes the extent to which energy efficiency portfolios can advance
27 actual building decarbonization rather than limited electrification and electrification readiness
28 assessments. The TRC cost effectiveness test treats participant costs as a societal cost and excludes
29 many of the non-energy and environmental benefits of electrification measures, which causes
30 building decarbonization measures to appear less cost-effective even when they reduce emissions,
31 provide health, safety and comfort benefits to customers, and provide system value. The PAC test

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1 instead compares only ratepayer-funded costs to avoided-cost benefits, providing a clearer view
2 of whether a program is a prudent use of customer funds. Under a PAC-centered framework,
3 efficiency portfolios could support a broader set of cost-effective electrification measures,
4 including HVAC and water-heating technologies that deliver high avoided cost and TSB value but
5 often fail under the TRC test due to high participant costs. Although TRC performance could also
6 be improved through the inclusion of additional non-energy benefits (NEBs), that approach is
7 considerably more complex and administratively burdensome, requiring ongoing research and
8 evaluation, measurement, and verification (EM&V) to maintain accuracy. In contrast, PAC already
9 exists within the California Energy Data and Reporting System (CEDARS) platform and could
10 enable electrification to contribute meaningfully to decarbonization within EE portfolios with
11 minimal additional administrative requirements.

12 Chapter 10 discusses WestLight's policy recommendations in more detail, including its
13 recommendation that the Commission adopt the PAC as a primary metric for portfolio cost
14 effectiveness. While consideration of the PAC test is relevant to the Commission's broader
15 discussion of distributed energy resource (DER) cost-effectiveness in R.22-11-013, that
16 proceeding is not focused on EE program oversight and each DER program area may apply
17 different cost-effectiveness tests based on program objectives. The question of whether to adopt
18 the PAC as the primary test for EE programs should be addressed in the Commission's EE
19 oversight proceeding R.25-04-010, which is the proper venue for EE-specific policy
20 determinations.

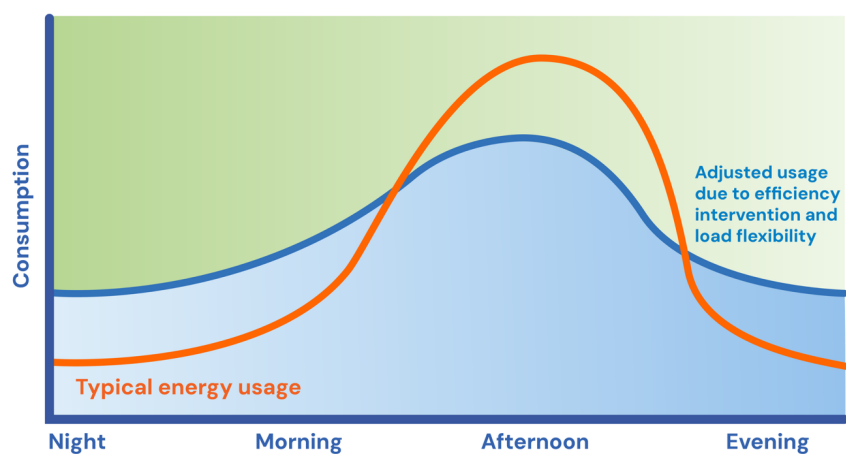
22 3.5 Peak Savings

23 One of WestLight's key portfolio strategies is to focus on reducing energy use during the
24 most expensive and capacity-constrained hours of the day to directly address the cost drivers that
25 feed into electric rates. By flattening load shapes and reducing dependence on high-cost peaking
26 generation resources, the portfolio results in downward rate pressure for all customers.

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Figure 3-2: Flattening the Load Curve with EE



Two flagship EE programs implement this strategy: Strategic Energy Management (SEM) and FLEXMarket, each of which rely on NMEC methodologies. NMEC enables precise, time-differentiated measurement of savings using customer interval data, ensuring that portfolio results accurately reflect avoided cost and TSB contributions during high-value hours.

Over the **first four years of the EE portfolio**, the SEM programs will guide participating facilities to identify operational improvements, controls upgrades, and behavioral strategies that reduce demand during critical peak hours. Although some SEM customers will be on demand-based tariffs and already have a strong financial incentive to avoid energy usage in peak hours, SEM strengthens this by teaching participants how to analyze data, identify the operational drivers of their peak loads, and adjust equipment schedules, controls, and processes to avoid usage during peak conditions. Through ongoing coaching and routine performance reviews, participants build operational practices—such as sequencing equipment start-up, rescheduling load-intensive activities, and optimizing controls—that consistently lower their demand during the hours that drive coincident peak and system costs.

In parallel, the FLEXMarket program will continue to serve as a performance-based platform that delivers verifiable, hourly system value. FLEXMarket operates under a NMEC framework, compensating aggregators for verified, metered energy savings in the specific hours when those savings occur. Using the CPUC's ACC, FLEXMarket identifies the hours of greatest

1 system cost—typically peak hours in the late afternoon and early evening—and pays aggregators
2 based on avoided cost by hour. This design ensures that incentives are highest for measures and
3 projects that deliver savings during the peak hours that drive rate escalation. Aggregators are
4 therefore motivated to install load-shaping technologies that permanently reduce peak demand.
5 Over time, this approach lowers procurement and capacity costs, stabilizes rates, and establishes
6 energy efficiency as a direct tool for rate increase mitigation.

7 In addition to its load management focused EE programs, WestLight will also expand its
8 IDSM efforts to directly reduce peak load through strategic dispatch of battery energy storage
9 systems (BESS). The IDSM program compensates customers for discharging their batteries during
10 high-cost, high-demand periods, effectively flattening system peaks and providing measurable
11 avoided cost benefits. WestLight will leverage BESS installed under its existing, self-funded
12 upfront incentive programs for the IDSM program as further described in Chapter 7, Section 7.5.

13 Over the **eight-year horizon**, WestLight will build on these foundational strategies to
14 achieve dynamic, grid-responsive portfolio optimization as electrification and distributed energy
15 adoption expand. NMEC will continue to serve as the backbone of portfolio measurement, with
16 expanded analytics capabilities enabling real-time insights into customer load behavior and deeper
17 segmentation by geography and end use. WestLight will explore integrating NMEC with building-
18 level load disaggregation tools, improving the precision of peak impact estimation across
19 residential and commercial sectors and allowing for increasingly targeted interventions. The
20 FLEXMarket model will evolve alongside updated avoided cost methodologies, maintaining its
21 ability to direct investments toward emerging high-TSB measures as grid conditions change. SEM
22 will expand to include advanced load flexibility training, empowering facilities to integrate load
23 management practices into operations and respond dynamically to grid needs.

24 At the same time, WestLight's IDSM Program is envisioned to scale beyond BESS to
25 include a broader suite of flexible technologies, such as managed EV charging, HPWHs with load
26 management, and smart control thermostats (SCT). This expansion will allow customers to
27 participate in multiple demand flexibility pathways, creating a more integrated and resilient
28 demand-side portfolio. WestLight will continue to refine incentive structures and coordination
29 protocols to ensure that flexible load programs and energy efficiency efforts complement rather
30 than compete, optimizing total portfolio TSB.

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1 In regard to policy recommendations, WestLight proposes that the Commission formalize
2 the IDSM programs as a dedicated segment to ensure consistent support for these load-shaping
3 programs. Establishing IDSM as a dedicated segment, with its own formal objectives, goals,
4 metrics, and indicators, would reinforce the durability of these programs across portfolio budget
5 periods. It would also help to articulate the benefits that these programs deliver in peak-period
6 avoided cost savings.

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8 3.6. Meter-Based Measurement

9 WestLight's core philosophy is that, wherever possible, energy efficiency projects should
10 be evaluated using metered-based methods, as these approaches best reflect real-world energy
11 performance. In the first four years of the ATA portfolio, WestLight will rely on the use of NMEC
12 methodologies across all feasible program types, mainly the FLEXMarket program (which will
13 use Population-level NMEC analysis) and SEM programs (which will use Site-level NMEC
14 analysis). SEM programs include multifamily and non-residential SEM. FLEXMarket and other
15 Market Access Programs (MAP) run by other PAs have shown that linking implementer and
16 customer compensation to metered outcomes improves accountability and aligns incentives with
17 avoided-cost performance.

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18 Over the **first four years**, WestLight will refine its internal processes for meter data
19 management, normalization, and load-shape analysis to support high-quality NMEC
20 implementation and improve the precision of TSB reporting. WestLight will deploy the following
21 strategies during this period:

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- 22 • Refining understanding of NMEC limitations through multi-year analysis;
- 23 • Engaging in policy advocacy to expand NMEC applicability and streamline requirements;
- 24 • Supporting statewide efforts to standardize NMEC protocols;
- 25 • Improving forecasting methodologies to better predict savings and avoided-cost outcomes
26 using metered data.

27 Over the **eight-year horizon**, WestLight will build on its foundational experience to scale
28 NMEC as a core measurement approach across the majority of the portfolio. By year eight,
29 WestLight anticipates that NMEC could become the predominant measurement method for the
30 portfolio, enabling greater accuracy, time-differentiation, and performance accountability across
31 sectors.

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1 However, meter-based programs (*i.e.*, programs using NMEC analysis) are particularly
2 impacted by the “computational bias” in the TRC calculation described in Section 3.4 above. For
3 NMEC programs, current Commission guidance requires that the TRC screening includes the *full*
4 participant cost of a replacement measure (*i.e.*, the total installed costs of a measure such as a heat
5 pump water heater), regardless of the costs of a code-compliant alternative (e.g., a gas water
6 heater). This means that costs for NMEC programs are typically higher than for deemed EE
7 programs, reducing the TRC even further. Accordingly, removing participant costs from the cost
8 effectiveness calculations by moving to the PAC or removing the requirement to report the full
9 participant cost is particularly essential in reducing barriers for NMEC programs.

11 3.7. Exempt Measures in the Equity Segment

12 Decision (D.) 23-04-035 defines “Exempt Measures” as gas-saving energy efficiency
13 measures that do not burn gas and therefore remain eligible for incentives under the Commission’s
14 transition away from gas appliance incentives. These measures—such as thermostats, aerators,
15 weatherization tools, showerheads, pipe wrap, and similar low-cost offerings—play a critical role
16 in lowering heating and hot-water demand, improving comfort, and reducing gas bills for Equity
17 customers who face barriers to deeper participation in energy efficiency or electrification. D.23-
18 04-035 requires PAs to promote and deploy these measures within the Equity segment and to
19 design strategies that directly address barriers faced by small businesses, renters, and multifamily
20 tenants.

21 WestLight’s Equity portfolio includes two primary programs in the Equity segment that
22 are well-positioned to deliver Exempt Measures at scale: the Residential Direct Install program
23 and the Renters Marketplace. Together, these programs enable WestLight to provide high-impact,
24 low-burden efficiency measures to underserved and hard-to-reach customers with minimal
25 installation barriers. In the **first four years**, WestLight will focus on broad deployment of exempt
26 measures, targeted outreach, and systematic identification of barriers that prevent equity customers
27 from participating in gas-saving EE offerings. The following describes the engagement strategies
28 under each program in more detail:

29 Residential Direct Install (Residential DI)

30 The Residential DI program targets Equity customers in single-family homes. WestLight
31 will provide a suite of Exempt Measures at no cost to program participants, including:

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- Smart Thermostats
- Aerators
- Fan controllers
- Low-flow showerheads
- Pipe wrap for existing gas hot-water systems

These measures reduce gas heating and hot-water loads. Because no equipment replacement or building modification is required, Exempt Measures provide meaningful bill savings and comfort improvements with minimal disruption.

Renters Marketplace

The Renters Marketplace program will complement the Residential DI program by offering energy efficiency bundles designed specifically for renters (single-family and multi-family residential, as well as small business renters). Renters are a customer type that are often underserved as they face split-incentive barriers⁴ and limited control over building-level upgrades. The Renters Marketplace is an online platform where renters can easily access no-cost or low-cost efficiency measures and measure bundles tailored to their living situations. These measures will include Exempt Measures that deliver measurable savings without requiring property-owner approval, ensuring that renters can participate meaningfully in WestLight's efficiency offerings despite structural constraints.

Exempt Measures offered through the Renter Marketplace may include:

- Weatherstripping
- Aerators
- Showerheads
- Smart Thermostats

To support enrollment of customers under both equity programs, WestLight will conduct targeted outreach activities to address barriers faced by Equity customers. Outreach activities will test messaging strategies, delivery models, and technical assistance approaches to determine the most effective methods for increasing participation among these priority groups. Most importantly, WestLight will be leveraging its existing "Concierge Service" under its Renters Marketplace.

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⁴ The "split incentive" barrier refers to a common hurdle to energy efficiency adoption, wherein the entity paying for utility bills (and standing to benefit from energy efficiency improvements) – for instance, a tenant – is different than the entity responsible for paying for upgrades – for instance, a landlord.

1 “Concierge Service” is a multilingual customer service that will help customers put together online
2 carts of technologies that are specifically tailored to their homes and needs. This hands-on
3 guidance will help reduce customer confusion and increase trust among underserved and hard-to-
4 reach communities.

5 By year eight, WestLight anticipates that strategies for each of these customer segments
6 will be optimized, and equity-segment customers will be receiving exempt measures at scale
7 within the WestLight portfolio.

8 9 3.8. ESJ Action Plan

10 WestLight has designed its 2028–2035 EE portfolio to advance the Commission’s
11 Environmental and Social Justice (ESJ) Action Plan (Version 2.0)⁵ by integrating equity
12 considerations into program design, expanding access to underserved and HTR populations, and
13 strengthening community participation in Commission-regulated activities. During the initial
14 four-year portfolio cycle, WestLight will prioritize implementation of ESJ-aligned outreach
15 strategies, strengthen its CBO partnerships, deploy renter-friendly portable EE measures, and
16 engage in workforce, education and training (WE&T) activities in ESJ communities. Focus areas
17 include reducing participation frictions, improving language access, streamlining enrollment
18 channels, and expanding program visibility in ESJ communities. These activities collectively
19 further ESJ Goals 1, 2, 5, and 7 as detailed below.

20 Advancing ESJ Goal 1: Integrate Equity and Access Considerations Throughout CPUC Activities

21 WestLight’s portfolio directly supports ESJ Goal 1 by embedding equity segmentation,
22 language access, and renter-focused design across all program offerings. In alignment with Goal
23 1.1 (Build Systematic Approaches for ESJ Priorities), WestLight systematically incorporates ESJ
24 principles into program development by identifying renters, low-income households, linguistically
25 isolated communities, and small businesses as priority customer groups. Through simplified
26 eligibility pathways, offering market materials in several languages, and coordination with local
27 CBOs and sustainability offices, WestLight expands opportunities for historically underserved

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⁵ Available at: <https://www.cpuc.ca.gov/ESJactionplan/>.

groups to access Commission-regulated energy efficiency programs, consistent with Goal 1.2 (Expand Opportunities for Access).

Advancing ESJ Goal 2: Increase Investment in Clean Energy Resources Benefiting ESJ Communities

WestLight's portfolio maximizes its Equity budget carve-out (of the 30% carve out for Market Support and Equity programs, WestLight carves-out 6% for Market Support programs and 24% to Equity programs).⁶ WestLight's Residential Direct Install Program, the Renters Marketplace, and renter-friendly electrification readiness activities advance ESJ Goal 2, which calls for targeted clean energy investment in ESJ communities. Consistent with Goal 2.1 (Outreach & Engagement), WestLight conducts early, proactive engagement with high-priority ESJ census tracts through trusted CBO partners. The portfolio further aligns with Goal 2.4 (Address Impacts in ESJ Communities) by providing cost-free portable efficiency upgrades and electrification-enabling measures to customers who face persistent barriers due to split incentives or lack of authority to make permanent improvements. Further, WestLight's Commercial DI program will expand access to non-residential ESJ customers, supporting Goal 2.5 (Continue Ongoing Investment) by ensuring that efficiency benefits are not limited to customers with substantial capital or institutional bandwidth.

Advancing ESJ Goal 5: Enhance Outreach and Public Participation Opportunities for ESJ Communities

WestLight's outreach strategy materially advances ESJ Goal 5, which emphasizes strengthened participation and inclusion of ESJ stakeholders in CPUC programs. WestLight's long-standing partnerships with CBOs throughout San Mateo County and Los Banos directly support Goal 5.2, which calls for deeper engagement with CBOs.

WestLight's strong existing CBO relationships are illustrated by its CBO Grant Program, wherein WestLight awarded \$550,000 in 2026 to sixteen nonprofit organizations across San Mateo County to expand multilingual outreach regarding energy-bill discounts, clean electricity, electric vehicles, and efficient appliances. For a more in-depth discussion of WestLight's CBO Grant Program, see Section 3.15 below. WestLight conducted thorough community outreach and market assessment efforts to get input from all stakeholders *before* developing its EE portfolio. Through that process, WestLight received feedback from CBOs, in particular with respect to strategies to

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⁶ Note that these budget numbers do not consider the EM&V budget line item.

1 integrate Equity customers into WestLight's portfolio, as described in detail in Chapter 8.
2 WestLight has also formalized opportunities for *continued* feedback from our communities via our
3 Community Feedback Forum, which is a group of community stakeholders that meets on a
4 recurring basis to give WestLight feedback and suggestions for program implementation. More
5 details about WestLight's community engagement strategies can be found in Chapter 8.

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6 WestLight will also implement culturally responsive, multilingual communications—
7 aligned with Goal 5.1—to ensure that program opportunities are accessible to residents with
8 limited English proficiency or limited digital literacy. By offering multiple non-digital enrollment
9 pathways, collaborating with trusted CBO messengers, and hosting in-person community events,
10 WestLight creates expanded opportunities for ESJ customer participation consistent with Goal 5.3
11 (Build Pathways for Public Participation).

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12 Advancing ESJ Goal 7: Promote High-Road Career Paths and Economic Opportunity

13 Over the **first four portfolio years**, WestLight's refrigerant-focused WE&T program
14 advances ESJ Goal 7, which directs the Commission and regulated entities to promote high-road
15 career pathways for ESJ communities. The Refrigerant WE&T program provides training, micro-
16 certifications, and equipment starter kits to small and independent HVAC contractors—many of
17 whom operate in or employ residents from ESJ communities— supporting Goal 7.2 (Educate on
18 High Road Careers). WestLight also engages workforce boards, community colleges, and CBOs
19 consistent with Goal 7.3 (Partner with Utilities and Sister Agencies), thereby expanding economic
20 opportunity in emerging low-GWP refrigerant management and decarbonization sectors. The
21 Refrigerant WE&T program is described in more detail in Section 3.10 below.

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22 Across the **full eight-year horizon**, WestLight will continue to institutionalize
23 community-driven program design, embedding structured CBO engagement, community feedback
24 loops, and ESJ criteria into all major program development processes. WestLight may also expand
25 workforce training pathways into electrification-enabling work and related emerging clean-energy
26 fields, ensuring that contractors get trained in more holistic clean energy engagement. In addition,
27 WestLight will broaden its Renters Marketplace offerings to include new portable and non-
28 permanent technologies as they become commercially viable, ensuring that renters and ESJ
29 customers continue to have access to innovative and accessible energy-saving measures.
30 Collectively, these long-term strategies will ensure that ESJ principles become fully integrated into

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1 program design, delivery, and evaluation, thereby supporting sustained progress toward ESJ Goals
2 1, 2, 5, and 7.

3 As further articulated in Chapter 10, the current Equity budget allocation framework limits
4 the extent to which administrators can reach renters and underserved communities. WestLight's
5 proposal for a proportional Equity Budget Allocation would better align authorized funding with
6 the actual share of Equity customers in WestLight's service area and would strengthen the ability
7 of WestLight's programs to deliver on ESJ goals. Briefly, that proposal would allow PAs to request
8 that a higher proportion of their budget be dedicated to equity funding, up to the proportional share
9 of equity customers in their respective service areas. This proposal is described in more detail in
10 Chapter 10.

11 3.9. Integrated Demand-Side Management

12 WestLight's approach to IDSM focuses on coordinating energy efficiency, electrification,
13 load flexibility, and distributed energy resources to optimize building performance, maximize
14 TSB, and further customer value. IDSM is not treated as a separate track of work, but rather as an
15 integrated strategy woven throughout the portfolio to reduce peak load, support electrification, and
16 improve customer affordability. As WestLight views IDSM as a strategy that can enhance and
17 support its portfolio, WestLight is also recommending that the Commission formalize the current
18 IDSM budget set-aside as a formal "segment" under the EE portfolio to ensure consistent support
19 for these load-shaping programs. Establishing IDSM as a dedicated segment, with its own
20 objectives, goals, metrics, and indicators, would reinforce the durability of these programs across
21 portfolio budget periods. It would also help to articulate the benefits that these programs deliver
22 in peak-period avoided cost savings.

23 In the **first four years of the portfolio**, WestLight will launch IDSM through a battery-
24 based load shifting program that uses battery inverter data to measure performance and reward
25 customers for shifting energy away from peak periods. Batteries provide an ideal foundation for
26 IDSM because their dispatch is highly controllable, their impacts are clearly time-differentiated
27 and aligned with ACC peak values, and their operation synergizes with electrification by enabling
28 customers to manage new loads without increasing peak demand. WestLight will mostly leverage
29 batteries installed under existing, WestLight-funded "upfront incentive programs" for participation
30 under the IDSM program. WestLight is already offering the Solar + Battery Savings (SBS)
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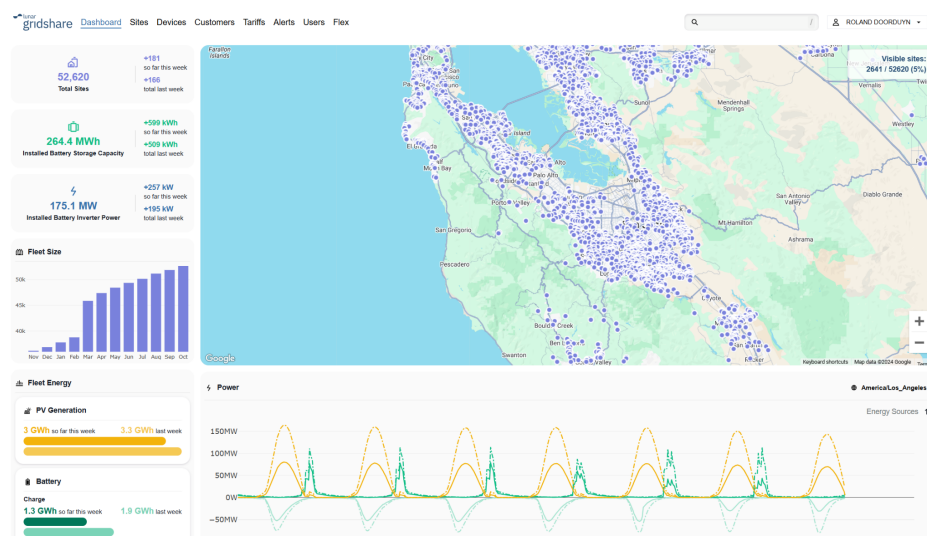
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program,⁷ a program that offers free solar + storage or standalone storage systems to low-income customers through a streamlined development process and by accessing incentives under the Self-Generation Incentive Program (SGIP). In addition, WestLight is planning on launching a new solar + storage program in 2026 that is geared at general market (*i.e.*, non-low-income) customers, offering them access to bulk purchasing discounts, streamlined development through a pre-vetted contractor, and optional preferential financing. Batteries installed under both programs will be integrated under WestLight's DERMS platform provided by Lunar Energy (*i.e.*, the Gridshare Platform) to control and dispatch batteries under the IDSM program. The Gridshare Platform gives WestLight unrivaled access to detailed load shifting performance data and allows for streamlined reporting and efficient evaluation of program impact.

Figure 3-3: Lunar Gridshare Platform



Establishing this battery platform will also allow WestLight to build the operational processes, analytics, customer engagement tools, and data protocols needed to support a more comprehensive IDSM structure across the portfolio over the **eight-year portfolio horizon**. Although batteries will serve as the initial focus, WestLight intends to expand IDSM beyond

⁷ See WestLight, WestLight Solar + Battery Savings, available at: <https://www.peninsulacleanenergy.com/solar-battery-savings/>.

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1 battery storage as the underlying load-shifting device to also include other controllable devices
2 such as HPWHs with load-shaping capability, managed EV charging, bidirectional charging where
3 feasible, and smart control thermostats that control HVAC systems. Each of these technologies
4 would require WestLight to evolve from device-level measurement to meter-level measurement –
5 which in turn will require EM&V methodologies to become more robust.

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6 This long-term evolution will support customer adoption of electrification, solar, batteries,
7 and load flexibility as integrated packages, rather than isolated upgrades. NMEC-based forecasting
8 will play an increasingly important role in predicting load flexibility potential, peak savings, and
9 avoided-cost outcomes, enabling WestLight to design programs that more effectively shape load
10 and support system reliability. Over the eight-year planning period, WestLight will also continue
11 to develop customer-facing tools that communicate bill savings, load shape impacts, and the
12 combined value of electrification and demand flexibility. As the portfolio deepens its experience
13 with metered data and controllable devices, WestLight will engage in policy discussions aimed at
14 expanding the applicability of NMEC and supporting performance-based IDSM frameworks
15 across the EE portfolio. By the end of the eight-year horizon, WestLight anticipates that IDSM
16 will support a majority of the portfolio through integrated load flexibility, real-time
17 responsiveness, and coordinated building performance improvements, contributing to lower
18 system costs, reduced peak demand, and improved customer affordability.

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3.10. Workforce Training and Education

21 WestLight's WE&T strategy focuses on building a skilled, equitable, and compliant HVAC
22 workforce capable of supporting high-quality refrigerant management and enabling the region's
23 transition to low-GWP technologies. Because refrigerants represent some of the most climate-
24 intensive gases used in buildings, strengthening contractor capability in refrigerant recovery, leak
25 detection, recycling, and resale is essential to achieving both statewide Senate Bill (SB) 1013⁸
26 goals and WestLight's broader decarbonization objectives. Over the ATA planning horizon,
27 WestLight's strategy prioritizes expanding workforce capacity, developing long-term training
28 partnerships, and creating durable revenue pathways for small and diverse HVAC contractors.

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⁸ SB 1013 (2018) established the California Air Resources Board's Fluorinated Gases Emissions Reduction Incentive Program, targeted at the adoption of new refrigerant technologies to achieve greenhouse gas reductions.

1 During the **first four portfolio years**, WestLight will focus on rapid expansion of
2 contractor training and market readiness through its Refrigerant WE&T program. A third-party
3 implementer will lead contractor recruitment, training development, and overall program delivery,
4 with a targeted goal of enrolling and training at least 75 local and diverse HVAC contractors. This
5 early phase emphasizes providing the foundational tools, skills, and resources needed to support
6 compliant refrigerant recovery and low-GWP refrigerant practices.

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7 To strengthen the local labor pipeline, WestLight will partner with community colleges,
8 workforce development boards, CBOs, and trade associations in the Refrigerant WE&T program.
9 The program will equip new and existing workers with practical refrigerant handling skills.
10 Participants will receive starter kits—including recovery tanks, recovery machines, and scales—
11 along with guidance on refrigerant resale, recycling, and buyback channels that enable contractors
12 to establish new revenue streams. These partnerships are designed to broaden access, reduce entry
13 barriers, and ensure that training reaches small and independent HVAC businesses that have
14 historically been underrepresented in workforce programs. By the end of 2031, WestLight
15 envisions that the region will have a significantly expanded pool of contractors trained in
16 refrigerant recovery and management, with early foundations established for long-term SB 1013
17 compliance and low-GWP refrigerant adoption.

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18 Over the **eight-year planning horizon**, WestLight's strategy shifts toward scaling and
19 institutionalizing a skilled, diverse, and self-sustaining refrigerant workforce. As more contractors
20 become proficient in refrigerant recovery, leak detection, recycling, and resale, WestLight will
21 work with education and workforce institutions to integrate these skills into ongoing certification
22 programs, ensuring that low-GWP refrigerant practices become standard in the HVAC sector. The
23 program intends to maintain and strengthen partnerships with community colleges and workforce
24 boards so that micro-certifications and short-term credentials remain accessible, updated, and
25 aligned with regulatory changes.

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26 Over this same period, WestLight anticipates expanding program services beyond
27 refrigerant management to include broader building decarbonization and multi-DER support. As
28 customers increasingly pursue equipment replacement and fuel-switching projects, the program
29 may incorporate training and technical assistance related to electrification best practices, including
30 right-sizing methodologies, load calculations, and system design considerations to avoid
31 unnecessary infrastructure upgrades. These offerings may include contractor coaching, customer

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education, and decision-support resources that help align equipment selection with building needs and grid impacts.

Over time, this strategy will help make low-GWP refrigerant handling the prevailing industry practice, strengthening compliance with SB 1013, contributing to statewide reductions in hydrofluorocarbon (HFC) emissions, and advancing WestLight's climate equity goals. As the market matures, WestLight anticipates that local HVAC businesses, particularly smaller and independently owned firms, will benefit from durable revenue opportunities tied to refrigerant recovery and resale, supporting both economic resilience and emissions reductions. In parallel, participating contractors will be positioned to provide higher-value services associated with efficient electric equipment installation and optimization, allowing businesses to adapt to evolving building codes and customer demand for electrified solutions. By integrating refrigerant management expertise with electrification training and operational best practices, the program aims to support long-term market transformation in the HVAC sector and the development of a regional workforce that is fully equipped to support high-quality refrigerant management.

3.11. Demographic Data

In D.23-06-055, the Commission expressed a desire to develop a better understanding of energy efficiency program participation among different demographic groups in order to better develop the equity segment of the portfolio. To this end, D.23-06-055 directed PAs to work with the Reporting Program Coordination Group (Reporting PCG) to develop a report (Joint PA Report) addressing a series of questions related to demographic data reporting. Based on the analysis in that report, D.23-06-055 directs PAs to propose, in their 2026 application filings, their preferred approaches to reporting demographic participation information.

As a new PA, WestLight did not participate in the underlying data collection, surveys, or interviews that informed the Joint PA Report. As such, WestLight does not currently collect participant-level demographic data for CPUC-jurisdictional programs. WestLight's primary objective is to comply with any demographic reporting requirements that are ultimately adopted by the Commission following a review of portfolio proposals. WestLight intends to design reporting systems that are administratively feasible, protect customer privacy, and are consistent with statewide reporting practices established by the Commission. Reporting approaches must also

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1 remain consistent with constitutional and statutory constraints applicable to public agencies,
2 including Proposition 209.⁹

3 WestLight's overarching approach to demographic participation reporting is to align with
4 the methods identified in the Joint PA report that:

- 5 ○ Rely on existing data systems and publicly available information;
- 6 ○ Minimize additional reporting burdens on PAs, implementers, and participants; and
- 7 ○ Are implemented only following clear Commission guidance.

8 WestLight's primary methods for demographic participation reporting are to use
9 geographic indicators (e.g., census tract or census block group) reporting through existing systems,
10 and to use publicly available datasets to associate geographic indicators with demographic
11 characteristics at the community level. This reflects methods identified in the Joint PA Report as
12 feasible and scalable for regular reporting. WestLight prefers to limit routine demographic
13 reporting to data already collected or easily incorporated into existing claims processes, such as
14 site location information. WestLight does not support adding participant-level demographic fields
15 to routine claims reporting.

16 Further, WestLight supports maintaining demographic data collection as a voluntary
17 exercise, and not as a condition of program participation. As noted in the Joint PA Report, this
18 approach minimizes participation barriers. WestLight also prefers to apply demographic
19 participation reporting initially only to residential programs, and other sectors where geographic
20 indicators are readily available and meaningful.

21 With respect to reporting platforms, WestLight prefers to use existing platforms including
22 CEDARS, and limiting changes to reporting infrastructure to those necessary to support
23 Commission-adopted requirements. WestLight prefers to begin regular demographic participation
24 reporting only after the Commission issues clear guidance specifying methods and data required,
25 and once the Commission offers PAs sufficient time to implement that guidance. However,
26 WestLight supports an implementation timeline consistent with the Joint PA Report, which is six
27 months following the Commission's guidance (or after the launch of WestLight's portfolio,
28 whichever is later). Finally, with respect to reporting frequency, WestLight agrees with the

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⁹ Proposition 209 added Section 31 to the California Constitution's Declaration of Rights. Per that section, public agencies are prohibited from discriminating against, or granting preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education or public contracting.

approaches identified in the Joint PA Report, including annual reporting of demographic participation metrics, and quarterly reporting where demographic-related data are already embedded in claims reporting.

3.12. Sector- and Segment-specific Challenges

3.12.1. Sector-specific Challenges

WestLight's portfolio will serve diverse customer types, ranging from single-family residents and multifamily renters on the residential side to small and medium businesses (SMB), commercial facilities, and large commercial and industrial (C&I) customers on the non-residential side, as well as contractors in the Refrigerant WE&T program. All of these different customer types face distinct—and sometimes persistent—barriers to participating in energy efficiency programs. These barriers influence the depth of achievable savings, the speed of program adoption, and the ability to reach the communities most in need of energy and bill savings. Understanding and addressing these challenges is central to designing an equitable, accessible, and high-impact portfolio.

Single-family homes, particularly those that are older or inefficient, often present a significant challenge due to the high cost of upgrades and limited homeowner awareness of available offerings. Many residents are unfamiliar with the benefits of energy efficiency or find the broader program landscape confusing, especially when trying to differentiate between the different ratepayer-funded programs that exist (e.g., Energy Savings Assistance (ESA), EE portfolio, demand response (DR), and electrification programs). These barriers are even more pronounced in underserved and hard-to-reach communities, where language limitations, distrust of institutions, or competing household priorities may further suppress participation. WestLight's Residential DI program helps mitigate these barriers by providing simple, low- or no-cost measures such as thermostats, aerators, fan controllers, showerheads, and pipe wrap, paired with direct engagement and clear messaging that lower the informational burden for customers.

