California Public Utilities Commission

Briefing for Assembly Utilities and Energy Committee Introduction to CPUC Energy Efficiency Programs

August 5, 2026

CPUC's Role in Energy Efficiency

CPUC EE Program Authority

PU Code 454.55 and 454.56

Orders the CPUC in coordination with the CEC to identify **all cost-effective achievable energy efficiency savings** and establish goals for electrical and gas investor-owned utilities to achieve those energy savings.

Examples of Funded Rebates from EE Programs

Who Administers Ratepayer Funded EE in California?

Investor-owned utilities (4)

Regional Energy Networks (REN) (7)

Community Choice Aggregators (1+1pending)

(pending)

How the CPUC Reviews EE Budget Applications

1

Pre-EE application guidance delivered to Portfolio Administrators (D.21-05-031 and 2025 Energy Division Guidance

2

Portfolio Administrators submit EE applications and Assigned Commissioner sets proceeding scope

3

Open, deliberative process ensures applications are compliant w/policy, are just, reasonable, and will produce outcomes in support of strategic objectives

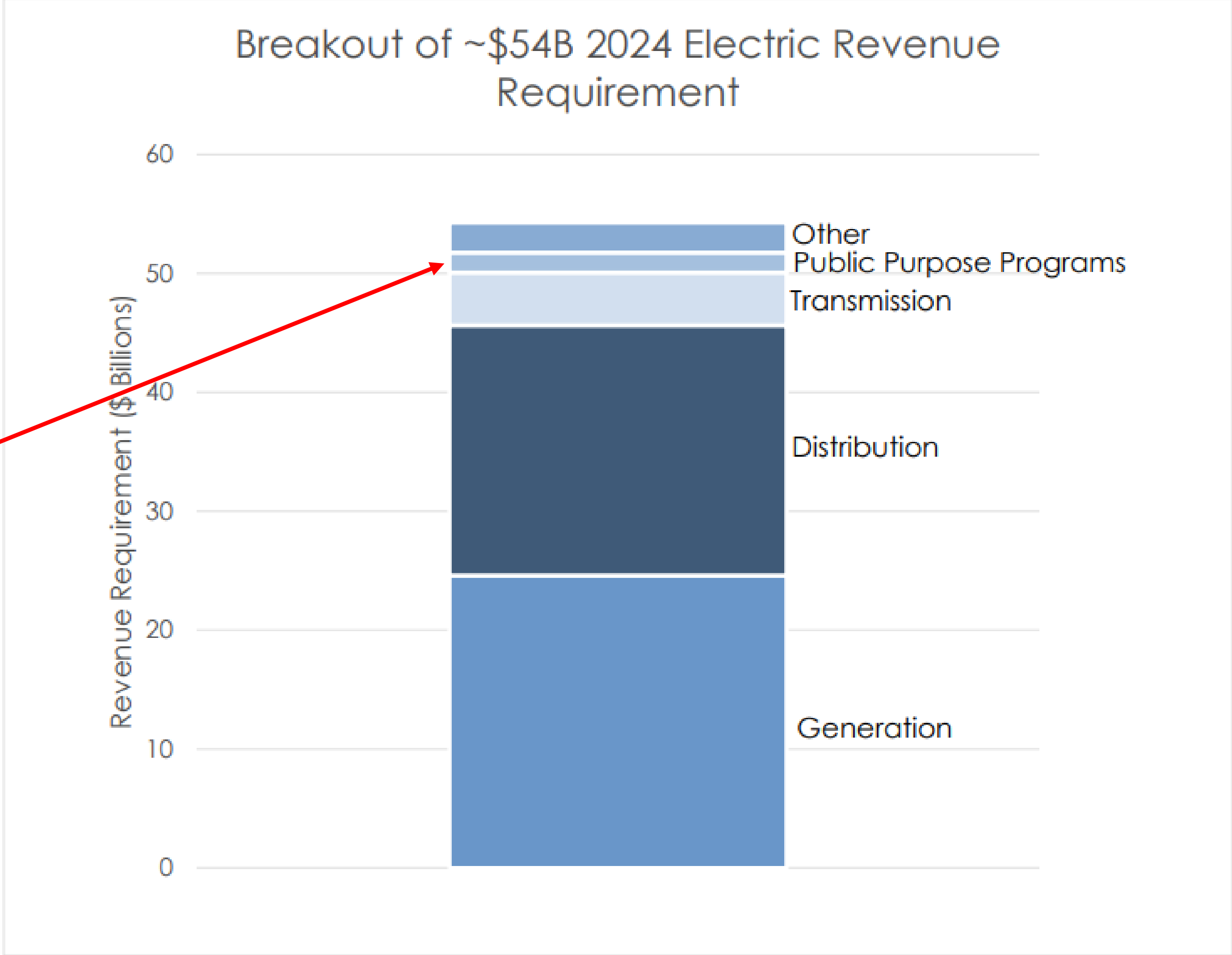
Program Administrator Energy Efficiency Spending

