

Company: San Diego Gas & Electric Company (U 902 M)
Application: A.25-04-XXX
Exhibit: SDG&E-01

**PREPARED DIRECT TESTIMONY OF
HOLLIE BIERMAN
(UPDATE TO SDG&E'S 8-YEAR STRATEGIC BUSINESS PLAN)**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



April 2025

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**PREPARED DIRECT TESTIMONY OF HOLLIE BIERMAN
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A. SDG&E's PLAN FOR ENERGY EFFICIENCY FOR 2026-2031

i. SDG&E's Desired Outcomes of Portfolio

San Diego Gas & Electric Company (SDG&E) seeks approval from the California Public Utilities Commission (CPUC or Commission) to discontinue its regional energy efficiency (EE) programs, reducing costs and increasing affordability for its customers. Specifically, SDG&E seeks approval to discontinue program administration of most regional EE programs¹ and continue in its role as a fiscal agent. This change, referred to herein as the Plan, will help reduce the impact of EE programs on rates, relieve SDG&E from the significant, costly burdens associated with portfolio management and optimize program delivery in the region.

SDG&E is the smallest of the California investor-owned utilities (IOUs).² SDG&E's regional electric load only accounts for approximately 7%³ of the state's total electric load forecast; SDG&E's energy efficiency potential only offsets the forecast by a mere 1%.⁴ Given the small size of its electric load and energy efficiency potential, the impact of SDG&E closing its regional EE programs would be inconsequential to overall state energy consumption and sustainability efforts. Furthermore, most of SDG&E's electric customers are served by a Community Choice Aggregator (CCA), and SDG&E's largest CCA will be providing EE offerings to almost all SDG&E's service territory through the San Diego Regional Energy Network (SDREN), in

¹ SDG&E proposes to maintain its Codes & Standards (C&S) program.

² This includes Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and SDG&E.

³ California Energy Commission's Integrated Energy Policy Report (IEPR), *available at* <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2023-integrated-energy-policy-report>; *see also*

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=257110&DocumentContentId=92967>. SDG&E used the 2023 IEPR to calculate this number as the demand files for the 2025 IEPR are not yet available. SDG&E used the California Energy Demand (CED) 'CED 2023 Planning Forecast LSE and BAA Tables – Corrected' Form 1.1c and divided the SDG&E region's retail sales by the State's total retail sales.

⁴ This estimate was calculated by adding SDG&E's regional Additional Achievable Energy Efficiency (AAEE) forecast to the SDG&E region's total retail sales forecast, then dividing SDG&E's regional AAEE forecast by the SDG&E region's retail sales forecast that includes the AAEE forecast.

1 partnership with the County of San Diego. SDREN will administer EE programs in the public,
2 residential, commercial, and cross cutting sectors.⁵

3 SDG&E acknowledges and understands the importance of the EE savings goals set forth
4 by the Commission on behalf of all Californians and believes these should be thoughtfully
5 considered in the context of the region's affordability challenges. Customers should not pay for
6 underperforming, ineffective or substantively similar programs, many of which are not cost-
7 effective. SDG&E believes the state has an obligation to consider potential changes to its EE
8 portfolio to address these concerns.

9 Rising energy costs are an ongoing challenge across the state, and EE costs in particular
10 continue to rise year over year, while EE program administration continues to expand, in
11 overlapping service territories. SDG&E's request to discontinue program administration aligns
12 with the state's wider efforts to enhance energy affordability by helping to eliminate, consolidate,
13 or shrink programs that do not provide measurable benefits to customers and reduce overlap. If
14 SDG&E's request is approved, as shown in the table below, there is a cost savings opportunity of
15 around \$300 million over a 6-year period.⁶

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⁵ SDREN's service territory does not include around 8% of SDG&E's electric customers who reside in South Orange County, however those customers have access to EE programming through over 20 statewide programs, which have a presence across sectors and have access to EE programs as customers of SoCalGas.

⁶ This estimate is assuming SDG&E's Application is approved by Q4 2025 and SDG&E can begin closing programs in 2026.