Challenges intensify in **renter-occupied homes and multifamily buildings**, where the split incentive between property owners and tenants remains a fundamental barrier. Tenants typically lack authority to authorize upgrades, even when they would directly benefit from lower utility bills or improved comfort. Property owners and managers, meanwhile, often have restricted capacity to evaluate upgrades, limited financial budgets, or insufficient awareness of operational

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1 efficiency opportunities, all of which can impede broader adoption. These issues are compounded
2 by technology adoption barriers, particularly among residents or managers who are less familiar
3 with digital tools or emerging technologies.

4 To overcome these challenges, **WestLight**'s Renters Marketplace is intentionally designed
5 to reach households with very limited installation authority. Offering renter-friendly products such
6 as portable heat pumps, weatherstripping, aerators, and low-flow showerheads allows tenants to
7 take meaningful action without requiring landlord approval for permanent alterations to the home.
8 The Renters Marketplace also helps address digital literacy challenges by presenting simple
9 product bundles and clear instructions, enabling customers to navigate efficiency offerings without
10 the complexity of multiple applications or incentive rules. Furthermore, the Renters Marketplace
11 will also provide Concierge support, where multilingual customer support advisors help customers
12 put together online carts of technologies specifically tailored to their homes and needs. Through
13 this model, renters can more easily navigate which bundles and measures are best suited to their
14 homes, reducing barriers and increasing successful adoption of energy-saving measures.

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15 In multifamily settings, **WestLight**'s multifamily SEM program helps property managers
16 recognize and implement operational improvements by providing coaching that aligns energy
17 savings with owner priorities and reduces the burden on limited staff resources. While more
18 sophisticated property management companies—particularly those with dedicated on-site energy
19 managers—are expected to be early participants due to their readiness and existing energy
20 management practices, significant opportunities also exist among properties with less-engaged
21 staff who primarily focus on general maintenance. These teams often lack exposure to energy
22 management concepts despite having considerable influence over day-to-day building
23 performance. The SEM program will provide these staff with structured guidance, hands-on
24 learning, and actionable tools to identify and implement energy-saving practices, helping them
25 build the skills and confidence needed to meaningfully reduce energy use across their properties.

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26 **Small- and medium-business owners (SMBs)** face a different set of barriers. Many SMB
27 owners have limited time, technical knowledge, or financial resources to evaluate or implement
28 energy efficiency measures. The complexity of program rules, perceived administrative burden,
29 and limited capacity to manage upgrades can discourage meaningful participation. Additionally,
30 many leased commercial spaces reflect the same split-incentive problems seen in residential
31 rentals, where tenants cannot authorize building improvements even when they bear the energy

costs. [WestLight](#)'s Commercial DI Program addresses these issues by streamlining assessments, reducing upfront costs, and supporting small business customers who may otherwise struggle to navigate a fragmented incentive landscape.

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Commercial and industrial facilities face their own challenges in accessing EE programs. Technical and administrative burdens in traditional EE programs have historically discouraged both customer participation and contractor engagement. Rigid measure lists, complex paperwork, and fixed incentive pathways reduce flexibility and can deter C&I customers without in-house energy management staff. The FLEXMarket program addresses many of these issues by simplifying participation through performance-based payments, reducing transaction costs, and enabling a broader range of contractors and customers to participate. However, remaining challenges include limited facilities management capacity, especially among smaller businesses, and uneven familiarity with energy efficiency strategies across diverse business types.

For C&I customers that do have energy management staff, the Non-Residential SEM Program addresses several of the challenges for C&I customers, including limited internal capacity to continuously manage energy use and difficulty identifying operational efficiency opportunities beyond one-time equipment upgrades. By providing ongoing coaching, data analysis, and structured energy management practices, SEM helps organizations build internal expertise, uncover low- and no-cost operational improvements, and sustain long-term energy savings that traditional incentive-based programs often miss

Contractor-specific challenges also play a significant role in limiting the success of low-GWP refrigerant management efforts. Small and independent contractors often lack awareness, training, equipment, and administrative support to fully participate in refrigerant recovery and resale markets. Many are unfamiliar with SB 1013 compliance requirements or face capital and logistical challenges in acquiring recovery equipment or navigating resale channels. [WestLight](#)'s Refrigerant WE&T Program addresses these gaps through technical training, starter kits, and guidance on navigating the refrigerant resale ecosystem, helping build a more capable and diverse contractor base.

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3.12.2. Segment-specific Challenges

Designing a **Resource Acquisition segment** that meets at least a TRC of 1.0 and delivers meaningful savings presents inherent challenges. Achieving strong cost-effectiveness requires

1 prioritizing measures that deliver high avoided-cost value while balancing also the cost to the
2 customers (as described above, higher customer cost relative to TSB equals lower TRC). Yet, these
3 offerings must still align with customer needs and result in real, actionable participation.

4 WestLight addresses this challenge by focusing on commercial offerings—where cost-effective
5 opportunities are most concentrated—and by emphasizing high-TSB programs such as SEM and
6 FLEXMarket. SEM delivers persistent operational savings at relatively low cost, while
7 FLEXMarket ties incentives directly to TSB delivered, ensuring implementers target measures that
8 provide the greatest system value. This approach enables WestLight to maintain a TRC above 1.0
9 while still offering programs that respond to customer priorities.

10 Electrification measures present an additional challenge within the RA segment, as they
11 often struggle to meet TRC thresholds due to high customer costs, especially when compared to
12 the avoided-cost valuation for certain end uses. While electrification is a central component of
13 WestLight's broader decarbonization strategy, these measures are challenging to include in the RA
14 segment of the portfolio.

15 A key challenge within the **Equity segment** is ensuring that programs meet customers
16 where they are at in their energy journey. Customers in underserved communities frequently
17 prioritize comfort, safety, reliability, and bill stability over traditional energy efficiency metrics,
18 requiring program designs that authentically respond to these concerns while still delivering
19 measurable savings. WestLight must balance the need for tailored, community-responsive
20 offerings with the operational realities of delivering EE measures in complex housing, financial,
21 and social contexts.

22 To address these challenges, WestLight will partner with CBOs that serve as trusted
23 messengers and have deep, established relationships within equity communities. WestLight has
24 demonstrated commitment to CBO partnerships, as illustrated by its CBO Grant program, is
25 discussed in more detail in Section 3.15 below. These nonprofit partners will provide feedback
26 regarding WestLight programs and will facilitate focus groups, workshops, and other opportunities
27 for local customers to learn about, and benefit from, WestLight services. This collaboration with
28 CBOs creates a strong foundation for collaborative outreach, customer support, and program
29 delivery in the Equity segment.

30 The Refrigerant WE&T program under the **Market Support segment** also has inherent
31 challenges. Contractors often face lost income when participating in trainings, as time spent in

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courses reduces time available for billable work. Ensuring that trainings provide clear value—such as enabling contractors to offer new services, qualify for incentives, or improve installation efficiency—is key to maintaining a capable and motivated workforce.

Across the portfolio, WestLight's strategy is to reduce these barriers through simplified program design, customer-friendly delivery models, renter-centered offerings, workforce training, technical assistance, and performance-based frameworks. By addressing the specific constraints faced by each segment, sector and customer type, WestLight aims to expand access to energy efficiency programming, increase participation across hard-to-reach segments, and align long-term customer benefits with statewide decarbonization goals.

3.13. Low-GWP Refrigerants

WestLight's low-GWP refrigerant strategy is centered on reducing greenhouse gas emissions through responsible refrigerant management, supporting the transition to low- and ultra-low GWP alternatives, and developing a trained local workforce capable of delivering high-quality refrigerant services. Because refrigerants such as hydrofluorocarbons have global warming potentials thousands of times higher than CO₂, the refrigerant lifecycle—including leak prevention, recovery, recycling, and disposal—represents one of the most significant opportunities for cost-effective climate mitigation in the building sector. This strategy builds on WestLight's Refrigerant WE&T refrigerant program described in Section 3.10 above, SB 1013 compliance requirements, and WestLight's policy recommendations to unlock additional avoided GHG benefits that are currently not captured under EE cost-effectiveness rules as further described below.

Over the first four years of the portfolio, WestLight will focus on developing the contractor and institutional capacity needed to support safe and responsible refrigerant handling, recovery, and disposal as described in Section 3.10 above. Additionally, WestLight will promote the substitution of high-GWP refrigerants with low- and ultra-low GWP alternatives under its EE programs wherever technically and economically feasible, prioritizing commercial refrigeration, grocery, and HVAC sectors with the highest leakage rates. WestLight will emphasize contractor readiness, safe-handling practices, and the development of customer-facing materials that help building owners understand the climate and compliance benefits of low-GWP alternatives.

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1 WestLight will also introduce a FLEXMarket refrigerant innovation pathway focused on
2 detecting and mitigating high-GWP refrigerant leaks, supported by the Commission’s refrigerant-
3 adjusted avoided cost calculator (RACC). WestLight will pilot performance-based incentives tied
4 to the RACC value stream, enabling technologies such as leak detection sensors, monitoring tools,
5 and enhanced maintenance practices to be rewarded for their true system and climate benefits.

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6 By the **eight-year horizon**, WestLight will explore programs that incentivize refrigerant
7 leakage detection and repair in commercial refrigeration, proper end-of-life destruction or
8 recycling, and prescriptive pathways for responsible refrigerant management. As the market
9 matures, WestLight will support broader low-GWP transitions across HVAC and refrigeration
10 systems, enabling more comprehensive greenhouse gas reductions aligned with the state’s HFC
11 phasedown schedule.

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12 WestLight’s refrigerant strategy is strengthened by its policy recommendations which
13 would allow the EE portfolio to achieve significantly larger GHG reductions through low-GWP
14 measures. As noted in Chapter 10, current rules prevent portfolios from capturing the full GHG
15 benefits of low-GWP measures. The Commission has directed PAs to incorporate strategies to
16 support the use of low-GWP refrigerants in their portfolios, but existing guidance establishes that
17 GHG savings attributable to low-GWP measures may only be counted towards TSB if they are
18 associated with an EE measure. And to satisfy the Commission’s definition of an EE measure, the
19 measure must result in energy savings compared to baseline equipment. Yet, the ability of low-
20 GWP measures to deliver energy savings compared to the baseline measure is highly dependent
21 on both the baseline refrigerant and the proposed low-GWP refrigerant. In some cases, replacing
22 common refrigerants with low-GWP refrigerants may decrease system performance and increase
23 energy consumption despite significant GHG emission reduction benefits. Therefore, WestLight
24 is recommending that the Commission authorize EE programs to offer incentives for low-GWP
25 refrigerant replacement measures, even if the energy savings delivered by the measure are
26 marginal or non-existent. This change would unlock significant TSB (through GHG emission
27 reduction) from high-impact refrigerant transitions that would have otherwise been unavailable to
28 PAs.

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3.14. Innovation

As discussed in Chapter 1, [WestLight](#)'s EE portfolio is driven by three core pillars (Innovation, Equity/Affordability and Community-Based Programming). As such, [WestLight](#) weaves the principle of Innovation into each of the portfolio strategies discussed in this Chapter. In particular, [WestLight](#)'s portfolio spurs innovation by driving GHG reductions through strategic electrification (discussed in Section 3.2 and 3.4 above); a focus on low-GWP refrigerants (discussed in Section 3.10 and 3.13 above), and through load shifting (discussed in Section 3.5, 3.6 and 3.9 above). Finally, [WestLight](#) will spur innovation through its Renters Marketplace program, which is designed specifically for renters and leased businesses that have historically been unable to participate in EE programs due to split incentive challenges. That program is described in Sections 3.2 and 3.7 above.

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3.15. Community-Based Programs

Section 3.8 above describes how [WestLight](#)'s portfolio advances equity and the goals of the Commission's ESJ Action Plan. A key component of that strategy is community-based programming. [WestLight](#)'s community-based program strategy is grounded in deep, sustained partnerships with CBOs, local governments, and sustainability staff from San Mateo County and the City of Los Banos. Because [WestLight](#) serves a relatively small and geographically cohesive territory, community outreach and program co-design are streamlined, allowing engagement to occur early, frequently, and in trusted settings. Indeed, prior to designing its EE portfolio, [WestLight](#) conducted a multi-pronged community outreach strategy in Q1 of 2025. The objective of that outreach was to gather insights that would shape a responsive, community-aligned EE portfolio that reflects the experiences and priorities of those living and working in [WestLight](#)'s service area. [WestLight](#) met with key commercial customers, CBOs, local governments and public institutions, as well as contractors and trade professionals and conducted both presentations and targeted surveys. This process not only allowed [WestLight](#) to design an EE portfolio that was responsive to those stakeholders' feedback, but also cemented [WestLight](#)'s relationships with stakeholders that will continue to inform its EE programming going forward, and ensure that program design reflects lived experience, local priorities, and the specific needs of underserved communities.

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1 WestLight, as a Community Choice Aggregator (CCA), is a local public agency
2 accountable to the communities it serves. This structure aligns closely with the principles
3 embodied in the SoCalREN Community-Based Design Collaborative (Collaborative). CCAs rely
4 on regular engagement with local government partners, community organizations, and priority
5 populations, and routinely design programs around community-identified needs related to
6 affordability, access, and equitable participation. The governance structures, public board
7 processes, and locally tailored portfolios provide ongoing mechanisms for participatory design and
8 transparent oversight, which are core elements of the Collaborative's model. CCAs also emphasize
9 partnerships with trusted local entities and invest in programs that respond to geographic,
10 linguistic, and socioeconomic diversity within their service areas, reinforcing the same equity-
11 driven outcomes that the Collaborative seeks to advance.

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12 WestLight's community-driven approach is demonstrated by its CBO Grant Program
13 which was launched in 2018. In 2026, the Program awarded \$550,000 to sixteen nonprofit
14 organizations across San Mateo County to expand multilingual outreach regarding energy-bill
15 discounts, clean electricity, electric vehicles, and efficient appliances.¹⁰ The program enables
16 trusted organizations in WestLight's service area to lead focus groups, workshops, and culturally-
17 relevant engagement efforts that help ensure customers understand and can benefit from clean
18 energy programs. This work reflects the same participatory and equity-focused design principles
19 at the heart of the SoCalREN Collaborative model.

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20 WestLight is open to exploring how applicable elements of the SoCalREN Collaborative
21 could be incorporated into its own community engagement and program-development practices.
22 Opportunities to deepen co-design with local partners, broaden channels for community-driven
23 feedback and enhance participation by underserved households may complement existing efforts
24 and further strengthen program relevance, accessibility, and effectiveness. This approach directly
25 advances ESJ Goal 5: Enhance outreach and participation opportunities for ESJ communities as
26 described further in Section 3.8 above.

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27 During the **initial four-year period**, WestLight will reinforce its established community
28 engagement infrastructure by:

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- Work closely with CBOs to refine outreach strategies, address language and digital access barriers, and co-design renter-friendly pathways into the DI and Marketplace programs;

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¹⁰ Available at: <https://www.peninsulacleanenergy.com/news-releases/peninsula-clean-energy-awards-550000-in-outreach-grants-for-local-nonprofits-in-2026/>.

- 1 • Leverage the San Mateo County Office of Sustainability and local municipal sustainability
2 staff to reach diverse neighborhoods with trusted messengers;
3 • Engage with WestLight's Community Feedback Forum and conduct recurring listening
4 sessions and community feedback loops to identify participation barriers specific to renters,
5 multifamily tenants, and hard-to-reach single-family households;
6 • Support CBOs with resources, training, and ongoing collaboration to ensure program
7 messaging is culturally relevant and easy to understand.

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8 By the **eight-year horizon**, WestLight intends to institutionalize community involvement so that
9 CBOs and local partners serve as ongoing, embedded contributors to program design and delivery.

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10 WestLight will:

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- 11 • Establish structured, annual community advisory pathways for the Residential DI and
12 Renters Marketplace programs, with CBOs playing a core role in recommending
13 improvements and validating that program changes reflect community needs;
14 • Expand multilingual outreach and targeted renter engagement using trusted community
15 hubs, including faith-based organizations, neighborhood associations, food security
16 organizations, and tenant advocacy groups;
17 • Build long-term feedback mechanisms with CBOs to continually refine marketing,
18 enrollment, and measure offerings so that participation remains accessible and equitable
19 over time.

20 By embedding community-led design and outreach into the portfolio's initial development and
21 long-term structure, WestLight ensures that programs are not only accessible but meaningfully
22 shaped by ESJ communities, fulfilling the intent of both ESJ Goal 5 and the SoCalREN
23 Collaborative model.

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CHAPTER 4: FORECAST METHODOLOGY AND ZERO-BASED BUDGETING

TABLE OF CONTENTS

4.1. Zero Based Budgeting	4-1
4.1.1. Methodologies to Derive a Zero-Based Budget.....	4-1
4.1.2. Cost Categories	4-2
4.1.3. Methodologies to Forecast Budget and Benefits by Segment.....	4-5
4.1.3.1. Resource Acquisition.....	4-6
4.1.3.2. Equity.....	4-7
4.1.3.3. Market Support	4-8
4.1.4. Methodologies to Forecast Budget and Benefits by Sector	4-9
4.1.4.1. Residential Sector	4-11
4.1.4.2. Commercial Sector	4-11
4.1.4.3. Cross-Cutting Sector.....	4-12
4.1.5. ZBB Summary.....	4-14
4.2. Program Modifications: New Programs.....	4-14

FIGURES AND TABLES

Figure 4-1: Budget by Cost Category	4-5
Figure 4-2: Budget by Segment	4-6
Figure 4-3: TSB by Segment	4-6
Figure 4-4: Budget by Sector.....	4-10
Figure 4-5: TSB by Sector	4-10
Table 4-1:Forecasting Approach by Program.....	4-12
Table 4-2: New Programs in the 2028-2031 Application Cycle.....	4-14

4.1. Zero Based Budgeting

This chapter describes the development of WestLight Energy's (WestLight) proposed budget to support its 2028-2031 EE portfolio. WestLight's budget is reasonable because it is developed using a zero-based budgeting (ZBB) approach and because it complies with all other California Public Utilities Commission (CPUC or Commission) requirements and directives. This chapter explains how WestLight derived a zero-based budget, and how WestLight forecasts and allocates budget and benefits by segment and sector. Finally, this chapter describes WestLight's newly proposed programs for the 2028 – 2031 portfolio cycle.¹

4.1.1. Methodologies to Derive a Zero-Based Budget

WestLight developed its energy efficiency (EE) portfolio budget using a ZBB approach, consistent with the Commission's directives in Decision (D.) 21-05-031.² This approach ensures that each dollar WestLight requests through this Application is fully justified and that WestLight's proposed budgets are designed to achieve measurable, cost-effective outcomes. Per the requirements of D.21-05-031, WestLight's ZBB methodology constructs each program's budget from the "ground up" based on stakeholder insights, market needs, delivery strategies and expected savings.

At a high level, the ZBB process determines budgets at a program-level, grounded in an assessment of Total System Benefit (TSB) potential by program, as well as the related implementation, administrative, and marketing, education, and outreach (ME&O) costs needed to achieve that potential. The distribution of budgets across segments and sectors is generally determined by summing the budgets associated with the individual programs in each sector and/or segment.

In addition to the ZBB directive in D.21-05-031, several other drivers inform WestLight's budget. First, WestLight's budget is informed both by Senate Bill (SB) 350, which requires a doubling of statewide energy efficiency savings and demand reduction by 2030,³ and by Assembly Bill (AB) 802,⁴ which authorized normalized metered energy consumption (NMEC) methods.

¹ WestLight was not a portfolio administrator in the 2024-2027 program cycle, so all of its proposed programs are new programs, there are no modifications to existing programs.

² D.21-05-031 at Conclusion of Law (COL) 22, Ordering Paragraph (OP) 8.

³ Clean Energy and Pollution Reduction Act of 2015, Senate Bill 350 (De León, 2015).

⁴ Assembly Bill (AB) 802 (Williams 2015).

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1 Second, WestLight's budget reflects a variety of relevant Commission directives, including key
2 directives requiring portfolio segmentation and cost-effectiveness (see Chapter 2 for more details
3 on how legislative and Commission directives drive the design of WestLight's portfolio). Third,
4 the budget reflects WestLight's mission to reduce greenhouse gas (GHG) emissions by expanding
5 access to sustainable and affordable energy solutions (see Chapter 1 for more details on how
6 WestLight's mission drives the design of its portfolio). And fourth, the budget reflects community
7 input, which WestLight received via interviews, surveys and coordination with local governments,
8 contractors and workforce partners (see Chapter 8 for more details on how the design of
9 WestLight's portfolio reflects community input).

10 WestLight's ZBB methodology included the following structured steps:

- 11 1. First, WestLight aligned with regulatory requirements. Those include segmentation rules,
12 cost caps, and evaluation, measurement, and verification (EM&V) requirements.
- 13 2. Second, WestLight used stakeholder feedback to inform budget design. WestLight
14 conducted 1:1 interview, surveys, and group sessions with over four categories of
15 stakeholders (described in Chapter 8);
- 16 3. Third, WestLight modeled each program's costs. Modeling was informed by
17 implementation staffing and subcontracting cost estimates, incentive levels, target
18 participation levels, technology platform needs, ME&O activities, and Quality
19 Assurance/Quality Control (QA/QC) as further described in the sections below. WestLight
20 reviewed modeled costs against other Program Administrators' (PAs) programs for
21 calibration.
- 22 4. Fourth, WestLight used a process of iterative adjustment and optimization to refine its
23 budget. WestLight used Cost Effectiveness Tool (CET) outputs to adjust budgets and
24 ensured that proposed Resource Acquisition (RA) programs contribute effectively to cost-
25 effective portfolio TSB goals. Further, WestLight calibrated program scope and pacing
26 based on forecast participation and ramp-up feasibility.

28 4.1.2. Cost Categories

29 Below, WestLight describes key cost categories under its portfolio, as well as its approach
30 to developing a budget for each of those cost categories. Those key categories are: (1) direct

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implementation costs (broken out by incentive and non-incentive costs); (2) administration costs; (3) ME&O costs; and (4) EM&V costs.

Direct Implementation – Incentives

WestLight's incentive offerings are designed to support electrification and GHG emission reductions and maintain compliance with the Commission's rules for incentive layering and cost-effectiveness. Implementation costs include the costs of customer incentives for both RA and Equity programs. For RA programs, incentive levels are set based on the estimated value needed to achieve cost-effective participation. For Equity programs, incentives are set to ensure meaningful participation by Equity customers (i.e., in most cases, incentives must cover the full costs of the measure).

Direct Implementation – Incentives costs represent 26% of WestLight's total 2028-2031 portfolio budget. WestLight developed the incentive budget for each applicable program using:

- Benchmarked incentive levels from comparable EE programs across community choice aggregators (CCAs), investor-owned utilities (IOUs) and regional energy networks (RENs); and
- Participation forecasts based on customer segmentation.

Direct Implementation – Non-incentives

Implementation costs also include non-incentive costs such as contractor and implementer labor; technical assistance, energy audits and concierge support; workforce education and training (WE&T) activities; platform development or program management software; and savings validation activities.

Direct Implementation – Non-Incentive costs represent 58% of WestLight's total 2028-2031 portfolio budget. These costs vary based on program type, delivery method (e.g. direct install, Strategic Energy Management (SEM) or Normalized Metered Energy Consumption (NMEC)), and sector needs. WestLight developed the non-incentive budget forecast using:

- Benchmarked budgets from comparable EE programs across CCAs, IOUs and RENs;
- Internal or third-party administration;
- Sector specific barriers and needs (e.g., inclusion of CBO support services to engage Equity customers and residential renters);

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- Level of technical project review needs and M&V requirements depending on program incentive pathway (e.g. NMEC, Deemed, Custom, Direct Install (DI));
- Program design pathway and level of customer engagement required (e.g. SEM programs provide hands-on training and workshops to drive measure implementation).

Administration

Administration costs include portfolio support and program administration activities that do not directly support implementation, such as portfolio-level planning and coordination; compliance and regulatory reporting; contract management and procurement; general internal management, overhead, and accounting; as well as reviewing and paying invoices.

Administration costs represent 9% of WestLight's total 2028-2031 portfolio budget. WestLight developed the administration budget forecast based largely on the Commission-required 10% cap and is set to 10% when you exclude EM&V from the budget. Over time, WestLight intends to realize administrative efficiencies through enhanced data systems, interagency coordination, and process streamlining.

Marketing, Education, & Outreach

ME&O costs include program-level outreach, such as customer engagement materials, enrollment support, and educational workshops. ME&O activities are designed to enhance equitable access, reduce participation barriers, and increase visibility of WestLight's offerings, particularly in underserved and hard-to-reach (HTR) communities.

WestLight allocates up to 6% of each program's budget to ME&O activities, consistent with guidance in the EE Policy Manual.⁵ Overall, ME&O costs represent 3% of WestLight's total portfolio budget.

Evaluation, Measurement and Verification (EM&V)

Costs associated with EM&V activities represent 4% of WestLight's total 2028-2031 portfolio budget. That level is consistent with D.21-05-031⁶ and the Commission's EM&V guidance. EM&V activities include the studies described in Chapter 9 of this testimony, namely:

⁵ CPUC Energy Efficiency Policy Manual 6 (Apr. 2020); D.09-09-047 at COL 7.

⁶ D.21-05-031 at 53.

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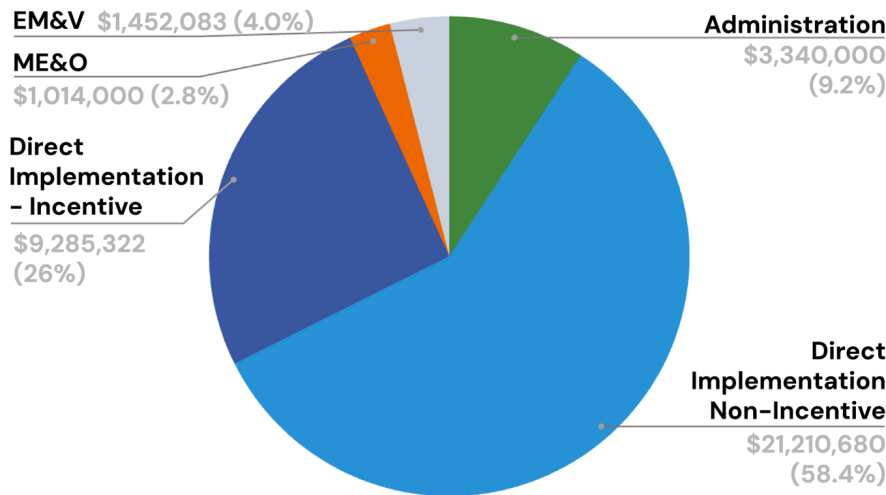
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an NMEC Feasibility and Scalability Study, a Market Study to inform WE&T expansion, and a Process Evaluation of the Renters Marketplace program. Accordingly, EM&V costs include the costs of carrying out these studies, including the costs of contracting with independent evaluators to carry out these studies.

The following figure provides a summary of the budget by cost category:

Figure 4-1: Budget by Cost Category



4.1.3. Methodologies to Forecast Budget and Benefits by Segment

WestLight's portfolio includes programs across all three portfolio segments – Resource Acquisition, Equity and Market Support. The majority of WestLight's budget is allocated to the RA segment where WestLight strives towards optimizing TSB delivered. The goal of the Equity segment is to serve HTR or underserved customers which typically requires both thoughtful program designs, as well as additional budget for increased incentives and greater customer support in program delivery. WestLight's Market Support segment consists of one WE&T

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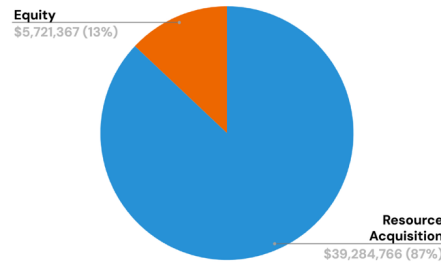
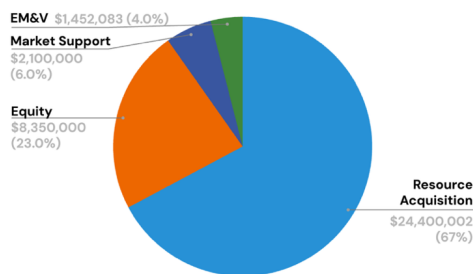
1 program which supports the sustainable growth of the energy efficiency industry by empowering
2 small and local contractors to engage in refrigerant markets.

3 The 2028-2031 budget and TSB break down by segment is as follows and visually
4 demonstrated in Figures 4-2 and 4-3 below:

- 5
- 6 • The RA segment budget is \$24,400,002 (67% of the total budget) and will deliver a total
7 TSB of ~~\$39,284,766~~.
 - 8 • The Equity segment budget is \$8,350,000 (23% of the total budget) and will deliver a total
9 TSB of ~~\$5,721,367~~.
 - 10 • The Market Support segment budget is \$2,100,000 (6% of the total budget). There are no
11 energy savings and therefore not contribution to the TSB goal in the Market Support
12 Segment.

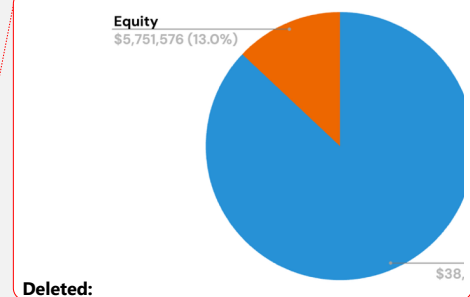
Figure 4-2: Budget by Segment

Figure 4-3: TSB by Segment



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13 The sections below provide more detail on the budgeting process for each of these
14 segments.

15
16
17 4.1.3.1. Resource Acquisition

18 ~~WestLight~~'s portfolio includes five programs in the RA segment:

- 19
- 20 1. FLEXmarket;
 - 21 2. Non-Residential SEM;
 3. Multifamily SEM;

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4. Commercial DI; and

5. Integrated Demand Side Management (IDSM).

WestLight has allocated a total budget of \$24.4 million to the RA segment, which represents 67% of the total portfolio budget. The RA segment will deliver approximately \$39.3 million in TSB which represents 87% of the total portfolio TSB.

In order to develop forecasted budgets and benefits for the RA segment, WestLight began by estimating all non-incentive costs—including both implementer and WestLight expenses—based on the requirements of each proposed program. These cost estimates formed the foundation for the non-incentive budget categories.

In order to develop incentive budgets for RA programs, WestLight assessed expected customer participation levels, segment-specific energy savings potential, and the relative value of each program in contributing to portfolio goals. WestLight's energy savings forecasts for RA programs draw from multiple sources: WestLight's own customer energy usage data, identified savings potential across key segments, and historical results from comparable programs in similar PA territories. WestLight prioritized NMEC-based savings approaches because they provide flexibility, support innovation, and generally yield favorable TRC outcomes. WestLight also considered the presence of overlapping PA programs to avoid duplicative incentives and ensure efficient market coverage. Finally, WestLight used TRC and TSB calculations for each program to ensure incentives were set at levels that maximize benefits while supporting participation across customer segments, to optimize program cost-effectiveness, and ultimately, refine program budgets.

4.1.3.2. Equity

WestLight's portfolio includes two Equity programs:

1. Renters Marketplace; and
2. Residential DI.

WestLight has allocated a total budget of \$8.35 million to the Equity segment, representing 24% of the total portfolio budget. The Equity segment is expected to deliver approximately \$5.7 in TSB, or 13% of the portfolio TSB. Overall, WestLight's budget approach sought to maximize the allowable investment in Equity programs while remaining compliant with the Commission's

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1 30% cap on combined Equity and Market Support segments. WestLight allocated 24% of the 30%
2 budget allocation to the Equity segment (vs. 6% for the Market Support segment).

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3 WestLight's budgeting approach recognizes the unique needs and heightened barriers to
4 participation in the Equity segment. In particular, budgeting for the Equity segment aligns with the
5 objectives the Commission has defined for that segment, which are to:

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- 6 1. Address disparities in access to EE programs;
- 7 2. Promote resilience, health, comfort, safety, energy affordability, and energy savings; and
- 8 3. Reduce energy-related GHG and criteria pollutant emissions.⁷

9 To develop the budget and TSB forecasts for the Equity segment, WestLight conducted a
10 detailed assessment of underserved and HTR customer groups within its service territory. This
11 analysis incorporated demographic, socioeconomic, linguistic, and housing characteristics to
12 determine where equity gaps persist and to estimate participation potential. More details are
13 provided in Chapter 2.

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14 Because the Equity segment is designed to support customers who often require more
15 intensive engagement, WestLight assumed a higher cost per participant and per TSB delivered
16 compared to the RA segment. This reflects the intentional incorporation of a Concierge model for
17 personalized support of customers, close coordination with community-based organization (CBO),
18 and other high-touch services that facilitate access for customers facing linguistic, cultural, or
19 digital barriers. These assumptions directly fed into the forecasting methodology, shaping both
20 non-incentive and incentive budgets to ensure adequate resources for wraparound support. As a
21 result, the Equity budget maximizes allowable ME&O investments (up to the 6% cap) to ensure
22 the program is sufficiently visible to target Equity customers, trusted-messenger engagement, and
23 targeted marketing to priority populations.