EE Programs Contribute to a Small Amount of IOU Costs

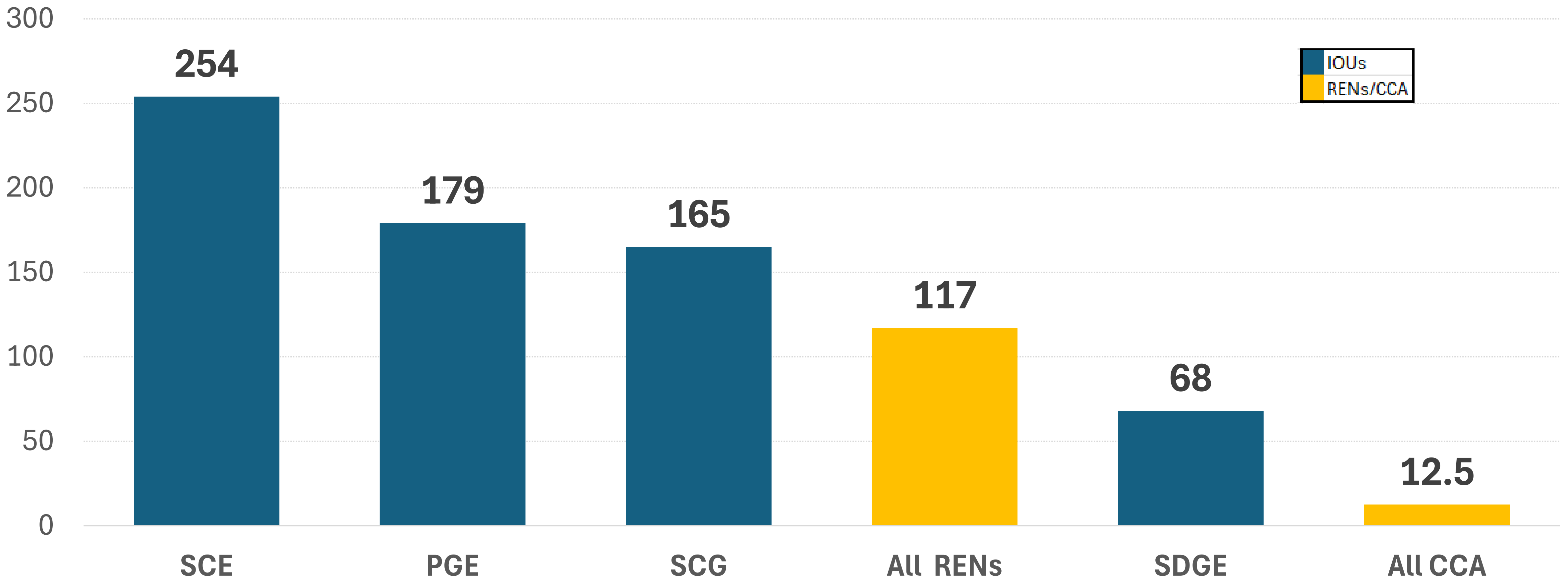
- The combined 2024 electric revenue requirement for PG&E, SCE, and SDG&E, after subtracting the California Climate Credit.

