Agenda for 2026 Third-Party Stakeholder Meeting

Wednesday, April 15, 2026

Hybrid: In-Person and Virtual Meeting

Irwindale Conference Center at the SCE Energy Education Center, Irwindale
6090 North Irwindale Ave
Irwindale CA, 91702

Start Time	Min	Session	Objectives	Presenter/Facilitator
9:30	30	Coffee and Networking		
10:00	15	Welcome	*Welcome and agenda* • Meeting Purpose and Goals • Agenda and Safety • Survey Results from March 2025	**Jeorge Tagnipes**, Program Manager, CPUC Energy Division **Elizabeth T. Lowe** Founder and Principal Consultant ET Lowe Consulting, LLC
10:15	15	*Session 1* EE Policy Update	*What's new?* • Recent CPUC Policies and Updates	**Jessie Levine,** Senior Regulatory Analyst CPUC Energy Division
10:30	10	*Session 2* Independent Evaluators' Semi-Annual Reports (SARs) June and December 2025	*Effective Practices* • Effective Practices Across IOUs Noted in the Recent SARs	**Elizabeth T. Lowe** ET Lowe Consulting, LLC
10:40	**5**	**Transition to IOU Panel**		
10:45	60	*Session 3* IOU Portfolio Update & Upcoming Solicitations	*IOU Updates* • Solicitations Schedule Updates, including How the IOUs are Managing Their EE Portfolios • Going Forward: IOU Direction and Role of Third Party Programs in the Coming Years	Facilitator: Daniel Milton, Regulatory Analyst, CPUC Energy Division **Josa Buennagel**, Principal, Solicitation Lead, PG&E **Kelvin Valenzuela**, Sr. Supervisor, Project & Program Management, SDG&E **Emma Ponco**, Sr. Supervisor for EE Program, SoCalGas **Becky Mandich,** Sr. Manager, Advanced Energy Solutions, SCE
11:45	45	**Lunch Break**		

12:30	45	*Session 4* Implementer Panel	• What Improvements Have Implementers Seen and Would Like to See? • What role should Implementers play in setting EE policy?	Facilitator: Sabarish Vinod, Lincus **Grey Staples,** The Mendota Group **Matthew Clark**, Synergy Companies
1:15	**5**	**Transition to Session 5 Panel**		
1:20	60	*Session 5* Cross-Cutting Panel	Balancing Trade-offs and Barriers to Achieve a Successful EE Portfolio • Trade-offs among affordability, equity, innovation and meeting CPUC requirements • What are the effects, alternatives, and proposed solutions?	Facilitator: Elizabeth T. Lowe, ET Lowe Consulting **Ashley Hall**, Senior Manager, Energy Efficiency, SCE **Rob Bohn**, Manager, Codes, Standards & Cross-Cutting, PG&E **Don Arambula,** Don Arambula Consulting **Siva Sethurman**, Cascade Energy **Melanie Stutler**, Resource Innovations
2:20	**10**	**Break**		
2:30	60	*Session 6* Custom Review Process Update	Custom Project Review: Is it Safe to Go Back in the Water? • Updates to the Process • Stakeholder Feedback	Facilitator: Elizabeth T. Lowe, ET Lowe Consulting **Leanne Hoadley**, Supervisor Planning and Forecasting, CPUC Energy Division **Jordan Christenson**, Senior Regulatory Analyst, CPUC Energy Division
3:30	15	Open Discussion and Closing	• Follow Up Q&A • Topics for Next Stakeholder Forum • Surveys	Jessie Levine, CPUC Energy Division Elizabeth T. Lowe, ET Lowe Consulting, LLC
3:45		**Adjourn**		

Note: *These meeting notes are not intended to reflect verbatim discussions. It is our best efforts attempt to capture the themes of topics and discussions***.**

Please refer to the Slide Deck for additional information (found on CAEECC)

Opening Remarks, Welcome, Agenda and 2025 Survey Results *(See Slide Deck for Content)*

Presenters

- **Jeorge Tagnipes**, Program Manager, CPUC Energy Division
- **Elizabeth T. Lowe** Founder and Principal Consultant, ET Lowe Consulting, LLC

Session 1: Energy Efficiency (EE) Recent CPUC Policies and Updates *(See Slide Deck for Content)*

Presenter

- **Jessie Levine,** Senior Regulatory Analyst, CPUC Energy Division

(no questions posed)

Session 2: Independent Evaluators' (IE) Semiannual Reports (SARs): Effective Practices Noted from 2025 Reports *(See Slide Deck for Content)*

Presenter

- **Elizabeth T. Lowe,** ET Lowe Consulting, LLC

Panel Follow-Up Discussion and Questions

2.1 QUESTION: Hybrid Compensation Model

- **QUESTION:** ***Jorge Salazar, SoCalGas***
  - Can you elaborate on the hybrid compensation model?
- **ANSWER***: **Elizabeth T. Lowe, ET Lowe Consulting***
  - Hybrid compensation as a structure may include: **Milestone-based payments** for upfront and interim work and **Pay-for-performance components** tied to verified energy savings.
  - Hybrid compensation can be used to **encourage broader participation**, especially from smaller or less-capitalized implementers. **Pay-for-performance alone does not cover significant upfront costs**, such as implementation planning, marketing development, engineering, and pre-launch activities. Larger firms can often absorb these costs due to broader cash flow, while smaller firms cannot, creating a participation barrier.
- **COMMENT:** ***Derek Okada, Energy Solutions***
  - Expressing strong support for hybrid compensation from an implementer's perspective.
  - **Innovation, particularly measure development, requires significant upfront engineering & research**, which takes time & money before savings can be claimed.
  - Programs often launch with existing measures, while **new and improved measures must be developed concurrently**, creating financial risk for implementers.
  - Hybrid models help **reduce upfront financial risk**, allowing implementers to coordinate with utilities and innovate without fully self-funding early-stage work.
- **COMMENT:** ***Don Arambula, Don Arambula Consulting***
  - Hybrid compensation is a necessary evolution in utility–third party contracting. **Cash-flow concerns are realities for *all* implementers**, not just small firms. Organizations must still pay staff and operating expenses regardless of when savings are realized.
  - Pay-for-performance structures faced similar challenges historically, and hybrid compensation had previously emerged as a solution. Utilities have **re-embraced hybrid models**, recognizing and compensating work as it is performed.

