

Application: 26-03-017
(U 39 M)
Exhibit No.: _____
Date: September 30, 2026
Witness(es): Various

PACIFIC GAS AND ELECTRIC COMPANY
ENERGY EFFICIENCY 2028-2035 BUSINESS PLAN AND 2028-2031
PORTFOLIO PLAN
SUPPLEMENTAL TESTIMONY IN RESPONSE TO ALJ RULING



PACIFIC GAS AND ELECTRIC COMPANY
ENERGY EFFICIENCY 2028-2035 BUSINESS PLAN AND 2028-2031 PORTFOLIO
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A. Introduction and Background

1) The following content was directed by the *ALJ Ruling Directing Submission of Corrections and Supplemental Information from all Business Plan Applicants* (Ruling) issued September 2, 2026. Section B contains the two incremental questions, and Section C contains a summary of Testimony changes as PG&E “amended total system benefit and cost-effectiveness values using corrected Avoided Cost Calculator/Cost Effectiveness Test tool inputs; and any non-substantive corrections to program names, values, segments, or other information included in their business plan applications”¹

B. Questions

Q 1 Does your business plan application consider the impact of the California Air Resource Board’s (CARB) potential new rules on Clean Space and Water Heater Standards, or other regional standards? If not, how would your business plan application need to be adjusted if CARB's current proposal is adopted, effective in 2030?

A 1 At the time of PG&E’s Prepared Testimony, CARB had not yet adopted Clean Space and Water Heater Standards therefore PG&E’s business plan application did not reflect the impact of standards in its forecast. In December 2025, CARB released an updated proposal concept that would shift from their prior compliance date of 2030 for Zero Emissions Appliance Standards (ZEAS) to emissive sales limits combined with a credit system.² CARB has not publicly indicated an update on the timing for continued evaluation nor adoption of its most recent proposed concept, therefore PG&E does not intend to update its business plan application as any reflection of the concept would be purely speculative. Should CARB adopt

¹ [616587387.PDF](#)

² *Zero-Emission Space and Water Heater Standards Public Workshop*, CARB, (December 11, 2025). Available at: https://ww2.arb.ca.gov/sites/default/files/2025-12/December_2025_Workshop_Slides_2.pdf.

1 Clean Space and Water Heater Standards, they are not anticipated to be
2 effective until 2030, therefore PG&E anticipates assessing and reflecting
3 impacts in its True-Up Advice Letter (TUAL)³ or Mid-Cycle Advice Letter
4 (MCAL),⁴ depending on the timing of CARB's finalization and adoption of
5 standards.

6 The Bay Area Air District (BAAD or Air District) has jurisdiction within
7 PG&E's service area, therefore the impacts of its adopted regional ZEAS
8 Rule 9-6 and 9-4 are reflected in PG&E's business plan application to the
9 extent that PG&E anticipates that those standards may accelerate building
10 electrification (BE) adoption. In turn, PG&E's business plan application
11 articulates its strategy to prepare the market to scale BE in anticipation of
12 this BAAD-driven adoption.⁵ Additionally, as PG&E notes in its Prepared
13 Testimony,⁶ these rules would shift the baseline from natural gas to electric
14 equipment, therefore appliances that would otherwise be eligible EE
15 measures may yield smaller incremental savings, potentially making them
16 less cost-effective to incentivize,⁷ therefore PG&E's strategies and tactics
17 focus on creating the conditions for successful adoption of ZEAS.

18 Q 2 Provide a third-party solicitation schedule and timeline from 2028 to 2031.
19 Use the solicitation schedule posted to the California Energy Efficiency
20 Coordinating Committee website, available at
21 [https://www.caeecc.org/market-rate ee-r25-04-101](https://www.caeecc.org/market-rate-ee-r25-04-101), for reference and
22 required fields.

23 A 2 Figure 1 provides a tentative third-party solicitation schedule and timeline
24 from 2028 to 2031.

3 Expected filing September 2027

4 Expected filing September 2029

5 PG&E Prepared Testimony, Exhibit 1, pp. 3-18 through 3-35.

6 PG&E Prepared Testimony, Exhibit 1, p.2-14 to 2-15

7 *2025 Energy Efficiency Potential and Goals Study – Final*. Guidehouse Inc., (June 23, 2025), p. 81. 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>.