- EE is one of the areas funded from the public purpose programs.

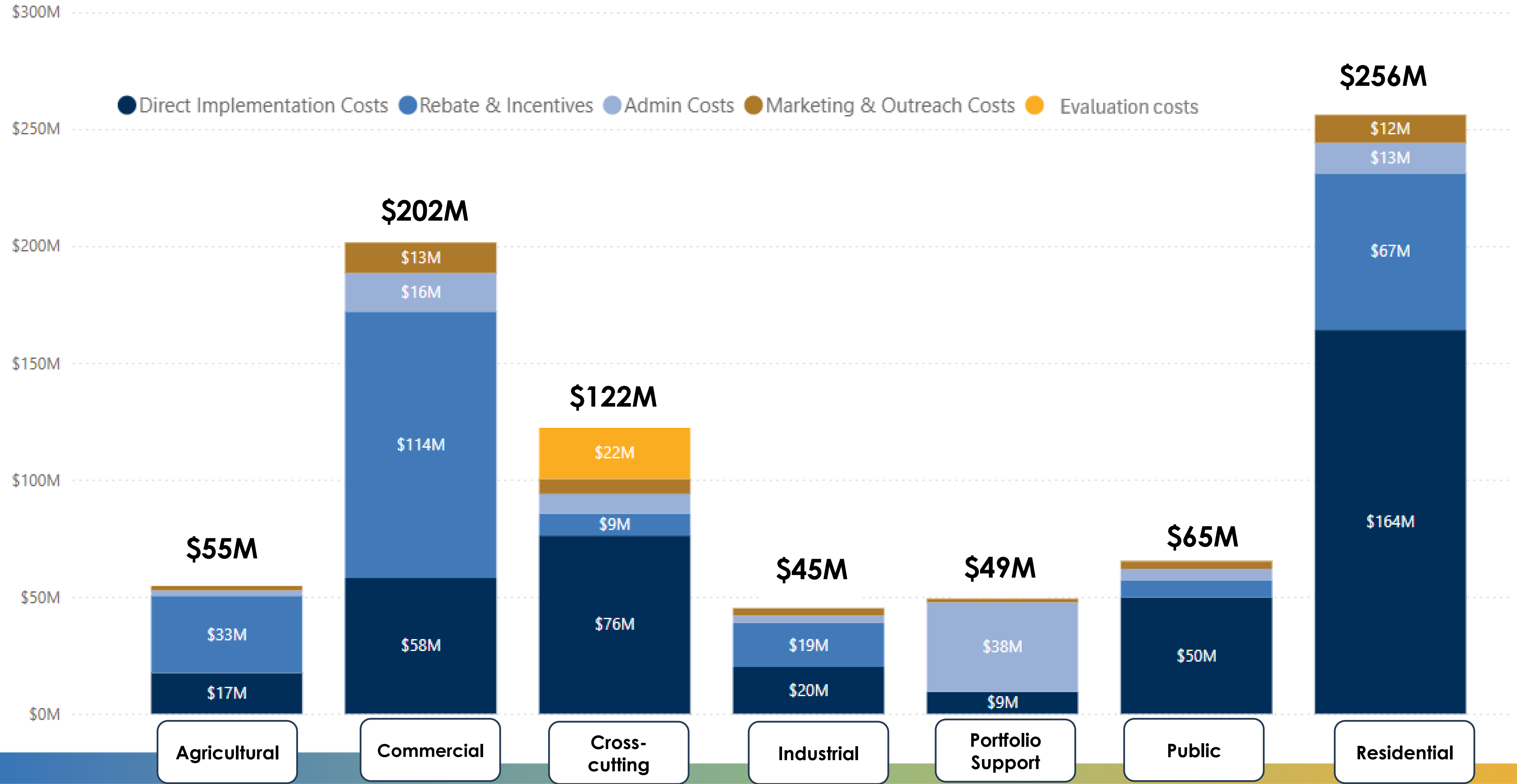
[cpuc-response-to-executive-order-n-5-24.pdf]()