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24 Finally, the structure and scale of the Equity budget were informed by extensive
25 stakeholder input—including CBOs, local governments, and advocacy groups—which reinforced
26 the need for culturally relevant engagement, simplified program pathways, and support for
27 customers who have historically faced barriers to participation. These insights directly shaped
28 WestLight's assumptions, cost forecasts, and benefit projections for the Equity segment.

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30 4.1.3.3. Market Support

⁷ D.23-06-055 at 57-58.

1 WestLight's portfolio includes one program in the Market Support segment: the
2 Refrigerant WE&T Program. WestLight has allocated a total budget of \$2.1 million to the Market
3 Support segment, representing 6% of the total portfolio budget. The program does not generate
4 any energy savings or TSB.

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5 While this program does not directly generate TSB, it fulfills the Market Support segment's
6 mandate by strengthening local contractor capacity and addressing persistent workforce gaps that
7 limit the deployment of advanced energy efficiency and electrification technologies. By equipping
8 technicians with skills in refrigerant management, the program supports long-term market
9 transformation and enables future participation in EE and electrification programs across sectors.

10 The WE&T program budget was built from the ground up based on program design
11 requirements, delivery model, and expected participant cohort size. WestLight estimated delivery
12 costs for curriculum development, hands-on training activities, refrigerant toolkits, instruction
13 time, facility costs, and administrative oversight. ME&O budgets were developed to support
14 contractor outreach and recruitment, with particular emphasis on engaging small, independent, and
15 historically underserved contractors.

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16 To forecast an appropriate budget level, WestLight reviewed comparable workforce
17 program allocations—including Marin Clean Energy's (MCE) Green Workforce Pathways
18 Program and SoCalREN's E-Contractor Academy—to benchmark expected delivery costs and
19 identify reasonable assumptions for resource needs and cohort throughput. WestLight also
20 incorporated Commission budget constraints into its forecasting methodology, particularly the
21 requirement that Equity and Market Support programs together may not exceed 30% of the total
22 portfolio budget. These constraints informed the final program size and scope to ensure regulatory
23 compliance while remaining responsive to market needs.

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24 Finally, WestLight's budget assumptions for the WE&T program were shaped by
25 stakeholder feedback, including input from local contractors, CBOs, and industry partners who
26 identified gaps in refrigerant training, limited access to tools and certifications, and challenges for
27 small contractors entering the electrification and refrigeration markets. This feedback validated
28 both the program's focus and the scale of investment modeled in the ZBB process.

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30 4.1.4. Methodologies to Forecast Budget and Benefits by Sector

WestLight’s EE portfolio includes programs across the residential, commercial and cross-cutting sectors. WestLight’s residential programs target underserved and HTR customers; multifamily property owners and operators; and renters. Commercial customers constitute the largest non-residential sector in WestLight’s service area (20,000 accounts and 56% of total electricity consumption), and WestLight will target those diverse customers through direct install, FLEXMarket and Strategic Energy Management offerings. Finally, WestLight’s cross-cutting sector includes a Refrigerant WE&T program which does not claim savings, and an IDSM program, which delivers measurable TSB through verified load shifting of battery energy storage systems. While WestLight’s service area includes industrial, agricultural and public sector accounts, those customers represent a small proportion of WestLight’s overall customer accounts, and therefore WestLight does not propose a program that specifically targets those sectors. Nevertheless, several of WestLight’s proposed programs will be available to industrial, agricultural and public sector customers (e.g., FLEXmarket and SEM).

The budget and TSB break-down by sector for the 2028-2031 period is visually demonstrated in the figures below:

Figure 4-4: Budget by Sector

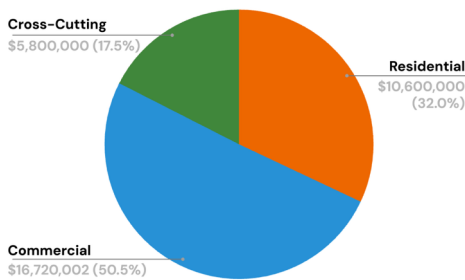
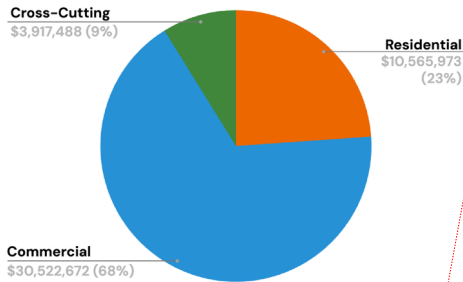


Figure 4-5: TSB by Sector



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WestLight’s budget and benefit forecasts by sector are a product of the rigorous, data-informed ZBB framework described above. The ZBB framework produces program-level budget and TSB forecasts, and WestLight aggregates those forecasts to develop sector-level forecasts.

1 The sections below provide more detail on WestLight's process for forecasting budget and
2 TSB by sector. However, that process tends to be driven by the *type* of programs that populate
3 each sector in WestLight's portfolio. For instance, for FLEXmarket and SEM programs,
4 WestLight used customer consumption data, load shapes, and building characteristics to estimate
5 achievable savings and incentive payments based on normalized energy use reductions. In contrast,
6 for deemed and custom pathways, WestLight applied measure-level assumptions for savings and
7 incentive payments from workpapers, technical reference manuals, and peer program benchmarks,
8 adjusting for local housing stock, equipment saturation, and commercial sector composition.

9 The forecasting methodology also incorporates sector-specific intervention strategies that
10 influence participation and cost assumptions. For example, technical assistance, site assessments,
11 training, and hands-on education were modeled as cost drivers for both commercial and residential
12 SEM pathways. In the residential sector, WestLight included direct installation or Energy Coach
13 support where deeper engagement is required to reach hard-to-serve customers. These delivery
14 elements were explicitly built into Direct Implementation and non-incentive budget assumptions.

15 Under this methodology, each program budget was developed from using program-specific
16 participation assumptions, delivery models, and cost drivers. These program-level budgets—
17 consisting of Administrative, Direct Implementation, Incentives, and ME&O—were then
18 aggregated to form the sector-level forecasts.

20 4.1.4.1. Residential Sector

21 WestLight's programs in the residential sector include Multifamily SEM, the Renters
22 Marketplace and a Residential DI program. As described above, for SEM and NMEC pathways,
23 WestLight used customer consumption data, load shapes and building characteristics to estimate
24 achievable savings and incentive payments based on normalized energy use reductions. The
25 Renter's Marketplace Program forecasts are based on estimated uptake, renters in the service
26 territory, and incentives designed to address equity segment barriers. For the Resi DI program,
27 WestLight used historical DI participant delivery costs from peer programs, scaled to reflect
28 WestLight's housing stock and participation targets. WestLight aggregated program-level
29 forecasts to develop budget and TSB forecasts for its residential sector.

31 4.1.4.2. Commercial Sector

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WestLight’s commercial sector programs include Non-residential SEM, FLEXmarket, and a Commercial DI program. Again, for SEM and NMEC pathways, WestLight used customer consumption data, load shapes and building characteristics to estimate achievable savings and incentive payments based on normalized energy use reductions. For the DI program, WestLight used historical delivery costs from peer programs, scaled to reflect WestLight’s customer size, savings opportunities and participation targets. WestLight aggregated program-level forecasts to develop budget and TSB forecasts for its Commercial sector.

4.1.4.3. Cross-Cutting Sector

WestLight’s programs in the cross-cutting sector are its Refrigerant WE&T program and its IDSM program. For the WE&T program, WestLight forecasted the estimated costs of training delivery, resource and toolkit development, and hands on training. For the IDSM program, WestLight estimated per-battery load shifts based on average size of residential battery energy storage systems and standard back-up reserve margins. WestLight also based customer participation forecasts on participation rates in existing WestLight battery upfront incentive programs. Finally, WestLight aggregated per battery participation results across residential and non-residential segments to identify incentive budget amounts and program-level TSB impacts. WestLight aggregated its forecasts for the WE&T and IDSM programs to develop the budget forecast for its cross-cutting Sector.

Table 4-1: Forecasting Approach by Program

Sector	Program	Forecasting Approach & Drivers
Residential	Multi-Family SEM	- Uptake estimates based on counts of multifamily properties with >50 units to avoid overlap with BayREN’s BAMBE program - Assessment of feasibility of participant cohort size and adherence to CPUC SEM guidelines
	Marketplace	- Uptake estimates based on renter percentage in service territory - Focused on HTR and underserved renters

		• Incentive design with equity segment objectives in mind, including no and low-cost equipment to deliver health, comfort, and bill savings • Incorporates budget allocation for CBO support to increase uptake by overcoming equity segment market barriers
	Residential Direct Install	• Informed by historical DI participant delivery costs from peer programs (e.g. San Diego Gas & Electric Company (SDG&E) Single-Family Program and Southern California Edison Company's (SCE) Statewide Residential DI program) and scaled to reflect <u>WestLight's</u> housing stock and participation targets.
Non-Residential	Non-Residential SEM	• Forecasted using commercial customer consumption data and customer counts to validate the scale of opportunity for SEM savings • Driven by stakeholder feedback including interviews and meetings with large commercial and industrial customers, identifying strong interest in SEM approach to support capital planning along with technical assistance • Market research on feasibility of assembling SEM cohorts and estimated cohort size
	FLEXMarket	• Forecasts are based on historical participation data and targeting strategies from <u>WestLight's</u> current FLEXMarket implementation • Leverages existing contractor networks
	Commercial DI	• Informed by historical DI delivery costs from peer programs (e.g. SDG&E Statewide Commercial DI and Pacific Gas & Electric Company (PG&E) Government and K12 Comprehensive Program) and scaled to reflect <u>WestLight's</u> commercial customer size, savings opportunities, and participation targets.
Cross-Cutting	Refrigerant Workforce Education and Training (WE&T)	• Estimated costs of training delivery, resource and toolkit development, and hands on training • Estimated cohort sizes for training • Informed by barriers faced by local and independent contractors • Plans to build off of, and expand on, existing sector training opportunities e.g. TECH Clean CA, EPA Section 608 certification

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	IDS Program	- Established per-battery load shift assumptions based on average size of residential battery energy storage systems and standard back-up reserve margins - Based customer participation forecasts on participation rates in existing <u>WestLight</u> battery upfront incentive program - Aggregated per-battery participation results across residential and non-residential segments to identify incentive budget amounts and program-level TSB impacts
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4.1.5. ZBB Summary

WestLight's proposed budget for the 2028 – 2031 portfolio cycle is reasonable and based on a detailed ZBB methodology as described above. WestLight's budget is aligned with requirements in California law, Commission directives, WestLight's mission and the input WestLight received from stakeholders. In particular, WestLight's budget reflects Commission's direction because:

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- It is fully grounded in a zero-based budgeting approach, with each program scoped and sized independently;
- It complies with segmentation rules, administrative caps, and sourcing guidelines;
- It aligns with Commission guidance on NMEC, equity, and market transformation;
- It reflects local input and needs, with no legacy funding assumptions; and
- It delivers a clear value proposition for ratepayers: meaningful energy savings, high TRC performance, and equitable access to benefits.

4.2. Program Modifications: New Programs

Table 4-2: New Programs in the 2028-2031 Application Cycle

New Programs in 2028-2031 4-Year Application Cycle			
Program Name	Segment	Sector	High Level Program Description/Purpose

Non-Residential Strategic Energy Management	Resource	Commercial	The Non-Residential SEM program provides cohort-based support to commercial, industrial, and agricultural customers to develop and implement ongoing energy management strategies. It emphasizes behavioral, operational, and maintenance savings, while also identifying future electrification and IDSM opportunities. The program is designed with the intent to address common barriers including limited customer capacity and technology adoption hesitation through personalized coaching, benchmarking, and peer learning. By embedding SEM practices into standard operating practices, the program empowers participants to take ownership of long-term site energy performance.
Multi-family (MF) Strategic Energy Management	Resource	Residential	The MF SEM program helps multifamily property owners and managers identify and implement ongoing operational and behavioral energy savings opportunities through a cohort-based engagement and service delivery approach. It provides energy coaching, audits, planning assistance, and tools to support SEM practices over time. The program intends to address common barriers including split incentives, energy consumption awareness, and capacity constraints through hands-on engagement and technical assistance. By emphasizing education and operational support, MF SEM builds decision-maker engagement and lays the groundwork for deeper, comprehensive EE and IDSM retrofits.
FLEXMarket	Resource	Commercial	FLEXMarket is a performance-based program that compensates aggregators or implementers for delivering verified energy savings to commercial and residential customers using population-level NMEC methodologies. It reduces traditional administrative and technical burdens and enables more flexible project development pathways. By allowing to-code measures that are harder to quantify than traditional measures included in deemed and custom pathways, its purpose is to open doors for comprehensive energy savings offerings not viable under other EE programs. It also helps overcome participation barriers by providing support to contractors and facilities managers with simplified participation and savings tools.
Commercial Direct Install	Resource	Commercial	The Commercial DI program offers no-cost site assessments and installation of simple, low-cost measures to reduce energy use for commercial customers. It features a Single Point of Contact model to guide

			customers from assessment through implementation. The program's purpose is to reduce participation barriers through CBO engagement and streamlined delivery. It also connects participants to other rebate programs and identifies pathways for electrification readiness.
IDS	Resource	Cross-Cutting	The IDS Program offers incentives for permanent load shifting from customer-sited batteries, leveraging WestLight's DERMS platform. It supports residential and municipal participants and aims to align customer dispatch with grid reliability and decarbonization goals. The program is a pioneering model for integrating load flexibility into the energy efficiency portfolio. It also lays the groundwork for future inclusion of other load modifying equipment including heat pump water heaters and smart control thermostats, helping advance WestLight and CPUC objectives to reduce peak load.
Residential Direct Install	Equity	Residential	The Residential DI program offers a turnkey experience by providing in-home energy assessments and direct installation of energy efficiency and electrification-enabling measures. Through trusted CBOs and energy advisors, the program targets households with high discretionary load and underserved customers. The purpose of this program is to simplify participation, remove upfront cost barriers, and coordinate with other offering like WestLight's Home Upgrade Services and the state's Energy Savings Assistance (ESA) programs to maximize reach and impact.
Renters Marketplace	Equity	Residential	The Renters Marketplace relies on an online marketplace platform hosted on the WestLight website that offer underserved and HTR residential customers and small/micro-businesses streamlined access to clean energy equipment through discounted purchasing. It provides portable and plug-in solutions that don't require landlord approval and provides concierge-style assistance to help renters navigate available incentives and product options. By partnering with trusted CBOs and offering a curated product mix focused on energy efficiency, resiliency and health, the program aims to overcome common equity segment barriers. The concierge support and product portability are key innovations in overcoming installation authority and trust barriers with renters.

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Refrigerant Workforce, Education and Training	Market Support	Cross-Cutting	The Refrigerant WE&T program builds local contractor capacity to comply with refrigerant regulations (e.g., SB 1013) and allows contractors to participate in refrigerant recovery and resale markets. It targets small, independent contractors through hands-on training, quick-start kits, and partnerships with workforce boards and CBOs. The program seeks to address capital constraints and knowledge gaps by equipping participants with the tools to access new revenue. By simplifying entry into the refrigerant handling space, the WE&T program expands the local green workforce, strengthens compliance, and supports regional and state goals to reduce refrigerant related GHG emissions.
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CHAPTER 5: PORTFOLIO MANAGEMENT

TABLE OF CONTENTS

5.1. Overview of 4-year and 8-year Plan: Key Metrics and Outcomes.....	5-1
5.2. Portfolio Optimization and Risk Management Strategies	5-4
5.2.1. Using Metrics to Meet Portfolio Goals	5-4
5.2.1.1. Data-Driven Goal Setting	5-4
5.2.1.2. Performance Tracking and Adjustment.....	5-5
5.2.2. Risk Management	5-7
5.2.2.1. Overall Risk Management Approach.....	5-7
5.2.2.2. Corrective Action Process	5-8
5.2.2.3. Procurement and Contracting Practices	5-10
5.3. Statewide Assessment	5-11

FIGURES AND TABLES

Figure 5-1: Logic Model.....	5-3
Figure 5-2: Corrective Action Process.....	5-9

5.1. Overview of 4-year and 8-year Plan: Key Metrics and Outcomes

Figure 5-1 below presents WestLight Energy's (WestLight) portfolio logic model. The logic model presents the manner in which WestLight translated the primary **inputs** driving its portfolio and business plans into **strategies**; **activities**; and ultimately, **outputs** and **outcomes** over the 4-year portfolio plan period and the 8-year business plan period.

The model begins with key **inputs** that shape portfolio design, including state decarbonization goals, WestLight's mission and strategic priorities, regulatory requirements, stakeholder and community feedback, funding and resource availability, and service territory demographics. The top layer in the graphic illustrates those inputs.

These inputs informed WestLight's development of its portfolio **strategies**, which are represented in the next layer of the logic model, and organized by the three core, overarching pillars of WestLight's portfolio strategy: (1) innovation; (2) equity and affordability; and (3) community-based programming. WestLight incorporated its portfolio strategies into the design of the various programs in its portfolio; those programs are designated in the model by the colored dots that accompany each portfolio strategy.

The next layer in the logic model depicts the **activities** WestLight will carry out in service of its portfolio strategies, organized by the three sectors WestLight's portfolio targets. The dots accompanying each activity depict the segment in which WestLight will undertake each activity.

The next layer in WestLight's logic model illustrates the specific **outputs** that WestLight's portfolio strategies will generate over the four-year portfolio plan period (2028-2031). Those outputs include customers served, measures installed, peak load reductions, and facilities assessed for electrification readiness.

The final layer of WestLight's logic model describes the ultimate **outcomes** driven by WestLight's portfolio strategies over the four-year portfolio plan (2028-2031) and eight-year business plan (2032-2035) horizons. Those outcomes include overarching portfolio goals and compliance requirements such as the achievement of Total System Benefit (TSB) goals; a cost-effective resource acquisition segment; improved affordability through right-sizing; and increased participation among underserved and equity customers over the four-year period. They include broader market and system impacts such as improved cost-effectiveness through refined targeting and measurement; managed electrification integrated with load flexibility across sectors; institutionalized equity-centered program delivery models; and expanded workforce capacity to

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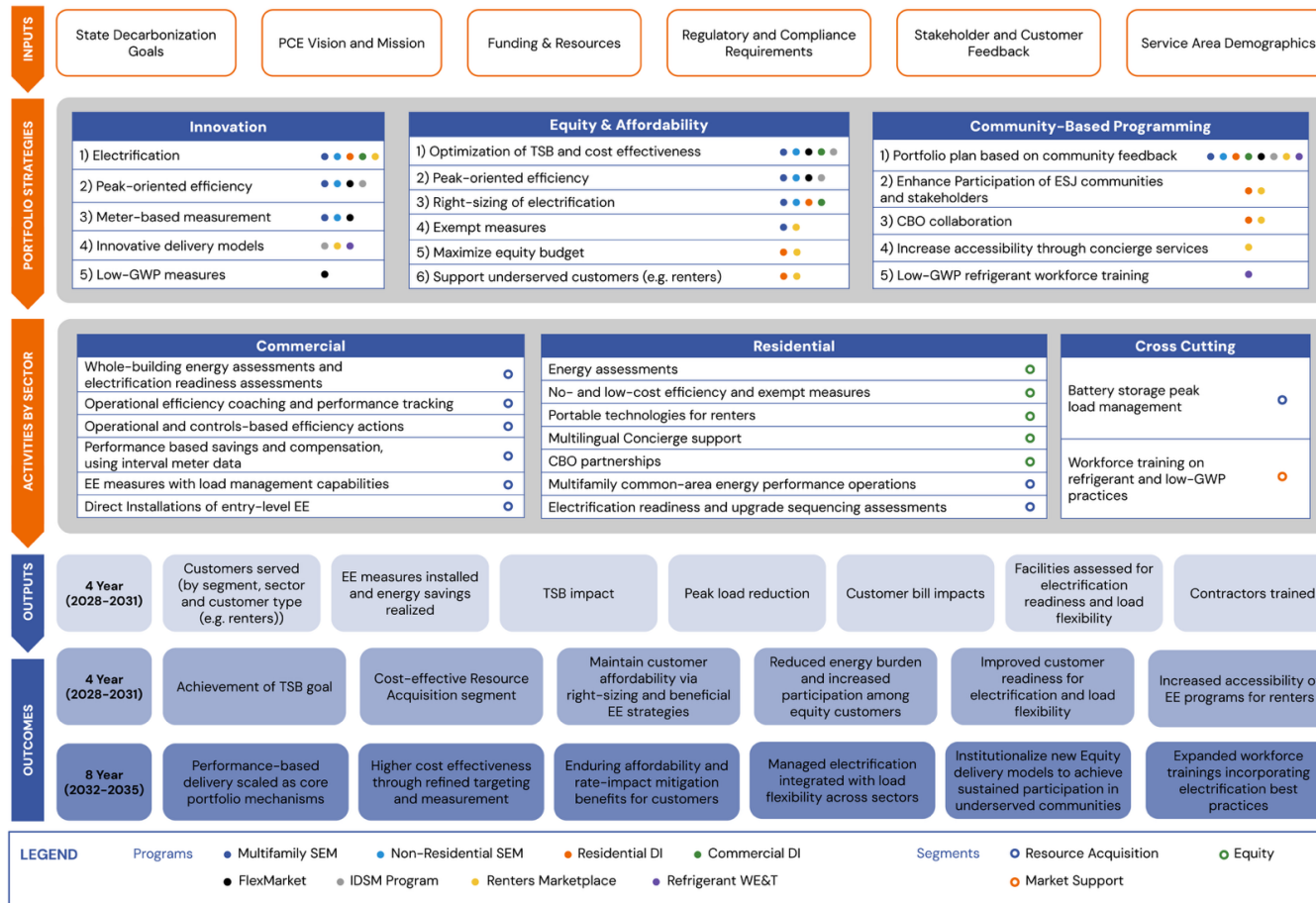
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1 support electrification and low-GWP technologies over the eight-year horizon. Together, these
2 outcomes demonstrate how WestLight's portfolio advances cost-effective energy savings while
3 supporting equitable program access and California's long-term decarbonization goals.

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Figure 5-1: Logic Model



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5.2. Portfolio Optimization and Risk Management Strategies

5.2.1. Using Metrics to Meet Portfolio Goals

Total System Benefit (TSB) goals and cost-effectiveness metrics provide important benchmarks to plan successful energy efficiency (EE) programs and measure portfolio outcomes.

WestLight integrates a comprehensive framework of goals and metrics across portfolio planning, implementation, and evaluation. WestLight's overall approach is built upon robust data systems for tracking and reporting, regular performance reviews and evaluation cycles, and the flexibility to adapt strategies to market, regulatory, and customer trends. WestLight's processes for setting goals and tracking performance are discussed in more detail below.

5.2.1.1. Data-Driven Goal Setting

WestLight's overarching portfolio goals include innovation, equity and affordability, as well as community-based programming to facilitate meaningful progress towards California's equity and decarbonization goals. At a more granular level, WestLight's sets specific portfolio goals based on the California Public Utilities Commission's (CPUC or Commission) guidance regarding TSB, cost-effectiveness, and equitable program delivery.¹

WestLight sets TSB goals and forecasts cost-effectiveness metrics using a data-driven, evidence-based approach. Specifically, WestLight utilizes the following inputs into its goal-setting process:

- The **Commission's EE Potential and Goals (P&G) Study**, which "provides the technical analysis for assessing the cost-effective energy savings, and associated system benefits, potentially available in the state's residential and commercial building stocks, residential and commercial equipment and processes, and the industrial, agricultural and mining sectors."² The Commission recently published the updated

¹ For a broader discussion of WestLight's overarching goals, as well as its alignment with Commission and statewide goals, see Chapters 1 and 2.

² Decision (D.) 25-08-034, *Decision Adopting Energy Efficiency Goals for 2026-2027* at 2 (Sept. 5, 2025).

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2025 P&G Study in the EE Rulemaking (R.) 25-04-010.³ Community choice aggregator (CCA) portfolio administrators (PAs) do not set their portfolio goals based on the P&G Study, but can propose goals based on a bottom-up forecast of the EE potential provided therein;

- WestLight's regional market assessment specific to San Mateo County and Los Banos. This research is described in more depth in Chapter 2, Section 2.1;
- **Program participation and performance history** from WestLight's Elect-to-Administer (ETA) portfolio, overlapping PAs (e.g., Pacific Gas and Electric Company (PG&E) and the Bay Area Regional Energy Network (BayREN)), and programs across the state with similar delivery models; and
- **Historical measure adoption rates and cost trends**, which inform WestLight's analysis of remaining incremental potential.

Cumulatively, this evidence and data-backed goal setting process ensures WestLight's portfolio goals are realistic yet ambitious (in line with Commission policy objectives),⁴ and specifically calibrated to local building stock, climate, and customer characteristics.

5.2.1.2. Performance Tracking and Adjustment

Ongoing performance tracking is key to ensure that WestLight's portfolio meets performance goals and to inform the need for considering adjustments. WestLight monitors portfolio performance through an integrated tracking platform that collects and consolidates program data, providing WestLight the ability to monitor key data points. Those include, but are not limited to, energy savings (in kWh, kW, and therms), TSB, customer participation status, and expenditures. WestLight utilizes these key data points to perform portfolio reviews on at least a quarterly basis. These portfolio reviews assess performance against goals, metrics, and indicators, and identify trends in underperforming areas. Goals, metrics, and indicators are defined as follows:

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³ See generally, D.25-08-034; the full 2025 Potential and Goals Study is 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>.

⁴ See D.25-08-034 at Finding of Fact (FOF) 3 (explaining that the Commission's policy objective is to set EE goals that are realistic and aggressive, yet achievable).

- The Commission sets goals based on TSB, which is “an expression, in dollar terms, of the lifecycle energy, capacity, and GHG benefits, expressed on an annual basis.”⁵
- A metric is a valueless measure of progress towards achieving desired market effect(s) (such as savings or cost-effectiveness) and includes a baseline and a target or targets (short, medium, or long term).⁶
- An indicator does not include baselines or targets, but progress is still tracked.⁷

Together, these data points provide a comprehensive view of portfolio performance. Moreover, the frequency and detailed nature of WestLight’s performance assessments allow for iterative adjustments to delivery tactics, measure offerings and customer targeting strategies.

It is important to note that WestLight performs these portfolio reviews on a sector- and segment- level. By conducting reviews at each of these levels, WestLight will be able to assess whether participation is balanced across non-residential and residential sectors, and to ensure that its programs are equitably delivering benefits across the entire portfolio. On a more granular level, WestLight reviews the Resource Acquisition (RA) segment for compliance with Commission directives, including a Total Resource Cost (TRC) ratio above 1.0⁸ and progress towards the RA-specific metrics and indicators set forth in Resolution E-5351.⁹ Similarly, WestLight reviews program performance in the Equity and Market Support segments by tracking segment-specific metrics and indicators.¹⁰

Regular portfolio reviews provide WestLight with the opportunity to take corrective action if programs are determined to be underperforming. For example, WestLight may adjust incentive levels or budgets, conduct focused outreach and partner engagement, and/or refine program design to improve TSB or cost-effectiveness (for example, by refining the measure mix to ensure TRC or TSB goal delivery). WestLight may also seek to implement mid-cycle corrections, which provide the flexibility to reallocate funding through the Mid-Cycle Advice Letter (MCAL) process based on performance trends.

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⁵ D.21-05-031, *Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process* at 9 (May 20, 2021).

⁶ D.18-05-041, *Decision Addressing Energy Efficiency Business Plans* at 22 (Jun. 5, 2018).

⁷ *Id.* at 23.

⁸ D.21-05-031, Ordering Paragraph (OP) 3, Conclusion of Law (COL) 8 (May 26, 2021).

⁹ See generally, Resolution E-5351 (Jun. 17, 2025).

¹⁰ See generally, *id.*

1 WestLight is committed to iterative program improvement, informed not only by its own
2 ongoing portfolio reviews, but also through continuous feedback loops from implementers and
3 community partners. For example, WestLight has a history of funding local community-based
4 organizations (CBOs) for feedback opportunities on program designs. In 2018, WestLight
5 launched the annual Community Outreach Grant program. In 2026, WestLight awarded \$550,000
6 in grants through this program to 16 local non-profit partners with the goal of providing feedback
7 and ideas regarding WestLight programs and services as well as facilitate focus groups,
8 workshops, and other opportunities for local customers to learn about and benefit from its services.
9 WestLight also runs a Community Feedback Forum that has a goal of tapping into more local
10 expertise from nonprofits, community leaders and customers who share the agency's goals of
11 environmental stewardship, affordability and equity.

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13 5.2.2. Risk Management

14 Sound risk management processes are key in identifying and remedying portfolio
15 underperformance. At a high level, WestLight's risk management approach is proactive, data-
16 informed, and transparent. WestLight prioritizes early detection of underperformance, which in
17 turn enables timely intervention through structured Corrective Action Processes (as described in
18 section 5.2.2.2 below). Moreover, WestLight utilizes flexible contracting (e.g., pay-for-
19 performance contracts that tie implementer payments to delivery of specified results), rigorous
20 monitoring, and data analytics as tools to sustain cost-effective and high-TSB outcomes throughout
21 the portfolio cycle.

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23 5.2.2.1. Overall Risk Management Approach

24 WestLight employs a portfolio-wide risk management framework that integrates real-time
25 performance tracking, data analytics, and structured intervention procedures. This approach is
26 designed to ensure early detection and correction of program underperformance, while maintaining
27 flexibility to innovate and adapt to changing market and regulatory conditions. WestLight manages
28 portfolio risk across three risk categories:

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- 29 • **Performance risk:** the likelihood of not meeting TSB or cost-effectiveness targets;
- 30 • **Operational risk:** implementation delays, data gaps, or coordination challenges; and
- 31 • **Strategic risk:** market, policy, or economic shifts impacting customer participation.

1 Much of WestLight's risk management approach builds upon the performance tracking and
2 adjustment strategies described in Section 5.2.1 above. WestLight's cross-functional portfolio
3 management team reviews program performance at least quarterly. This review integrates data
4 from implementers, normalized metered energy consumption (NMEC) analysis, and cost-tracking
5 dashboards. WestLight designed this structure to ensure that potential issues are identified and
6 acted upon before materially impacting portfolio goals, substantially mitigating the risk of
7 portfolio underperformance.

8 WestLight utilizes a comprehensive internal program tracking software that reports on
9 energy savings, expenditures, customer participation, and TSB across all programs. NMEC and
10 other evaluation data further provide empirical feedback on project-level and portfolio-level
11 performance. Beyond these quarterly reviews, WestLight conducts monthly monitoring to identify
12 deviations from forecasted participation counts, savings or cost-effectiveness metrics, while
13 quarterly reviews assess cumulative progress toward four-year targets. WestLight continuously
14 monitors for specific indicators of program underperformance, which include, but are not limited
15 to:

- 16 • Lagging project pipeline or low participation rates;
- 17 • Savings realization rate below forecasted levels;
- 18 • Cost-effectiveness ratio trending below target thresholds;
- 19 • Implementer performance metrics below contractual benchmarks; and
- 20 • External factors (e.g., technology or permitting delays) impeding delivery.

22 5.2.2.2. Corrective Action Process

23 WestLight employs a four-step Corrective Action Process to ensure that identified program
24 underperformance is addressed in a timely and effective manner.

25 Step 1: Diagnostic Review

26 First, WestLight's metrics tracking dashboard flags underperforming programs. Flagged
27 programs are then reviewed by WestLight's portfolio management team, which conducts a root-
28 cause assessment informed by implementer data, customer feedback, and market conditions.

29 Step 2: Collaborative Action Plan

30 After WestLight's portfolio management team conducts its root-cause analysis, WestLight
31 works directly with the program implementer to develop a Collaborative Action Plan. The

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Collaborative Action Plan identifies: 1) specific barriers (e.g., outreach, program design, or measure mix); 2) quantitative improvement targets and timelines; and 3) required support (e.g., technical assistance, re-training, or marketing adjustments). Collaborative Action Plans are time-bound and monitored through bi-weekly or monthly progress reports.

Step 3: Mid-Course Adjustments

The specific Collaborative Action Plan results will inform whether and which mid-course adjustments WestLight will pursue. Those may include:

- Reallocation of budgets from low-performing measures to higher-TSB opportunities;
- Modification of incentives structures or participation requirements;
- Adjustment of marketing and outreach to better encourage participation;
- Scaling back or pausing program elements not demonstrating cost-effective results; and/or
- Adjustments to the portfolio through MCAL processes as necessary to ensure that the portfolio is on track to meet four-year goals.

Step 4: Program Closure (If Necessary)

Finally, if corrective actions fail to produce improvements within the designated timeframe, WestLight may recommend program suspension or closure. WestLight will comply with Commission rules and requirements regarding program closures, including the submission of a Tier 2 advice letter and proper notice procedures,¹¹ and will document the decision-making process in compliance with Commission reporting requirements.

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Figure 5-2: Corrective Action Process



¹¹ D.21-05-031 at 46-47, COL 33, OP 12.

1 5.2.2.3. *Procurement and Contracting Practices*

2 Through this Application, WestLight will greatly expand its existing EE portfolio.¹² This
3 necessarily implicates unique implementation and procurement dynamics. As WestLight is
4 launching its expanded portfolio from the ground up, several offerings (in particular, Strategic
5 Energy Management (SEM) programs) have longer customer acquisition and maturation cycles.
6 As a result, the initial launch period may yield lower verified savings as programs ramp up, with
7 performance accelerating later in the portfolio cycle as pipelines mature. To manage this,
8 WestLight has developed the following structured procurement and contracting processes to
9 provide both accountability and flexibility during program start-up.