Table HB-1
Energy Efficiency Budget Comparison (2026-2031)⁷

Year	Original SDG&E Program Budget ⁸	Proposed SDG&E Budget without Regional Programs	Budget Reduction Opportunity
2026	\$76,226,882	\$56,298,915	(\$19,927,967)
2027	\$76,045,862	\$50,701,956	(\$25,343,906)
2028	\$85,940,881	\$22,878,445	(\$63,062,436)
2029	\$85,940,881	\$22,179,577	(\$63,761,304)
2030	\$85,940,881	\$22,197,039	(\$63,743,842)
2031	\$85,940,881	\$22,221,256	(\$63,719,625)
Total	\$496,036,268	\$196,477,188	(\$299,559,080)

Affordability is a major concern in the state of California, and amongst utility rates, generally. For instance:

- On October 30, 2024, Governor Newsom issued Executive Order (EO) N-5-24 noting “Californians’ electric rate increases have been driven largely by the cost of some programs added over time.”⁹ The EO orders the Commission to examine all electric ratepayer-funded programs and identify programs that “may be unduly adding to rates . . . for which the electricity system benefits may not be justified by the costs they impose on electric ratepayers, or whose funding might more appropriately come from a source other than ratepayers.”¹⁰ Lastly, it orders the Commission to “take immediate action under existing authorities to modify or sunset any underperforming or underutilized programs . . . whose costs exceed the value and benefits to electric ratepayers.”¹¹
- Further, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) issued a position paper advocating for the closure of non-cost-effective programs, and recommended the Commission increase oversight and cease approval of ratepayer funding of a significant number of programs, among other recommendations.¹²

⁷ Excludes SDREN’s program costs. SDG&E notes that any tables herein are derived from Exhibit (Ex.) SDG&E-03 Prepared Direct Testimony Workpapers.

⁸ SDG&E’s budget is derived from SDG&E’s True Up Advice Letter 4203-E for years 2026-2027. For 2028-2031, SDG&E used the approved budget in D.23-06-055.

⁹ See EO N-5-24 (October 30, 2024) at 1, *available at* <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>

¹⁰ *Id.* at OP 2.

¹¹ *Id.* at OP 3; *see also* Governor’s Budget Summary 2025-26 (January 10, 2025) at 44 (stating, “affordability, particularly electric bill affordability for customers in the largest electric utility territories in the state, continues to be an ongoing challenge.”), *available at* <https://ebudget.ca.gov/2025-26/pdf/BudgetSummary/FullBudgetSummary.pdf>.

¹² See The Public Advocates Office, Addressing Underperforming Ratepayer-Funded Programs (March 12, 2025) (Cal Advocates Position Paper), *available at* <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/250312-public-advocates-office-addressing-underperforming-ratepayer-funded-programs.pdf>.

- 1 • Additionally, the California State Auditor conducted an audit of the IOUs' EE portfolios
2 (State Audit) and found a significant number of programs reviewed were not cost-effective,
3 leading to a recommendation that the Commission take action and "[e]nd efficiency
4 programs that consistently fail to meet cost-effectiveness or energy-savings goals, such as
5 by issuing a CPUC decision prohibiting utilities from using such programs in their program
6 portfolios."¹³
- 7 • In the recent California Senate hearings confirming Commissioner Matt Baker,¹⁴ the Rules
8 Committee expressed significant concern regarding the perceived lack of progress towards
9 alleviating the financial burden on ratepayers caused by programs funded through rates.
10 Commissioner Baker agreed to "look at programs that are not necessarily cost effective,"
11 and stressed the importance of exploring "every single source of savings that we possibly
12 can."¹⁵

13 Given the attention these issues have received, SDG&E's Application to discontinue
14 administration of regional programming is timely.

15 Cost-effective energy savings measures, which tend to be (a) cheaper, (b) produce
16 significant savings, and (c) easier to install, have become difficult to develop within SDG&E's EE
17 portfolio. This is due primarily to the state's adoption of stringent building C&S, made possible
18 by the market transformation that has taken place *because* of the past work of the EE portfolio,
19 and the requirement that most EE programs achieve savings *above* code. This was also recognized
20 in the Cal Advocates Position Paper and the State Audit.¹⁶ Indeed, it is the success of the EE
21 portfolio in previous years that makes it so challenging to develop impactful, cost-effective
22 programming now. This was acknowledged by the Commission noting "[i]n recent years, in part
23 because of the success of the Commission's energy efficiency investments over the past several
24 decades in California and the California Energy Commission's aggressive adoption of codes and
25 standards, there is less cost-effective energy efficiency available, at least by the current and long-
26 term definitions of cost-effectiveness, than has been historically available."¹⁷

¹³ California State Auditor, *The California Public Utilities Commission - Without Improving Its Oversight, the Benefits of Energy Efficiency Programs May Not Be Worth Their Cost to Ratepayers* (March 2025) (State Audit) at 43, available at <https://www.auditor.ca.gov/wp-content/uploads/2025/03/2023-127-Report.pdf>.