Session 3: IOU Portfolio Update, Upcoming Solicitations and Role of Third Party Program in the Coming Years *(See Slide Deck for Content)*

Presenters/Facilitator

- Facilitator: **Daniel Milton**, Regulatory Analyst, CPUC Energy Division
- **Josa Buennagel**, Principal, Solicitation Lead, PG&E
- **Kelvin Valenzuela**, Sr. Supervisor, Project & Program Management, SDG&E
- **Emma Ponco**, Sr. Supervisor for EE Program, SoCalGas
- **Becky Mandich**, Sr. Manager, Advanced Energy Solutions, SCE

Panel Follow-Up Discussion and Questions

3.1 QUESTION: Redefining Ownership of Program Design

- **QUESTION: *Brad Simcox, Resource Innovations***
  - As utilities move toward designing programs that are then delivered by third-party implementers, how have you considered the implications for the utility–third-party relationship - particularly around program ownership, cobranding, data sharing, and how these programs are positioned to the market?
- **ANSWER: *Josa Buennagel, PG&E***
  - We have not fully worked through the detailed implications of utility designed, third-party delivered program models. But the idea of **shared ownership and more closely aligned goals** between utilities and implementers is intriguing. This is an area **worth further consideration** and could offer potential value moving forward.
- **ANSWER: *Emma Ponco, SCG***
  - For SCG, flexibility in third-party program relationships is being considered primarily through an **affordability lens**.
  - The focus is on increased collaboration with business partners in areas such as **marketing, outreach, and data sharing** to improve efficiency.
  - There is a preference for **third-party implementers to design EE programs**, with the utility **supporting** collaboration rather than owning program design.
  - Overall, affordability remains the primary driver, shaping how flexibility and collaboration are approached.
- **ANSWER: *Becky Mandich, SCE***
  - **SCE does not intend to design all programs**, but sees selective opportunities where utility capabilities may add value.
  - Potential areas for utility contribution include **marketing, outreach, and customer engagement**, where SCE has existing relationships and in-house expertise.
  - Any utility involvement would be **program specific**, depending on where and how value can be most appropriately added.
- **COMMENT: *Derek Okada, Energy Solutions***
  - We have seen success under more **collaborative utility–third-party models**, where shared goals helped make kWh/kW targets more achievable and cost-effectiveness less challenging.
  - Today's environment introduces **greater affordability and cost-effectiveness pressures**, changing the economics of EE and increasing risk for third-party implementers. A key concern is **how performance risk will be allocated** as utilities consider designing programs while third parties deliver them.

    - Under the current model, **third parties design programs and bear performance risk**; shifting design responsibility to utilities implies the need for **greater shared risk**, especially when program design or requirements change post contract.
    - IT is important to address this risk shift as the sector evolves, acknowledging that **program economics and risk dynamics have fundamentally changed**.
- **ANSWER**: ***Josa Buennagel, PG&E***
    - One potential way to reduce risk and improve alignment is for utilities to provide **more specificity around program design elements in RFPs**, while still avoiding overly prescriptive requirements. Greater clarity on **program objectives, design assumptions, and expectations upfront** could help bidders develop **more informed and confident proposals**, including pricing, timelines, and staffing.
    - Even with more utility involvement early on, there remains a need for **thoughtful negotiation of contract and compensation structures** to ensure programs can be delivered successfully.
- **ANSWER**: ***Becky Mandich, SCE***
    - Utilities are continuously accountable for delivering value to customers and are regularly questioned on outcomes.
    - As a result, risk is viewed as **inherently shared between utilities and third-party implementers**, even as program roles evolve.

3.2 QUESTION: Program Design Expectations

- **FOLLOW-UP QUESTION**: ***Rob Bohn, PG&E***
    - As the definition of third-party programs is potentially modified, is the intent that utilities would design all programs, or is the expectation that program design and risk-sharing would vary by situation, with some programs remaining third-party-designed and others taking a more utility led approach?
- **COMMENT: *Derek Okada, Energy Solutions***
    - Currently, **third-party implementers are expected to both design and deliver programs**, creating a relatively level playing field.
    - Proposals that give utilities discretion over **who designs programs** could **shift negotiating power toward utilities**, potentially reducing fairness and increasing dependence on utility–vendor relationships.
    - Such discretion may influence outcomes based on perceptions of **innovation, cost delivery, and prior relationships**, rather than purely competitive merit.
    - While increased flexibility in program design roles could be productive, there is a need to **explicitly acknowledge and manage performance and contractual risk**.
    - Without clearer risk sharing mechanisms, increased utility control could **raise financial risk for implementers**, threatening long-term industry viability under already challenging cost-effectiveness conditions.
- **COMMENT**: ***Brad Simcox, Resource Innovations***
    - In practice, **some utilities already operate in a de facto utility-designed model**, even when RFPs are framed as open and third-party-led. During contract negotiations, program designs are often significantly revised, and utilities can become **highly directive** in implementation activities.
    - This results in **inconsistencies amongst solicitations**, with some utilities taking a hands-on approach and others remaining more hands-off.