FIGURE 1
2028-2031 TENTATIVE THIRD-PARTY SOLICITATION SCHEDULE

Year	2026				2027				2028				2029			
Quarter	Q4				Q1				Q2				Q3			
Month	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Targeted Solicitations Addressing New Portfolio Needs*																
SW WE&T CWR	CNT	AL + IP														
SW All-Electric HVAC	CNT		AL + IP													
Placeholders for Potential Future Solicitations*																
Heat Pump Adoption Program Placeholder																
Electrification Contractor Support Placeholder																
Targeted Electrification Placeholder																

*All programs are local unless indicated as SW (Statewide)

C. Forecast and Testimony Changes

The Ruling required PG&E to recalculate our forecast using updated avoided costs published into the Cost Effectiveness Tool (CET) after our application was filed. The updated avoided costs correct an error in date shifting that was present in the original avoided costs for Database of Energy Efficiency Resources (DEER) electric impact profiles. Impact profiles not based in DEER were not affected by the change. Some segments or programs, such as the Codes and Standards (C&S) segment, used only these non-DEER profiles and did not experience any change during the recalculation. Additionally, PG&E's 2032-2035 forecast was not done using the CET, as cost effectiveness showings were not required for these years, and instead were based on a sector and segment estimation methodology. Because the extremely small impacts to PG&E's 2028-2031 forecast would have resulted in negligible changes to the forecast for 2032-2035, it was not re-estimated. Table 1 provides a summary of Budget and TSB impacts to the full 2028-2035 forecast, while Table 2 provides a summary of the impacts to the 2028-2031 forecasted cost effectiveness. Table 3 provides a summary of testimony update locations.

TABLE 1
2028-2035 SUMMARY OF BUDGET AND TSB IMPACTS⁸

Line No.	Segment	Original Budget	Revised Budget	Budget % Change	Original TSB	Revised TSB	TSB % Change
1	2028-2031 Portfolio						
2	Resource Acquisition	\$459,836,909	\$459,836,909	0.00%	\$1,073,143,690	\$1,073,544,854	0.04%
3	Market Support	200,562,603	200,562,603	0.00%	97,763,219	97,154,616	-0.62%
4	Equity	66,555,608	66,555,608	0.00%	–	–	0.00%
5	EM&V	37,486,784	37,486,784	0.00%	–	–	0.00%
6	Total Portfolio Excluding C&S	\$764,441,904	\$764,441,904	0.00%	\$1,170,906,909	\$1,170,699,471	-0.02%
7	Codes & Standards (C&S)	\$145,281,305	\$145,281,305	0.00%	\$3,970,028,835	\$3,970,028,835	0.00%
8	Total Portfolio Including C&S	\$909,723,209	\$909,723,209	0.00%	\$5,140,935,744	\$5,140,728,306	0.00%
9	2032-2035 Portfolio						
10	Resource Acquisition	\$441,142,027	\$441,142,027	0.00%	\$1,237,269,582	\$1,237,269,582	0.00%
11	Market Support	189,897,662	189,897,662	0.00%	124,730,418	124,730,418	0.00%
12	Equity	62,044,327	62,044,327	0.00%	–	–	0.00%
13	EM&V	35,825,018	35,825,018	0.00%	–	–	0.00%
14	Total Portfolio Excluding C&S	\$728,909,034	\$728,909,034	0.00%	\$1,362,000,000	\$1,362,000,000	0.00%
15	Codes & Standards (C&S)	\$139,270,007	\$139,270,007	0.00%	\$2,753,384,625	\$2,753,384,625	0.00%
16	Total Portfolio Including C&S	\$868,179,041	\$868,179,041	0.00%	\$4,115,384,625	\$4,115,384,625	0.00%
17	2028-2035 Total						
18	Resource Acquisition	\$900,978,936	\$900,978,936	0.00%	\$2,310,413,272	\$2,310,814,436	0.02%
19	Market Support	390,460,265	390,460,265	0.00%	\$222,493,637	\$221,885,034	-0.27%
20	Equity	128,599,935	128,599,935	0.00%	–	–	0.00%
21	EM&V	73,311,802	73,311,802	0.00%	–	–	0.00%
22	Total Portfolio Excluding C&S	\$1,493,350,938	\$1,493,350,938	0.00%	\$2,532,906,909	\$2,532,699,471	-0.01%
23	Codes & Standards (C&S)	\$284,551,312	\$284,551,312	0.00%	\$6,723,413,460	\$6,723,413,460	0.00%
24	Total Portfolio Including C&S	\$1,777,902,250	\$1,777,902,250	0.00%	\$9,256,320,369	\$9,256,112,931	0.00%

⁸ 2032-2035 portfolio forecasts did not include CET calculations and the high-level sector and segment methodology used was not revised based on the small impact to 2028-2031.

