

**ENERGY EFFICIENCY PROGRAMS**

---

# **Innovation Definition for Third-Party Programs**

---

**Energy Efficiency Energy Division  
California Public Utilities Commission**

**March 2025**

# Innovation Definition (2.0) for Energy Efficiency Programs Designed and Implemented by Third Party Implementers

## Context

Since the current definition of “innovation” was developed in 2007, the EE Procurement Review Group (EE-PRG) proposed to update the definition. The intent in doing so was to simplify the definition that will be included in upcoming third-party solicitations requests for abstract (RFAs) and requests for proposal (RFPs) and to provide guidance for what bidders need to include in their submissions to enable the IOU, Independent Evaluator, and EE-PRG reviewers to sufficiently assess the feasibility of the opportunity.

## Proposed Definition

To be “innovative,” the proposal must demonstrate that the program will ultimately increase the uptake of cost-effective energy efficiency by advancing a **technology, marketing strategy, or delivery approach** in a manner different from previous efforts.

Such strategies would ideally be scalable and replicable across sectors, segments, and technologies and seek to integrate several demand side technologies where feasible, such as energy efficiency, demand response, distributed generation and storage, to minimize lost opportunities in conformance with the guidance established by the Commission related to Integrated Demand Side Management (IDSMS).<sup>1</sup> While each innovative program may not individually be cost-effective, the intent is to lead to cost-effective savings over time. See examples below as guidance.

## Examples of Innovative EE Programs

General examples of “technology” innovation could include, but are not limited to:

- A measure that is no longer considered “emerging technology” but not yet fully in the market,
- A more advanced energy-saving technology, or
- A novel combination of technologies, including strategies that integrated EE with other demand side technologies such as demand response and distributed generation.

General examples of “market strategy” innovation could include, but are not limited to:

- Online systems or new software strategies that support and promote comprehensive IDSMS,
- Creative incentives or prizes for participation, or
- Embedded in other transactions (e.g., in post office mailers when moving)

General examples of “delivery approach” innovation could include, but are not limited to:

- A new strategy for customer engagement and enrollment,
- A competition (e.g., “golden carrot” used for refrigerators),
- A new partnership/relationship to reach different/additional customers,

---

<sup>1</sup> Please see page 3 for CPUC IDSMS Policy Guidance

- A new approach to customer targeting that allows the program to focus on high-value savings opportunities or to specifically reach key customer groups,
- A more streamlined implementation process, or
- A strategy that addresses a persistent market barrier.
- A program delivery strategy that promotes comprehensive integrated site-specific energy solutions across demand side resources such as EE, demand response and distributed generation.

**For Emerging Technologies Programs (ETP),<sup>2</sup>** which are not a customer-facing program, innovation or innovative concepts that yield measurable improvements upon past IOU implementation may include but are not limited to the following:

- A new or improved partnership/relationship or process to reach different/additional stakeholder(s) that can assist in identifying, evaluating, and/or introducing emerging technologies.
- A new or improved process(es) for identifying, evaluating and/or introducing EE technologies that have the capability to promote comprehensive integrated energy solutions across other IDSM resources such as demand response, distributed generation, and storage.
- Development of a new or improved process(es) to:
  - More efficiently support, among other things, the timely discovery, screening, assessment, and demonstration of new EE technologies and solutions for consideration for inclusion into the program portfolio.
  - Reduce the lack of information, performance uncertainty and/or other barriers related to customer adoption of emerging technologies.
  - More efficiently identify and vet measures that are suited to unique needs of DAC and HTR customers.
  - Increase access to and use of ETP findings and recommendations by EE Program Implementers.

An innovative ETP design may include any of the above elements but is not limited to any of the above elements. In addition, an innovative Emerging Technology Program design is not limited to specific measures and can include novel combinations of demand side technologies such as energy efficiency, distributed generation, and demand response program interventions for energy efficiency program intervention.

---

<sup>2</sup> Emerging Technology Program (ETP) technologies would not be part of this approach as it would be pursued within the ETP program.