    - Given this reality, it may be better to **formalize the collaboration**, enabling clearer data sharing, shared risk, and alignment, especially when utilities are effectively designing or directing programs already.
- **COMMENT: *Gwen Snodgrass, Willdan***
    - I welcome the renewed emphasis on **hybrid compensation structures;** it can improve feasibility for **custom and more complex projects**, an area currently lacking in the market. Hybrid models may also help address challenges around **implementer incentives**, supporting greater **innovation and program comprehensiveness**.
    - Implementer behavior is influenced not only by incentives but also by **significant penalties and downside risk**, which can constrain program design and delivery.
    - Reducing upfront risk through hybrid structures is seen as critical, particularly for **launching larger, more comprehensive programs**, and is strongly supported.
- **COMMENT**: ***Nancy Barba, Frontier Energy***
    - Utility–third-party relationships **vary widely by IOU**, particularly in how collaborative or restrictive they are during design and implementation. Some utilities promote healthy collaboration, even when programs are utility-designed. Others tightly restrict data access and support, limiting implementer flexibility.

3.3 QUESTION: Contract Length and IDEEA 365

- **QUESTION:** ***Ely Jacobsohn, ED***
    - I have a clarifying question for SoCalGas. You have the IDEEA365 contract structure, which is really nice because it allows you to do relatively small contracts, a set of them, and do some innovative things that don't create a whole lot of risk for you. I think the other IOUs should also think about that kind of structure. My question is about your proposal for all 3P contracts to be 8 years. Does that include IDEEA365?
- **ANSWER*: Emma Ponco, SCG***
    - The IDEA365 contract structure is limited to two-year terms, with renewals based on implementer performance.
    - For the initial round, contracts are being **extended an additional two years**, due in part to delays caused by internal cybersecurity, marketing, and approval requirements, which took roughly a year to complete. These internal processes created early implementation barriers, particularly affecting **program ramp up timelines**.
    - **Smaller implementers face greater challenges**, as owners often manage multiple roles and responsibilities, making lengthy onboarding and compliance processes more burdensome.

3.4 QUESTION: Cost-Effectiveness and Goal-Setting

- **QUESTION: *Anonymous*** *(from chat)*
    - Most IOUs are projecting significantly higher TSBs for the budget that they are proposing, which means their EE portfolio is very cost effective. We know that IOUs are able to exceed TSBs historically while underspending on budgets….given that, why is the CPUC not setting higher goals for the utilities? What do utilities feel about increasing their TSB goals that they can achieve to the level of the budgets that they were allocated to spend?
- **ANSWER: *Kelvin Valenzuela, SDG&E***
    - For SDG&E, the initial Business Plan budget was **intentionally lower**, reflecting early concerns around affordability while still aiming to optimize delivery of **TSB goals**.
    - Significant challenges were noted with **rightsizing budgets relative to TSB targets**, particularly given higher expectations in sectors such as Commercial.

    - Affordability, cost-effectiveness, and achieving TSB within constrained budgets remain a **broader statewide challenge**, not unique to SDG&E. These constraints contributed to SDG&E pursuing an **off cycle application** to revisit assumptions and adjust.
    - A lack of sufficient **innovation and new measure offerings across the industry** was cited as an ongoing challenge, limiting the ability to improve cost-effectiveness while meeting goals.
- **ANSWER*: Emma Ponco, SCG***
    - For SCG, this is the **first business plan requesting a lower EE budget than prior cycles**, with a reduction from roughly $155M to $150M, driven by affordability considerations.
    - Affordability is being addressed **across the company**, not only within EE programs.
    - To achieve **higher TSB goals with a reduced budget**, SCG incorporated **program streamlining and consolidation** in the Business Plan Application. Efforts include **reducing duplicative programs** and combining resource and equity initiatives where synergies exist to drive cost efficiencies across the EE portfolio.
- **ANSWER*: Becky Mandich, SCE***
    - SCE returned a **significant amount of unspent EE funds** in both the MCAL and Business Plan (approximately $500M in MCAL, with additional returns in the Business Plan), reflecting **affordability as a top priority**.
    - Efforts are focused on **eliminating duplicative programs** and prioritizing **cost-effective resource acquisition** to maximize value to customers.
    - Affordability is a key strategic driver moving forward, influencing portfolio design and program selection.
    - When market offerings do not sufficiently address needs, the utility is exploring **alternative approaches, including internal solutions, to fill market gaps**, ensuring the most cost-effective outcomes for ratepayers.
- **COMMENT*: Coby Rudolph, CPUC***
    - It's a **recent & encouraging trend** in EE portfolios where **claimed TSB is exceeding adopted goals while still meeting cost-effectiveness thresholds**.
    - It remains unclear whether this is a **sustained trend or a short-term blip**, but recent improvements in both TSB achievement and cost-effectiveness were credited to collective efforts across stakeholders.
    - CPUC **revises EE goals every two years**, with the next goalsetting process scheduled to begin later this year for adoption next year; stakeholders are encouraged to participate.
    - There is value in robust dialogue on third-party proposals and stakeholders are encouraged to **formally submitted feedback in Commission proceedings**, either individually or through industry groups, as opportunities arise over the coming year.
- **RESPONSE: *Kelvin Valenzuela, SDG&E***
    - Portfolio performance trends are being **actively monitored** to assess whether recent overperformance against EE goals is a short-term or a sustained trend.
    - Recent improvements may be partly driven by **measure package updates**, including approvals with **improved EULs**, reflecting better integration of impact evaluations into DEER and measure package decisions.
    - Ongoing and upcoming **regulatory proceedings (e.g., ACC)** could significantly affect cost-effectiveness results, either positively or negatively, as they feed into the cost-effectiveness tools used across programs.
    - Overall, portfolio outcomes are influenced by multiple downstream regulatory processes, and these dynamics are being closely monitored.