In 2025, California Invested $795 Million in Energy Efficiency Portfolios



58% of the Spending Went to the Residential and Commercial Sectors



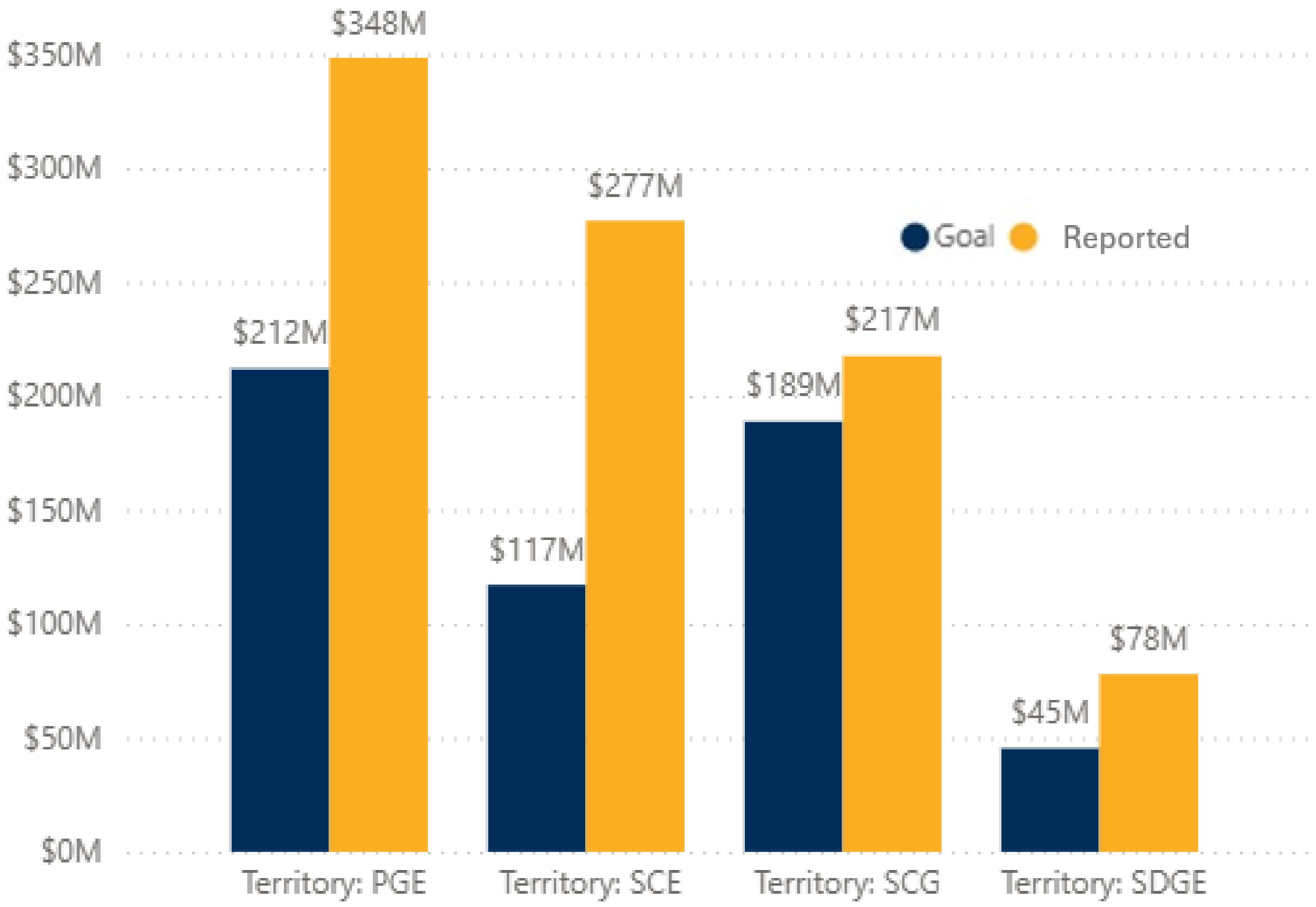
Energy Efficiency: Delivering Total System Benefits

The Goal for Energy Efficiency is to Create More Total System Benefit

- **Total System Benefit** is a dollar figure that represents the lifecycle energy, capacity, and GHG benefits, of energy efficiency activity in California, using avoided cost values.