¹⁴ See Rules Committee Confirmation of Commissioner Matt Baker (February 19, 2025) at 01:56:27 – 01:56:32, available at <https://www.senate.ca.gov/media/senate-rules-committee-20250219>.

¹⁵ *Id.* at 01:56:40 – 01:56:47.

¹⁶ Cal Advocates Position Paper at 1 and State Audit at 13.

¹⁷ D.21-05-031 at 20 – 21.

1 This trend is also evident in SDG&E's annual reports, where C&S savings significantly
2 overshadow SDG&E's portfolio savings contributions.¹⁸ In fact, D.17-09-025 states, "[t]he largest
3 source of savings is from codes and standards throughout most of the forecasted period."¹⁹ These
4 trends have reduced access to additional cost-effective opportunities, especially for most of
5 SDG&E's regional programs, making the attainment of cost-effective, impactful EE increasingly
6 difficult. SDG&E faces particularly deep challenges with respect to cost-effectiveness because of
7 the makeup of its service territory. SDG&E has the smallest territory of the four large IOUs, where
8 most customers reside in moderate climate zones with less substantive energy savings potential,
9 and the territory includes very few industrial customers with large loads. The opportunity to find
10 material, cost-effective energy savings is limited.

11 **Framework of SDG&E's Plan**

12 SDG&E seeks to discontinue EE program administration while continuing its role as a
13 fiscal agent, saving around \$300 million over the next 6 years. Each IOU is already a fiscal agent
14 on behalf of its customers under current CPUC decisions.²⁰ The primary role of a fiscal agent is
15 to collect and disperse ratepayer funding to Program Administrators (PAs) who administer
16 programs on behalf of that PA's customers.

17 SDG&E's Plan has two components, regional and statewide. In this Application, SDG&E
18 is requesting to close the majority of its regional EE programs by allowing its contracts with
19 implementers to expire in accordance with their existing contractual terms. Regarding statewide
20 programs, SDG&E has received approval from the Commission to transfer administration of two
21 of its statewide programs to other IOUs when those contracts expire.²¹ SDG&E expects to request
22 approval to change the lead of its statewide Quality Installation and Quality Maintenance (QIQM)
23 program via Tier 2 Advice Letter in the second half of 2025.

24 SDG&E will create efficiencies by supporting other PAs running programs in SDG&E's
25 service territory, like SDREN, and leveraging PAs who are more capable and interested in
26 statewide lead program administration. These changes enable almost all SDG&E customers to

¹⁸ SDG&E's Annual Reports are available in CEDARS at
<https://cedars.cpuc.ca.gov/documents/standalone/list/>.

¹⁹ D.17-09-025 at 35.

²⁰ D.18-05-041 at OP 22.

²¹ Pursuant to SDG&E Advice Letter 4494-E/3332-G, SDG&E received approval to transition the
statewide Heating Ventilation and Air Conditioning (HVAC) program to PG&E and the Plug Load &
Appliance program to SCE.

1 continue accessing regional and statewide EE offerings while managing ratepayer costs by
2 permanently cutting spend linked to underperforming and underutilized regional programs.

3 SDG&E aims to achieve meaningful savings for customers. SDG&E urges the
4 Commission to recognize the importance of SDG&E's Plan and approve its Application, as modest
5 adjustments can lead to improvements in affordability for households and businesses across the
6 state.

7 **B. RECOMMENDATIONS FOR NEW OR MODIFIED EE POLICY**

8 SDG&E encourages the Commission to approve SDG&E's Plan and implement limited
9 policy changes to support regional and statewide affordability. By approving SDG&E's Plan, the
10 Commission can help reduce costs and ensure efficient use of resources, maximizing benefits for
11 customers.