3.5 QUESTION: PG&E Manufactured Housing Sector: Current & Future EE Offerings

- **QUESTION*: Matt Clark, Synergy***
  - This question is for PG&E, and I appreciate your update on the upcoming solicitations. The question I have is, what are some of the current offerings and future offerings for the manufactured housing sector for the ratepayers that reside in that sector. If you have anything to share, I'd be interested in learning about that today.
- **ANSWER (In a Follow up to the Panel Discussion): *Josa Buennagel, PG&E***
  - The HomeIntel program serves manufactured home customers who have a dedicated electric meter.

3.6 QUESTION: Defining Affordability in EE Portfolio Budget Allocation & Long-Term

- **QUESTION: *Siva Sethurman, Cascade Energy***
  - We are hearing a lot about affordability and energy efficiency budgets. And I'm curious what affordability means when you look at the portfolio budget allocation and what does end state look like in the case of affordability?
- **ANSWER: *Kelvin Valenzuela, SDG&E***
  - **Affordability for SDG&E is fundamentally tied to cost-effectiveness**, shaped largely by findings from a prior state audit and informed by the need to reassess programs that are not delivering cost-effective outcomes.
  - From an affordability perspective, being **responsible stewards of ratepayer funds** is critical, and cost-effectiveness serves as the clearest and most defensible way to operationalize that responsibility.
  - Applying cost-effectiveness across the **entire EE portfolio is complex**, given questions around whether evaluations focus solely on resource acquisition or span multiple program segments.
- **ANSWER: *Becky Mandich, SCE***
  - Affordability became a heightened focus due to multiple policy drivers, including the state audit, the Governor's Executive Order on affordability of public purpose programs, and the Business Application OIR, all reinforcing the need for closer scrutiny.
  - SCE is extending affordability considerations **beyond the portfolio level to the individual program level**, even though the overall resource acquisition portfolio is expected to meet a 1.0 cost-effectiveness threshold.
  - As an **electric-only utility**, SCE does not benefit from gas measure (therm) savings, requiring **more careful evaluation of electric measures** to ensure programs can operate cost-effectively.
  - SCE is also focusing on simplifying the portfolio by identifying and reducing duplicative programs where possible to improve affordability and efficiency moving forward.
- **ANSWER: *Emma Ponco, SCG***
  - For SCG, affordability is grounded in ratepayer impacts, recognizing that all EE and related program costs ultimately flow through to customers.
  - Affordability is addressed through a two-pronged approach in the Business Application, balancing **decarbonization and climate goals with bill impacts**.
  - This framework is applied not only at the company level but is **explicitly incorporated into EE programs** to ensure affordability considerations are embedded throughout.
- **ANSWER: *Josa Buennagel, PG&E***
  - In addition to broader affordability considerations, there is emphasis on **customer bill impacts** and ensuring that **program benefits are accessible to customers**, including which customer groups can participate and realize benefits.

3.7 QUESTION: Balancing EE Fund Returns with Utility Motivation & Implementer Risk

- **QUESTION**: ***Anonymous*** *(from chat)*
    - If the IOUs see returning EE funds to ratepayers (as described by SCE), are they still motivated to achieve more EE? Doesn't this create even more risk for 3P Implementers, with significant pay-for-performance comp in their contracts?
- **ANSWER*: Kelvin Valenzuela SDG&E***
    - From an SDG&E **resource acquisition portfolio** perspective, affordability and cost-effectiveness are managed by **maximizing outcomes within approved budgets** to achieve portfolio goals.
    - Program performance is reviewed periodically, with attention to **implementers that are outperforming their original contracts or budgets**.
    - During portfolio re-evaluations, **funding is shifted toward programs achieving TSB in a cost-effective manner**, optimizing overall portfolio performance. The focus is on **actively managing and reallocating resources**, in partnership with implementers, to maximize results across the portfolio.
- **ANSWER: *Emma Ponco SCG***
    - For SCG, the Business Plan Application included a return of EE funds through the balancing account (approximately ~$20M, pending confirmation).
    - Despite the return, SCG remains **committed to delivering the TSB goals** outlined in the Business Plan Application. This commitment is aligned with **SCG's longer-term climate and decarbonization goals** over the coming years.

Session 4: Implementer Panel: What Improvements have Implementers seen and would like to see and what role should 3Ps play in setting EE Policy?:

(See Slide Deck for Content)

Presenters/Facilitator

- ❖ Facilitator: **Sabarish Vinod**, Lincus
- ❖ **Grey Staples,** The Mendota Group
- ❖ **Matthew Clark**, Synergy Companies