10 *Phased Procurement Strategy*

11 WestLight's procurement strategy is sequenced to ensure readiness and alignment between
12 WestLight's internal capacity, implementer onboarding, and Commission approval timelines.
13 Although the Commission does not impose specific third-party procurement requirements upon
14 CCAs, WestLight will engage implementers through public requests for proposal (RFP) processes
15 pursuant to its obligations as a public entity. WestLight's early solicitations will prioritize
16 programs with near-term savings potential and simpler delivery structures (e.g., Renters
17 Marketplace, and Residential and Commercial Direct Install (DI)). Later-phase procurements will
18 focus on strategic, longer-horizon programs such as SEM, and the Refrigerant Workforce
19 Education and Training (WE&T) program.

20 *Risk-Aware 3rd Party Contract Design*

21 WestLight's implementer contracts incorporate clear scopes of work, deliverables,
22 milestones, performance checkpoints, and payments tied to verified results. For multi-year
23 programs, contracts include progress-based metrics (e.g., enrollment, energy management plans
24 completed, baseline data established) to demonstrate performance during early years before
25 savings fully materialize. This approach ensures implementers remain accountable for progress
26 even in the early ramp-up stages.

¹² WestLight currently administers an EE portfolio under the Elect-to-Administer (ETA) framework set forth in Cal. Pub. Util. Code § 381.1(e)-(f). The Commission authorized WestLight's ETA portfolio in Resolution E-5197, dated May 5, 2022, and authorized the extension of WestLight's ETA portfolio through 2028 in Resolution E-5442, dated January 15, 2026.

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1 Forecasting and Expenditure Control

2 WestLight's procurement process is supported by conservative forecasting to account for
3 expected ramp rates and participation variability due to the complexities of launching a new EE
4 portfolio. For example, WestLight forecasted little to no savings in year 1 of the portfolio cycle in
5 acknowledgement of the time needed for procurement and program launch. WestLight will
6 conduct quarterly expenditure reviews to reconcile budgets against these forecasts, comparing
7 realized progress and pipeline projections. Based on these reviews, WestLight may reallocate
8 funds between programs, or defer funding into later years within the same program, to ensure
9 alignment with long-term TSB and cost-effectiveness goals.

10 Risk Mitigation through Partner Selection

11 WestLight's implementer selection processes prioritize selection of partners demonstrating
12 qualities that effectively mitigate risk. In particular, WestLight prioritizes selection of partners
13 with proven experience in effectively standing up new programs, as well as strong data tracking
14 capabilities and NMEC readiness for transparent performance reporting. These qualities ensure
15 that early implementation risks are minimized to the greatest degree possible and that programs
16 can scale smoothly as participation builds.

17 Maintaining Flexibility

18 CCAs are particularly well-suited to leverage flexibility as an effective risk-management
19 strategy. With smaller teams and less bureaucracy than a large investor-owned utility, CCAs are
20 often nimbler and more responsive to quickly adjust to changing market conditions. Throughout
21 its portfolio design, WestLight has retained the flexibility to adjust procurement sequencing,
22 budget allocations, and program and incentive design within the bounds of Commission-approved
23 parameters. This flexibility allows WestLight to respond effectively to market readiness, identified
24 portfolio needs, and evolving regulatory requirements. At a broader level, this flexibility allows
25 WestLight to manage risks while ensuring long-term success across diverse program types.

27 **5.3. Statewide Assessment**

28 In D.23-06-055, the Commission directed PAs to "coordinate among themselves and
29 propose an assessment process for the statewide programs in their next portfolio applications due
30 in 2026."¹³ At the time of this decision, WestLight was not yet an approved PA and therefore did

¹³ D.23-06-055 at COL 7 (Jul. 3, 2023).

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1 not participate in this process. WestLight will review the existing PAs' recommendations as set
2 forth in their upcoming portfolio applications and will comply and engage with that
3 recommendation once approved as a PA.

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CHAPTER 6: SECTOR AND SEGMENTATION STRATEGY

TABLE OF CONTENTS

6.1. Portfolio Overview	6-1
6.2. Sector Strategy	6-2
6.2.1. Residential	6-3
6.2.2. Commercial	6-4
6.2.3. Industrial	6-6
6.2.4. Agricultural	6-6
6.2.5. Public Sector	6-7
6.2.6. Cross-Cutting	6-8
6.2.7. Budget Distribution by Sector	6-8
6.3. Segmentation Strategy	6-9
6.3.1. Resource Acquisition	6-11
6.3.2. Equity	6-13
6.3.3. Market Support	6-15

FIGURES AND TABLES

Figure 6-1: Target Populations by Sector and Program	6-3
Figure 6-2: Target Sectors by Segment and Program	6-11
Table 6-1: <u>WestLight</u> Proposed EE Programs	6-1
Table 6-2: Budget Distribution by Sector	6-9

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6.1. Portfolio Overview

WestLight Energy's (WestLight) proposed energy efficiency (EE) portfolio consists of eight programs designed to serve a variety of sectors across the Resource Acquisition (RA), Equity, and Market Support segments. The following table provides a high-level overview of WestLight's proposed EE programs. The following sections then describe in more detail which of these programs will be offered to which sector and segments.

Table 6-1: WestLight Proposed EE Programs

Program	Description
Multifamily (MF) Strategic Energy Management (SEM) Non-Residential SEM	WestLight offers SEM programming to both MF and Non-Residential customers. The MF SEM program supports multifamily property owners and operators in reducing whole-building energy use through operational improvements, central system upgrades, and ongoing performance monitoring. The Non-Residential SEM program provides sophisticated customers with benchmarking, operational improvements and behavioral strategies that help customers optimize near-term energy use. The Non-Residential SEM program further supports long-term planning by helping customers develop multi-year energy roadmaps that position them for deeper efficiency or future electrification projects.
FLEXMarket	FLEXMarket serves residential and commercial buildings that can be reliably modeled using normalized metered energy consumption methods (NMEC). Services are offered through aggregators that bundle projects across multiple facilities and deliver verified savings that are measured at the meter.
Renters Marketplace	The Renters Marketplace expands access to portable, renter-friendly EE and electrification technologies such as window heat pumps, induction cooktops, efficient lighting, and weatherstripping bundles. The program specifically targets renters, who remain one of the most underserved segments in traditional EE portfolios.
Residential Direct Install (DI) Commercial DI	WestLight offers DI programming to Residential and Commercial customers. The Residential DI program targets single-family households that meet the Commission's Equity definition and delivers no-cost in-home energy assessments, low- and no-cost measures, building envelope upgrades, and electrification-readiness support. The Commercial DI program targets small businesses and provides no-cost audits, installations, and electrification readiness assessments to reduce customer burden, lower participation barriers, and help transition customers into larger future projects.

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Refrigerant Workforce, Education, and Training (WE&T)	The WE&T program facilitates the development of a skilled contractor base capable of safe refrigerant recovery, leak detection, and electrification-ready heating, ventilation, and air conditioning (HVAC) work. The program trains contractors in low-global warming potential (GWP) refrigerants, provides starter equipment and micro certification pathways, and reduces greenhouse gas (GHG) emissions by improving refrigerant handling practices.
Integrated Demand-Side Management (IDSM)	The IDSM program targets single family customers with existing battery energy storage systems (BESS) to shift load out of peak time, using WestLight 's distributed energy resource management system (DERMS). As a result, the IDSM program will increase grid reliability and achieve TSB for the EE portfolio.

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6.2. Sector Strategy

[WestLight](#)'s proposed EE portfolio is structured around tailored sector strategies designed to meet the unique needs, barriers, and opportunities present in each customer sector. These strategies ensure that programs are directed toward the customer groups most likely to benefit from them and that offerings address sector-specific operational realities, energy uses, and participation constraints. The matrix below summarizes the key target populations for each program, illustrating how [WestLight](#)'s portfolio aligns program designs with the customers they are intended to serve. In the following, each sector is then described in more detail.

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Figure 6-1: Target Populations by Sector and Program

	RESIDENTIAL	COMMERCIAL	PUBLIC	INDUSTRIAL	AGRICULTURE	CROSS-CUTTING
Multifamily Strategic Energy Management (SEM)	• Multifamily property owners					
Non-Res Strategic Energy Management (SEM)		• Commercial customers	• Public sector customers	• Industrial customers	• Agricultural customers	
FlexMarket	• Single family homeowners	• Commercial customers				
Renters Marketplace	• Renters • Single family homeowners	• Small businesses				
Residential Direct Install (DI)	• Single family homeowners					
Commercial Direct Install (DI)		• Small and medium businesses				
Refrigerant Workforce, Education & Training						• Contractors and technicians
IDSM Program	• Residential customers		• Public sector customers			

6.2.1. Residential

WestLight serves a diverse mix of single-family (SF) and multi-family (MF) owners and renters under its proposed EE portfolio. Across Los Banos and San Mateo County, WestLight serves approximately 163,000 MF and 87,000 SF residential customers. Together, these residential customers represent 91% of WestLight's total accounts and comprise approximately 36% percent of WestLight's electricity load.

WestLight's portfolio targets three core residential populations: 1) **underserved and hard-to-reach (HTR) customers**; 2) **MF property owners and operators**; and 3) **renters (both SF and MF)**. WestLight's Residential DI program, which delivers no-cost in-home energy assessments, no- to low-cost EE measures, building envelope upgrades, and electrification-readiness support, targets single-family households that meet the California Public Utilities Commission's (Commission) Equity definition.¹ WestLight's MF SEM program supports MF property owners and operators in reducing whole-building energy use through operational

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¹ As further detailed in Section 6.3.2 below.

improvements, central system upgrades, and ongoing performance monitoring. WestLight's Renters Marketplace, which expands access to portable, renter-friendly EE and electrification technologies such as window heat pumps, induction cooktops, efficient lighting, and weatherstripping bundles, targets renters who remain one of the most underserved segments in traditional EE portfolios. The IDSM program targets SF homeowners that have installed a BESS at their home that can be used to shift load out of peak times, increasing grid reliability and achieving TSB for the EE portfolio.

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WestLight developed its approach to serving the residential sector, as well as its specific program offerings, based on several strategies tailored to the needs of these customers.

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Primary Residential Strategies:

- No-cost direct install measures to reduce energy burden and prepare homes for electrification (Residential DI program);
- Electrification-readiness assessments² (Residential DI program);
- Renter-focused marketplace offering portable, non-permanent efficiency and electrification technologies (Renters Marketplace);
- Coordination with WestLight-funded programs, Energy Savings Assistance (ESA), demand response (DR), and distributed energy resource (DER) programs to enhance customer value³ (Residential DI, Renters Marketplace);
- Multilingual community-based organization (CBO) partnerships to facilitate participation from linguistically diverse and low-income households (Renters Marketplace and Residential DI program);
- Implementation of whole-building SEM practices, including benchmarking, operational improvements, central system optimization, and occupancy engagement to reduce energy use in MF properties (MF SEM program); and
- Encouraging load shifting out of peak periods for residential customers that have a solar + storage systems installed at their home (IDSM Program).

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6.2.2. Commercial

Commercial customers constitute the largest non-residential sector in WestLight's service area, representing approximately 20,000 accounts and 56% percent of total electricity

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² See Chapter 3 for a more detailed discussion of WestLight's electrification strategies.

³ See Chapter 7 for a more detailed discussion on cross-program coordination.

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consumption. The commercial sector is diverse and includes small and medium businesses (SMB), biotech, corporate campuses, office buildings, hospitality, grocery stores, retail, health care facilities, and industrial processing. Commercial customers have varying levels of energy management knowledge and technical capacity, which requires a flexible delivery model.

WestLight's commercial strategies are built around three primary delivery channels: **DI, FLEXMarket, and Non-Residential SEM**. For SMB customers that are new to EE or lack technical capacity, WestLight's Commercial DI program provides no-cost audits and installations, as well as electrification readiness assessments. This offering reduces customer burden, lowers participation barriers, and helps transition customers into larger future projects. FLEXMarket serves commercial buildings that can be reliably modeled using NMEC methods.

WestLight's role is to recruit and support aggregators who bundle projects across multiple commercial facilities and deliver verified TSB savings with energy savings measured at the customer's meter. Sophisticated commercial customers with dedicated energy management staff may participate in the Non-Residential SEM Program. This program provides benchmarking, operational improvements, and behavioral strategies that help customers optimize energy use in the near term. SEM also supports long-term planning by helping customers develop multi-year energy roadmaps that position them for deeper efficiency or future electrification projects.

WestLight developed its approach to the commercial sector around several key strategies specific to these customers' needs:

Primary Commercial Strategies

- Utilization of a mix of delivery channels to serve customers based on differing levels of readiness and capacity (Commercial DI, Non-Residential SEM, FLEXMarket);
- Expanding aggregator participation to increase the reach of programs (FLEXMarket);
- Prioritizing lighting, HVAC, refrigeration, control upgrades, and operational efficiencies that reliably produce TSB (Commercial DI, FLEXMarket, and Non-Residential SEM);
- Coordinating referrals between DI, SEM, FLEXMarket, and other programs implemented with overlapping portfolio administrators (PAs) or statewide program offerings;⁴

⁴ See Chapter 7 for a more detailed discussion of coordination strategies.

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- Identification of IDSM and load-flexibility opportunities (Non-Residential SEM and FLEXMarket); and
- Electrification readiness assessments (Commercial DI and Non-Residential SEM).⁵

6.2.3. Industrial

The industrial sector accounts for a small portion of WestLight's load and therefore does not have a dedicated program. However, industrial customers can leverage the **Non-Residential SEM program** that targets operational, process, and behavioral energy savings (as further described in Section 6.2.2. above). The following strategies offered under WestLight's Non-Residential SEM program support the unique characteristics of the industrial sector.

Primary Industrial Strategies (included in WestLight's Non-Residential SEM program)

- SEM coaching, process optimization, and other operational savings;
- Real-time dashboards and continuous improvement practices;
- Electrification readiness assessments for process heating, HVAC, and water heating;⁶ and
- Identification of IDSM and load-flexibility opportunities.

6.2.4. Agricultural

WestLight serves a small number of agricultural accounts, representing a very small percentage of its electricity load. Because its agricultural load is so small, WestLight does not offer a dedicated program for this customer segment under its EE portfolio. However, agricultural customers can participate in the **Non-Residential SEM program**. Agricultural customers can also participate in the **FLEXMarket program** if their load is not process driven and can be modeled accurately through NMEC. In fact, there is an increasing need for EE and resilience investment for agricultural customers as many farms and agricultural businesses in the WestLight service territory are experiencing increasing climate-driven operational challenges including water scarcity, peak pricing exposure, wildfires and outages. WestLight's primary strategies for serving agricultural customers leverage the unique opportunities for energy savings that this sector presents.

⁵ See Chapter 3 for a more detailed discussion of WestLight's electrification strategies.

⁶ See Chapter 3 for a more detailed discussion of WestLight's electrification strategies.

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1 *Primary Agricultural Strategies*

- 2 • Support process optimization, irrigation efficiency, and long-term performance
3 management (Non-Residential SEM);
4 • Target accounts with the greatest TSB potential using load analytics and customer
5 usage profiles (FLEXMarket and Non-Residential SEM);
6 • Coordinate with agricultural associations and local partners to identify eligible
7 customers and support participation (Non-Residential SEM); and
8 • Electrification-readiness assessments (Non-Residential SEM).⁷
9

10 *6.2.5. Public Sector*

11 WestLight serves a small number of public sector customers in its service area; however,
12 engagement with public sector entities, such as municipal and local government partners, is an
13 important component of WestLight's broader work. Public sector customers include government
14 entities, water/wastewater agencies, and schools, among others. While WestLight's portfolio does
15 not include a dedicated program for the public sector, these customers may access the
16 **FLEXMarket, Commercial DI, and Non-Residential SEM programs** like any other non-
17 residential customer. Public sector customers can also enroll in the **IDSMS Program** to provide
18 peak load reduction through DERMS-coordinated battery dispatch. WestLight's primary strategies
19 for this sector leverage many of the same approaches developed to serve other non-residential
20 customers but specifically account for public sector-specific priorities such as the achievement of
21 climate goals.

22 *Primary Public Sector Strategies*

- 23 • No-cost DI upgrades in public facilities (Commercial DI);
24 • Coaching and dashboards for operational optimization (Non-Residential SEM);
25 • Load shifting out of peak periods for local government buildings with solar + storage
26 systems under WestLight's GovPV program (IDSMS program);
27 • Support for climate-action plan compliance and municipal resilience (Commercial DI,
28 Non-Residential SEM, FLEXMarket, and IDSMS program); and
29 • Electrification-readiness assessments (Commercial DI and Non-Residential SEM).⁸

⁷ See Chapter 3 for a more detailed discussion of WestLight's electrification strategies.

⁸ See Chapter 3 for a more detailed discussion of WestLight's electrification strategies.

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6.2.6. Cross-Cutting

WestLight's cross-cutting sector consists of programs that support multiple customer sectors. WestLight's cross-cutting activities focus on two programs: the **Refrigerant WE&T program**, which does not claim savings, and the **IDSMS program**, which delivers measurable TSB through verified load shifting of battery energy storage systems.

Together, WestLight's cross-cutting strategies ensure that WE&T and IDSMS enhance the effectiveness of sector level programs and integrate innovative program designs such as demand flexibility and low-GWP measures into the broader portfolio.

Primary Cross-Cutting Strategies

- Expand safe refrigerant recovery, leak detection, and low-GWP refrigerant installation and servicing expertise in small and independent contractors (WE&T);
- Refrigerant recovery equipment starter kits and micro-certification pathways to support a diverse set of small contractors (WE&T); and
- Enabling daily load shifting verified through a DERMS platform (IDSMS program).

6.2.7. Budget Distribution by Sector

Table 6-2 below sets forth WestLight's proposed budget distribution by sector for the 2028-2035 business plan period.

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Table 6-2: Budget Distribution by Sector

Budget Distribution by Sector (\$83,123,988)									
Budget	Residential	Commercial	Industrial	Agricultural	Public	Cross-Cutting	EM&V	Portfolio Support	Total Budget
2028	\$1,775,000	\$2,971,600	\$0	\$0	\$0	\$1,272,000	\$263,750	\$311,400	\$6,593,750
2029	\$2,597,200	\$4,221,800	\$0	\$0	\$0	\$1,430,000	\$361,008	\$415,200	\$9,025,209
2030	\$2,915,200	\$4,552,401	\$0	\$0	\$0	\$1,490,000	\$392,696	\$467,100	\$9,817,397
2031	\$3,312,600	\$4,974,200	\$0	\$0	\$0	\$1,608,000	\$434,629	\$536,300	\$10,865,729
Total (4-Year)	\$10,600,001	\$16,720,002	\$0	\$0	\$0	\$5,800,000	\$1,452,083	\$1,730,000	\$36,302,085
2032	\$3,411,978	\$5,123,426	\$0	\$0	\$0	\$1,656,240	\$447,668	\$552,389	\$11,191,701
2033	\$3,514,337	\$5,277,129	\$0	\$0	\$0	\$1,705,927	\$461,098	\$568,961	\$11,527,452
2034	\$3,619,767	\$5,435,443	\$0	\$0	\$0	\$1,757,105	\$474,931	\$586,029	\$11,873,276
2035	\$3,728,360	\$5,598,506	\$0	\$0	\$0	\$1,809,818	\$489,179	\$603,610	\$12,229,474
Total (4-Year)	\$14,274,443	\$21,434,505	\$0	\$0	\$0	\$6,929,090	\$1,872,875	\$2,310,990	\$46,821,903
Cumulative Total (8-Year)	\$24,874,444	\$38,154,507	\$0	\$0	\$0	\$12,729,090	\$3,324,958	\$4,040,990	\$83,123,988

6.3. Segmentation Strategy

In Decision (D.) 21-05-031, the Commission directed PAs to segment their portfolios into Resource Acquisition, Equity and Market Support segments and set forth the following definitions for each EE portfolio segment:⁹

Resource Acquisition

Resource Acquisition programs have the primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity and natural gas systems. Short-term is defined as during the approved budget period for the portfolio.

Equity

The purpose of Equity segment programs is to provide energy efficiency to hard-to-reach (HTR) or underserved customers and disadvantaged communities to advance the CPUC's ESJ Action Plan.

Market Support

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

WestLight's EE portfolio offers programs in each of these segments. The segmentation reflects a deliberate allocation of budget and program designs to **maximize TSB, strengthen program delivery to Equity customers, and support long-term market development and workforce readiness** within WestLight's service territory. More specifically, WestLight has segmented its portfolio to maximize the 30% Equity and Market Support budgetary carveout.

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⁹ D.21-05-031 at 14.

1 WestLight allocated a small portion of that carve out to the Refrigerant WE&T Program (6% of
2 the total portfolio budget) based on identified needs, but preserved the majority of that carveout to
3 serve Equity customers (24% of the total portfolio budget). WestLight dedicated the remaining
4 70% of its proposed budget to RA, looking to available program models, existing programs, and
5 stakeholder feedback in developing this allocation.

6 WestLight's approach to segmentation and budget allocation aligns directly with its overall
7 portfolio goals of innovation, affordability and equity, and community-based programming.¹⁰

8 Across all segments, WestLight uses innovative program models within TRC constraints and
9 layers EE programs with other public and WestLight-funded incentives to deepen customer impact
10 while maintaining overall portfolio cost-effectiveness. The following graphic illustrates the
11 programs within each of the EE segments, as well as the customer sectors eligible for participation
12 in these programs.

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¹⁰ See Chapter 1 for a more detailed discussion of WestLight's overarching portfolio goals.

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Figure 6-2: Target Sectors by Segment and Program

	 RESOURCE ACQUISITION	 EQUITY	 MARKET SUPPORT
Multifamily Strategic Energy Management (SEM)	Residential		
Non-Res Strategic Energy Management (SEM)	Commercial		
FlexMarket	Commercial		
Renters Marketplace		Residential	
Residential Direct Install (DI)		Residential	
Commercial Direct Install (DI)	Commercial		
Refrigerant Workforce, Education & Training			Cross-cutting
IDSM Program	Cross-cutting		

6.3.1. Resource Acquisition

WestLight's RA strategy is designed to maximize TSB, meet cost-effectiveness requirements, support load shaping, and enable electrification across the residential and non-residential sectors. The RA segment focuses on commercial, industrial, agricultural, and residential MF customers, where operational savings, electrification readiness, and flexible load management provide measurable grid value. The RA segment utilizes the Non-Residential and MF SEM, FLEXMarket, Commercial Direct Install, and IDSM programs to match each customer type with the most appropriate program model and associated savings and performance measurement method.

WestLight's RA segment strategies primarily target non-residential customers, which provide substantial opportunities to capture energy savings and TSB. WestLight anticipates serving approximately 500 non-residential customers and 550 residential customers through its

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1 RA segment offerings. WestLight expects that nearly all residential customers (~500) will
2 participate under the IDSM program, with the remaining residential customers participating in the
3 MF SEM program. The MF SEM offering serves the residential sector even though the program
4 targets common-area systems in MF buildings, which exhibit load profiles and savings
5 opportunities that closely resemble those of commercial facilities. As a result, the MF SEM
6 program aligns more naturally with commercial-sector strategies despite being housed within the
7 residential category. WestLight's portfolio does not offer programming to customers living in
8 manufactured homes.

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9 To ensure the near- and long-term success of this segment, WestLight has developed the
10 following 4-year and 8-year strategy to guide its implementation of RA segment programming.

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11 Four-Year Strategy

- 12 • For customers who are new on their energy journey or have limited resources, the
13 Commercial DI program is a good entry-level program to initiate no- or low-cost
14 energy efficiency upgrades. The Commercial DI program uses deemed savings due to
15 the low depth of savings relative to load per site. WestLight will also track savings for
16 qualifying sites using population-level NMEC to assess whether savings are
17 measurable at scale and to inform whether customers could move to other EE programs
18 (like FLEXMarket or Non-Residential SEM) in the future;
- 19 • The FLEXMarket is the primary NMEC pay-for-performance program for residential
20 and non-residential customers. The program incentivizes EE and peak load reduction
21 through a measure-agnostic approach and leverages aggregators to provide simple turn-
22 key solutions for customers;
- 23 • The two SEM programs for large commercial, industrial, public sector and multifamily
24 buildings uses site-level NMEC to assess performance. The Non-Residential SEM
25 program provides for a more comprehensive and hands-on experience for sophisticated
26 non-residential customers. Participating customers are motivated to reduce operating
27 costs and emissions over time, achieve leadership buy-in for energy planning, and
28 move beyond one-off retrofits toward continuous improvement using data, goals, and
29 operational changes. Custom or deemed savings methodologies will be leveraged
30 depending on site eligibility, customer sophistication or where NMEC methodologies

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1 alone are insufficient.¹¹ The Multifamily SEM program uses site-level NMEC to
2 evaluate and improve energy performance across multifamily properties by supporting
3 benchmarking, operational improvements, and targeted efficiency actions. By
4 engaging property managers and building operators in continuous performance
5 management, the program helps reduce operating costs and emissions while improving
6 building conditions for residents;

- 7 • The IDSM Program provides performance-based incentives for permanent load
8 shifting through DERMS-coordinated dispatch of BESS. The program targets both
9 residential customers and local government entities that have existing BESS on their
10 site and provides streamlined means by which customers can capture incentives while
11 supporting grid reliability.

12 *Eight-Year Strategy*

- 13 • Expand NMEC across the RA portfolio as analytical methods and participation
14 volumes mature;
 - 15 • Grow FLEXMarket with additional customer eligibility and as NMEC methodologies
16 evolve;¹²
 - 17 • Deepen SEM integration with electrification readiness, load flexibility, and operational
18 decarbonization planning;
- 19 Expand the IDSM Battery Program to support multi-DER coordination.

21 *6.3.2. Equity*

22 In the context of EE portfolios, “Equity” customers include underserved customers, HTR
23 customers, and disadvantaged communities (DACs). The Commission defines these categories of
24 customers as follows:

- 25 • **Underserved customers:** In the residential and public sectors, an underserved
26 customer is a member of an underserved community, as defined by California
27 Public Utilities Code Section 1601(e). In the commercial, industrial, and

¹¹ For example, a customer might not qualify for NMEC due to lack of access to one year of baseline data, or if their usage is greater than deemed measures, or if the measures needed to complete the customer’s project are not included in the technical resource manual (TRM).

¹² For example, customers who install solar and storage in addition to EE, which is a current constraint of PopNMEC analysis.

agricultural sectors, an underserved customer must not only be a member of an underserved community as defined by Section 1601(e), but must also be an underserved business group as defined by Government Code Section 12100.63(h)(2).¹³

- **HTR customers:** California Native American Tribes, customers who do not have easy access to program information or generally do not participate in EE programs due to a combination of language, business size, geographic, and lease (split incentive) barriers, and local government customers that meet certain geographic criteria.¹⁴
- **Disadvantaged communities:** DACs are defined as census tracts that score in the top 25% of CalEnviroScreen along with those that score within the highest 5% of CalEnviroScreen Pollution Burden but do not receive an overall CalEnviroScreen score.

WestLight's Equity segment strategy is centered on **serving underserved and HTR customers**, specifically tailoring program designs to target linguistically diverse households and renters (both SF and MF). WestLight will reach Equity customers through targeted outreach leveraging existing WestLight-funded grant partnerships with CBOs, which function as trusted partners in the community.¹⁵ The Equity segment includes two core programs – the Residential DI program and the Renters Marketplace.

WestLight plans to serve approximately 3,000 single-family customers under the Equity segment, through both the Renters Marketplace (~1,000) and the Resi DI program (~2,000).

WestLight does not specifically target mobile home customers through the Equity Segment, but they are eligible to participate in the Renters Marketplace.

WestLight developed the following four-year and eight-year strategies to serve this segment, which are specifically tailored to carry over WestLight's overarching affordability and equity goals.

¹³ D.23-06-055, Conclusion of Law (COL) 31.

¹⁴ *Id.* at COL 33.

¹⁵ For more information about WestLight's existing CBO partnerships, see WestLight, "Supporting Community-Led Change." Available at: <https://www.peninsulacleanenergy.com/in-the-community/outreach/>. See also "WestLight Energy Providing \$500K in Community Outreach Grants" (Jan. 28, 2025). Available at: <https://www.peninsulacleanenergy.com/news-releases/peninsula-clean-energy-providing-500k-in-community-outreach-grants/>.

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1 *Four-Year Strategy*

- 2 • Deliver no- or low-cost energy efficiency installations and personalized electrification
- 3 readiness assessments to single family residential customers through the Resi DI program;
- 4 • Reduce renter barriers – in SF, MF and tenant occupied small- and micro-businesses –
- 5 through the Renters Marketplace, emphasizing portable heat pumps, induction appliances,
- 6 and other renter-friendly upgrades that do not require landlord approvals;
- 7 • Provide multilingual customer navigation and personalized support through the **WestLight**
- 8 Concierge Service;
- 9 • Partner with CBOs, as well as local government staff (San Mateo County and individual
- 10 cities), to expand trust, access, and culturally responsive participation;
- 11 • Leverage **WestLight**-funded electrification and solar + battery programs to pair with
- 12 energy efficiency DI offerings to maximize customer impact and minimize touchpoints;¹⁶
- 13 • Install technologies that are demand response-ready, such as smart control thermostats and
- 14 HPWHs to further support load flexibility; and
- 15 • Provide electrification bill impact analyses to facilitate greater customer transparency and
- 16 support informed decision-making.

17 *Eight-Year Strategy*

- 18 • Expand renter-forward offerings as portable electrification technologies mature;
- 19 • Integrate more whole-home electrification pathways where feasible for low-income
- 20 customers;
- 21 • Leverage community-based outreach infrastructure for ongoing program co-design; and
- 22 • Develop long-term affordability and energy-burden reduction strategies that scale with
- 23 local needs.

25 *6.3.3. Market Support*

26 **WestLight**'s Market Support segment is designed to build long-term regional capacity for
27 decarbonization by strengthening the contractor workforce, improving refrigerant management
28 practices, and preparing the market for low-GWP transitions. In doing so, this segment contributes
29 to the state's five Market Support sub-objectives—**demand, supply, partnerships, innovation**

¹⁶ See Chapter 7 for a more detailed discussion of **WestLight**'s coordination strategies.

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1 **and accessibility, and access to capital**—by focusing on areas where **WestLight** can drive
2 meaningful and durable market support.

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3 **WestLight** is offering one program in the Market Support segment – the Refrigerant
4 WE&T program. The WE&T program targets contractors and technicians and is not available to
5 any other customer groups. **WestLight**'s WE&T program particularly advances three of the
6 statewide market support sub-objectives: demand, supply, and partnerships.

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7 First, the program helps **build demand** for energy-efficient and climate-friendly
8 refrigeration upgrades by equipping contractors and technicians with the knowledge necessary to
9 identify savings opportunities and communicate the value of efficient equipment to their
10 customers. As contractors gain confidence in recommending high-efficiency and optimized
11 refrigeration solutions, customer awareness increases and interest in energy-saving upgrades
12 naturally grows.

13 Second, the program makes a significant contribution to **strengthening the supply side** of
14 the market. By training the existing refrigeration workforce, and developing new entrants, on best
15 practices, high-efficiency equipment, advanced controls, and low-GWP refrigeration technologies,
16 the program expands the pool of qualified contractors capable of installing and maintaining
17 modern, efficient systems. This improves market readiness for transitions driven by both EE goals
18 and refrigerant regulations, ensuring that skilled technicians are available to deliver safe, high-
19 quality installations and optimize savings for customers.

20 Finally, the program supports the State's **partnership objectives** by working
21 collaboratively with contractors, distributors, manufacturers, training institutions, and CBOs to
22 design and deliver training. These partnerships enhance program reach, strengthen industry
23 networks, and ensure that training content reflects real-world needs while aligning with broader
24 workforce and decarbonization efforts across the region.

25 Through these combined impacts, **WestLight**'s Refrigerant WE&T program builds the
26 technical capacity, industry relationships, and informed customer demand needed to advance a
27 more efficient, low-GWP refrigeration market. **WestLight**'s four-year and eight-year strategies
28 underlying the Market Support segment lay the groundwork for near- and long-term EE market
29 growth.

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1 Four-Year Strategy

- 2 • Provide EPA 608-aligned refrigerant handling and low-GWP transition training;¹⁷
- 3 • Offer equipment starter kits such as refrigerant recovery machines, recovery tanks, and
- 4 refrigerant scales for small and independent contractors;
- 5 • Expand contractor access to refrigerant buyback and resale pathways; and
- 6 • Coordinate with community colleges and workforce boards to build micro-certification
- 7 and career pathways.

8 Eight-Year Strategy

- 9 • Scale the trained contractor base to support regional decarbonization and compliance
- 10 with Senate Bill (SB) 1013;¹⁸
- 11 • Consider expanding training offerings into other areas as needed to support
- 12 electrification;
- 13 • Develop a long-term ecosystem of local contractors prepared for statewide GWP
- 14 phase-down requirements; and
- 15 • Strengthen alignment between WE&T initiatives, low-GWP refrigerant policies, and
- 16 market transformation goals.

¹⁷ See *Section 608 Technician Certification Requirements*, Environmental Protection Agency. Available at: <https://www.epa.gov/section608/section-608-technician-certification-requirements> (explaining that EPA regulations under Section 608 of the Clean Air Act require that technicians who maintain, service, repair, or dispose of equipment that could release refrigerants into the atmosphere must be certified).

¹⁸ SB 1013 (2018) required the Commission to consider inclusion of low-GWP refrigerants in EE portfolios. SB 1013 is codified at Cal. Pub. Resources Code § 76002. Note that WestLight considers scaling of the trained contractor base as both a near- and long-term strategy.