12 **i. SDG&E Recommends the Commission Modify SDG&E's Portfolio** 13 **Requirements**

14 SDG&E requests the Commission approve minor modifications to the IOU PA
15 requirements established in D.21-05-031 to enable SDG&E to discontinue administration of
16 regional EE programs, reducing the amount of ratepayer dollars needed to support SDG&E's EE
17 portfolio.

18 Specifically, under this Plan, SDG&E will marginally exceed the 30% Market Support and
19 Equity Cap²² applicable to both the 2024-2027 cycle (approximately 30.6%) and the 2028-2031
20 cycle (approximately 32.8%). In cycle one, this is due to the termination timing of the current
21 regional contracts. In cycle two, it is due to the composition of the statewide portfolio, which
22 currently has a higher proportion dedicated to market support and equity programs.

23 SDG&E is not requesting an exemption from the forecasted cost-effectiveness requirement
24 of 1.0 for the resource acquisition segment,²³ the 60% third-party outsourcing requirement,²⁴ the
25 10% administrative cap,²⁵ or the 20% statewide requirement,²⁶ as SDG&E will be able to continue
26 to comply with these requirements as a fiscal agent via statewide programs.

²² D.21-05-031 at OP 4.

²³ *Id.* at OP 3.

²⁴ D.18-01-004 at OP 1.

²⁵ D.09-09-047 at OP 13.

²⁶ D.23-06-055 at Conclusion of Law 4.

1 The CPUC most recently exercised its discretion to establish requirements for
2 administration of EE programs in D.21-05-031, where it overhauled EE portfolio requirements for
3 IOU PAs and has continued to update portfolio rules and compliance requirements as it sees fit
4 (for example, through directives for PAs to phase out natural gas measures). As the EE portfolio
5 framework is Commission driven, the Commission has the authority to revise this framework to
6 exempt SDG&E from IOU PA requirements. Importantly, the Public Utilities (P.U.) Code does
7 not dictate how gas and electrical corporations should structure their portfolio and does not prohibit
8 or restrict the modifications SDG&E is proposing.

9 A summary of SDG&E's modified compliance obligations is shown in the table below.

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Table HB-2
SDG&E's Modified Compliance Obligations²⁷

Summary	SDG&E will continue to support EE offerings by collecting and dispersing Public Purpose Program funds to regional energy networks (RENs) and statewide PAs.
Cost Effectiveness	SDG&E will continue to forecast a cost-effective portfolio for resource acquisition programs (1.0 or greater).
Program Coordination	SDG&E will continue to coordinate with other PAs (IOU and RENs) in the same manner as an IOU PA. For example, SDG&E will continue to execute contract amendments and coordinate on JCMs with a REN in the same manner as an IOU PA.
Program Administrative Cap	SDG&E will continue to comply with the 10% administrative cap.
Statewide Portfolio Requirement	SDG&E will continue to comply with the 20% statewide portfolio requirement.
Third-Party Outsourcing	SDG&E will continue to comply with the 60% third-party outsourcing requirement.
REN and Third-Party Data Sharing	SDG&E will continue to share data in the same manner as an IOU PA. ²⁸
Funding	SDG&E will continue to disperse funding in accordance with the process already in place for SDREN and statewide programs. ²⁹
Reporting	SDG&E will continue to report savings and activities in the same manner as an IOU PA, including monthly, quarterly, and annual reports, and specific Commission requests.
Regulatory Filings	SDG&E will continue to file Business Plan Applications and submit True Up Advice Letters at the same cadence as PAs. SDG&E will also participate in the potential and goal setting process to ensure appropriate goals are assigned to SDG&E.
EM&V	SDG&E will continue to fund EM&V activities with 4% total reserved, a percentage of which funds the work of the Energy Division, but not as lead.
Potential and Goals Target	See section below entitled SDG&E Recommends the Commission Revise SDG&E's Goal Targets.

²⁷ These IOU PA requirements are subject to change by the Commission, which may impact SDG&E's ability to comply.

²⁸ D.23-02-002 at OP 19.

²⁹ SDG&E's proposal is aligned with P.U. Code § 381, which requires electrical corporation to provide funding for electric EE programs, and P.U. Code §§ 890-900, which requires gas corporations to provide funding for gas EE programs.

1 **ii. SDG&E Recommends the Commission Revise SDG&E’s Goal Targets**

2 Every two years, as required by law, the CPUC and CEC conduct a potential and goals
3 study to inform the EE goals setting process. This study forecasts potential energy savings across
4 the state to enable the CPUC to set savings goals for each IOU.