Panel Discussion

- Policy Interpretation and Practical Implementation Challenges
  - Policy interpretation was noted as one of the most persistent challenges, particularly where **rules are not fully established or lag behind program design**.
  - While rulebooks exist, **large policy "gray areas" remain**, especially for newer approaches that don't fit neatly into site-based or custom program categories.
  - Expressed a desire not only to understand policy, but to **participate earlier in discussions** that shape interpretations.
  - A recurring concern was that **implementers often learn about policy implications only after major investments have already been made**, increasing financial and delivery risk.
- Inconsistent Application of Standards Across PAs
  - Panelists described frustration with **variation in expectations across PAs.**
  - While Project Feasibility Study (PFS) manual provides a common reporting structure, the **supporting documentation and rigor required for approval differs by PA**. This forces Implementors to tailor submissions defensively rather than focus on program optimization.
- Data Access is a Key Constraint
  - **Data access limitations restrict program effectiveness upstream,** not just evaluation or reporting downstream.
  - Customer data is a prerequisite for: identifying appropriate participants, benchmarking performance, designing effective projects.
- Regulatory and Evaluative Processes Contributing to Risk
  - Measures can remain unresolved for 18+ months, with limited transparency.
  - A single NTG applied across all sectors is misaligned with actual conditions.
  - Complex projects benefit when reviewers have domain-specific training, reducing unnecessary back-and-forth and strengthening confidence in results.
- Contract Structure Plays a Role in Reducing Risk
  - Budgets can be defined to be more flexible across a contract, such as with a contract payment cap. This makes them fungible, rather than being locked into a particular program year. If structure isn't there, amendments are necessary to correct over- or underperformance operationally burdening programs.
  - Allows for less focus on administration; more efforts directed at installations.
- Evaluation Frameworks and Metrics
  - Cost-effectiveness (e.g., TRC) and EM&V frameworks increasingly shape program design rather than simply measure outcomes.
  - Impact evaluations occur years after implementation, yet their assumptions strongly affect real-time execution.

    - Implementers struggle to understand how to integrate evaluation-relevant elements into programs early enough to matter. Implementers would like to assist PAs to support activities such as ex post Net-To-Gross evaluations.
    - Population NMEC has many opportunities to embed the measurement and evaluation within the program design itself, which can bolster the findings of previous pop-NMEC program impact evaluations in real-time.
    - Implementers could provide insight/ add values in areas of: EUL assumptions that diverge from observed field performance and alternate metric considerations, such as PAC, depending on policy objective
- Governance and Engagement
    - There exist avenues for input (e.g., public comments, task forces). However, gaps exist.
    - POP NMEC programs do not fit well within CalTF or custom-centric forums.
    - New rulebooks or major updates are often released when implementers are already mid-ramp, forcing costly pivots.
    - Smaller firms lack capacity to monitor proceedings, intervene formally, or staff policy specialists.
    - Measure package updates need to be more timely, & NTG ratios need to be revisited at more than the sector level. There must be a more formal policy regarding rollout of request for feedback and changes.

Panel Follow-Up Discussion and Questions

4.1 COMMENT: Data Sharing and EULs

- **COMMENT: *Jorge Salazar, SCG***
    - We're hearing concerns about limited customer data sharing, and I recognize that California's strict privacy laws are a real constraint utilities must manage. That said, there may be an opportunity, drawing from other regulatory areas, to reduce ambiguity by making policy interpretations clearer and more publicly accessible. I also want to note strong support for revisiting EUL assumptions; from the field, we're seeing sufficient data to justify longer EULs for certain measures beyond today's conservative defaults.

4.2 QUESTION: Linking Implementation Challenges to Opportunities

- **QUESTION**: ***Coby Rudolph, CPUC***
    - We've heard several challenges raised today, around program design, risk, affordability, and implementation, and I'd be interested in better understanding how those challenges translate into portfolio-level impacts. Stepping back, if we look at where portfolios are today, utilities are generally overachieving on total system benefits relative to goals, and cost-effectiveness, particularly in the resource acquisition space, has been improving. With that context in mind, could you help connect the specific issues you've raised to the broader strategic objectives of the portfolio, and describe what opportunities or improvements you see emerging if those challenges were meaningfully addressed?
- **ANSWER**: ***Matthew Clark, Synergy Companies***
    - There can be portfolio level benefits if proposed improvements are realized, particularly in the residential sector (manufactured housing, single-family, and multifamily).
    - A key gap is the **limited availability of building envelope technologies** due to delays in ETRM and measure package approvals.
    - **Accelerating measure review and approval timelines** would enable more **comprehensive residential offerings**, supporting affordability goals.

    - Suggested complementing energy savings and TSB with an additional metric focused on the **number of ratepayers reached or impacted**, given the residential sector's large share of the ratepayer base and the stewardship of ratepayer funds.
- **ANSWER*: Grey Staples, The Mendota Group***
    - There have been significant learning and adjustments by both utilities and implementers as third-party EE portfolios have evolved since 2018.
    - Early **growing pains** in solicitation design and implementation have led to **portfolio realignments and streamlining**, which are now yielding positive results.
    - Recent portfolio performance is seen as the **outcome of years of iterative improvement**, with stronger cost-effectiveness and delivery efficiency.
    - From the implementer perspective, current success reflects **momentum gained after overcoming initial hurdles**, with confidence that continued refinements will produce even greater results moving forward.
- **FOLLOW-UP***: Coby Rudolph, CPUC***
    - As a food-for-thought question, no need to respond, assuming EE budgets remain roughly at current levels, what policy, process, or structural changes could unlock better outcomes for ratepayers - and what does that set of changes look like from your perspective?
- **RESPONSE: *Sabarish Vinod, Lincus***
    - **Current TSB/TRC driven contract requirements can discourage participation in certain high-need projects** that are important but not sufficiently compensated under existing structures.
    - As a result, **projects with strong community value**, such as aging wastewater treatment facilities, are often avoided despite clear need.
    - The changes being discussed (e.g., contract structure, compensation, flexibility) could make these projects **financially viable**.
    - The desired outcome is **broader customer participation and impact**, particularly for underserved or infrastructure intensive projects.