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CHAPTER 7: PORTFOLIO COORDINATION

TABLE OF CONTENTS

7.1. Overview	7-1
7.2. Coordination Within the Same Portfolio Administrator	7-1
7.2.2. Sector- and Segment- Level Coordination	7-2
7.2.1. Portfolio-Level Coordination	7-5
7.3. Coordination with Other Program Administrators	7-6
7.3.1. Background	7-6
7.3.2. Coordination Principles	7-10
7.3.4. Coordination in the Portfolio Development Process	7-11
7.3.5. Ongoing Coordination Strategies	7-13
7.4. Coordination with Market Transformation Programs	7-15
7.5. Coordination with the Energy Savings Assistance Program	7-17
7.6. Coordination with Other Demand Side Programs	7-18
7.6.1. Coordination with ~~WestLight~~ -funded programs	~~7-20~~
7.6.2. Coordination with CEC programs	7-22
7.6.3. Coordination with federal programs	7-24

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FIGURES AND TABLES

Figure 7-1: ~~WestLight~~ EE Programs by Segment and Sector	7-2
Figure 7-2: Overlapping Service Areas	7-7
Figure 7-3: Benefits of Incentive Stacking	7-21
Figure 7-4: CEC EBD Statewide DI Program Initial Community Focus Areas	7-23

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7.1. Overview

WestLight Energy's (WestLight) portfolio is designed to function as an integrated, customer-centered system, where programs coordinate across sectors, segments, and delivery mechanisms. Coordination ensures a consistent customer experience, avoids duplicative participation, and allows WestLight to efficiently pursue energy savings, Total System Benefit (TSB), decarbonization, and equity outcomes.

WestLight's coordinated approach emphasizes meeting customers where they are, streamlining referrals between programs, and aligning internal processes for planning, evaluation, and implementer management. As a community choice aggregator (CCA), WestLight is well-positioned to execute this approach. In particular, WestLight's size and structure enable tight coordination across programs. WestLight staff collaborate across energy efficiency (EE), building electrification, distributed energy resources (DERs), electric vehicle (EV), and rate programs, allowing for consistent messaging and seamless customer support. Moreover, WestLight effectively operates a "one-stop shop" with the ability to layer incentives and deepen customer impact across all programs. Because WestLight administers both California Public Utilities Commission (CPUC or Commission) funded and WestLight-funded programs, customers can access multiple, complementary offerings through a single point of contact. This structure enables WestLight to combine and sequence incentives to support more comprehensive projects. Finally, WestLight maintains direct partnerships with local governments, community-based organizations (CBOs), and trade allies, ensuring programs reflect local priorities and that customers receive coordinated, place-based support.

The following sections describe WestLight's coordination among various levels within its own portfolio, with other program administrators (PAs), and with other customer energy programs at the local, state, and national levels. WestLight's guiding principle in developing and implementing coordination strategies is to prevent duplication, inefficient use of ratepayer funds, and double-dipping. At the same time, WestLight's coordination strategies are designed to maximize customer value through meaningful coordination and incentive layering.

7.2. Coordination Within the Same Portfolio Administrator

WestLight will leverage a range of tools and strategies to coordinate across its portfolio of programs at the sector, segment and portfolio levels. As described herein, these strategies leverage

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the size of **WestLight**'s portfolio, **WestLight**'s experience coordinating across other customer programs, and comprehensive data tracking to ensure that programs work seamlessly together.

7.2.2. Sector- and Segment- Level Coordination

WestLight's initial portfolio will be relatively small. The portfolio of programs, organized by segment and customer sector, is displayed in the following graphic:

Figure 7-1: **WestLight** EE Programs by Segment and Sector

	 RESOURCE ACQUISITION	 EQUITY	 MARKET SUPPORT
Multifamily Strategic Energy Management (SEM)	Residential		
Non-Res Strategic Energy Management (SEM)	Commercial		
FlexMarket	Commercial		
Renters Marketplace		Residential	
Residential Direct Install (DI)		Residential	
Commercial Direct Install (DI)	Commercial		
Refrigerant Workforce, Education & Training			Cross-cutting
IDSM Program	Cross-cutting		

For the purposes of this section, **WestLight** consolidated the discussion of segment- and sector-level coordination with regard to the Resource Acquisition (RA) segment and non-residential sector, as well as the Equity segment and residential sector. This is because **WestLight**'s RA segment primarily includes programs in the non-residential sector, with the exception of the

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1 Multifamily Strategic Energy Management (MF SEM) program.¹ Similarly, WestLight's proposed
2 portfolio focuses solely on residential programs under the Equity segment. Finally, this section
3 discusses coordination between WestLight's two cross-cutting (or multi-sector) programs and the
4 larger EE portfolio. Across all sectors and segments, strong internal communication and joint
5 planning are critical to ensuring alignment of customer pathways, data tracking, performance
6 goals, and optimization of customer program referrals.

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8 *Resource Acquisition Segment/Non-Residential Sector Coordination*

9 In the RA segment (which largely focuses on the non-residential sector), WestLight's
10 programs are intentionally designed to operate as an **integrated suite** that meets customers where
11 they are in their efficiency and decarbonization journey. WestLight's coordination strategies
12 across this sector will provide **greater access and flexibility** to customers, tailoring offerings and
13 referrals based on the customer's unique EE knowledge and needs. To effectuate these strategies,
14 program managers and third-party implementers will collaborate to establish **defined referral**
15 **processes** within WestLight's centralized customer relationship management (CRM) system. For
16 example, businesses that begin with turnkey direct install (DI) projects may receive direct
17 installation of measures first, but will also be assessed for electrification readiness and potential
18 future participation in other, deeper EE programs via normalized metered energy consumption
19 (NMEC) analyses. This may lead WestLight to refer the customer to the SEM program for deeper
20 savings or to an aggregator in FLEXMarket for performance-based projects.

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22 *Equity Segment/Residential Sector Coordination*

23 All residential programs under WestLight's EE portfolio target Equity customers except
24 for the MF SEM program which, as further described in Chapter 6, functions more like a non-
25 residential program as it is focused on common areas in MF properties. Like the RA segment and
26 non-residential sector, WestLight's offerings within the Equity segment and residential sector are
27 designed to meet customers where they are in their individual energy journey. WestLight will
28 provide **accessible entry points** for renters, homeowners, and small business tenants to engage in

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¹ WestLight proposes to include the MF SEM program within the RA segment due to program characteristics. Specifically, the MF SEM program targets building-level efficiencies, and therefore is functionally more aligned with commercial offerings than traditional residential offerings.

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1 energy efficiency and electrification. Coordination between residential programs will ensure a
2 **seamless customer experience** that connects initial participation to deeper opportunities for
3 savings and decarbonization.

4 For example, customers may enter WestLight's offerings via the Renters Marketplace,
5 which serves as a key engagement platform for residential customers by offering easy access to
6 renter-friendly energy efficiency products. In addition to providing curated product offerings, the
7 Marketplace features a multilingual Concierge service that helps customers navigate their measure
8 options. For customers who are unsure where to start or what incentives they qualify for,
9 Marketplace staff will walk them through available products, discuss their interests and needs, and
10 help build a personalized shopping cart of recommended products that the customer can easily act
11 on. Customers purchasing products through the Renters Marketplace may be referred to the
12 Residential DI program for deeper efficiency or electrification opportunities. Similarly,
13 participants "entering" WestLight's portfolio via the Residential DI program may be directed back
14 to the Marketplace to access complementary measures, ensuring customers receive coordinated
15 guidance throughout their energy-saving journey.

16 It is important to note that WestLight's MF SEM program will not coordinate directly with
17 other residential programs, as the target markets for those programs differ. The MF SEM program
18 targets property managers and owners, which require different outreach strategies than single-
19 family (SF) homeowners or renters. However, WestLight will leverage technical coordination
20 across the MF SEM program and other relevant programs in the EE portfolio to implement its
21 "right-sizing" methodology.² Finally, as discussed in Section 7.6.1 below, WestLight will
22 coordinate the MF SEM program with additional WestLight-funded programs.

24 Cross-Cutting Program Coordination

25 WestLight's Refrigerant Workforce Education and Training (WE&T) program is a cross-
26 cutting sector program in the Market Support segment. The WE&T program focuses on expanding
27 technical skills among small and medium-sized heating, ventilation, and air-conditioning (HVAC)
28 and refrigeration businesses, with a particular emphasis on low-global warming potential (GWP)
29 refrigerants and system best practices. Coordination between WE&T and other programs will be
30 continuous and structured through quarterly coordination meetings to identify evolving skill gaps,

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² See Chapter 10 for additional discussion on "right-sizing".

1 align curricula with program needs, and incorporate implementer feedback. Training outcomes
2 and contractor engagement will be tracked in WestLight's centralized CRM to inform workforce
3 planning and portfolio evaluation.

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4 WestLight's IDSM program is a cross-cutting sector program in the RA segment.
5 WestLight anticipates that IDSM customers will enter the IDSM program through participation in
6 other WestLight self-funded programs as further described in section 7.6.1 below. Once enrolled
7 in the IDSM program, SF Equity customers may be referred to the Residential DI program for
8 additional turnkey measures. Similarly, WestLight will refer public sector IDSM participants to
9 efficiency opportunities under the FLEXmarket or SEM programs.

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11 7.2.1. Portfolio-Level Coordination

12 WestLight's EE portfolio is intentionally sized and highly integrated, allowing for close
13 coordination across the portfolio – including all programs, sectors, and delivery partners. This
14 structure supports a nimble, team-based approach in which program managers collaborate
15 continuously to ensure programs complement one another, and that customers experience seamless
16 engagement across offerings.

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17 At the portfolio level, WestLight will ensure coordination in several ways. First, WestLight
18 will implement a centralized data and tracking platform that supports reporting for all programs in
19 WestLight's portfolio. This allows for cross-program visibility into customer participation and
20 savings, enable portfolio-level evaluation, and mitigate the risk of customers enrolling in multiple
21 programs offering incentives for the same measures.

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22 Second, WestLight will conduct portfolio-level coordination meetings, where staff of the
23 various EE programs, as well as the leads of other WestLight-funded programs,³ meet monthly to
24 ensure that portfolio activities are coordinated. In addition, program managers will hold regular
25 internal meetings across the Regulatory, Programs, Reporting, Finance, and Marketing teams to
26 ensure that implementation activities are on track, budgets are monitored, measurement and
27 verification (M&V) protocols are followed, and program adjustments can be made quickly based
28 on performance data. These meetings also allow staff to align on program initiatives and plan

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³ WestLight anticipates incorporating coordination across its building electrification, distributed energy
resource, and electric vehicle programs into its coordination efforts for the EE portfolio.

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resources for upcoming portfolio-wide needs such as marketing, M&V support, and program changes (etc.).

Third, WestLight will conduct cross-sector implementer meetings on a quarterly basis to review participation data and to share tactics and challenges. This will offer opportunities for cross-sector collaboration to identify synergies and overcome barriers. These meetings will focus on:

- Enrollment activity as well as pipeline and goals tracking;
- Customer experience;
- Contractor performance;
- Monthly/quarterly reporting; and
- Identification of barriers or program design adjustments.

Fourth, WestLight will coordinate shared marketing and outreach efforts. By coordinating those efforts at a portfolio level, WestLight will mitigate customer confusion and bolster trust by presenting all programs with consistent messaging and branding so customers clearly recognize them as part of one unified organization.

7.3. Coordination with Other Program Administrators

Coordination among PAs in overlapping service territories is important to prevent duplication and customer confusion, as well as to maximize the benefits of available offerings to customers. The following section provides details as to the overlapping PAs in WestLight's service area and the unique contributions WestLight's portfolio will provide in advancing statewide policy objectives. This section further describes WestLight's compliance with Commission guidance on PA overlap and the specific tools, strategies, and activities that WestLight will employ in coordinating with overlapping PAs.

7.3.1. Background

WestLight's service area includes the County of San Mateo and the city of Los Banos in Merced County. In San Mateo County, WestLight's service area overlaps with Pacific Gas and Electric Company (PG&E) and the Bay Area Regional Energy Network (BayREN). In Los Banos, WestLight's service area overlaps with PG&E and the Central Coast Regional Energy Network (CCR REN). These overlaps occur across all segments and sectors.

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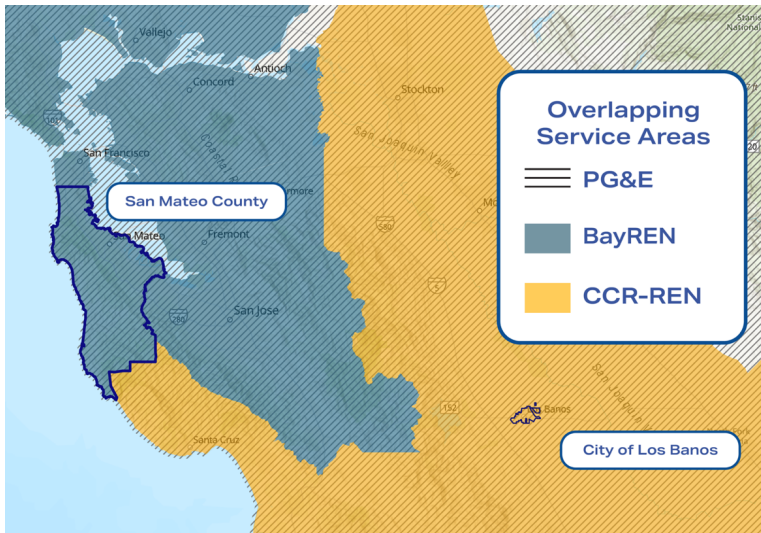
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Figure 7-2: Overlapping Service Areas



While these PAs offer valuable EE programs in WestLight's service area, WestLight's proposed portfolio provides **discrete, additional value**. This is because WestLight, through its role as a CCA and its established community relationships, is particularly well suited to implement locally-responsive and innovative programs that deliver benefits to customers and the system. As discussed herein, WestLight's proposed portfolio is designed to advance key statewide decarbonization goals and is properly grounded by Commission guidance to mitigate the risk of unreasonable duplication or overlap.

Advancing Statewide Decarbonization Goals

The State of California has set a number of short- and long-term goals to achieve aggressive EE and decarbonization objectives. For example, Senate Bill (SB) 350 (2015) requires the State to double statewide EE savings by 2030, SB 32 (2016) requires the California State Air Resources Board (CARB) to ensure the state's greenhouse gas (GHG) emissions are reduced to 40% below the 1990 levels by 2030, a July 22, 2022 Letter from Governor Newsom to CARB called for the deployment of 6 million heat pumps by 2030, and SB 100 (2018) targets carbon neutrality by 2045. With the deadlines to achieve these goals rapidly approaching and general agreement that more

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1 work is needed to meet these targets,⁴ now is an “all hands on deck” moment for existing and new
2 PAs.

3 WestLight has thoughtfully designed its proposed portfolio to advance these statewide
4 decarbonization goals. For example, the Commission recently explained that “EE and fuel
5 substitution are among the most cost-effective decarbonization levers and are crucial to delivering
6 the most affordable and reliable carbon-free energy system at the lowest ratepayer cost.”⁵

7 WestLight’s proposed portfolio is designed to leverage these important tools to balance
8 meaningful movement towards statewide decarbonization goals with ensuring affordability across

9 California’s EE portfolio. To this end, WestLight is committed to ensuring that its EE programs
10 are designed and implemented in coordination with other PAs to provide customers with a

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⁴ See, e.g., CARB, *2022 Scoping Plan* at Appendix F, p. 32 (Nov. 2022) (“**Decarbonizing California’s new and existing buildings will be challenging. While the State, regions, local jurisdictions, and utilities are undertaking many efforts to facilitate decarbonization, more work is needed.** To ensure that building decarbonization is successful, policymakers must work together across agency jurisdictions to align policies and collaborate with and prioritize frontline communities in those policies. There are a variety of potential actions that could be pursued to reduce emissions in both new construction and existing buildings. Market-enabling actions such as incentives, affordable energy rates, education, and flexible demand programs lay the foundation to prepare consumers, building developers, appliance manufacturers, and contractors for an equitable transition to building decarbonization”). Available at: <https://ww2.arb.ca.gov/our-work/programs/ab-32-climate-change-scoping-plan/2022-scoping-plan-documents>; California Heat Pump Partnership, *Blueprint Factsheet* at 1 (Mar. 2025) (“At the current rate of heat pump adoption, the state is projected to reach only 4 million heat pumps by 2030, falling 2 million units short of the state’s 6 million heat pump target”). Available at: <https://heatpumppartnership.org/wp-content/uploads/2025/03/CAHPP-Blueprint-Fact-Sheet-Final.pdf>; California Energy Commission (CEC), *Integrated Energy Policy Report 2024 Update* at 32 (Sept. 24, 2025) (“While [various existing state and federal] programs will be impactful in advancing the state goal to reduce greenhouse gas emissions from buildings equitably, sustained funding and private investment will be required to achieve the Governor’s climate goal of installing 6 million heat pumps by 2030”). Available at: <https://www.energy.ca.gov/publications/2024/2024-integrated-energy-policy-report-update>; CEC, 2021 Building Decarbonization Assessment at ii (Aug. 13, 2021) (“California can achieve significantly more than a 40 percent reduction by 2030 through these strategies. Efficient electrification of space and water heating in California’s buildings combined with refrigerant leakage reduction presents the most readily achievable pathway to a greater than 40 percent reduction in greenhouse gas emissions by 2030. **Challenges exist to accomplishing these emissions reductions, from consumer awareness to financing availability, but can be overcome and implemented equitably with collaboration and planning among state and local officials, utilities, environmental justice organizations, equipment manufacturers and distributors, financiers, and community leaders**”). Available at: <https://www.energy.ca.gov/publications/2021/california-building-decarbonization-assessment>.

⁵ CPUC, *Report on Demand-Side Management Programs Pursuant to PUC Section 913.5: Report to Governor and Legislature, 2021-2023 Results* at 9 (Jul. 2025). Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/report-on-demand-side-management-programs-pursuant-to-puc-section-9135.pdf>.

1 consistent experience across the state, prevent duplication and double-dipping,⁶ and maintain
2 compliance with Commission directives. WestLight's coordination framework effectuates the
3 broader goal of aligning statewide and regional portfolios to deliver equitable, transparent, and
4 cost-effective savings.

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5 WestLight is particularly well positioned to meaningfully contribute towards these
6 statewide goals as a new PA for several reasons. First, WestLight has administered a successful
7 **FLEXMarket EE program** under the elect-to-administer framework for over five years,
8 providing invaluable experience and lessons learned. WestLight has also built close and trusting
9 relationships with its customers and community partners that allow it to successfully
10 communicate and deliver EE programs to the diverse communities in its service area. In addition,
11 WestLight currently runs several self-funded customer programs, including solar + battery, electric
12 vehicle, and electrification programs, and therefore has a proven track record of delivering cost-
13 effective programming. Through this experience, WestLight has gained unique expertise in
14 "stacking" funding to provide the most value to customers.

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15 Regulatory Guidance

16 WestLight developed its coordination activities in alignment with the guidance set forth in
17 Decisions (D.) 18-05-041, 21-05-031, and 23-06-055. WestLight's coordination activities further
18 align with the Commission's recent consolidated Disposition of SoCalREN Advice Letter (AL)
19 20-E, et al. (Disposition), which collectively defined the structure for cross-PA collaboration,
20 including the use of Joint Cooperation Memorandums (JCMs) and periodic coordination
21 meetings.⁷ Pursuant to the Commission's prior guidance in D.23-06-055, the Disposition approved
22 standardized methods PAs must take to mitigate or minimize risk of program overlap and
23 duplication.⁸ The Disposition also defined the key terms related to the PAs' EE programs, and
24 approved a process for program evaluation using these definitions as part of existing JCMs,
25 coordination meetings, and implementation plans to identify substantially similar programs and

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⁶ "Double-dipping" refers to the scenario in which customers "receive rebates, discounts, incentives and services from more than one program for similar measures installed by the same customer." See D.02-05-046 at 43 (May 16, 2002).

⁷ CPUC Energy Division Disposition Letter Regarding Tier 2 Advice Letter Filed by Southern California Regional Energy Network on Behalf of the Energy Efficiency Portfolio Administrators for Program Overlap Analysis (Jun. 30, 2025). The Disposition addressed the following advice letters (ALs): SoCalREN AL 20-E/20-G, BayREN AL 27-E, I-Ren AL 6 E/6-G, MCE AL 83-E, PCG AL 4980-E/7390-G, SDGE AL 4523-E/3351-G, SCE AL 5383-E, SoCalGas AL 6375-G, and 3C-REN AL 12-E/11-G.

⁸ See generally, *id.*

mitigate the risks of program overlap or duplication.⁹ Together, this guidance establishes the foundation for consistent coordination across all PAs, including investor-owned utilities (IOUs), regional energy networks (RENs), and CCAs. The definitions established in the Disposition are as follows:¹⁰

- **Similar:** Programs offered in the same sector, with the same delivery type and program segment, and in the same IOU service territory.
- **Program Overlap:** For all segments; subset of similar programs with the same target audience and same IOU service territory.
- **Substantively Similar:** For programs in the three segments below that meet the definition of Program Overlap, those programs are Substantively Similar if their characteristics (as listed below) are the same:
 - Resource Acquisition: End use and measure(s) are the same.
 - Market Support: Demand, Supply, Partnership, Innovation and Accessibility. (Sub-objectives from D.23-06-055)
 - Equity: Addressing disparities in access, promoting resilience, health, safety, affordability and or energy savings, reducing GHG and pollutant emission, and providing workforce opportunities. (Objectives from D.23-06-055)
- **Program Duplication:** Substantively similar programs that do not have meaningful differentiators. May be referred to as Duplicative.

Against this backdrop, **WestLight** has developed the following cross-PA coordination principles, structures, tools and activities for its EE portfolio.

7.3.2. Coordination Principles

WestLight's approach to coordination with other PAs is grounded in four key principles:

1. **Transparency and Collaboration:** Maintain open communication channels and shared documentation with peer PAs to ensure mutual understanding of program scopes, customer eligibility, and implementation roles;

⁹ *Id.* at 8-9.

¹⁰ *Id.* at SoCalREN AL 20-E/20-G et al., Attachment 1, pp. 20-21.

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- 1 **2. Data-Driven Coordination:** Leverage statewide data systems such as the California
- 2 Energy Data and Reporting System (CEDARS) platform and third-party evaluation
- 3 findings to identify areas of overlap and inform adjustments to program design;
- 4 **3. Customer Clarity:** Provide a seamless experience for customers who may have access to
- 5 multiple programs, ensuring that messaging and incentives remain consistent across
- 6 service areas;
- 7 **4. Continuous Improvement:** Regularly evaluate coordination outcomes, refine data-
- 8 sharing processes, and adapt collaboration practices based on early program results and
- 9 Commission feedback.

10 Through these efforts, WestLight aims to build a coordination framework that supports statewide
11 portfolio alignment, reduces customer confusion, and enhances cost-effectiveness. As WestLight's
12 programs mature, its coordination processes will evolve to reflect lessons learned, stakeholder
13 input, and Commission guidance, ensuring lasting alignment with California's EE and
14 decarbonization objectives.

16 7.3.4. Coordination in the Portfolio Development Process

17 As a new program administrator, WestLight applied a structured, data-driven process to
18 proactively identify any programs under its EE portfolio that are "similar," "substantially similar,"
19 or show "program overlap" or "program duplication" with other PAs' existing programs.
20 WestLight's goal is to ensure that all programs administered within its service territory are
21 complementary, minimize ratepayer expenditures, and are aligned with statewide objectives.

22 WestLight coordinated extensively with overlapping PAs in its portfolio development
23 process and all PAs have demonstrated a commitment to maintaining regular and ongoing
24 coordination. WestLight has coordinated with PG&E and BayREN since the beginning of 2025.¹¹
25 Coordination with CCR-REN began in October 2025. In these meetings, WestLight shared
26 portfolio and program plans, discussed customer targeting strategies, and identified opportunities
27 to prevent duplication across portfolios. Attendees in these meetings included portfolio directors,
28 department heads, program managers and policy leads.

¹¹ Note that WestLight has a successful history of programmatic coordination with BayREN beyond the EE
portfolio, dating back to 2019.

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1 WestLight utilized the following tools to systematically compare its proposed programs to
2 overlapping PA offerings in its portfolio development process:

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- 3 • Commission program databases such as CEDARS, Database for Energy Efficient
- 4 Resources (DEER), and public filings;
- 5 • Existing JCMs between PAs;
- 6 • Public-facing and implementer materials including program descriptions, fact sheets, and
- 7 websites; and
- 8 • Materials shared by PAs in coordination meetings leading up to the Application.

9 Once similar programs were identified, WestLight further reviewed program designs through three
10 key filters:

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- 11 • **Customer Segments:** Whether programs target the same audiences (e.g., small businesses,
- 12 renters, multifamily owners);
- 13 • **Delivery Model:** Whether engagement channels, implementers, or delivery types overlap;
- 14 and
- 15 • **Measure Offerings:** Whether technologies or incentives address the same end uses.

16 Where feasible, WestLight prevented developing programs that overlap with PAs' existing
17 programs. As directed by D.23-06-055 and the Disposition of SoCalREN Advice Letter (AL) 20-
18 E et al., WestLight will further review its proposed programs as part of the JCM process, PA
19 coordination meetings, and implementation plans to identify substantially similar programs and
20 mitigate the risks of program duplication.

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21 Beyond one-on-one coordination with overlapping PAs, WestLight has actively engaged
22 in **statewide forums** to bolster its coordination strategies during the portfolio development
23 process. WestLight has recurring monthly meetings with the Commission's Energy Division, and
24 has participated as a stakeholder in meetings with the California Energy Efficiency Coordinating
25 Committee (CAEECC) since spring of 2025. WestLight will become a PA member of CAEECC
26 upon authorization of this Application. These broader venues provide a structured way for PAs
27 with overlapping service territories to exchange information about their planned approaches,
28 solicit feedback from interested members of the public, and to remain aligned with the
29 Commission's expectations for coordinated program delivery. WestLight will continue to
30 participate in CAEECC meetings, statewide PA working groups, and reporting and evaluation,

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1 measurement, and verification (EM&V) project coordination groups (PCG) on a quarterly or as-
2 needed basis.

3 4 7.3.5. Ongoing Coordination Strategies

5 JCMs will serve as the cornerstone for WestLight's ongoing coordination efforts with
6 overlapping PAs.¹² JCMs outline service territory boundaries, targeted customer segments, and
7 measure differentiation to clarify roles between PAs and avoid duplication. JCMs also describe
8 ongoing coordination practices, including meeting frequency, data-sharing protocols, and
9 customer-referral processes between all participating PAs.

10 In the JCM process, WestLight will utilize decision trees to outline the processes for
11 determining how customers are served across the overlapping PAs. Marin Clean Energy (MCE)
12 and PG&E's 2024–2025 JCM will serve as a model for developing consistent approaches across
13 overlapping territories. As a new PA, WestLight anticipates the initial JCMs will be developed
14 and filed within 90 days of WestLight's authorization to become an EE PA under the apply-to-
15 administer pathway, and ahead of program implementation plans being finalized.¹³ This will
16 ensure that coordination protocols are established prior to program launch, enabling clear
17 delineation of responsibilities and coordination procedures from the outset. These JCMs will be
18 continually reviewed and updated as needed to ensure ongoing alignment and accuracy. At a
19 minimum, WestLight will update these JCMs every two years, as required by D.23-06-055.¹⁴

20 In addition to the JCM process, WestLight will establish ongoing coordination protocols
21 with overlapping statewide and regional PAs and relevant third-party implementers as further
22 outlined in the JCMs. WestLight anticipates these protocols will include:

- 23 • **Monthly Meetings:** Overlap issues are discussed during monthly coordination calls with
24 PG&E, BayREN, and CCR-REN, or during ad-hoc meetings if urgent. These coordination
25 meetings are particularly relevant in preparation of program launch. Before new programs
26 will launch, WestLight and/or its implementers will initiate coordination calls with

¹² JCMs are formal agreements that are required for PAs with overlapping service territories.

¹³ WestLight derived this assumption from the Commissions guidance in Ordering Paragraphs (OPs) 3 and 4 of D.24-08-003, *Decision Addressing Motion for Authorization of San Diego Regional Energy Network* (Aug. 7, 2024).

¹⁴ See D.23-06-055, *Decision Authorizing Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031* at OP 35 (Jul. 3, 2023).

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overlapping PAs and their implementers to share targeting strategies, eligibility criteria, and delivery methods;

- **JCM Updates:** WestLight and overlapping PAs will meet at least bi-annually to review and update JCMs based on portfolio or market changes;
- **Coordinated Program Design:** WestLight will define clear and coordinated customer eligibility criteria to define clear program participation thresholds;
- **Customer Referral Mechanisms:** In cases where a customer is better suited for another PA's offering, WestLight will facilitate cross-program referrals through established communication channels and designated points of contact;
- **Data sharing:** WestLight will develop data-sharing agreements (where permissible) to monitor participation and prevent dual enrollment;
- **Marketing, Education, and Outreach:** WestLight will implement distinct branding and marketing materials to maintain clear program identities and reduce customer confusion; and
- **Awareness Among Engagement Staff:** WestLight staff, third-party implementers and CBO partners will be trained to understand complementary programs in the region and provide customers with clear guidance when navigating available options.

Through these practices, WestLight will ensure that program coordination remains proactive, transparent, and compliant with Commission directives. This approach supports portfolio alignment across all overlapping PAs and maximizes customer and ratepayer value. PG&E noted in its previous business plan filing that it "anticipates continuing the practices in place for coordinating with the existing non-IOU PAs and to apply those practices with new entrants."¹⁵

WestLight's coordination approach aligns with this intent, ensuring continuity and leveraging established cross-PA coordination structures. WestLight will continue to work closely with all overlapping administrators to align program design, delivery, and customer targeting to ensure offerings are complementary and non-duplicative.

WestLight's staff roles in coordination activities will involve:

- **Portfolio Director:** Oversees portfolio-level coordination and serves as primary PA liaison;

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¹⁵ Application (A.) 22-02-005, *Pacific Gas and Electric Company Energy Efficiency 2024 Business-Portfolio Plan Prepared Testimony* at Chapter 5, p. 30:24-25 (Feb. 15, 2022).

- **Sector Leads:** Represent commercial, residential, and cross-cutting programs during coordination discussions;
- **Evaluation, Measurement, and Verification (EM&V) Manager:** Coordinates data collection, reporting, and evaluation alignment; and
- **Implementation Partners:** Participate in technical discussions regarding customer engagement and field delivery.

WestLight expects that counterpart roles at other PAs will include program managers, portfolio administrators, and evaluation leads, ensuring alignment across planning, implementation, and reporting functions. Through these structured coordination mechanisms, WestLight will maintain transparency, ensure customer clarity, and support statewide portfolio alignment across all overlapping PAs.

7.4. Coordination with Market Transformation Programs

An important aspect of WestLight's coordination activities include coordination with **statewide market transformation initiatives**, including the California Market Transformation Administrator (CalMTA) and TECH Clean California. CalMTA is a statewide Commission program that drives EE, decarbonization, and market innovation to advance clean energy and climate goals.¹⁶ TECH Clean California is a statewide initiative to accelerate the adoption of clean space and water heating across the state, with a specific emphasis on the deployment of heat pumps.¹⁷ Both CalMTA and TECH Clean California engage in activities that align well with WestLight's proposed portfolio, including TECH Clean California's single-family and multi-family heat pump water heater and HVAC incentives, as well as CalMTA's room heat pump and induction cooking initiatives. Coordination with these statewide market transformation initiatives is therefore key to ensure **program alignment, prevent duplication, and leverage statewide insights**.

Building upon WestLight's existing relationship with these statewide market transformation initiatives is an important coordination strategy for both WestLight's proposed portfolio and its larger organizational goals. WestLight has successfully launched local programs — including heat pump incentives, EV rebates, and induction cooking campaigns — but these

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¹⁶ For more information about CalMTA, see <https://calmta.org>.

¹⁷ For more information about TECH Clean California, see <https://techcleanca.com>.

1 efforts face persistent supply chain, cost, and awareness barriers. CalMTA, in particular, serves as
2 the “backbone” to address these market-level issues at the statewide level, while CCAs like
3 WestLight continue tailoring offerings to local community needs. With regard to WestLight’s EE
4 portfolio specifically, coordination with CalMTA will amplify and complement local efforts to
5 build electrification awareness and normalize clean, efficient technologies through coordinated
6 messaging and provision of a statewide platform for market transformation.

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7 Importantly, coordination with statewide market transformation initiatives supports the
8 advancement of an **integrated market transformation framework** that accelerates adoption of
9 advanced efficiency and electrification technologies. Coordination with these initiatives is
10 particularly important to drive WestLight’s efforts towards one of the pillars of its Application –
11 that is, to support innovation. As CalMTA and TECH Clean California pursue innovative angles
12 to spurring market transformation across EE and electrification technologies, a coordinated
13 approach ensures WestLight’s portfolio is informed by the latest statewide efforts, as well as
14 feedback and lessons learned through market transformation initiatives.