5 SDG&E is not recommending any changes to the state’s existing goal setting process in
6 this Application. However, as part of SDG&E’s request in this Application, SDG&E recommends
7 the CPUC revise SDG&E’s targets pursuant to its request to discontinue program administration,
8 as directed by the P.U. Code.

9 **Authority to Revise Goal Targets**

10 P.U. Code Sections 454.55 and 454.56 require the CEC and CPUC to identify all
11 potentially achievable cost-effective electricity efficiency savings and establish efficiency targets
12 for electrical and gas corporations to achieve. After identification, the CPUC orders the respective
13 electrical and gas corporations to attempt to achieve the identified potentially achievable targets
14 via Decision every two years. However, the P.U. Code grants the CPUC authority to revise the
15 potential and goals targets if they result in suboptimal outcomes:

16 [I]f the [CPUC] concludes the targets established for electrical corporations
17 to achieve pursuant to subdivision (a) are not cost effective, feasible, or pose
18 potential adverse impacts to public health and safety, the [CPUC] shall
19 revise the targets to the level that optimizes the amount of energy efficiency
20 savings and demand reduction and shall modify, revise, or update its
21 policies as needed to address barriers preventing achievement of those
22 targets.³⁰

23 Therefore, if the CPUC agrees SDG&E’s regional portfolio is not optimized to maximize
24 EE savings, as described herein, it can revise SDG&E’s targets to reflect the discontinuation of
25 those programs.

26 Under this Plan, SDG&E will do exactly that – optimize energy savings. SDG&E will
27 continue to fund statewide programs, which produce significant TSB, while sunseting regional
28 programs that overlap with SDREN’s programs and cost customers more than the value they
29 provide. SDG&E will be able to achieve approximately \$300 million in savings over six years,

³⁰ Pursuant to SDG&E Advice Letter 4494-E/3332-G, SDG&E received approval to transition the statewide Heating Ventilation and Air Conditioning (HVAC) program to PG&E and the Plug Load & Appliance program to SCE.

1 while continuing to fund statewide and regional programs creating substantial TSB, as shown
2 below.

3 **Table HB-3**
4 **Energy Efficiency TSB Comparison for 2026-2031³¹**

Year	Old TSB Forecast ³²	(A) New TSB Forecast	(B) San Diego Regional Energy Network TSB	(A) + (B) Total SDG&E Regional TSB Forecast	Potential & Goals Targets
2026	\$102,615,958	\$59,082,067	\$6,168,332	\$65,250,399	\$45,878,572
2027	\$110,881,516	\$57,409,939	\$7,160,300	\$64,570,239	\$47,996,979
2028	\$86,093,559	\$38,774,272	\$7,370,803	\$46,145,075	\$53,596,931
2029	\$86,093,559	\$38,770,714	\$7,479,904	\$46,250,618	\$54,624,969
2030	\$86,093,559	\$38,755,871	\$7,620,566	\$46,376,437	\$47,447,704
2031	\$86,093,559	\$38,836,440	\$7,852,869	\$46,689,309	\$50,003,487

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6 Such goal target revisions would also align with the Governor's directives in EO N-5-24
7 to sunset programs that are not cost-effective and may address some of the Legislature's concerns
8 regarding increased costs and ratepayer funded programming.

9 **iii. SDG&E's Strategies for 2024-2031**

10 If this Application is approved, SDG&E's role will be to manage and disburse funds rather
11 than implement EE programs or strategies. Consequently, the sections of the application template
12 related to the strategy for the Application and use of various and new methods for savings
13 forecasting and quantification methods, such as normalized metered energy consumption, are not
14 applicable. Similarly, strategies for market intervention and EE adoption, including targeted points
15 of intervention and delivery channels, will fall outside the scope of SDG&E's responsibilities.
16 Additionally, new strategies for spurring innovation, such as cultivating new businesses to enter
17 EE design and implementation or supporting the adoption of new GHG-reducing technologies,
18 will not be within the purview of SDG&E's duties. Lastly, the strategy for incorporating low global

³¹ The potential and goals process occurs every two years, therefore, the delta between the identified potential and what SDG&E would achieve through statewide programs plus SDREN programs would change as new potential and goals are analyzed every two years.