4.3 QUESTION: Defining Affordability

- **QUESTION***: Elizabeth T. Lowe, ET Lowe Consulting*
    - Affordability has come up repeatedly, and utilities have shared how they're defining it. From an implementer perspective, especially in residential space, affordability often means whether customers can afford to live in their homes and pay their bills, which naturally points toward the need for more effective energy efficiency. I'm curious how implementers think about and interpret "affordability" in this context.
- **ANSWER**: ***Matthew Clark, Synergy Companies***
    - **Cost-effective pathways to high-performance & zero-net-energy homes already exist**, particularly in the residential sector.
    - A key barrier is the **limited inclusion of certain technologies in ETRM**.
    - **Accelerating the review and approval of additional technologies and measures** would enable broader program offerings for residential ratepayers.
- **ANSWER*: Grey Staples, The Mendota Group***
    - EE programs are fundamentally intended to lower customer bills, particularly in the residential sector.
    - **Compensation is directly tied to measured savings**. If benefits do not show up at the meter, implementers are not paid. This creates clear **alignment between program performance, customer bill savings, and affordability**, reinforcing shared incentives between implementers and customers.

Session 5: Cross-Cutting Panel: Balancing Trade Offs and Barriers to Achieve a Successful EE Portfolio: Trade offs among affordability, equity, innovation and meeting CPUC requirements – what are the effects, alternatives and proposed solutions?

Presenters/Facilitator

- Facilitator: **Elizabeth T. Lowe**, ET Lowe Consulting
- **Ashley Hall**, Senior Manager, Energy Efficiency, SCE
- **Rob Bohn**, Manager, Codes, Standards & Cross-Cutting, PG&E
- **Don Arambula,** Don Arambula Consulting
- **Siva Sethurman**, Cascade Energy
- **Melanie Stutler**, Resource Innovations

Panel Discussion

- **Trade-offs Inherent in CA EE Portfolio Design**
  - EE portfolio management is a **balancing exercise**, not an optimization problem.
  - **Delivering cost-effective TSB can be at odds with advancing electrification and load flexibility.** These goals do not naturally align, requiring conscious trade-offs rather than "maximization" of any single objective.
  - Trade-offs must be explicitly managed, not ignored. **Avoid "everything-bagel" program expectations.**
- **Equity Programs: Value and Tension**
  - These programs primarily target access, participation, and affordability, not system optimization. They serve customers starting far below baseline conditions due to historic underinvestment.
  - Tension: **Traditional success metrics steer implementers toward customers who are already easier and cheaper to serve**. As a result, equity programs appear "expensive" despite delivering long-term customer and system value.
  - Possible solutions: **Recognize that housing stability, health, safety, comfort are real outcomes, even if they are difficult to monetize.**
- **Cost-Effectiveness Metrics**
  - Conflict comes from misapplied metrics, not from a lack of metrics.
  - **ACC criticized for: undervaluing electric efficiency benefits; failing to capture infrastructure avoidance, wildfire risk reduction, and bill savings.**
  - Multiple cost-effectiveness tests already exist, but confusion arises when the wrong metric is used to answer the wrong policy question.
  - Possible adjustments:
    - Use rate/bill impact analyses to understand participant vs. non-participant effects;
    - Treat equity programs as successful on equity-aligned metrics, no RA metrics.
  - Key question on Cost effectiveness is: ***"Cost effective for whom?"***
- **Innovation as Continuous Improvement (and Managed Risk)**
  - Innovation is more than pilots or emerging technologies, but also: continuous improvement in program design, new customer recruitment and engagement approaches, iterative refinement over time.
  - RA programs were structurally optimized for cost-effective TSB delivery, which **creates barriers** to testing emerging technologies and innovative delivery models under pay-for-performance contracts.

- **Barriers to innovation include: utilities risk aversion, implementers' inability to absorb failure under current contracts, negotiations that systematically remove innovation components to protect TRC.**
- Advocated for: **Acceptance of bounded, transparent failure; Contract structures that allow small scale experimentation within otherwise cost-effective programs; Utility and Commission encouragement of innovation as an expectation**.
- Innovation should look different by segment:
  - RA programs: technology adoption and system impacts
  - Equity programs: delivery models, access pathways, and participation
  - Behavioral and non-resource programs: customer engagement & outcomes

Panel Follow-Up Discussion and Questions

5.1 QUESTION: Locational Value in EE & Electrification

- **QUESTION*: Ely Jacobsohn, CPUC***
  - When thinking about electrification and efficiency, should program strategy be more explicitly guided by where system value exists, such as areas with gas or electric distribution constraints? For example, prioritizing electrification where gas infrastructure could be retired sooner, or targeting efficiency where electric capacity is constrained. Is this type of locational value guiding EE or electrification policy today, and should it play a larger role going forward?
- **ANSWER:** ***Rob Bohn, PG&E***
  - PG&E has two targeted pilots focused on aligning electrification and efficiency with distribution system conditions. One pilot targets **electrification in areas with underutilized electric capacity**, while another focuses on **targeted load management and efficiency** in constrained areas to reduce distribution infrastructure costs.
  - Findings from **Electrification Impact Study Phase 2** suggest potential **electric distribution rate reductions of up to 25% by 2040**, contingent on deploying efficiency and electrification in the right locations and managing costs.
  - While the long-term benefits are significant, success is not guaranteed and may involve higher near-term costs before longer-term savings are realized.
  - There are opportunities around **gas system planning**, including zone and whole-building electrification and targeted gas main replacement, to deliver combined gas and electric system benefits.
- **RESPONSE: *Elizabeth T. Lowe, ET Lowe Consulting***
  - Drawing on experience from ISO governance and EE/CHP, the **value of EE and demand response is highly locational**, similar to how locational marginal pricing reflects grid constraints. Targeting EE, demand response, and load reduction where they provide the most grid value can deliver greater system benefits.
  - This raises policy questions around whether **locationally valuable EE or demand reductions should be compensated differently**, given their higher system value.
- **ANSWER:** ***Ashley Hall, SCE***
  - Coordinating electrification and efficiency is more complex in Southern CA, where gas and electric utilities are separate entities rather than under one parent company. This structural separation creates **additional coordination and implementation challenges**.
  - We are interested in collaborating with SoCalGas to explore opportunities to optimize outcomes across both systems.