- **Goals for PA Performance** set on a four-year basis – and updated every 2 years via the Potential and Goals Study

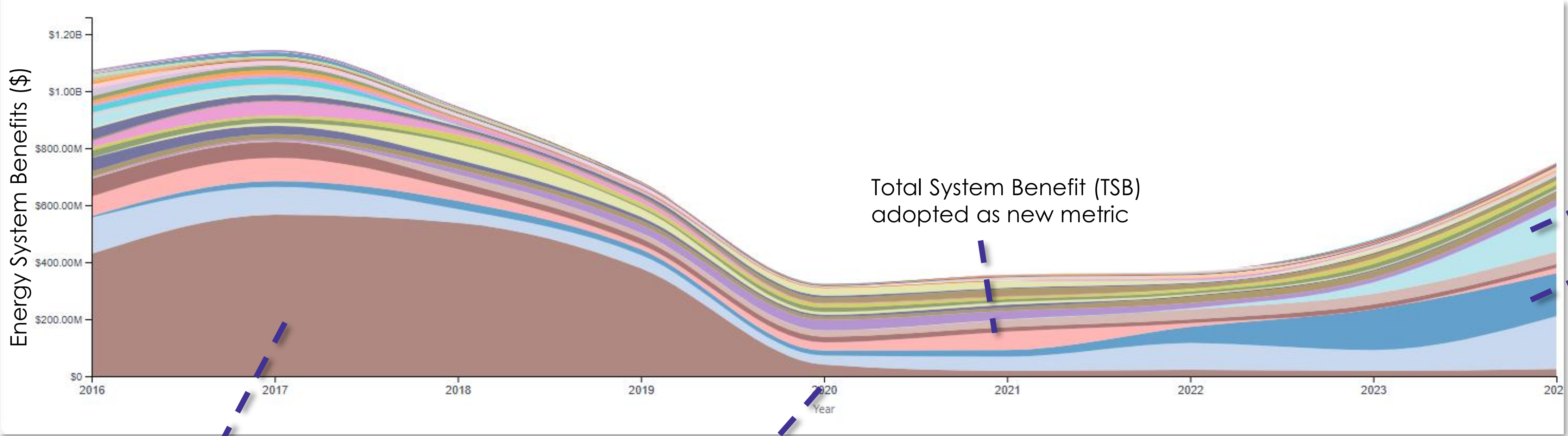
Energy Efficiency Administrators Exceed 2025 Goals, measured as Total System Benefit



Includes TSB from RENs and CCAs in the IOU territory.
Excludes C&S, ESA, EM&V
Source: CEDARS, July 2026

The Energy Efficiency Portfolio Changes Over Time

Resource Acquisition energy system benefits by measure type and year (2016 – 2024)



2024, Electric Heat Pump Water Heaters: 21%

2024, Gas Water Heaters: 20%

2017, LED Lighting: 49% of total Resource Acquisition Benefits

2020, most LED Lighting becomes code, removing ability for Resource Acquisition to claim

EE Cost Effectiveness Test

Energy Efficiency Cost Effectiveness Requirements

Total Resource Cost (TRC) is the test we use to determine if benefits outweigh costs.

- Cost effectiveness requirements **only apply resource acquisition segment** for IOUs and CCAs.
- Programs that target energy efficiency for hard-to-reach or underserved communities are exempt from cost effectiveness requirements.
- Cost Effectiveness is applied at the portfolio level, not program level.

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Thank you.

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