³² SDG&E's old TSB forecast is derived from SDG&E's True Up Advice Letter 4203-E for years 2026-2027. For 2028-2031, SDG&E used the TSB from its previous Application approved in D.23-06-055.

warming potential (low-GWP) refrigerants in the portfolio will also not be relevant to SDG&E's role, as this involves technical and implementation aspects that will be beyond SDG&E's revised fiscal management responsibilities.

1. Portfolio Management Strategies

a. Segmentation, Sector, and Budget Distribution Strategies

The statewide program portfolio will dictate the segment composition of SDG&E's portfolio if the Plan is approved. SDG&E will have little influence over segmentation composition, as SDG&E will not administer regional programs. Similarly, since SDG&E customers will mainly be served by statewide EE programs, the sectors served will be a direct reflection of what program types are offered statewide. From a budget distribution perspective, the budget will mostly reflect the statewide program budget distribution and will include SDG&E's regional Codes & Standards program and the close out of Strategic Energy Management (SEM) participants in its Industrial program given those projects require long term monitoring. SDG&E's expectation is that the Resource Acquisition statewide programs will continue to make up most of SDG&E's statewide portfolio budget.

Outside of SDG&E's portfolio, SDG&E anticipates significant collaboration and opportunities for SDREN to fully integrate and address portfolio segments and sectors. Coordination with SDREN is ongoing and discussed in more detail below.

b. Outsourcing

If SDG&E's Plan is approved, SDG&E will discontinue administering third-party solicitations for regional or statewide programs. SDG&E would comply with the outsourcing requirement intended for IOU PAs through fiscal agency.

c. Portfolio Coordination

Statewide Program Coordination

SDG&E coordinates extensively with PAs on statewide programs. Much of this coordination occurs through monthly and ad-hoc technical meetings and through ongoing communication regarding policy interpretations, claims, co-funding agreements, contract amendments, data sharing, and other statewide program considerations. SDG&E has also begun coordination with Bay Area REN (BayREN), regarding their Home Energy Score program. The Home Energy Score program is expected to be available to SDG&E customers in 2025. As

SDG&E discontinues program administration, it will share knowledge and insights with lead PAs to support SDG&E's customers.

REN Program Coordination

SDREN was established through a partnership between San Diego Community Power (SDCP), one of the largest CCA in California, and the County of San Diego. SDREN will serve San Diego County with EE programming for the foreseeable future, with a particular focus on serving hard to reach and underserved communities. SDG&E is coordinating with SDREN through a Joint Cooperation Memorandum and anticipates more substantive collaboration as SDREN's programs become active in the market. Currently, SDREN is soliciting for third-party program implementation, and SDG&E and SDREN meet regularly to ensure close coordination. SDG&E shares information and insights with SDREN and through coordination help support SDG&E's customers in the public, residential, commercial, and cross cutting sectors.

Energy Division Coordination

SDG&E coordinates across various groups at the Energy Division regarding technical, policy, administrative, and other issues. These coordination venues include bi-monthly leadership meetings, California Energy Efficiency Coordinating Council meetings, Project Coordination Group meetings, Procurement Review Groups, and ad hoc meetings where necessary. If the Plan is approved, SDG&E expects continued coordination, communication, and collaboration with the Energy Division.

2. Evaluation, Measurement and Verification

The Commission ordered PAs to fund evaluation, measurement, and verification (EM&V) activities, and specified, "[t]he budget for evaluation, measurement, and verification activities shall remain at four percent of the total portfolio budget," and of that four percent, at least sixty percent of the EM&V budget is to be reserved for the Energy Division with the rest available to the PA.³³

As SDG&E closes its regional programs and its total portfolio budget decreases, the EM&V budget will also decrease, resulting in a decrease in funding available to the Energy Division for evaluation activities. However, SDG&E expects EM&V activities needed for its programs to decrease, offsetting the need for this funding, because SDG&E would no longer administer regional programs for study. The portion of EM&V activities for which SDG&E would

³³ D.16-08-019 at OPs 15 and 16.

be responsible would be the statewide programs led by other PAs, and there would still be funding allocated to the Energy Division for those activities as indicated in the tables below.