Session 6: Custom Project Review Process Update: *(See Slide Deck for Content)*

Presenters/Facilitator

- Facilitator: **Elizabeth T. Lowe**, ET Lowe Consulting
- **Leanne Hoadley**, Supervisor Planning and Forecasting, CPUC Energy Division
- **Jordan Christenson**, Senior Regulatory Analyst, CPUC Energy Division

6.1 QUESTION: Ex Ante Review

- **QUESTION:** *Anonymous (from chat)*
  - This is a solid continuous improvement effort, **but was any serious consideration given to whether a regulatory Ex Ante process is needed at all?** If so, can you address the reason why this highly unusual (unlike any other US state) process is still needed/ appropriate?
- **ANSWER**: ***Leanne Hoadley, CPUC Energy Division***
  - **Current requirements are set by Commission decision** and are outside staff control.
  - **Affordability and protection of ratepayer funds** remain central priorities.
  - A key focus is ensuring that **large projects committing customers to specific ROI expectations deliver those benefits**.
  - Overall, the intent of the process is to **protect both customers and ratepayers**.
- **COMMENT***: **Elizabeth T. Lowe, ET Lowe Consulting***
  - I**ncreased implementation costs directly affect affordability**, making projects less attractive to customers.
  - Higher costs can **erode project ROI**, potentially turning previously viable projects into ones customers no longer pursue, even with incentives.
  - From a customer perspective, **time, cost, and payback certainty** are critical decision factors.
  - Overall, rising project costs can **reduce participation and undermine affordability goals** for customers living and operating in California.
- **COMMENT: *Eric Kirchoff, SCG***
  - Custom calculations were once a straightforward and trusted path when deemed measures did not apply. Historically, flexibility in NTG assumptions (including treating innovative projects as NTG = 1.0) helped support innovation and increased customer incentives.
  - Over time, **longer review timelines, more rigid processes, and uncertainty around incentive amounts** have significantly increased risk for customers.
  - This shift undermined **customer and lender confidence**, making it harder for customers to secure financing for large projects and reducing participation.
  - As a result, some customers have **withdrawn entirely from EE programs**, even while continuing efficiency projects outside the program due to lack of trust in incentive predictability and delivery.
- **COMMENT: *Jordan Christenson, CPUC***
  - **Clarified continuous improvement efforts are underway to streamline workflows & improve transparency for PAs & implementers** on how projects move through the process. Noted that these efforts have contributed to an increase in projects advancing in recent years.
  - Noted potential value in **differentiated NTG treatment for innovation-focused projects** to better reflect adoption risk and encourage participation
- **COMMENT**: ***Leanne Hoadley, CPUC***
  - **NTG values are determined during post evaluation, after incentives have largely been paid to customers**. Customers have typically already realized incentives by the time NTG is established.

    - Improvements: The team is working on NTG assessment improvements, including a pilot post-evaluation for 2025.
- **COMMENT:** ***Gwen Snodgrass, Willdan***
    - There are challenges related to the significant effort invested in **Project Feasibility Studies (PFS)** and customer education, but projects are abandoned due to **lengthy approval timelines**.
    - Customers often proceed without incentives rather than wait for approval, leaving implementers exposed after significant upfront investment.
    - I**ncreasing risk aversion among implementers** is driven by:
        - Unrecovered PFS development costs,
        - Uncertainty in project approval timelines and
        - TRC risk, including cost creep and portfolio impacts from large custom projects
- **COMMENT**: ***Leanne Hoadley, CPUC***
    - Much of the hesitation and concerns felt by the implementers and market is PTSD from the old Custom process.
    - The ED review timeline from SB1131 allows no more than 30 days for CPUC CPR and the **CPUC reviewers have met this timeline consistently since 2019**.
    - **Biweekly coordination calls** with PAs allow Implementers to participate directly, reducing miscommunication and delays.
- **COMMENT:** ***Wayne Chi, SCG***
    - From the utility (SoCalGas) perspective, there's been **significant reductions in influence-related questions** during SDRs and dispositions.
    - Improvements credited to the **standardized, Excel-based PFS template**, which:
        - Reduced documentation burden
        - Improved clarity for reviewers, and
        - Streamlined responses compared to prior lengthy narratives.
    - There should be **greater coordination between ex-ante and ex-post evaluation teams** as we've seen savings re-baselined long after installation. Leveraging same reviewer throughout could reduce risk.

6.2 QUESTION: Discrepancy between reviewers & evaluators at ex-post

- **QUESTION:** ***Wayne Chi, SCG***
    - How are differences resolved if ED reviewers agree with IOU/Implementer ex-post calculations, but the evaluation team does not? How does this get rectified?
- **ANSWER**: ***Leanne Hoadley, CPUC***
    - **Clarified ex post review no longer reopens or re-reconstructs project history**.
    - Ex ante review serves as the baseline for verification, especially when M&V is involved. Ex post evaluation now **builds directly from what was reviewed and approved upfront**, avoiding duplicative or retrospective reanalysis. The exception would be if the installed project differed greatly from the project plan identified in ex ante.