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15 As a new PA, WestLight will use coordination activities to **identify and scale proven**
16 **market strategies while tailoring delivery to local needs**. After receiving authorization as an EE
17 PA, WestLight will meet with CalMTA and TECH to introduce the planned EE portfolio and
18 discuss opportunities for coordination and engagement. This coordination and engagement could
19 take many forms, including participation in stakeholder forums, PA coordination meetings, and
20 advisory groups (quarterly or as convened). WestLight will share aggregated program data (where
21 permissible) from FLEXMarket and SEM to support statewide market characterization and
22 technology adoption tracking. Further, WestLight will review and incorporate findings from
23 CalMTA market studies into its annual program planning and implementation adjustments. For
24 example, WestLight plans to offer portable heat pumps under its Renters Marketplace, which is a
25 current CalMTA market transformation initiative.¹⁸ WestLight considered the CalMTA Market
26 Characterization Study for portable heat pumps to inform its program design, marketing strategy,
27 customer targeting, and anticipated barriers for the Renters Marketplace.

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28 WestLight will also align its electrification outreach and rebate structures with TECH
29 offerings for heat pump water heaters (HPWH) and heat pump HVAC to ensure complementary

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¹⁸ See D.25-11-023. Note that this Initiative also includes 120v induction stoves, which is a measure type that will be available through WestLight’s Marketplace.

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1 incentive design and customer messaging. Electrification is a priority under WestLight's EE
2 portfolio, and once final measures are selected and program design is finalized, WestLight will
3 seek to stack TECH incentives wherever possible to **maximize customer value**.¹⁹ WestLight's
4 coordination and incentive stacking with TECH will include the Residential DI program, and may
5 also include the Renters Marketplace, FLEXMarket, and MF SEM. Further, contractors that have
6 previously offered TECH incentives to customers will be offered participation in WestLight's
7 WE&T program to ensure consistent skill development in heat pump, HVAC, and refrigeration
8 markets.

9 Finally, WestLight may pursue joint outreach with these statewide programs through co-
10 branded materials or webinars to **promote alignments across customer touchpoints**. As a result
11 of WestLight's coordination with statewide market transformation activities, WestLight
12 anticipates acceleration adoption of advanced and electrification technologies in alignment with
13 statewide goals, avoiding duplication of ratepayer investments by aligning incentives and
14 contractor networks, and contributing real-world data to statewide evaluations of market progress.

16 7.5. Coordination with the Energy Savings Assistance Program

17 In WestLight's service area, the Energy Savings Assistance (ESA) programs are
18 administered by PG&E, including the Northern Multifamily Whole Building (MFWB) and Single-
19 Family ESA programs. ESA programs provide no-cost weatherization services to customers that
20 meet the California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance
21 (FERA) income qualifications.²⁰ In establishing the Equity segment of the EE portfolio, the
22 Commission explained:²¹

23 We also clarify that the "equity" category is distinct from our
24 separate low-income energy efficiency Energy Savings Assistance
25 (ESA) programs, which have separate goals and regulatory
26 treatment. While there is some overlap in customers within the
27 target segments, the "equity" category is intended to be defined
28 within the energy efficiency programs covered in this rulemaking
29 that are not specifically targeting low-income populations with

¹⁹ Note that TECH incentives are only available to residential customers.

²⁰ See California Public Utilities Commission, "Energy Savings Assistance." Available at: <https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/energy-savings-assistance>.

²¹ D.21-05-031 at 15.

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1 program offerings that low-income populations could receive at no
2 cost from the ESA program.

3 Through its existing Home Upgrade Services (HUS) program, WestLight has gained
4 valuable experience coordinating with ESA programs. WestLight will build upon this experience
5 to coordinate its Residential DI and MF SEM programs with ESA programs to ensure income-
6 qualified customers receive comprehensive, no-cost services while avoiding overlap. In
7 accordance with D.18-05-041 and D.23-06-055, WestLight will implement systematic referral,
8 screening, and tracking protocols.²² WestLight and PG&E program staff (ESA portfolio leads and
9 implementers) will meet quarterly to discuss program updates, outreach strategies, and customer
10 referrals. Further, WestLight's CRM system will include ESA referral fields, ensuring that
11 referrals are logged, outcomes are tracked, and customers are not double counted. WestLight's
12 call-center staff, implementers and CBO partners will receive ESA training and use ESA screening
13 tools to identify eligibility early in customer intake, ensuring that eligible customers are first routed
14 to ESA programming for no-cost measures. WestLight's outreach materials will clarify program
15 distinctions and provide cross-referral contact information to minimize confusion. This
16 coordination will prevent duplication of ratepayer-funded measures, expand the reach of ESA
17 programs through WestLight's outreach channels, and ensure an equitable customer²³ experience
18 across all income segments.

20 7.6. Coordination with Other Demand Side Programs

21 Coordination between WestLight's EE portfolio and other demand-side programs offered
22 by WestLight, regional partners, the California Energy Commission (CEC), and state and federal
23 agencies will offer customers tremendous value and help achieve the objectives of California's
24 IDSM framework. Those programs include decarbonization initiatives, DER programs such as
25 solar + battery energy storage, virtual power plants (VPPs), and electric vehicle-related demand
26 flexibility programs. By coordinating its EE portfolio with these programs, WestLight will help

²² D.18-05-041 at 53 (requiring tracking of metrics towards progress in serving hard-to-reach customers);
D.23-06-055 at 52 ("we reiterate D.21-05-031's guidance that equity programs must avoid "specifically
targeting low-income populations with program offerings that low-income populations could receive at no
cost from the ESA program").

²³ WestLight considers an "equitable customer experience" to mean that customers of all income levels,
housing types, languages, and backgrounds can access programs with the same level of clarity, ease,
respect, and benefit, even if the specific offerings differ.

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1 advance Commission and state goals to achieve system-wide energy savings, load flexibility, and
2 GHG reductions.

3 As a new PA, WestLight is building a comprehensive, customer-centered framework to
4 integrate EE with complementary demand-side management (DSM) offerings across its service
5 territory. WestLight's approach is designed to enhance customer experience, increase grid value,
6 and ensure alignment with the Commission's guidance, which directs all PAs to coordinate across
7 DSM resources to optimize cost-effectiveness and TSB.²⁴ WestLight's coordination framework
8 will strengthen customer pathways, streamline access to stacked incentives, and maximize
9 combined portfolio impacts, including energy savings, load flexibility, affordability, and TSB.

10 WestLight specifically anticipates achievement of the following outcomes:

- 11 • Delivery of integrated customer pathways connecting EE, demand response (DR), and
12 electrification;
- 13 • Enhancing grid flexibility and reliability through coordinated customer participation;
- 14 • Maximizing cost-effectiveness and TSB through integrated demand-side delivery; and
- 15 • Advancing the Commission's IDSM policy objectives by enabling more efficient, data-
16 driven resource coordination across all DSM program types.

17 WestLight will effectuate these outcomes by employing a variety of strategies. First and
18 foremost, WestLight will train EE program managers and implementers to **identify and refer**
19 **customers** to appropriate DR or electrification programs to optimize participation and load impact.

20 WestLight will leverage its CRM and tracking tools to **document DSM participation and**
21 **monitor overlap**, ensuring accurate reporting and evaluation of cumulative customer benefits. In
22 addition, WestLight will train its call center staff in **incentive stacking and referral processes**.

23 Finally, WestLight will conduct an annual review of DSM coordination outcomes to inform
24 portfolio adjustments and **identify emerging integration opportunities** across EE, DR and DER
25 programs. WestLight's specific program coordination strategies – both with WestLight-funded
26 programs and with other public funding sources – are discussed in more depth below.

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²⁴ See, e.g., D.23-06-055 at 77-80.

7.6.1. Coordination with WestLight-funded programs

WestLight administers several self-funded programs that will complement and enhance the ratepayer-funded EE portfolio. These programs are intentionally coordinated to create a seamless customer experience, expand participation among priority populations, and maximize the overall impact of both EE ratepayer dollars and WestLight funds. By aligning scopes and leveraging shared infrastructure, WestLight ensures that customers receive comprehensive services while the portfolio achieves deeper decarbonization and improved cost-effectiveness.

WestLight's **Home Upgrade Services (HUS)** is a comprehensive electrification initiative funded by WestLight, which provides technical assistance and installation support for whole-home electrification and related efficiency upgrades.²⁵ The HUS program serves as an umbrella for three subprograms: a self-serve appliance incentive and rebates program for HPWHs and heat pump HVAC, a DI program for market rate customers, and a low-income DI program. Whereas the self-serve appliance incentive program relies upon customers to bring their own contractors and measures, the Home Upgrade DI program is full-service, offering turn-key measures at pre-negotiated prices to ensure customers can participate in the program with ease and transparency.

WestLight's low-income DI program offers the same full-service experience at no cost to the customer.

The Home Upgrade DI program will work in close coordination with the ratepayer-funded Residential DI program under the EE portfolio, which offers EE measures and electrification-enabling services. Customers who connect with WestLight through the Home Upgrade DI program will automatically receive applicable Residential DI measures, thereby extending the reach of EE funding and deepening the total savings achieved. Likewise, customers initially acquired through the Residential DI program will be screened and referred into the WestLight Home Upgrade DI program whenever electrification support is appropriate. This bidirectional flow ensures that customers can access all services for which they qualify and that no opportunities for deeper decarbonization are missed.

Aligning customer outreach, contractor engagement, and measure delivery across the two programs reduces administrative burden and promotes a streamlined, consistent customer experience. The figure below demonstrates the benefits of incentive stacking, particularly with

²⁵ Learn more about WestLight's HUS program at <https://www.peninsulacleanenergy.com/residential/rebates-offers/appliance-rebate-application-form/>.

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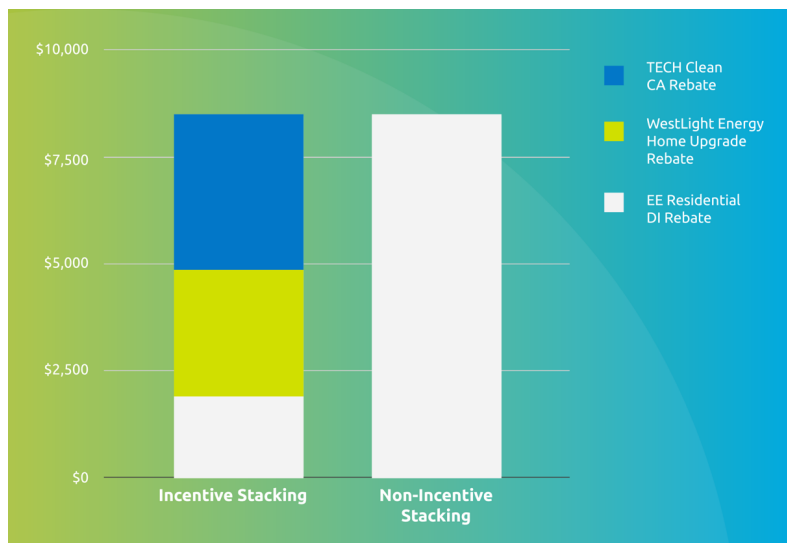
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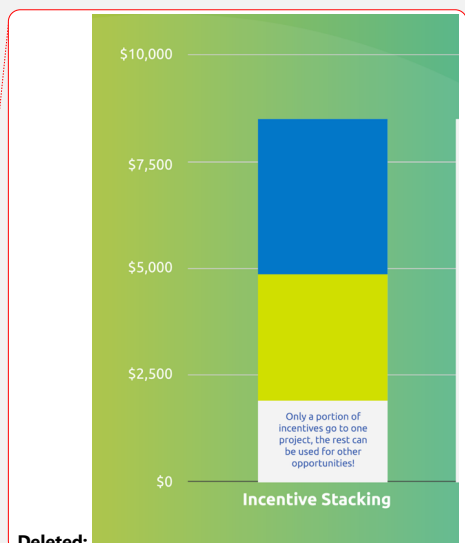
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regard to **WestLight**'s proposed Residential DI program incentives, HUS program rebates, and TECH Clean California rebates. The white graph displays the cost of an EE measure for the Residential DI program with incentive stacking (on the left) and without incentive stacking (on the right), highlighting the benefits of streamlined incentive stacking for EE ratepayers.

Figure 7-3: Benefits of Incentive Stacking



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Beyond the HUS program, **WestLight** will implement similar coordination strategies with other DER programs. Most relevantly, **WestLight** will enroll customers from self-funded solar + battery programs, such as the **Solar + Battery Savings (SBS) program**²⁶ and the **GovPV: Solar + Storage for Public Buildings (GovPV) program**²⁷ under its IDSM program. **WestLight**'s SBS program helps customers access California state rebates for solar panels and batteries, or just batteries, at no cost to participating low-income customers. The SBS program further streamlines the solar + battery installation process through a pre-vetted developer and technical assistance provided by **WestLight**. **WestLight**'s GovPV program helps public agencies and school districts

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²⁶ Learn more about **WestLight**'s SBS program at <https://www.peninsulacleanenergy.com/solar-battery-savings/>.

²⁷ Learn more about **WestLight**'s GovPV program at <https://www.peninsulacleanenergy.com/public-organization/govpv-solar-battery-for-public-buildings/>.

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1 install solar paired storage systems to reduce energy costs and provide backup power. Under the
2 GovPV program, WestLight and participating customers leverage power purchase agreements to
3 provide participating customers with a fixed, economical price for energy.

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4 The resources under the IDSM program will be integrated into WestLight's **Distributed**
5 **Energy Resource Management System (DERMS)** to support its VPP activities. Because
6 WestLight funds the DERMS platform and operational costs, the EE portfolio does not need to
7 allocate resources to this infrastructure. Instead, the IDSM Program (EE program dollars) can be
8 directed entirely toward customer incentives for load-shifting, improving overall cost-
9 effectiveness for ratepayers. Over the 8-year portfolio cycle, WestLight envisions integrating an
10 extended list of controllable measures such as HPWHs and smart control thermostats under its
11 IDSM program and DERMS platform. Coordination with WestLight's DERMS platform also
12 enhances the grid benefits of EE by enabling load-shifting and peak reduction without requiring
13 EE funds to support the underlying software infrastructure.

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14 Finally, WestLight administers an **EV Ready program** for businesses, whereby
15 commercial customers (including MF property owners), can access incentives, technical support,
16 customized design recommendations, and discounted pricing on EV charging equipment.²⁸
17 Through this program, WestLight has built trusting relationships with property management
18 companies. WestLight will leverage this momentum as it launches its EE portfolio, directing EV
19 Ready program participants to the MF SEM program whenever possible.

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20 Together, the coordination between WestLight-funded programs and the ratepayer-funded
21 EE portfolio creates a cohesive set of offerings that reach more customers, reduce duplication, and
22 enable deeper energy savings and electrification for individual customers. This integrated
23 approach supports equity, affordability, and long-term decarbonization while ensuring that EE
24 ratepayer dollars are used efficiently and strategically.

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26 7.6.2. Coordination with CEC programs

27 WestLight already coordinates closely with the CEC's **Equitable Building**
28 **Decarbonization (EBD)** program to ensure that income-qualified customers in its service territory
29 can fully benefit from all available incentives. The EBD program designates East Palo Alto and

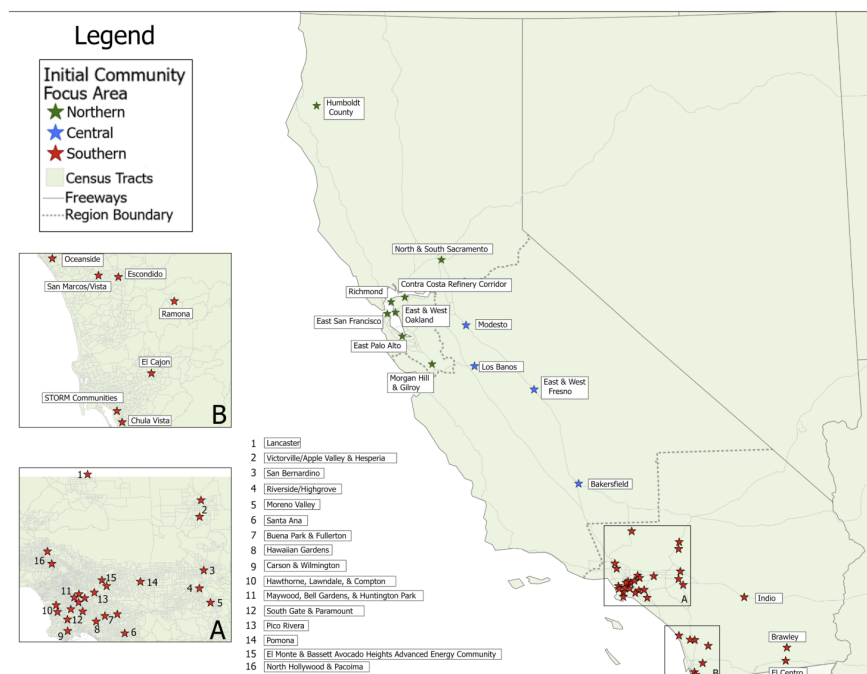
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²⁸ More information on WestLight's EV Ready program is available at:
<https://www.peninsulacleanenergy.com/business/rebates-offers-business/ev-ready-program/>.

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1 Los Banos as “Initial Community Focus Areas” under the EBD’s Statewide DI Program, *i.e.*, areas
 2 in which the EBD program will roll out initially.²⁹

3 *Figure 7-4: CEC EBD Statewide DI Program Initial Community Focus Areas*³⁰



4
 5 Both of these communities are considered high priority outreach areas for **WestLight**’s Residential
 6 DI program, and customers located in these communities are also eligible for **WestLight**’s Home
 7 Upgrade DI program.

8 Because EBD is an income-qualified program, its eligibility criteria align well with the
 9 customers served through **WestLight**’s Home Upgrade DI program for low-income customers and
 10 the Residential DI program under the EE portfolio. In particular, the Residential DI program will
 11 already be working to verify customers’ eligibility for income-based programs to **streamline**
 12 **access** to **WestLight**’s Home Upgrade incentives and vice versa. As part of this process, **WestLight**

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²⁹ **WestLight** was part of the regional application team that won the EBD program administrator request for proposal (RFP) for both the Northern California and Central California regions.

³⁰ Available at <https://www.energy.ca.gov/programs-and-topics/programs/equitable-building-decarbonization-program/ebd-statewide-direct>.

will incorporate cross-qualification for the EBD program. This integration allows DI contractors and program staff to identify residents who qualify for EBD during their initial engagement and refer or enroll them directly into the EBD offerings, reducing customer burden and ensuring that no available funding is left untapped.

By coordinating Residential DI, Home Upgrade, and EBD eligibility pathways, **WestLight** will maximize the total incentive stack available to income-qualified households in priority communities. This approach **reduces cost barriers, enables more comprehensive electrification and EE upgrades, and provides a unified customer experience** across state-funded and locally funded programs. The alignment with EBD allows **WestLight** to further extend its equity-focused impact while maintaining efficient use of EE ratepayer dollars.

7.6.3. Coordination with federal programs

WestLight also intends to coordinate with relevant federal programs, particularly the U.S. Department of Energy's (DOE) **Home Energy Rebate programs**,³¹ to further reduce customer costs and expand access to comprehensive whole-building upgrades. The Home Energy Rebate program is comprised of several subprograms, including the Home Efficiency Rebates (HOMES)³² and the Home Electrification and Appliance Rebates (HEEHRA) program.³³ The DOE awarded \$290 million to California for HEEHRA rebates and program administration in 2024.³⁴ As of the date of this Application, 2026 HEEHRA rebates for single family home retrofits are fully reserved,

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³¹ More information on the US Department of Energy's Home Energy Rebates program is available at: <https://www.energy.gov/save/home-upgrades#:~:text=Sky%20Lights-.Amount%3A%20This%20tax%20credit%20is%20valued%20at%20up%20to%2030,you%20meet%20the%20IRS%20requirements%20>.

³² The HOMES program centers on "whole-house energy saving retrofits that achieve a defined threshold of energy savings using a modeled or measured quantification approach depending on the option(s) states select." For more information, see <https://www.energystar.gov/partner-resources/state-and-tribal-rebate-programs/homes-program>.

³³ The HEEHRA program centers on "efficient electrification projects for low-to-moderate income (LMI) households defined as households with income less than 150% of the area median. It also requires that entities eligible to carry out projects on behalf of LMI households apply rebates as a discount at Point-of-Sale, as well as allows for installer incentives of up to \$500, commensurate with the scale of installed upgrades." For more information about the HEEHRA program generally, see <https://www.energystar.gov/partner-resources/state-and-tribal-rebate-programs/heehra-program>.

³⁴ CEC, "Inflation Reduction Act Residential Energy Rebate Programs." Available at: <https://www.energy.ca.gov/programs-and-topics/programs/inflation-reduction-act-residential-energy-rebate-programs>.

1 but are still available for multifamily homes.³⁵ DOE approved the CEC’s HOMES application in
2 January 2025, which will support implementation of the EBD program and a Statewide Pay for
3 Performance (P4P) program.³⁶ California’s HOMES EBD program began rolling out in the
4 summer of 2025, while HOMES P4P rebates are not yet available in California as of the time of
5 this Application.³⁷

6 These federal rebates provide substantial incentives for EE and electrification measures,
7 and when combined with WestLight’s local programs and the ratepayer-funded EE portfolio,
8 significantly increase the affordability and feasibility of deeper retrofits. In particular, WestLight
9 envisions stacking HOMES P4P funding to maximize the value to residential participants in
10 WestLight’s FLEXMarket program. By aligning eligibility screening, customer education, and
11 contractor engagement across programs, WestLight will help households access the full stack of
12 available incentives, minimizing out-of-pocket costs and supporting broader participation.

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³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.*

CHAPTER 8: STAKEHOLDER ENGAGEMENT

TABLE OF CONTENTS

8.1. Community Outreach Approach..... 8-1

8.2. Key Themes and Insights 8-3

8.2.1. Barriers to Participation 8-3

8.2.2. Customer Needs and Associated EE Opportunities 8-4

8.2.3. Summary of Community Outreach Findings 8-7

FIGURES AND TABLES

Figure 8-1: Community Outreach Approach 8-2

Figure 8-2: Barriers to Participation 8-4

Figure 8-3: Community Outreach Findings..... 8-8

8.1. Community Outreach Approach

As part of this Application, WestLight Energy (WestLight) conducted a multi-pronged community outreach strategy in Q1 of 2025. WestLight's goal was to gather insights that would shape a responsive, community-aligned energy efficiency (EE) portfolio that reflects the experiences and priorities of those who live and work in WestLight's service area.

WestLight's community outreach and stakeholder engagement effort focused on four stakeholder categories:

- **Community-Based Organizations (CBOs):** WestLight conducted one-on-one interviews with two CBOs – Central Coast Energy Services¹ (CCES) and Merced County Community Action Agency (MCAAA),² which provide implementation services for income-qualified EE programs in Los Banos and San Mateo County.
- **Local Governments and Public Institutions:** WestLight conducted thorough stakeholder outreach with 22 local government and public institutions. WestLight presented its proposed EE portfolio to the Regionally Integrated Climate Action Planning Suite (RICAPS), a San Mateo County climate collaborative including representatives from all 20 incorporated cities in San Mateo County, plus the County itself.³ As a follow-up to the presentation, WestLight distributed a survey requesting feedback on the proposed portfolio of EE programs. Moreover, WestLight held a one-on-one meeting with the city of Brisbane to further discuss program barriers and needs. WestLight also conducted a one-on-one interview session with the San Mateo County Community College District (SMCCCD).⁴ Finally, WestLight presented at its Community Advisory Committee (CAC) meetings, which is a 15-member committee comprised of representatives from diverse backgrounds and geographical areas in WestLight's service territory that provide input on WestLight's

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¹ Central Coast Energy Authority's website is available at: <https://energyservices.org/home>.

² Merced County Community Action Agency's website is available at: <https://www.mercedcaa.org/>.

³ Information regarding the Regionally Integrated Climate Action Planning Suite can be found on the San Mateo County Sustainability Department's website, available at: <https://www.smcsustainability.org/greenhouse-gas-reduction/electrification-and-energy-efficiency/local-jurisdictions/ricaps/>.

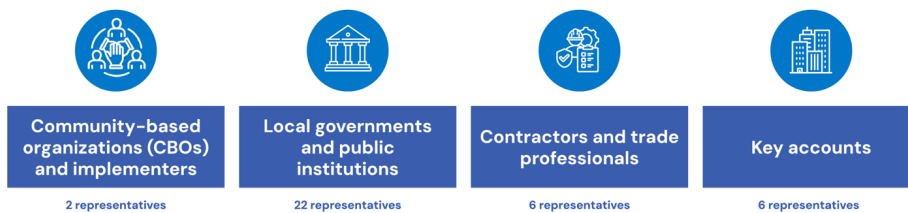
⁴ The San Mateo County Community College District's website is available at: <https://smccd.edu>.

proposed activities. Each of the CAC representatives has a background or experience related to energy markets, community outreach and engagement, or policy advocacy.⁵

- **Contractors and Trade Professionals:** WestLight surveyed six representatives from contractors within WestLight's trade network for the Home Upgrade Services (HUS) program.
- **Key Accounts:** WestLight conducted one-on-one interviews with six large commercial customers that represent significant load in its territory. These large customers preferred to stay anonymous, but represent the following industries:
 - Technology and cloud services companies (3);
 - Biotechnology company (1);
 - Healthcare real estate investment trust (1); and
 - Commercial real estate investment trust (1).

The totality of WestLight's community outreach and stakeholder engagement efforts are reflected in the figure below.

Figure 8-1: Community Outreach Approach



WestLight gathered meaningful feedback through these interviews, presentations, and targeted surveys. This feedback directly informed the prioritization, design, and delivery pathways of WestLight's proposed EE portfolio, ensuring alignment with both the needs of the communities WestLight serves and the Commission's strategic objectives.

⁵ Note that WestLight launched its Community Feedback Forum (CFF), which replaced the CAC, in early March 2026. The CFF builds upon the foundation laid by the CAC, but has no limitation on membership. The CFF's goal is to leverage more local expertise from nonprofits, community leaders and customers who share WestLight's goals of environmental stewardship, affordability and equity. It will also facilitate regular engagement with dozens of community-based organizations and grantees. For more information, please see: <https://www.peninsulacleanenergy.com/news-releases/peninsula-clean-energy-launching-new-community-feedback-forum/>.

8.2. Key Themes and Insights

This section summarizes key insights derived from WestLight's community outreach, which in turn informed the development of WestLight's proposed EE portfolio. These insights highlight the main barriers to participation, emerging customer needs and opportunities, and priority program design elements identified by commercial customers, local governments, contractors, and CBOs. These findings guide WestLight's program concepts and funding recommendations for the 2028 – 2031 portfolio cycle.

8.2.1. Barriers to Participation

Through WestLight's outreach efforts, stakeholders identified several barriers to EE adoption and participation in EE programs. A key obstacle is the upfront cost associated with EE and electrification measures. This obstacle is particularly salient for small businesses, renters, and communities with high housing costs. Large commercial customers and contractors, on the other hand, emphasized the administrative burden associated with EE programs, including complex paperwork, long turnaround times, and burdensome approval processes. Stakeholders in the large commercial sector (in particular, representatives from the real estate industry) identified the "split incentive" barrier to participation in EE programs.⁶ Local government entities expressed eagerness to participate in EE programming to support local sustainability efforts. However, they also noted that funding and personnel capacity is often a limiting factor to run some of their existing programs. Accordingly, local government entities expressed a desire to see EE programs that could complement local government initiatives more effectively. CBOs identified funding and staff capacity constraints as a key barrier to participation. CBO stakeholders specifically pointed to staff shortages and unstable funding as obstacles limiting EE participation and implementation. Finally, several stakeholders across market segments identified program awareness and accessibility (*i.e.*, finding and understanding available EE programs) as a barrier to effective participation. The following graphic summarizes the barriers to participation in EE programs as expressed by stakeholders in WestLight's outreach campaign.

⁶ The "split incentive" refers to the scenario in which property owners pay for EE measures, but the benefits of measures tend to accrue to tenants. This produces misaligned signals that dampen the incentive for building owners to participate in EE programs.

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Figure 8-2: Barriers to Participation



8.2.2. Customer Needs and Associated EE Opportunities

Based on the barriers identified above, WestLight staff assessed the key needs and opportunities in its territory, as well as corresponding priorities for EE program design. For example, in response to the concerns WestLight heard from its commercial customers, WestLight determined that commercial customers need **long-term, holistic programs** that integrate EE upgrades into the customer's broader capital upgrade strategy. Strategic Energy Management (SEM) was therefore a priority in the design of WestLight's portfolio. At its essence, SEM helps large customers align energy management and upgrades with their capital planning cycles by creating a holistic, multi-year plan for energy savings across customer facilities.

Additionally, many large commercial customers shared that they struggle to justify electrifying major equipment because the **financial return** is often insufficient on its own. At the same time, these customers expressed a strong interest in onsite solar and indicated a growing awareness of the incentives and financing available for solar and battery storage through WestLight, state programs, and federal funding (i.e., tax credits). WestLight will encourage customers that are pursuing solar and storage projects to also consider energy efficiency and electrification as part of a bundled package, as the addition of solar and storage improves the financials of electrification. Specifically, when electrification is paired with solar generation and the load-flexibility benefits from storage, the combined project can yield a stronger return on investment than electrification alone. In its proposed portfolio, WestLight plans to **leverage all**

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1 **available incentives and programs** for not only EE and electrification, but also solar and storage,
2 to encourage electrification. This integrated approach helps customers visualize how electrification
3 can fit into their broader energy strategy while taking advantage of meaningful cost offsets. To
4 support this pathway, WestLight's portfolio includes electrification readiness assessments under
5 various EE programs, which help customers understand what is needed to electrify key end uses
6 and how electrification can be sequenced alongside other distributed energy resource (DER)
7 investments.

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8 In order to address the **program awareness and accessibility barrier** that multiple
9 stakeholders identified, WestLight determined a need for simplified EE program participation
10 pathways. That means EE programs should be "turn-key" – *i.e.*, designed so that participants can
11 achieve outcomes with minimal effort, expertise, or risk on their part. This model is embodied in
12 several program designs such as FLEXMarket, where aggregators manage the full project
13 lifecycle, including customer enrollment, paperwork, documentation, installation coordination,
14 and savings verification. Under this structure, the customer remains relatively disengaged from
15 administrative tasks while still benefiting from energy savings and incentive opportunities.
16 Aggregators and market actors effectively "own" the complexity of an EE project, creating a
17 smooth, low-friction experience for participants. A similar turn-key approach is also reflected in
18 the Commercial and Residential Direct Install (DI) programs, which stakeholders frequently cited
19 as easy to participate in. In these programs, implementers handle nearly all aspects of the project,
20 including outreach, site assessments, contractor scheduling, installation work, and submission of
21 required forms or data. Customers simply agree to participate and allow access to their facility or
22 home, while the implementer delivers a bundled, hassle-free service that significantly lowers
23 barriers to adoption.

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24 To address the **"split incentive" barrier** identified by commercial real estate stakeholders,
25 WestLight recognized the need to design solutions that specifically support renters and tenant-
26 occupied commercial properties. Stakeholders emphasized that traditional EE programs often fail
27 to reach renters because tenants cannot make major improvements to a property they do not own,
28 and owners may not be motivated to invest when tenants receive most of the utility bill savings.
29 This misalignment of who pays for upgrades and who benefits from them (referred to as the "split-
30 incentive" challenge) creates a structural barrier that disproportionately affects renters across both
31 the residential and small business sectors. Given these challenges, stakeholders expressed a strong

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1 desire for programs that enable renters to participate in EE offerings without requiring landlord
2 approval or major property modifications. In response, WestLight incorporated renter-focused
3 solutions directly into its proposed portfolio to ensure that tenants—particularly those in equity
4 communities—can benefit from energy-saving measures.

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5 A key component of this strategy is the Renters Marketplace program, included within the
6 portfolio’s Equity segment. This program provides an innovative approach to overcoming the split-
7 incentive challenge by offering low- and no-cost measures designed specifically for the needs and
8 constraints of renters. All measures are intentionally portable, allowing customers to take devices
9 with them when they move to a new rental home or business location. Because these products do
10 not require invasive installation or property alterations, they do not necessitate landlord approval,
11 removing one of the most significant participation barriers for renters. Delivered through a one-
12 stop, online marketplace, the program enables renters and other Equity customers to easily access
13 and purchase eligible energy-saving products with minimal effort. By focusing on measures that
14 deliver immediate benefits, require no property-level upgrades, and empower renters to take
15 independent action, WestLight provides a practical and equitable solution to the split-incentive
16 issue.

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17 Finally, throughout the stakeholder engagement process, CBOs highlighted that residents
18 in Equity communities tend to rely on **trusted local partners** to access new services. CBOs
19 explained that trust, cultural competence, and personal relationships are essential for helping
20 customers feel comfortable engaging with programs, sharing household information, and
21 navigating eligibility requirements. Without these trusted intermediaries, even well-designed
22 programs struggle to reach those who could benefit the most. In response, WestLight’s portfolio
23 centers partnerships with CBOs and incorporates easily accessible, multi-lingual Concierge
24 support into its Equity program design. WestLight will translate program materials and customer-
25 facing communications into Spanish, Chinese, and Tagalog to reduce linguistic barriers and ensure
26 customers understand the materials presented to them. WestLight will also provide Concierge
27 services through its customer support team – *i.e.*, personalized, multi-lingual support that guides
28 residents through the entire participation process for the Renters Marketplace program—from
29 understanding program offerings to completing incentive applications. Concierge services help

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1 make programs more accessible by reducing paperwork burdens, offering in-language assistance,⁷
2 and guiding customers to program processes that may seem complex and overwhelming to them.
3 Through these equity-focused strategies, **WestLight** aims to reduce participation disparities,
4 improve access to energy-saving measures, and ensure that the benefits of public EE investments
5 reach households and neighborhoods that have historically been underserved. These partnerships
6 also strengthen community capacity and help build long-term, trusted pathways for delivering
7 clean energy services.