Due to the budget decrease for EM&V, SDG&E recommends the Commission update the percentage contributions for each IOU for evaluation invoices beginning in 2026, with updated values listed in Table HB-4 below.

Table HB-4
Proposed IOU Percent Split for ED Evaluation Invoice

IOU	Current % Split	Proposed % Split ³⁴	Delta
PG&E	28.59%	28.96%	0.37%
SDG&E	8.03%	6.84%	(1.19%)
SCE	43.83%	44.40%	0.57%
SCG	19.54%	19.79%	0.25%

The table above indicates the new SDG&E EM&V budget for 2026-2027, while also keeping the percentage allocated to SDG&E at 40%, with the remaining 60% reserved for the the Energy Division.

Table HB-5
SDG&E Proposed EM&V Budget (2026-2027)

	2026	2027
Total EM&V	\$2,237,989	\$2,014,110
EM&V ED (60%)	\$1,342,793	\$1,208,466
EM&V IOU (40%) ³⁵	\$895,195	\$805,644

SDG&E's EM&V budget for 2028-2031 is expected to revert back to the split contemplated in D.16-08-019,³⁶ in which the Energy Division is allocated 72.5% and SDG&E is allocated 27.5%, unless SDG&E is otherwise approved to adjust the percentage allocation.

³⁴ This table leverages the budgets from all other IOUs' True-Up Advice Letters and incorporates SDG&E's proposed budget for 2026-2027.

³⁵ See SDG&E AL 4302-E, accepted and effective on November 15, 2023, authorized SDG&E's request to increase the maximum allocation of the EM&V budget from 27.5% to 40%.

³⁶ D.16-08-019 at 80.

Table HB-6
SDG&E Proposed EM&V Budget (2028-2031)

	2028	2029	2030	2031
Total EM&V	\$901,170	\$873,215	\$873,914	\$874,882
EM&V ED (72.5%)	\$653,348	\$633,081	\$633,587	\$634,290
EM&V IOU (27.5%)	\$247,822	\$240,134	\$240,326	\$240,593

Various CPUC decisions require PAs to collectively fund activities using their respective shares of the EM&V budget. These studies include: (1) eTRM implementation; (2) CPUC Database Tools and the assignment of a Project Coordinator to manage database contractors; (3) funding various compliance studies; and (4) supporting the California Technical Forum (CalTF). As a result, SDG&E will maintain the 40 % maximum allocation for the IOU portion of the budget to support these activities for the remainder of the PY2024-2027 portfolio cycle. The table below provides a breakdown of these activities, including SDG&E's proposed share of the costs based on co-funding splits with other PAs. If the Plan is approved, SDG&E's EM&V budget will be reduced and SDG&E may no longer be able to conduct or co-fund future EM&V studies with other PAs given the reduction to the EM&V budget.

Table HB-7
SDG&E Breakdown of EM&V Allocated Costs³⁷

	2026	2027
SDG&E EM&V Budget (40%)	\$895,195	\$805,644
Labor	\$280,916	\$290,901
CalTF³⁸	\$85,744	\$85,744
eTRM³⁹	\$127,684	\$131,412
CPUC Reporting Tools/ Project Coordination⁴⁰	\$167,912	\$167,912
Goal Construct Study (\$1M)⁴¹	\$127,700	
Awareness Knowledge Attitude Behavior Surveys (\$2M)⁴²	\$63,850	\$63,850
Non-Energy Benefits Study (\$500k)⁴³	\$63,850	
BER Technical Review	\$25,000	
NMEC Technical Support	\$150,000	\$75,000

³⁷ Values shown do not indicate use of unspent funds remaining from PY2024-2025.

³⁸ Resolution (Res.) E-5152 (August 6, 2021) at 9.

³⁹ *Id.* at OP 8.

⁴⁰ D.23-02-002 at OP 15.

⁴¹ D.23-06-055 at OP 25.

⁴² See PG&E AL 4951-G/7344-E, accepted and effective October 4, 2024.

⁴³ D.23-06-055 at OP 17.

Internal Technical Review

In Program Year 2025, SDG&E introduced four new commercial Resource Acquisition programs, and a third-party Market Access Program implementing NMEC methodologies. Pursuant to OP 20 of D.23-06-055,⁴⁴ these new programs must use NMEC, randomized control trials, strategic energy management, or another meter-based savings evaluation method. To ensure proper execution, SDG&E EM&V is engaging external experts for technical reviews of NMEC projects. SDG&E has allocated funds from the EM&V budget, covering the remainder of the portfolio cycle, for this purpose.