TABLE 2
SUMMARY OF COST EFFECTIVENESS IMPACTS⁹

Line No.	Segment	Original TRC	Revised TRC	TRC % Change	PAC % Change	RIM % Change	SCT-B ase % Change	SCT-Hi gh % Change
1	Resource Acquisition	1.89	1.89	-0.30%	-0.36%	0.14%	-0.29%	-0.85%
2	Market Support	0.36	0.36	-0.04%	-0.20%	-0.07%	0.41%	0.43%
3	Equity	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%
4	EM&V	0.00	0.00	0.00%	0.00%	0.00%	0.00%	0.00%
5	Total Portfolio Excluding C&S	1.24	1.24	-0.12%	-0.20%	0.12%	-0.37%	-0.91%
6	Codes & Standards (C&S)	1.70	1.70	0.00%	0.00%	0.00%	0.00%	0.00%
7	Total Portfolio Including C&S	1.56	1.56	-0.06%	-0.41%	0.04%	-0.02%	-0.14%

1 Table 3 shows locations in PG&E's testimony that have changed due to the
2 updated avoided cost benefits published in the CET.

⁹ 2032-2035 portfolio forecasts did not include CET calculations and did not have a cost-effectiveness showing

TABLE 3
SUMMARY OF TESTIMONY UPDATE LOCATIONS

Line No.	Document	Exhibit	Chapter	Page/Sheet	Table, Figure, or Line Number	Summary of Change
1	Testimony	1	2	2-23	Table 2-3	Values in table lines 1-6 updated
2	Testimony	1	2	2-24	Table 2-5	Values in table lines 1-5 and line 11 updated
3	Testimony	1	4	4-13	Table 4-7	Values in table line 1-4 updated
4	Testimony	1	4	4-13	Table 4-7	Total goal in table line 5 corrected
5	Testimony	1	4	4-14	Table 4-8	Individual year TRC values in line 1 that rounded differently
6	Testimony	1	10	10-1	Line 11	PG&E electric cost recovery rounding in \$ millions
7	Testimony	1	10	10-2	Table 10-1	Full table cost recovery due to updated PG&E electric/gas splits
8	Testimony	1	10	10-5	Table 10-3	Full table cost recovery due to updated PG&E electric/gas splits
9	Testimony	1	10	10-7	Table 10-4	Full table updating PG&E electric/gas splits due to new benefit ratios and updated program cost allocations.
10	Testimony	2	Atch A	numerous	numerous	All affected programs' TSB and Cost Effectiveness values
11	Testimony	3	Atch A	AtchA-2 to AtchA-17	Filing receipts	Updated filing receipts from CEDARS
12	Testimony	3	Atch B	All	All	Updated Excel Appendix tables based on recalculated forecast
13	Excel Appendix	n/a	n/a	2 Rates Rev	Columns D thru I, L, & M	Formulas automatically recalculated based on updated budget filing data
14	Excel Appendix	n/a	n/a	3.1 Funding Category	Columns E thru H	Updated Electric and Gas Splits and Electric and Gas budget amounts
15	Excel Appendix	n/a	n/a	4.1 Program Budget 2028-2031	Columns V thru AA, AI, and AJ	Updated electric avoided cost and CO2 calculations
16	Excel Appendix	n/a	n/a	4.3 TSB and C&S Targets	Column D	2028-2031 TSB forecast
17	Excel Appendix	n/a	n/a	10 Indicators & Metrics	All metrics/indicators	CO2 and TSB metrics and indicators
18	Excel Appendix	n/a	n/a	11 Program Card	Columns S & U	All affected programs' TSB and Cost Effectiveness values
19	Excel Appendix	n/a	n/a	Budget Filing Data	Program Data for each year	All affected programs' benefit, cost, and CO2 calculations