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8 In summary, **WestLight** arrived at the following specific recommendations for its ATA
9 portfolio:

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- 10 • **Provide long-term, holistic support for commercial customers**, including SEM and
11 electrification readiness;
- 12 • **Improve the financial case for electrification** by leveraging solar + storage incentives
13 and bundling technologies;
- 14 • **Design simplified, turn-key participation pathways** that minimize customer burden
15 across all sectors;
- 16 • **Deliver renter-focused solutions** that bypass split incentives and offer portable, low- or
17 no-cost measures.
- 18 • **Center equity by partnering with trusted CBOs** and providing multilingual Concierge
19 support for underserved communities.

21 8.2.3. Summary of Community Outreach Findings

22 The following figure summarizes the key barriers, identified needs and programs
23 recommendations that **WestLight** identified through its community outreach efforts.

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⁷ **WestLight**'s customer support team is comprised of team members who, at a minimum, speak both English
and Spanish to provide direct assistance to a broader base of **WestLight** customers.

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Figure 8-3: Community Outreach Findings



Contractors and Trade Professionals



Local Governments and Public Institutions



Community-Based Organizations (CBOs)



Large commercial and industrial



Renters and Tenant Occupied Properties
Residential and Small Commercial

Key Barriers

- Administrative burden
- Complex paperwork
- Long approval timelines
- Limited funding and staff capacity
- Difficulty scaling local programs
- Unstable funding
- Staff capacity constraints
- High upfront costs
- Long approval timelines
- Administrative complexity
- Split incentives
- Split incentives
- Inability to make permanent upgrades
- Lack of landlord approval

Needs Identified

- Turn key program structures
- Predictable processes
- Reduced administrative effort
- Programs that complement local initiatives
- External implementation support
- Stable long term funding
- Trusted community centered delivery roles
- Long term holistic planning
- Stronger financial case for electrification
- Integrated energy strategies
- Portable low or no cost solutions
- Simple accessible participation pathways

Program Recommendations

- Aggregator led delivery
- Direct Install models
- Simplified enrollment and documentation
- EE programs aligned with local sustainability efforts
- Minimized local administrative burden
- Regional coordination
- Formal CBO partnerships
- Equity focused program delivery
- Multilingual and culturally competent engagement
- Strategic Energy Management programs
- Electrification readiness assessments
- Assistance with identifying solar and storage incentives
- Renters Marketplace
- Portable energy saving measures
- One stop online access with minimal requirements
- Concierge support

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**CHAPTER 9: EVALUATION, MEASUREMENT &
VERIFICATION**

TABLE OF CONTENTS

9.1. EM&V Studies and Activities..... 9-1
9.2. EM&V Budget..... 9-3

9.1. EM&V Studies and Activities

WestLight Energy (WestLight) is committed to actively participating in the California Public Utilities Commission's (CPUC or Commission) evaluation, measurement, and verification (EM&V) framework to support the effective and efficient delivery of the energy efficiency (EE) programs proposed in this Application. WestLight recognizes that robust EM&V is essential to validating program impacts, informing continuous improvement, and supporting data-driven decision-making.

WestLight's proposed EM&V activities align with Commission-adopted EM&V plans, protocols, and schedules. Consistent with these principles, WestLight commits to prioritizing EM&V activities that are proportionate to portfolio scale, aligned with Commission direction, and targeted to areas where evaluation findings can meaningfully inform program design and statewide learning. Specifically, WestLight anticipates focusing EM&V resources on a limited set of targeted EM&V studies designed to augment WestLight's ability to administer data-driven programs and support continued innovation under WestLight's EE portfolio. These proposed studies are tailored to identify methodological, market, and implementation gaps related to normalized metered energy consumption (NMEC) based program design, workforce readiness for electrification, and participation of renters under EE programs. Many of these program design approaches represent relatively new applications within California's EE portfolio, and WestLight anticipates that focused EM&V studies will be necessary to assess feasibility, identify methodological gaps, and inform future scaling decisions.

WestLight proposes the following EM&V studies for the 2028 – 2031 portfolio cycle, which are intended to evaluate whether WestLight's program outcomes are effectively advancing the objectives set forth in its four- and eight-year plans:

- **NMEC Feasibility and Scalability Study:** Conduct a focused EM&V study to assess constraints, methodological gaps, and operational considerations associated with scaling NMEC-based programs. WestLight believes NMEC has the potential to serve as a primary measurement approach in alignment with Commission directives and statutory guidance; however, there are currently technical, data, and methodological limitations that constrain broader application. This study would examine data requirements, applicability across building types and end uses, alignment with OpenEE (formerly known as CalTRACK) methods, and feasibility of expanded NMEC use in pay-for-performance or market-based

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1 program designs, including implications for cost-effectiveness screening and Total
2 Resource Cost (TRC) assessments. This study will inform [WestLight](#)'s ongoing strategies
3 to scale NMEC programs.¹

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4 • **Market study to inform Workforce Education & Training (WE&T) expansion:**

5 Conduct targeted market research to assess workforce capacity, skill gaps, and training
6 needs associated with building electrification, with a particular focus on heating,
7 ventilation, and air-conditioning (HVAC) contractors and trade allies delivering heat pump
8 technologies. This study would identify gaps in contractor readiness regarding
9 electrification support capabilities (including right-sizing²) and technical knowledge, and
10 would inform WE&T expansion needs necessary to support portfolio scaling. As described
11 in Chapter 3, strategic electrification and right-sizing are key affordability strategies;
12 absent appropriate right-sizing, electrification efforts may place additional strain on the
13 electric grid and result in unnecessary ratepayer costs associated with infrastructure
14 upgrades.³

- 15 • **Process Evaluation of the Renters Marketplace program:** Conduct a focused process
16 evaluation of the Renters Marketplace program to assess program design, delivery
17 effectiveness, and participant experience from the perspective of renters. This evaluation
18 would examine barriers to participation, incentive and messaging effectiveness, as well as
19 opportunities to improve program uptake and equity outcomes. This study will evaluate
20 [WestLight](#)'s success in reaching renters, which have been historically underserved in
21 traditional EE portfolios.⁴

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22 Finally, [WestLight](#) recognizes that effective EM&V requires close coordination among
23 portfolio administrators (PAs) and alignment with Commission-led statewide evaluation efforts.

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24 Accordingly, [WestLight](#) will work collaboratively with other PAs, Energy Division staff, and
25 independent evaluators to ensure EM&V expenditures are efficient, support consistent EM&V

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1 See Chapter 3, Section 3.6 for a more detailed discussion of [WestLight](#)'s short- and long-term NMEC
strategies.

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2 In this context, "right-sizing" refers to a strategy to enable electrification within existing infrastructure
and without the need for panel or service upsizing. [WestLight](#) describes its right-sizing strategy in detail
in Chapter 3 of Exhibit 1.

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3 See Chapter 3, Section 3.10 for a more detailed discussion of [WestLight](#)'s short- and long-term workforce
education strategies.

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4 See Chapter 3, Section 3.12.1 for a discussion of [WestLight](#)'s strategies in overcoming barriers in reaching
renters.

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1 approaches, minimize duplication of effort, and generate insights that can inform both WestLight's
2 portfolio and broader statewide program design.

3 **9.2. EM&V Budget**

4 WestLight has applied an additional 4% budget allocation on top of its portfolio budget
5 request for EM&V activities. This equates to a total EM&V budget of \$1,452,083 for the 2028 -
6 2031 portfolio period. Pursuant to Decision (D.) 16-08-019, the total EM&V budget split between
7 WestLight (as the PA) and the Commission is 40 to 60%, respectively.⁵ As discussed in Chapter
8 4, WestLight utilized a zero-based budgeting methodology and aligned its budget with regulatory
9 requirements, including segmentation rules, cost caps, and EM&V requirements. WestLight's
10 EM&V costs include the costs of carrying out these studies, including the costs of contracting with
11 independent evaluators to perform these studies.

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⁵ D.16-08-019 at 80-81, Conclusion of Law 68 (Aug. 25, 2016).

CHAPTER 10: POLICY RECOMMENDATIONS

TABLE OF CONTENTS

10.1. Overview 10-1

10.2. Support Innovation 10-3

 10.2.1. Adopt the Program Administrator Cost (PAC) Test as the Primary Cost Effectiveness Test 10-3

 10.2.2. If the PAC Test is not Adopted as the Primary Cost-effectiveness Test, the Participant Cost for NMEC Programs Should Be Removed 10-7

 10.2.3. Allow for Standalone Low-GWP Measures under the EE Portfolio 10-9

 10.2.4. Formalize IDSM as an EE Segment to Support Beneficial Load Management 10-11

10.3. Support Equity, Affordability, and Community-Based Programming 10-14

 10.3.1. Establish “Right-Sizing” as a Guiding Principle for Electrification under the EE Portfolios..... 10-14

 10.3.2. Allow PAs to Request Equity Funding up to the Proportional Share of Equity Customers in Their Service Area..... 10-18

FIGURES AND TABLES

Figure 10-1: Guiding Principles for Policy Recommendations 10-3

Figure 10-2: Proposed Portfolio Segmentation..... 10-14

Table 10-1: ~~WestLight~~ Policy Recommendations 10-1

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10.1. Overview

WestLight Energy (WestLight) crafted its proposed energy efficiency (EE) portfolio with three key overarching themes in mind: (1) to catalyze innovation, (2) to support equity and affordability, and (3) to offer community-based programming. In developing its portfolio of programs to serve these goals, WestLight identified several specific opportunities for policy changes designed to push the boundaries of EE through innovation, to provide meaningful programs that are tailored to customer needs, and to reach customers that have been underserved under EE programs to date. Throughout the development of this Application and the policy recommendations described herein, WestLight centered consideration of the current affordability challenges with the ultimate goal of balancing both participating and non-participating ratepayer affordability.

This Chapter discusses, among other things, policy recommendations to facilitate the scaling of electrification, low-global warming potential (GWP) integration, and integrated demand-side management (IDSMD) integration for peak demand management. This Chapter also highlights recommendations to expand EE program access for Equity customers while also addressing affordability considerations, including “right-sizing” of electrification in EE programming. WestLight appreciates the opportunity to offer these policy recommendations and looks forward to continued collaboration with the California Public Utilities Commission (CPUC or Commission) and other portfolio administrators (PAs) to grow and evolve the EE landscape. WestLight’s specific policy recommendations are briefly summarized in the table below:

Table 10-1: WestLight Policy Recommendations

Policy Recommendation	Description
Adopt the Program Administrator Cost (PAC) test as the primary cost effectiveness test	This recommendation will address systemic barriers to portfolio performance by aligning the costs and benefits considered in EE cost effectiveness tests and placing less emphasis on costs that do not impact ratepayers more broadly (i.e., participant costs). Ultimately, adoption of this recommendation will facilitate greater access to valuable measures, such as electrification and heating, ventilation, and air-conditioning (HVAC), that deliver meaningful benefits to participants and the system.

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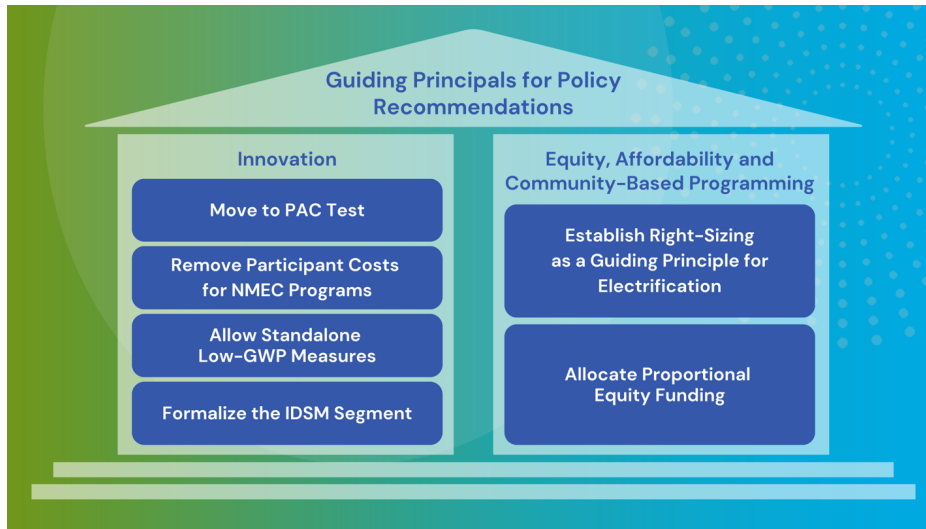
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If the PAC test is not adopted as the primary cost-effectiveness test, the participant cost for NMEC programs should be removed	The “computational bias” between costs and benefits in the current cost effectiveness calculations under the TRC is particularly harmful for NMEC programs as those programs have to consider the full costs of a measure (not only the incremental costs beyond the “baseline measure”) but cannot report on all customer benefits. To support the expansion of NMEC programs as directed by AB 802, the Commission should remove participant costs for NMEC programs as previously directed under the Market Access Program framework.
Allow for standalone low-GWP measures under the EE portfolio	This recommendation will remedy existing underutilization of low-GWP measures, which deliver quantifiable emissions benefits but may not affect, or may modestly increase, energy consumption. By allowing for standalone low-GWP measures, the Commission can unlock substantial opportunities for GHG savings which in turn lead to TSB benefits.
Formalize IDSM as an EE segment.	This recommendation will facilitate meaningful development of innovative IDSM programs by providing PAs with the regulatory certainty and funding commitments needed to incentivize scaling of IDSM programming in the long run.
Establish “right-sizing” as a guiding principle for electrification under the EE portfolios.	This recommendation is an efficient means by which the Commission can balance ongoing electrification efforts with the need to consider participant and nonparticipant affordability. By applying right-sizing as a guiding principle for electrification measures, the Commission will mitigate costly and unnecessary infrastructure upsizing that impacts affordability for all customers.
Allow PAs to request Equity funding up to the proportional share of Equity customers in their service areas.	This recommendation will allow PAs to tailor their Equity segment offerings more closely to community needs. By allowing PAs to justify additional Equity funding beyond the 30% cap and up to the proportional share of Equity customers in the PA’s service area, the Commission will allow PAs to respond to local needs while avoiding unreasonable or unjustified budget expansions.

The following figure summarizes the guiding principles ~~WestLight~~ employed in developing policy recommendations for the EE portfolio.

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Figure 10-1: Guiding Principles for Policy Recommendations



10.2. Support Innovation

10.2.1. Adopt the Program Administrator Cost (PAC) Test as the Primary Cost Effectiveness Test

The Commission's current EE cost-effectiveness framework creates a persistent misalignment between costs and benefits that impedes innovation through EE programs, particularly with regard to electrification measures. The Commission relies on the Total Resource Cost (TRC) test as the primary metric to determine EE cost-effectiveness.¹ The TRC compares total program costs to the PAs *and participants* against program benefits in the form of avoided costs derived from the Avoided Cost Calculator (ACC) which reflects *only the avoided costs to the utility/energy system*.²

¹ Decision (D.) 16-06-007 at 6 (Jun. 15, 2016); *see also* Energy Efficiency Policy Manual (Version 6), Section IV: Cost-Effectiveness (Apr. 2020). Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/eepolicymanualrevised-march-20-2020-b.pdf>.

² In computing the TRC cost-benefit ratio, the program benefits (the numerator) are divided by program costs (the denominator). A TRC ratio of 1.0 or greater indicates that program benefits outweigh costs, meaning the program is deemed cost-effective.

1 This is particularly detrimental for innovative EE measures such as electrification
2 measures. When computing TRC values, the high equipment and infrastructure costs often
3 associated with electrification measures increase the TRC denominator, even though only a portion
4 of those costs fall on ratepayers. This is because the TRC cost calculation considers both the costs
5 that the PA covers through incentives recovered via rates, as well as costs borne by the program
6 participant. This means the electrification measure's cost effectiveness is based on its total
7 installed cost, rather than the share of the equipment and infrastructure costs borne by ratepayers.
8 The TRC costs also captures the increase in electric usage and system costs associated with
9 electrification, further suppressing TRC performance.

10 On the other hand, while the TRC costs includes *all* costs associated with the installation
11 of the EE measures, the benefits side of the TRC only considers *some* of the benefits the EE
12 measure actually delivers. As noted above, the Commission determines the benefits side of the
13 TRC based on the assumptions, data, and models within the ACC.³ The ACC calculates the
14 avoided costs to the utility grid/energy system only and includes the following components:
15 generation energy, generation capacity, ancillary services, transmission and distribution capacity,
16 and decarbonization policy compliance.⁴ These avoided costs are a key component of the benefits
17 EE provides. But they do not represent the full range of benefits associated with the installation of
18 EE measures as they ignore the non-energy benefits (NEBs) like health, safety, and comfort that
19 influence customer adoption.

20 The omission of NEBs from the TRC equation materially depresses and distorts cost-
21 effectiveness results, discouraging PAs from implementing programs that could benefit both
22 participants and ratepayers at large. In 2025, the California State Auditor found that the
23 Commission's flawed TRC method for measuring cost-effectiveness has "likely discouraged
24 utilities' adoption of alternative approaches to achieve energy savings goals."⁵ The State Auditor's
25 report specifically found that by excluding NEBs from cost-effectiveness calculations, "the cost-

³ See, e.g., Resolution E-5328 at 2 (Nov. 13, 2024) (describing the background and use of the ACC in Commission proceedings).

⁴ CPUC, *DER Cost-Effectiveness: Avoided Cost Calculator (ACC)*. Available at: <https://www.cpuc.ca.gov/dercosteffectiveness>.

⁵ See California State Auditor Report 2023-127, *The California Public Utilities Commission: Without Improving Its Oversight, the Benefits of Energy Efficiency Programs May Not Be Worth Their Cost to Ratepayers* at 31 (Mar. 2025). Available at: <https://www.auditor.ca.gov/wp-content/uploads/2025/03/2023-127-Report.pdf>.

effectiveness of efficiency programs that install equipment appears to be lower than it could be.”⁶ This is especially true for higher-cost HVAC or fuel substitution measures that require the purchase of new appliances, such as heat pump water heaters (HPWHs).⁷ Moreover, the State Auditor’s report found that the Commission’s approach to cost-effectiveness testing is out-of-step with best practices, because it includes participant costs without fully accounting for the other side of the coin – participant benefits.⁸

This misalignment means the TRC calculation penalizes electrification and other higher-cost measures both in terms of the cost and the benefits calculation. The result is a “computational bias” in the TRC cost-benefit ratio, which, by omitting benefit categories and not omitting costs, prevents beneficial and innovative EE measures (such as electrification) to be implemented under the EE portfolios.⁹ These challenges with the TRC calculation have larger impacts on EE programs and participants, as well as statewide climate and equity goals. For example, by penalizing high-value, high-cost measures such as HVAC and electrification, the EE portfolios are skewed towards low-cost, short-term savings rather than deep, durable reductions in energy use and emissions.

Finally, the TRC framework is misaligned with a range of statewide goals. For example, penalizing electrification measures that are essential for decarbonization works directly contrary to the state goal of deploying six million heat pumps by 2030.¹⁰ In a similar vein, undervaluing avoided GHG emissions benefits slows progress toward carbon neutrality,¹¹ GHG reduction goals,¹² and statewide building decarbonization efforts.¹³ At a more fundamental level, these

⁶ See *id.* at 31.

⁷ See *id.* at 3.

⁸ See *id.* 31.

⁹ See, e.g., Skumatz Economic Research Associates, *Non-Energy Benefits / Non-Energy Impacts (NEBs/NEIs) And Their Role & Values In Cost-Effectiveness Tests: State Of Maryland Final Report* at 1 (Mar. 31, 2014). Available at: https://assets.ctfassets.net/ntcn17sslow9/7hSd2GZVRtPoZKuKs9WxDc/542eba6ac366f7edb45d54b8e6581af9/2014_NEBs_report_for_Maryland.pdf.

¹⁰ See California Air Resources Board (CARB), 2022 Scoping Plan for Achieving Carbon Neutrality at 76 (Nov. 16, 2022).

¹¹ Assembly Bill (AB) 1279 (2022).

¹² Senate Bill (SB) 32 (2016).

¹³ AB 3232 (2018) (mandated the CEC’s Building Decarbonization Assessment to assess the potential for the state to reduce emissions of greenhouse gases from residential and commercial building stock by at least 40% below 1990 levels by Jan 1, 2030). See <https://www.energy.ca.gov/data-reports/reports/building-decarbonization-assessment>; https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=20170180AB3232.

1 shortcomings misalign ratepayer spending with the statutory mandate requiring affordable,
2 reliable, and just service,¹⁴ and with California’s broader climate policy.

3 For these reasons, WestLight urges the Commission to adopt the PAC test as the primary
4 cost-effectiveness test for evaluating EE program portfolios. Whereas the TRC measures the net
5 costs of EE programs based on costs to participants and utilities, and therefore includes costs that
6 are not borne by ratepayers, the PAC test measures cost solely from the perspective of the PA and
7 reflects only the expenditures funded through EE budgets.¹⁵ This approach focuses on costs within
8 the PA’s control and avoids penalizing measures based on participant expenditures that are not
9 recovered in rates, reducing the risk of overstating affordability impacts on nonparticipants.

10 Adopting the PAC as the primary screening test would more directly align cost-
11 effectiveness evaluation with the Commission’s concerns regarding rate impacts and affordability.
12 Because PAC reflects only ratepayer funded expenditures, it provides a clearer signal regarding
13 the costs that will be recovered in rates. By contrast, the TRC embeds participant costs in the
14 screening metric even though those costs are not recovered through rates.

15 Using the PAC to evaluate the cost effectiveness of EE portfolios would encourage PAs to
16 set incentives efficiently, at the lowest level needed to spur participation, reducing the impact of
17 EE programming on rates while supporting participation. This would reinforce prudent use of EE
18 budgets while allowing electrification and other measures that advance statewide decarbonization
19 and beneficial load growth objectives to be evaluated on the basis of their actual ratepayer impact.
20 In this respect, the PAC better supports alignment between EE policy, electrification goals, and
21 long-term rate stability.

22 WestLight acknowledges that moving to the PAC test as the primary measure of cost-
23 effectiveness will result in more measures passing cost-effectiveness screening, which may, in
24 turn, increase budgets. However, passing screening does not automatically determine portfolio
25 budgets or rate levels. The Commission retains full authority over budget authorization and can
26 continue to exercise careful oversight of portfolio spending while using a screening metric that
27 reflects only costs recovered through rates. Any potential incremental EE expenditures should be
28 evaluated alongside broader system benefits, including avoided infrastructure costs and beneficial
29 load growth that can mitigate upward rate pressure on rates over time.

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¹⁴ Cal. Pub. Util. Code § 451.

¹⁵ California Standard Practice Manual at 18-24.

1 Importantly, all portfolios submitted with this Application (for program years 2028 – 2032)
2 are based on TRC analysis. As a result, the Commission can use this portfolio period to conduct
3 the studies or other processes needed to evaluate a transition to the PAC test while considering
4 potential impacts on nonparticipant affordability. This Application proceeding is the appropriate
5 venue for the Commission to adopt a move to the PAC test as the primary measure of cost-
6 effectiveness for EE programs. While the DER proceeding is the appropriate venue to make
7 adjustments to cost effectiveness and ACC *methodologies* (i.e., how costs and benefits are
8 established for each of the existing cost effectiveness tests), it is appropriate to decide in program-
9 focused proceedings (i.e., an energy efficiency portfolio application review and approval
10 proceeding) how existing cost effectiveness tests should apply to a particular programmatic area
11 based on the specific needs and requirements of that programmatic area. Furthermore, the
12 Commission routinely considers new energy efficiency-related policies in portfolio application
13 review and approval proceedings, particularly those policies that will directly impact the
14 Commission’s review of the next round of portfolio filings.

15
16 *10.2.2. If the PAC Test is not Adopted as the Primary Cost-effectiveness Test, the Participant Cost*
17 *for NMEC Programs Should Be Removed*

18 The Legislature enacted AB 802 in 2015, which authorized investor-owned utilities (IOUs)
19 to “provide financial incentives, rebates, technical assistance, and support to their customers to
20 increase the energy efficiency of existing buildings based on all estimated energy savings and
21 energy usage reductions, taking into consideration the overall reduction in normalized metered
22 energy consumption as a measure of energy savings.”¹⁶ Since AB 802, the Commission has
23 worked to encourage more EE programs that use NMEC as the method for estimating energy
24 savings. In its Decision authorizing the last round of energy efficiency portfolios, D.23-06-055,
25 the Commission established a set of program characteristics triggering the use of meter-based
26 savings calculation methods.¹⁷ According to the Commission, programs meeting its list of
27 characteristics are “required to use NMEC, randomized control trials, strategic energy
28 management, or another meter-based method[.]”¹⁸ Further, the Commission required PAs to justify

¹⁶ Cal. Pub. Util. Code § 381.2(b).

¹⁷ D.23-06-055 at 41, OP 20.

¹⁸ D.23-06-055 at 41-42, OP 20.

1 their decision not to use NMEC or another meter-based method for programs meeting the
2 characteristics in the list it established.¹⁹

3 There are two broad categories of NMEC approaches: (1) ‘site-level’ NMEC projects
4 where savings are calculated at an individual building-, project-, or site-level; and (2) ‘population-
5 level’ NMEC projects where savings are measured based on the aggregation of many customers
6 or buildings.²⁰ The Commission’s existing cost-effectiveness policies, including the TRC, apply
7 to all NMEC programs and projects.²¹

8 As described above, participant costs contribute to the cost calculations in the TRC. For
9 NMEC programs, current Commission guidance requires TRC screening to include the **full**
10 participant cost of a replacement measure (*i.e.*, the total installed costs of a measure such as a heat
11 pump HVAC system), regardless of the costs of a code-compliant alternative (e.g., a gas furnace).
12 By contrast, deemed programs utilize an incremental cost baseline to calculate the participant cost
13 of the replacement measure. This means that the TRC calculation for these other program models
14 only includes the **incremental** cost between the efficient and code-minimum measure. Consider
15 the following example: a heat pump HVAC system costs \$10,000 to install, while a code-
16 compliant gas furnace costs \$6,000. The participant cost included in the TRC calculation for an
17 NMEC program would account for the full \$10,000 for the heat pump HVAC system. But for the
18 deemed EE program, the participant cost would only account for the \$4,000 difference between
19 the heat pump and the gas furnace.

20 Moreover, and as described above, the TRC does not capture the full range of benefits that
21 will accrue to a customer who, for example, installs a heat pump HVAC system. Although the
22 valuation of NEBs is a challenge common to all EE measures under current cost-effectiveness
23 policy (as described above), it is particularly exacerbated for NMEC measures because the full
24 project costs are considered. This asymmetric treatment creates a structural disadvantage for
25 NMEC programs compared to other program designs, suppressing their ability to pass TRC
26 screening even when they deliver verifiable savings and system benefits.

¹⁹ D.23-06-055 at 41-42, OP 20.

²⁰ See R.25-04-010, *Administrative Law Judge’s Ruling Issuing Revised Rulebook for Programs and Projects Leveraging Normalized Metered Energy Consumption* at 1 (Sept. 10, 2025).

²¹ Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption, Version 2.1 at 24 (Sept. 10, 2025). Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/rolling-portfolio-program-guidance/nmec-rulebook-21-march-2025.pdf>.

1 To solve for the structural barriers preventing greater progress of NMEC programs, the
2 Commission should adopt the PAC test as the primary metric for assessment of cost-effectiveness
3 for *all* EE programs. However, if the Commission determines that it is not appropriate to adopt the
4 PAC test as the primary cost-effectiveness test for all EE programs at this time, then it should, at
5 a minimum, direct PAs to remove participant costs as an input to the CET for calculating the TRC
6 value of NMEC programs. In this way, the Commission can address these structural challenges
7 that disadvantage NMEC programs without fundamentally modifying the TRC methodology.

8 The Commission could implement this recommendation as a stopgap measure as it further
9 analyzes the impacts of moving to the PAC in the next portfolio cycle. Alternatively, should the
10 Commission determine not to move forward with the PAC test at all, it should still resolve the
11 specific barriers to NMEC programs by removing NMEC participant costs when calculating TRC
12 results. Eliminating participant costs from the TRC calculations for NMEC programs would not
13 increase authorized EE portfolio budgets or reduce cost transparency. NMEC programs would
14 remain subject to Commission-approved portfolio budgets, and all program administrator costs
15 associated with NMEC programs would continue to be fully tracked, reported, and subject to
16 Commission oversight.

17 In summary, this recommendation positions Marketplace programs to become a
18 cornerstone in EE portfolios, thereby advancing the intent of AB 802 by enabling meter-based
19 programs to play a larger role in achieving statewide EE, electrification, and demand flexibility
20 goals.

21 10.2.3. Allow for Standalone Low-GWP Measures under the EE Portfolio

22 The Commission sets EE goals based on Total System Benefit (TSB).²² TSB reflects the
23 “lifecycle energy, capacity, and greenhouse gas benefits of an efficiency or fuel substitution
24 measure in dollar terms.”²³ Because TSB incorporates avoided GHG emissions, it creates an
25 opportunity to recognize benefits beyond solely those tied to energy savings. One such opportunity
26 involves low-GWP refrigerants, which deliver GHG reductions through avoided leakage of high-

²² See D.25-08-034 at 3 (Sept. 5, 2025) (explaining that in D.21-05-031, the Commission directed that the TSB replace energy and peak demand savings goals as the single goals metric).

²³ *Id.* at 3-4.

1 GWP refrigerants.²⁴ These GHG benefits are independent of whether the associated equipment
2 produces traditional energy savings.

3 The Commission has previously directed PAs to consider and incorporate strategies to
4 support the use of low-GWP refrigerants in their portfolios.²⁵ The recent Staff Proposal in R.25-
5 04-010 further contemplates targeted pilots to address refrigerant disposal, leakage mitigation, and
6 contractor training, reflecting an awareness that refrigerant-related GHG reductions are a distinct
7 and valuable emissions reduction opportunity that has not yet been fully realized within existing
8 EE programs.²⁶

9 However, the Staff Proposal does not resolve the structural limitation within the current
10 TSB framework, which continues to restrict the ability to claim refrigerant-related GHG reductions
11 and provide pathways for PAs to claim TSB from low-GWP measures. The Commission's existing
12 guidance provides that GHG emissions savings attributable to low-GWP measures may only be
13 counted towards TSB if they are associated with an EE measure.²⁷ By the Commission's definition,
14 EE measures must result in energy savings compared to baseline equipment.²⁸ As a result, PAs
15 may only claim TSB for low-GWP GHG savings if the measure also delivers energy savings, even
16 though refrigerant-related GHG reductions are independent of energy performance. Due to this
17 limitation, PAs cannot claim TSB for many low-GWP opportunities that produce real and
18 measurable GHG emissions benefits.

19 On the whole, this constraint results in the EE portfolio's underutilization of low-GWP
20 measures that deliver quantifiable emissions benefits but do not affect, or may modestly increase,
21 energy consumption, leaving substantial opportunity for GHG savings untapped. While WestLight
22 does not have estimates for the specific GHG savings potential in its service area, a 2024 report
23 estimated that the annual refrigerant leakage in MCE's service area is 371,686 tons of CO₂, the

²⁴ See D.21-05-031 at 58.

²⁵ See, e.g., *id.* at 60.

²⁶ See R.25-04-010, Administrative Law Judge's Ruling Providing Notice and Opportunity to Comment on Staff Proposal for Policy on Natural Gas Energy Efficiency Incentives, Attachment 1 (Energy Efficiency Natural Gas Incentive Phase-Out Staff Proposal) (Dec. 1, 2025).

²⁷ See D.23-06-055 at 38 (explaining that PAs may claim TSB for a measure that delivers embedded electricity savings, so long as the measure also produces direct energy savings).

²⁸ CPUC Energy Efficiency Policy Manual, Version 6 at Glossary B, PDF p. 73 (Apr. 2020). Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/energy-efficiency/ee-policy-manual-revised-march-20-2020-b.pdf>.

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equivalent of approximately 81,000 passenger vehicles.²⁹ This indicates that there is a large potential for GHG emission reduction in the implementation of low-GWP measures under the EE portfolio.

To alleviate this barrier and properly recognize low-GWP GHG emission reductions towards TSB value, the Commission should authorize EE programs to offer incentives for low-GWP refrigerant replacement measures, even if the energy savings delivered by the measure are marginal or non-existent. This revision would properly recognize the emissions-reduction value of low-GWP refrigerant measures and their contribution to portfolio TSB, thereby enabling PAs to incorporate more low-GWP measures under their EE portfolio.

This recommendation is consistent with the adjustment to EE goals in D.21-05-031, where the Commission implemented an intentional move away from energy savings as the primary EE goal metric to TSB to be able to better account for the comprehensive value of EE measures.³⁰ Like the Commission recognized in that Decision, energy savings alone “do[] not does not capture all of the policy goals and benefits of energy efficiency.”³¹ The same is true for low-GWP measures, which can deliver substantial GHG emission reductions and TSB benefits, but may not concurrently provide energy savings. Moreover, this recommendation is consistent with the Commission’s recent policy guidance in D.23-06-055 related to the IDSM framework. In that decision, the Commission authorized PAs to use EE funding for ongoing load-shifting, effectively allowing for programs to achieve system benefits (shifting load) even if not directly tied to energy savings.³² Low-GWP measures similarly deliver system benefits in the form of GHG emissions reductions, and should be eligible for TSB credit without being necessarily tied to an EE measure.