6.3 QUESTION: Excessive Preponderance of Evidence (POE) requirements & low NTGs

- **QUESTION:** ***Felix Monterroso, Willdan*** *(from chat)*
    - Excessive POE requirements and low NTG values, besides the long review/approval process, have caused custom projects to not be feasible anymore. This has greatly affected smaller business/customers especially. There is no fair participation for all stakeholders within Custom programs in CA. Have any updates been made regarding POE and NTGs for Custom delivery measures?

- **ANSWER**: ***Leanne Hoadley, CPUC***
    - Again, the bi-monthly calls with the PAs provide an opportunity to discuss unique projects and identify projects that need to be prioritized for the customer's timeline
    - POE requirements were issued in 2023, consistent with established evaluation guidance **(E5150).** While minor updates have occurred, there have been **no major changes** to POE or NTG requirements for custom delivery measures.

6.4 COMMENT: Elimination of ex-ante

- **COMMENT:** ***Kelvin Valenzuela, SDG&E***
    - Could we eliminate ex-ante given ex-post is final say?

6.5 COMMENT: Risks stem from extended timelines

- **COMMENT:** ***Gwen Snodgrass, Willdan***
    - There's **timing and contract term risk** associated with four-year program cycles, particularly when extensions or recompetes are uncertain.
    - Implementers may **pull back on initiating new custom projects late in a contract** due to the risk of not being paid if installations or M&V slip past contract end dates.
    - Delays driven by **customer financing constraints, scheduling issues, or external factors (e.g., COVID site access restrictions)** have led to completed projects that could not be claimed.
    - **Greater flexibility around timing and closeout**, especially near contract end, could help maintain a steady pipeline of custom projects while better managing implementer risk.
- **RESPONSE**: ***Leanne Hoadley, CPUC***
    - Extended customer decision timelines are not uncommon.
    - Customer adoption often involves **multiple interactions and repeated outreach** before securing approval. Implementers/ PA are encouraged to engage early, coordinate frequently, and work collaboratively.
- **RESPONSE:** ***Gwen Snodgrass, Willdan***
    - Customers may unintentionally **undermine influence narratives** through well intended statements. They can misunderstand influence reviews, assuming stronger statements of intent improve incentive eligibility.
    - Poses a persistent challenge in custom project delivery.
- **RESPONSE**: ***Leanne Hoadley, CPUC***
    - We have streamlined the NTG survey instrument (interview questionnaire) over the past two evaluation cycles to reduce redundant questions and ensure the questions are straightforward and not leading.
    - In addition, PG&E has developed a NTG estimator tool called RP2.1. We have seen several PAs use the tool. It is best applied to large projects, because it can be time intensive to complete, but it is an option for PAs.

6.6 COMMENT: Risks stem from extended timelines

- **COMMENT:** ***Michael Green, Willdan*** *(from chat)*
    - Custom project development requires significant time and cost investment, with high risk under pay-for-performance. This is due to compounding factors: low NTG, rigorous influence documentation (subjective), baseline challenges (SP determination), and long timelines from conception to final approval. TRC and TSB are unknown until projects are essentially fully developed. Low net to gross compounds with limitations to incremental savings over SP.

- **RESPONSE**: ***Leanne Hoadley, CPUC***
    - **Deep energy savings typically require engineering analysis**, which involves greater upfront effort and investment. This is an inherent and necessary component of custom commercial projects.

6.7 COMMENT: Communication of New Process is Key

- **COMMENT**: ***Leanne Hoadley, CPUC***
    - Rebuilding confidence in the custom process requires **collective effort**, clear communication among Program Administrators, implementers, and customers, and continued process improvements.

6.8 QUESTION: Measuring Custom Review Efficiency

- **QUESTION:** ***Kim Crossman, Great Work Energy (online)***
    - We've seen rising costs in custom measure programs driven by increased engineering effort and heightened utility technical review. If these added controls are effective, should we expect those costs to come down over time, and have KPIs been established to track whether this initiative is actually reducing unnecessary cost and effort?
- **ANSWER:** ***Leanne Hoadley, CPUC***
    - Yes, we have established KPIs, some of which were shown today, and we also track additional metrics through an internal dashboard that we regularly review with the program administrators. **Beyond metrics, a key factor in reducing unnecessary costs and delay is early and consistent communication.** Projects can stall due to risk aversion at multiple levels, so we hold biweekly calls with the IOUs and PAs to surface and work through potential issues early. The goal is to address challenges before they turn into analysis paralysis. Ultimately, working the process proactively and collaboratively is what helps keep projects moving and costs in check.

6.9 QUESTION: Custom Naming Rebrand

- **QUESTION**: ***Siva Sethurman, Cascade Energy***
    - Is there an opportunity to retire the current "custom" program framework and relaunch it under a new structure or brand, similar to the success seen with SCM, NMEC, or Market Access Programs, to better reflect its intent and reduce barriers to participation?
- **ANSWER:** ***Leanne Hoadley, CPUC***
    - We are open; we even contemplated this a couple years back.

Open Discussion and Closing:

Presenters

- **Jessie Levine**, CPUC Energy Division
- **Elizabeth T. Lowe,** ET Lowe Consulting

No follow up Questions.

Thanks to all participants and to SCE for Hosting!

Make sure to participate in the Survey!

The final Presentation Slides and the Survey results can be found on CAEECC's website.