10.2.4. Formalize IDSM as an EE Segment to Support Beneficial Load Management

For nearly two decades, the Commission has recognized that coordination of EE, demand response (DR), and distributed generation could yield systemwide benefits, and has therefore encouraged the integration and coordination of such efforts under the IDSM concept.³³ Despite this recognition, implementation has been limited due to the absence of a unified structural

²⁹ Cadmus Low-GWP Report at 23-24, 28.

³⁰ See D.21-05-031 at 8-10.

³¹ *Id.* at 8.

³² See D.23-06-055 at 78-79, Conclusion of Law (COL) 41 (Jul. 3, 2023).

³³ See, e.g., D.09-09-047 (Oct. 1, 2009); D.12-05-015 (May 18, 2012); and D.18-05-041 (Jun. 5, 2018).

1 framework. As a result, IDSM efforts have proceeded on a pilot-by-pilot basis rather than through
2 a coordinated portfolio strategy.

3 In D.21-05-031, the Commission formally established the current EE portfolio
4 segmentation framework with distinct primary purposes for each segment, and established a cap
5 on the Equity and Market Support Segment budgets of 30% of the PA's total portfolio budget.³⁴
6 Decision 23-06-055 later formalized Equity and Market Support Segments, reiterating their
7 fundamental purpose and providing objectives, indicators, goals, and reporting guidance for these
8 Segments.³⁵ Together, these Decisions provided a clear structure and definitive guidance for
9 administration of EE programs within these Segments.

10 In the same Decision, the Commission provided funding authority and limited direction as
11 to budgetary allocation and appropriate IDSM measures.³⁶ But D.23-06-055 did not establish an
12 IDSM *Segment*, nor did it provide the objectives and evaluation framework needed to establish
13 clear guidance to program administrators. Without consistent direction, PAs lack clear
14 expectations for IDSM programs over successive portfolio cycles, face funding uncertainty, and
15 experience increased administrative complexity. To date, IDSM activities remain small,
16 unintegrated pilots that are relatively stagnant despite years of Commission support. This
17 stagnation has limited the advancement of integrated load flexibility strategies that could reduce
18 peak system costs and support grid reliability, two core objectives of the EE portfolios and the
19 State as a whole.

20 The absence of a dedicated IDSM Segment is particularly challenging in regard to
21 allocation of IDSM budgets to EE segments and related cost-effectiveness and budget
22 requirements. As things stand, the PAs must allocate their proposed IDSM program(s) to one of
23 the existing EE segments (Resource Acquisition, Equity or Market Support). The Resource
24 Acquisition Segment is required to meet a TRC value of 1.0 or greater. However, no clear guidance
25 exists how to measure and evaluate the cost effectiveness of non-EE measures under the existing
26 Cost Effectiveness Tool (CET) framework. As a result, most PAs have included IDSM programs
27 in their respective Market Support Segments in the current portfolio cycle.³⁷ This necessarily leads

³⁴ D.21-05-031 at 13-17, Ordering Paragraph (OP) 2.

³⁵ See D.23-06-055 at Section 7.

³⁶ *Id.* at 77-80, OP 29.

³⁷ See Resolution E-5387 at Appendix A (Sept. 23, 2025) (explaining that PG&E, SoCalGas, SCE, 3CREN, and BayREN proposed IDSM programs within the Market Support segment).

1 to budget trade-offs within the Equity and Market Support Segments which are capped at 30% of
2 the total portfolio, risking displacement of EE programs explicitly designed to serve Equity or
3 Market Support objectives, goals, metrics, and indicators.³⁸ Finally, without a formal structure,
4 IDSM is measured and reported under uncertain and inconsistent metrics. This creates uncertainty
5 for program design and valuation and clouds the Commission's ability to evaluate performance of
6 similar programs in a consistent manner.

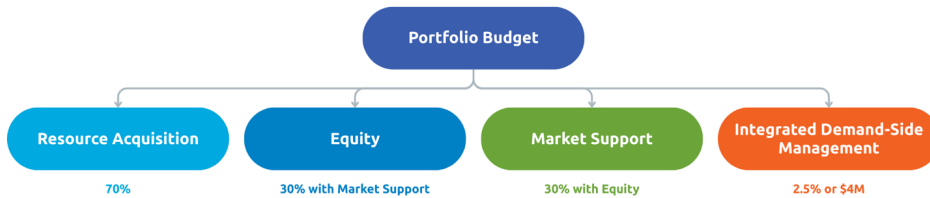
7 To address the challenges identified above and alleviate barriers to IDSM expansion, the
8 Commission should establish a new, distinct IDSM Segment under the EE portfolio, parallel to the
9 Resource Adequacy, Equity, and Market Support Segments. The Commission should assign the
10 IDSM Segment its own objective, metrics, indicators and evaluation framework,³⁹ and should
11 delineate IDSM Segment funding. The Commission already has sufficient substantive direction on
12 IDSM to define these elements. Across prior EE decisions, the Commission has consistently
13 emphasized system optimization, load flexibility, customer bill impacts, and integration of
14 demand-side resources. These findings provide a concrete basis for defining IDSM performance
15 criteria. Consistent with its prior direction in D.23-06-055, the Commission should allocate up to
16 2.5%, or \$4 million, whichever is greater, of the PAs' total EE portfolio budget to the IDSM
17 Segment *on an ongoing basis*.⁴⁰ The following figure displays the proposed new segmentation of
18 the EE portfolio.

³⁸ Note: The Commission has not established metrics or goals for the Market Support and Equity segments.

³⁹ See D.23-06-055 at 57-58, 59 (setting objectives and subobjectives for the Equity and Market Support segments, and explaining that "In defining metrics and indicators for purposes of this proceeding, D.18-05-041 stated that generally, a metric is a measure of progress towards achieving desired market effect(s) and includes a baseline and a target or targets (short, medium, or long term). An indicator does not include baselines or targets, but progress is still tracked").

⁴⁰ See *id.* at OP 29.

Figure 10-2: Proposed Portfolio Segmentation



In addition, the Commission should evaluate IDSM Segment programs using IDSM-specific metrics and indicators that reflect IDSM system and customer value, rather than the TRC. PAs should continue to report TRC and TSB values for IDSM programs, similar to the approach required for Equity and Market Support programs, rather than establishing a TRC threshold for the IDSM segment. WestLight recommends that the Commission direct Energy Division Staff to propose IDSM indicators and reporting standards in the open EE Rulemaking (R.25-04-010) and seek stakeholder feedback. Subsequently, PAs would then be automatically authorized to establish a dedicated IDSM Segment and request IDSM funding up to the caps provided in D.23-06-055 in all future Application cycles.

At a broad level, treating IDSM as a distinct segment provides a durable regulatory commitment and stable funding necessary to plan and scale IDSM initiatives. These adjustments will better align IDSM programs with the overall segmented portfolio framework and will limit the negative impacts IDSM can have on the cost-effectiveness and budget allocations of other energy efficiency-focused segments. By evaluating IDSM programs based on IDSM-specific metrics and indicators, the Commission will alleviate the TRC barrier that multi-DER and load-shaping measures currently face, facilitating more integrated demand flexibility that supports overall grid reliability and customer affordability.

10.3. Support Equity, Affordability, and Community-Based Programming

10.3.1. Establish “Right-Sizing” as a Guiding Principle for Electrification under the EE Portfolios

As the Commission shifts its focus increasingly to electrification to achieve decarbonization goals, it is important to center cost containment as a core objective to preserve long-term affordability and equitable access for customers. If not strategically managed,

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1 electrification can drive cost upwards both for individual participants (e.g., through costly panel,
2 conduit, and service work) and for grid upgrade costs recovered through utility rates (e.g., through
3 distribution capacity investments and substation upgrades).

4 To explain this dynamic further – a residential electrical system includes two major
5 components that are closely related: the electrical service and the electrical panel. The electrical
6 service includes the utility-owned conductors and associated equipment that deliver electricity
7 from the distribution system to the customer meter and then to the premises. The electrical panel
8 is customer-owned equipment that distributes electricity from the service to the individual branch
9 circuits within the building and is rated for a maximum amperage that determines how much
10 current can safely pass through the panel. In most cases, the amperage rating of the panel is
11 informed by the service rating. As a result, increasing the panel amperage typically requires
12 upsizing the electrical service, which triggers work on the utility-side of the meter and, in some
13 cases, upstream distribution system upgrades.⁴¹

14 In practice, these investments often begin with the replacement of a customer's existing
15 electrical panel based on the *assumption* that the electrification project cannot be completed either
16 because the panel is capacity constrained (electrical capacity is too low to add new equipment) or
17 space constrained (a lack of spare breaker spaces or busbar capacity in the panel for the new
18 equipment).⁴² In many cases, contractors may assume that an electrical panel must be upsized to
19 accommodate electrification measures, rather than first evaluating whether the existing panel and
20 service capacity can support those measures through appropriate load calculations and equipment
21 selection.⁴³ Because panel upsizing often implicates upsizing the utility electrical service, these

⁴¹ R.19-01-011, Phase 4A Staff Proposal (Attachment A) at 8, available at:
<https://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=536052138>.

⁴² Panels may also be replaced because they are unsafe to use and in this case the panel should be replaced. However, this provides an opportunity to still avoid upsizing the electric service by using solutions for capacity-constrained panels and planning ahead by installing extra breaker space to enable full electrification at a later date.

⁴³ Consistent with Phase 4A Staff Proposal in R.19-01-011, this section uses the following distinctions. Panel replacement refers to replacing an existing panel with a panel of the same amperage rating, typically for safety, code compliance, or functionality reasons. Panel upsizing refers to replacing a panel with one of a higher amperage capacity. Service upsizing refers to increasing the capacity of the utility service conductors and related equipment supplying the panel. Panel replacement does not, by itself, require service upsizing, while panel upsizing often does. *Id.* at 4-8; The Staff Proposal also distinguishes between necessary and unnecessary panel or service upsizing, where necessary upsizing occurs only after available alternatives to safely electrify within existing panel and service capacity have been fully evaluated and

1 decisions may trigger additional permitting, utility coordination, and other work associated with
2 increasing the capacity of the service conductors and related equipment. This can extend project
3 timelines and delay installation of the measures. These added steps also increase total project costs
4 and may reduce customer participation, especially among cost-sensitive segments. When utility
5 upsizing is performed, the associated costs are typically borne in part by the service applicant and
6 in part by ratepayers more broadly through established line extension policies and subsidies. As a
7 result, when panel or service upsizing occurs unnecessarily – meaning viable, safe, and code-
8 compliant alternatives were available within existing panel and service capacity – it increases costs
9 for participating and nonparticipating customers alike.

10 The key to addressing these issues and balancing the state’s electrification goals with
11 program cost-effectiveness and customer affordability is “right-sizing.” Right-sizing means
12 ensuring that project equipment and infrastructure is designed and scaled precisely to actual
13 customer needs, avoiding unnecessary or oversized investments that increase costs for participants
14 and ratepayers. Right-sizing should be treated as a “loading order” for electrification projects:
15 before pursuing panel replacements, service upsizing, or other capital-intensive solutions, projects
16 should first evaluate whether existing infrastructure can accommodate electrification through
17 proper load calculations, equipment selection, and system optimization. With regard to EE
18 programs specifically, right-sizing also involves selecting equipment (such as heat pump water or
19 space heating) that is sized to actual building loads, rather than sizing based on worst-case or
20 legacy assumptions. All these right-sizing solutions can reduce or avoid the need for upgrading
21 the customer’s electrical panel and upsizing the utility service for the new electrification measures.

22 Right-sizing is a simple and effective means by which the Commission can address the
23 challenges described above. In many cases, full electrification can be accommodated within
24 existing electrical infrastructure without the need for panel or service upsizing, provided that
25 appropriate load calculations and system assessments are performed. Ensuring that these
26 evaluations are consistently conducted can help identify available capacity that might otherwise
27 go unrecognized.

exhausted in compliance with the National Electrical Code. Unnecessary upsizing occurs when a panel or service is upsized despite the existence of viable, safe, and code compliance alternatives that would allow full electrification without increasing capacity. *Id.* at 7-8.

1 ~~WestLight~~ has already proven that right-sizing can be an effective strategy. ~~WestLight~~
2 recently published the findings from a pilot that fully-electrified nine low-income homes in San
3 Mateo County in 2024.⁴⁴ None of the homes required upsizing of their utility services,
4 even though five of the homes only had 100A panels. After analyzing each home's
5 annual maximum hourly peak load at the meter pre-electrification and one-year post
6 electrification, the average hourly peak load increased by just 1.36 kW and the
7 highest observed peak load was 11.2 kW, less than half of the capacity of a 100A service. On
8 average, electrifying their homes saved customers about 20% on their energy bills, though
9 ~~WestLight~~ acknowledges that this result is dependent on several factors that may not be replicated
10 in all cases.

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11 In cases where constraints on the electrical panel are confirmed, right-sizing solutions can
12 generally be grouped into two categories. For capacity constraints, solutions may include circuit
13 sharing or circuit pausing devices, low amperage equipment, and other strategies that reduce total
14 connected load. These approaches are often sufficient to address capacity constraints without
15 increasing panel or service amperage and should be considered before more costly alternatives. In
16 circumstances where these measures are insufficient, more complex strategies such as smart
17 panels, load advanced controls, and meter socket adapters may be appropriate, though should only
18 be employed after lower-cost right-sizing options have been evaluated. For space constraints,
19 measures such as breaker consolidation, subpanels, smaller form factor breakers, or
20 reconfiguration of existing circuits, can often resolve physical limitations within existing panels
21 without requiring the panel to be replaced or upsized.

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22 Right-sizing of electrification measures supports both affordability for participating and
23 non-participating customers, as well as the system more generally. For participating customers,
24 right-sizing reduces measure cost and timelines, and alleviates the need for unnecessary panel,
25 conduit, cable, and associated service upsizing. Right-sizing also expands access to electrification
26 for Equity customers as it reduces the need for expensive measures that are not core to the
27 electrification measure itself.

⁴⁴ ~~WestLight~~, *Case Study of Whole-Home Electrification at Nine Low-Income Homes in San Mateo County* (January 2026) Available at:
<https://library.peninsulacleanenergy.com/m/24e2e90876980d43/original/Case-Study-of-Whole-Home-Electrification-in-San-Mateo-County.pdf>.

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1 On a macro level, right-sizing supports non-participant and system affordability by limiting
2 load growth peaks and deferring or eliminating grid upgrade projects. In turn, this reduces upward
3 rate pressure caused by capital recovery on utility infrastructure investments. In doing so, it
4 directly impacts the affordability of delivery rates which is especially important for Equity
5 customers that are more sensitive to electric rate increases. As a policy, right-sizing furthers the
6 Commission’s Environmental and Social Justice (ESJ) Action Plan objectives by mitigating cost
7 burdens on disadvantaged communities (DACs) and other Equity customers.

8 To carry out the policy objectives and deliver the benefits described above, the
9 Commission should adopt right-sizing as a formal guiding principle for electrification within the
10 EE portfolio. At a more granular level, the Commission should issue guidance to require PAs to
11 incorporate right-sizing practices across all electrification-related activities, including program
12 design and measure selection. This new guidance would require PAs to consider right-sizing at
13 each stage, but it would not prohibit PAs from incentivizing measures or projects where service
14 upsizing is unavoidable. The Commission should further direct that evaluation, measurement and
15 verification (EM&V) processes track the cost savings attributable to avoided or deferred upgrades
16 as a result of electrification activities employing right-sizing principles.

17 Right-sizing should also be integrated into Workforce Education and Training (WE&T)
18 programs to ensure that these principles are embedded in the contractor base responsible for
19 delivering electrification projects. Integrating right-sizing into training will help ensure that
20 electrification projects are designed and implemented in a manner consistent with affordability and
21 system benefit objectives. Over time, embedding these practices in contractor training will help
22 make right-sizing the default approach in the market rather than the exception.

23
24 *10.3.2. Allow PAs to Request Equity Funding up to the Proportional Share of Equity Customers*
25 *in Their Service Area*

26 The Commission initially established the Equity Segment in D.21-05-031, defining Equity
27 programs as those with a primary purpose of delivering EE and its associated benefits to hard-to-
28 reach (HTR) or underserved communities, in alignment with the Commission’s ESJ Action Plan.⁴⁵
29 The Commission subsequently built on this fundamental purpose in D.23-06-055, adopting the
30 following Equity Segment objectives:

⁴⁵ D.21-05-031 at 14-15.

- 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.⁴⁶

The Equity Segment serves a vital role in expanding access to EE for underserved and HTR customers, and its objectives require sufficient and flexible funding to reach the substantial share of customers who qualify for Equity programs. Yet, PAs face barriers that limit their Equity portfolios under current EE portfolio rules; mainly, the 30% budget cap for Equity and Market Support programs.⁴⁷

WestLight's service area provides a helpful illustration of this challenge. WestLight has a significant number of Equity customers in its service area. In the context of EE portfolios, "Equity" customers include HTR customers, underserved customers, and disadvantaged communities.⁴⁸

Across WestLight's service area, 41% of residential residents are considered "underserved customers" based on the Commission's definition. In Los Banos, 82% of residential residents are considered "underserved customers." This is a striking number and yet, it understates the total number of customers that would qualify under the Commission's Equity definitions. For example, businesses are not included in this figure, as census data does not capture businesses that may qualify under the "underserved customer" definitions. Further, it is reasonable to assume that many HTR customers are not included, as the HTR definition is dependent on multiple, non-geographical criteria that must be verified by the customers themselves and cannot be independently identified by WestLight (e.g., language spoken at home). It is safe to say that the proportional share of Equity customers in WestLight's service area far exceeds the maximum 30% budget carve out allocated to both the Equity and Market Support segments. This mismatch constrains WestLight's ability to design Equity programs proportionate to community need and limits achievement of the Equity Segment objectives adopted in D.23-06-055.

Under the current budget rules, PAs may technically dedicate up to 30% of their budget on Equity programs, but this would leave no budget remaining for Market Support programming. In

⁴⁶ D.23-06-055 at 57-58.

⁴⁷ In D.21-05-031, the Commission established a 30% "cap" on the Equity and Market Support Segment budgets for all non-REN PAs. See D.21-05-031 at COL 9, OP 4.

⁴⁸ See Chapter 2, Section 2.1.2. for a more in-depth discussion of the Commission's Equity customer definitions.

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1 practice, the percentage of Equity budgets is typically well below this ceiling. For example, Pacific
2 Gas & Electric Company (PG&E) allocated only 5% of its total 2024-2027 EE budget to Equity
3 programs. Southern California Edison Company (SCE) allocated 8% and San Diego Gas &
4 Electric Company (SDG&E) 14%.⁴⁹ As a result, there is generally insufficient funding to reach
5 the large population of Equity customers who meet eligibility criteria. Moreover, this limited pool
6 of funding forms a material constraint to scaling of Equity-oriented offerings such as deeper
7 retrofits and targeted electrification that are essential for addressing affordability and access
8 barriers. From a policy perspective, the current framework inhibits PAs’ ability to achieve the
9 Equity Indicators adopted and clarified in Resolution E-5351, such as customers served and bill
10 savings. The funding limitation therefore directly undermines the Commission’s policy objectives
11 for the Equity Segment.

12 To better facilitate the objectives established in D.23-06-055, it is necessary to authorize
13 additional funding for the Equity Segment. Based on the feedback WestLight received throughout
14 its community engagement processes, WestLight recommends the Commission adopt a
15 “Proportional Equity Funding Allocation” formula.⁵⁰ Under this framework, the current 30%
16 carve-out for Equity and Market Support would continue to serve as the default cap for Equity
17 segment funding. However, a PA would be allowed to request additional Equity funding
18 proportional to the share of Equity customers in its service area. More specifically, WestLight
19 recommends that the proportional share of Equity customers would be calculated based on the
20 geographic eligibility criteria for residential customers only (based on census data) as there is no
21 verifiable data available to verify commercial Equity customers. Similarly, there are no
22 independent data sources to identify non-geographic Equity customer eligibility criteria (such as
23 languages spoken at home). In WestLight’s case, XXX. This approach aligns funding levels with
24 demonstrated community need and supports attainment of Equity Segment objectives.

25 This updated budget allocation for the Equity Segment aligns well with other recent
26 Commission actions demonstrating a shift toward Equity-first investment. For instance, the
27 Commission has discontinued market-rate incentives under the Self Generation Incentive Program
28 (SGIP), while continuing only the Equity-focused budgets (more specifically, the Residential Solar

⁴⁹ See CAECC Quarterly Meeting Slides at Slides 22-23 (Mar. 10, 2022). Available at: [Q1 2022 CAECC Meeting Slides](#).

⁵⁰ See Chapter 8 for a more in depth discussion of WestLight’s stakeholder engagement processes and key findings.

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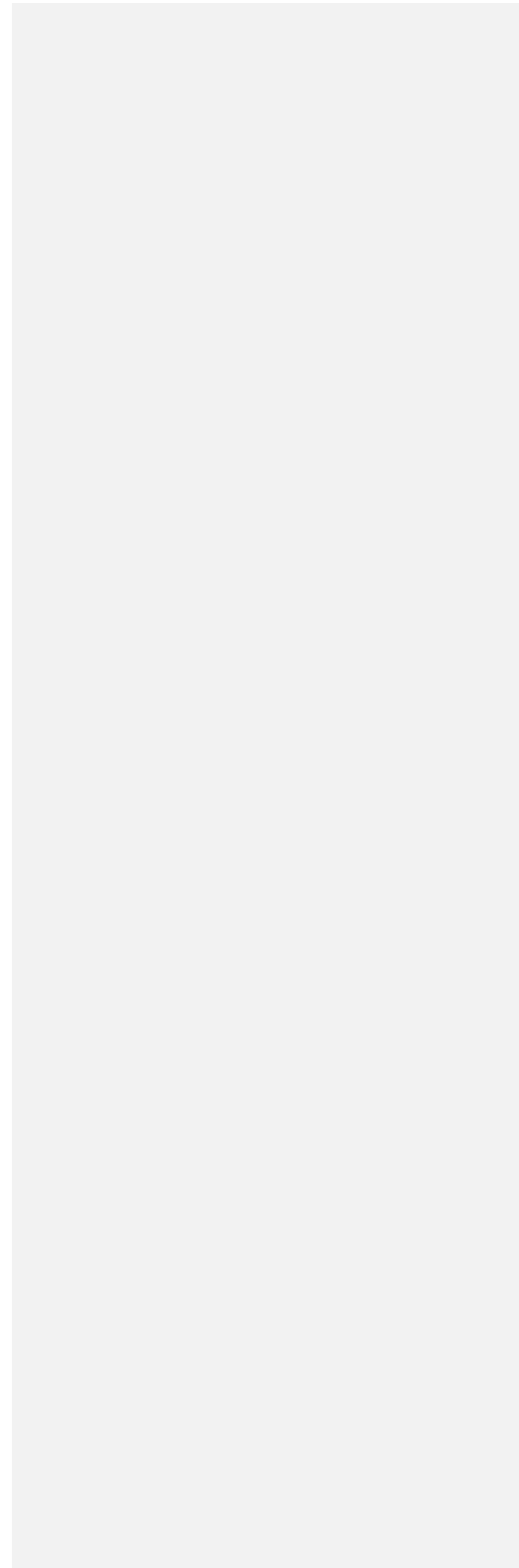
1 and Storage Equity (RSSE) budget).⁵¹ In addition, the Commission recently established a five-year
2 program providing financial assistance for electric-service upsizing for underserved customers
3 participating in building-electrification programs through its Building Decarbonization
4 Rulemaking proceeding (R.19-01-011).⁵² This shift towards Equity-first investment is further
5 consistent with SB 695, as well as the affordability mandates set forth in California Public Utilities
6 Code § 913.1.

7 To implement the “Proportional Equity Funding Allocation” approach, the Commission
8 should permit PAs to request an Equity budget up to the proportional share of Equity customers in
9 their service area in the PA’s EE application. In this request, PAs must justify the proposed Equity
10 budget via a detailed analysis and verified sources on the calculation of Equity customers in the
11 PA’s service area. The Commission and stakeholders will then have an opportunity for review
12 and feedback, thereby mitigating any concerns surrounding unreasonable budget expansion while
13 ensuring that Equity budgets are truly proportional to the needs of Equity customers.

⁵¹ See generally, D.25-12-003.

⁵² See D.25-06-034 (Jun. 20, 2025).

APPENDIX A: Witness Statements of Qualifications



WESTLIGHT ENERGY

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STATEMENT OF QUALIFICATIONS OF JANA KOPYCIOK-LANDE

Q1: Please state your name and business address.

A1: My name is Jana Kopyciok-Lande. My business address is 2075 Woodside Rd., Redwood City, California 94601.

Q2: Briefly describe your responsibilities at WestLight Energy (WestLight).

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A2: I am the Director of Innovation Strategy at WestLight.

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Q3: Please summarize your educational and professional background.

A3: I have over fifteen years of experience in designing, developing and managing clean energy and climate change mitigation programs with a focus on distributed energy resources (DER). My recent focus has been to grow the energy programs of WestLight, and the community choice aggregator (CCA) community as a whole, through strategic thought leadership, innovative program design, policy advocacy, and stakeholder engagement.

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Prior to my current role with WestLight, I was a Strategic Policy Manager at Marin Clean Energy (MCE), where I focused on regulatory and legislative engagement relating to DERs. In my role, I was responsible for developing policy positions covering a broad range of technologies from distributed generation to storage, community solar, energy efficiency, demand response and electric vehicles. I led MCE's pursuit of funding opportunities both through California public agencies, as well as those provided by the federal government under infrastructure investment bills.

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Before joining MCE, I had fifteen years of experience in managing a broad group of clean energy programs in California, including the Self-Generation Incentive Program (SGIP) and community solar programs for disadvantaged communities.

1 **Q4: Please list the testimony you sponsor.**

2 A4: I sponsor Chapter 1 of Exhibit 1.

3 **Q5: What is the purpose of your testimony?**

4 A5: The purpose of my testimony is to provide an Executive Summary of WestLight's
5 application and supporting testimony.

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6 **Q6: Does this conclude your statement of qualifications?**

7 A6: Yes.

WESTLIGHT ENERGY

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STATEMENT OF QUALIFICATIONS OF MATTHEW D. S. RUTHERFORD

Q1: Please state your name and business address.

A1: My name is Matthew D. S. Rutherford. My business address is 2075 Woodside Rd.,
Redwood City, California 94601.

Q2: Briefly describe your responsibilities at WestLight Energy (WestLight).

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A2: I am a Manager of Regulatory Policy with WestLight's Regulatory Policy team. In this
role, I oversee WestLight's regulatory affairs and policy development activities as they relate to
customer programs. I am responsible for engagement in proceedings before California state
agencies, including the California Public Utilities Commission, the California Energy
Commission, and the California Air Resources Board. My responsibilities include developing
regulatory positions, preparing formal comments and testimony, coordinating with regulatory
counsel and internal program staff, and advising executive leadership on regulatory matters that
affect program implementation and long-term planning. My work spans issues including energy
efficiency, building decarbonization, transportation electrification, distributed generation
programs, and related clean energy initiatives.

Q3: Please summarize your educational and professional background.

A3: I earned a Master's of Environmental Law and Policy with a Certificate in Energy Law
from Vermont Law School in 2013. I also hold a Bachelor of Arts in History from the University
of Connecticut, awarded in 2010.

I joined WestLight in 2020 as a Regulatory Analyst with WestLight's Regulatory Policy
team. Prior to joining WestLight, I served as Manager of Regulatory Compliance for the Town of

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1 Stowe Electric Department in Stowe, Vermont. There I participated in regulatory proceedings,
2 prepared regulatory filings, and developed customer-focused carbon reduction programs.

3 **Q4: Please list the testimony you sponsor.**

4 A4: I jointly sponsor Chapters 2, 3 and 10 of Exhibit 1.

5 **Q5: What is the purpose of your testimony?**

6 A5: The purpose of my testimony in Chapter 2 is to provide a summary of WestLight's
7 portfolio. The purpose of my testimony in Chapter 3 is to discuss WestLight's portfolio strategies.

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8 The purpose of my testimony in Chapter 10 is to present discrete policy recommendations intended
9 to improve the structure and performance of the energy efficiency portfolio framework.

10 **Q6: Does this conclude your statement of qualifications?**

11 A6: Yes.

WESTLIGHT ENERGY

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STATEMENT OF QUALIFICATIONS OF SHELBY BUSH

Q1: Please state your name and business address.

A1: My name is Shelby Bush. My business address is 2075 Woodside Rd., Redwood City, California 94601.

Q2: Briefly describe your responsibilities at WestLight Energy (WestLight).

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A2: As a Program Manager at WestLight, I am responsible for developing and managing the organization's energy efficiency portfolio. My role focuses on designing and implementing programs that support electrification, demand flexibility, and cost-effective energy savings for customers in WestLight's service territory.

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I oversee WestLight's California Public Utilities Commission (CPUC)-funded FLEXMarket program, which uses a pay-for-performance population normalized metered energy consumption (PopNMEC) framework to deliver energy savings. My responsibilities include program design, budgeting, cost-effectiveness analysis, regulatory reporting, and coordination with program implementers and stakeholders to ensure compliance with CPUC requirements.

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In addition to managing existing programs, I identify and evaluate new opportunities to expand energy efficiency offerings, including programs that integrate demand flexibility and innovative market-based approaches to energy savings.

Q3: Please summarize your educational and professional background.

A3: I earned a Bachelor of Arts in Economics from California State University San Marcos in 2013. I am a certified Project Management Professional (PMP) through the Project Management Institute and a Certified ScrumMaster (CSM) through Scrum Alliance.

1 I have more than 13 years of professional experience in the energy industry, focused on
2 the design, implementation, and management of energy efficiency and demand flexibility
3 programs. My experience includes developing and administering energy efficiency programs
4 across multiple delivery models, including income-qualified programs, pay-for-
5 performance PopNMEC programs, and traditional prescriptive deemed and custom incentive
6 programs.

7 Throughout my career, I have supported the launch and implementation of utility and load-
8 serving entity energy efficiency programs serving residential, multifamily, and commercial
9 customers. My responsibilities have included program design, budgeting and financial forecasting,
10 regulatory reporting, program performance tracking, and coordination with program implementers
11 and stakeholders.

12 My experience also includes managing multidisciplinary teams responsible for program
13 implementation, supporting contractor and trade ally engagement and training, and overseeing
14 program operations to ensure compliance with regulatory requirements and achievement of
15 program goals.

16 **Q4: Please list the testimony you sponsor.**

17 A4: I jointly sponsor Chapters 2, 3 and 10 of Exhibit 1. I also sponsor Chapters 4, 5, 6, 7, 8 and
18 9 of Exhibit 1. Finally, I sponsor Exhibit 2.

19 **Q5: What is the purpose of your testimony?**

20 A5: The purpose of my testimony in Chapter 2 is to provide a summary of WestLight's
21 portfolio. The purpose of my testimony in Chapter 3 is to discuss WestLight's portfolio strategies.
22 The purpose of my testimony in Chapter 4 is to address WestLight's forecast methodology and
23 zero-based budgeting approach. The purpose of my testimony in Chapter 5 is to discuss

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1 WestLight's portfolio management. The purpose of my testimony in Chapter 6 is to address
2 WestLight's sector and segmentation strategy. The purpose of my testimony in Chapter 7 is to
3 discuss WestLight's portfolio coordination. The purpose of my testimony in Chapter 8 is to
4 describe WestLight's stakeholder engagement. The purpose of my testimony in Chapter 9 is to
5 address evaluation, measurement and verification. The purpose of my testimony in Chapter 10 is
6 to describe WestLight's policy recommendations. The purpose of my testimony in Exhibit 2 is to
7 provide WestLight's program cards.

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8 **Q6: Does this conclude your statement of qualifications?**

9 A6: Yes.

10

WESTLIGHT ENERGY

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STATEMENT OF QUALIFICATIONS OF TIM OLSEN

Q1: Please state your name. and business address.

A1: My name is Timothy Olsen.

Q2: By whom are you employed?

A2: I am employed by The Energy Coalition (TEC).

Q3: What is your business address?

A3: My business address is 523 W. 6th St. #410, Los Angeles, CA 90014.

Q4: Briefly describe your responsibilities at TEC.

A4: I am TEC's lead for regulatory reporting. In this role, I oversee the compilation, processing, and submission of reports on CEDARS and other related tasks. My responsibilities include participating in meetings and working groups, reviewing data, compiling and developing portfolio forecasts, and preparing, running, reviewing, and summarizing CET files. WestLight retained TEC to support CPUC reporting and technical assistance.

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Q5: Please summarize your educational and professional background.

A5: I earned a master's degree in Environmental Science & Management from the University of California, Santa Barbara in 2005 and a bachelor's degree in communication from Cornell University in 2003. I have been working at TEC since 2013, providing technical support including regulatory reporting responsibilities as an implementer beginning in 2014 and have supported CPUC portfolio reporting and analysis since 2019 for multiple Portfolio Administrators.

Prior to working at TEC, I worked in environmental consulting, primarily in the areas of air quality, greenhouse gas emissions, and compliance assurance, with extensive experience in data collection, management, and calculations.

1 **Q4: Please list the testimony you sponsor.**

2 A4: I sponsor WestLight's Application Summary Tables in Chapter 2 of Exhibit 1. I also
3 sponsor Exhibit 3.

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4 **Q5: What is the purpose of your testimony?**

5 A5: The purpose of my testimony in Chapter 2 is to summarize the technical outputs contained
6 in WestLight's CEDARS filing and workbook appendix. The purpose of Exhibit 3 is to provide
7 WestLight's CEDARS workbook, related links, and filing receipts.

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8 **Q6: Does this conclude your statement of qualifications?**

9 A6: Yes.