Additionally, in late 2024, SDG&E introduced the Business Energy Reports (BER)⁴⁵ a program to help business customers track their energy use and provide tips on energy conservation. This program uses randomized control trials to verify energy savings. SDG&E has hired external experts for technical reviews of this program, using allocations from the EM&V budget for this purpose.

3. Alignment of Business Plan Strategies and Outcomes with Legislative and CPUC requirements

There are several state legislative mandates and rules that relate to, or dictate, EE savings, some of which are already discussed in the Plan (e.g., P.U. Code Section 454.55, P.U. Code Section 454.56, P.U. Code Section 381, and P.U. Code Sections 890-900). SDG&E believes its Plan is compliant with these legislative mandates and the changes requested herein only require Commission policy changes that can be managed through a proposed decision.

Energy Efficiency Related Electrical and Gas Corporation Requirements:

- **Senate Bill (SB) 32:** Requires the California Air Resources Board (CARB) to reduce greenhouse gas emissions to 40% below 1990 levels by 2030. SDG&E has supported legislative initiatives such as SB 32 through ongoing resource acquisition efforts to include newly transitioned statewide and local EE programs.
- **Assembly Bill (AB) 793:** Required adoption of energy management technologies (EMT). SDG&E's Small Commercial Energy Management Pilot (SCEMP) was piloted in support of AB 793 and was subsequently closed via advice letter on July 28, 2019, fulfilling SDG&E's obligation.
- **Integrated Resource Planning (IRP)/Reliability:** Considers all of the Commission's electric procurement policies and programs to ensure California has a safe, reliable, and cost-effective electricity supply. SDG&E's Plan has de minimis bearing on the IRP

⁴⁴ *Id.* at 124 – 125.

⁴⁵ See SDG&E AL 4354-E, approved and effective February 11, 2024.

process and grid reliability. As noted above, EE is incorporated into the IEPR and given SDG&E's small size (7-8% of the state's retail sales) and the fact that the EE offset is negligible (1%), the IRP process will not be impacted. This is especially true because the SDG&E region will continue to see electric kWh savings mainly through statewide programs.

- **Environmental and Social Justice (ESJ):** Establishes a definition of "Environmental and Social Justice Communities" for the purposes of CPUC policy and programs, as predominantly communities of color or low-income communities that are underrepresented in the policy setting or decision-making process, subject to a disproportionate impact from one or more environmental hazards, and likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities. SDREN was approved in 2024 and SDREN's focus is supporting hard to reach and underserved customers. SDG&E is supportive of SDREN and coordinates with SDREN for the benefit of the region.

C. DESCRIPTION OF SDG&E'S SERVICE TERRITORY

SDG&E's service territory is located at the southernmost tip of California, bordering Mexico, and covers approximately 4,100 square miles. SDG&E's service territory is characterized by a mix of densely populated cities and rural communities. SDG&E provides electric and natural gas services to San Diego County and electric service to South Orange County.

SDG&E's service territory is unique in that the majority (81%) of SDG&E's electric load is served by third-party electric commodity service providers, including ten Direct Access providers and two Community Choice Aggregators (CCAs): SDCP and Clean Energy Alliance (CEA).

Additionally, SDG&E's territory is home to SDREN, which covers all SDG&E's service territory except South Orange County. SDREN is a partnership between SDG&E's largest CCA, SDCP, and the County of San Diego. SDREN's offerings are directed towards hard-to-reach and underserved communities. The map below provides a figure of SDREN's service territory.

Figure HB-1
Map of SDG&E Service Territory



Figure HB-2
Map of SDREN Service Territory⁴⁶



⁴⁶ SDREN, Energy Efficiency Portfolio Application, Exhibit 1 - 2024-2031 Strategic Business Plan (January 5, 2024), Figure 9 at 21, *available at* https://sdcommunitypower.org/wp-content/uploads/2024/01/Exhibit-1_SDRENs-2024-2031-Strategic-Business-Plan.pdf.

D. ANNUAL PORTFOLIO BUDGETS

i. Summary

SDG&E requests the Commission approve the last six years of SDG&E's eight-year budget cap request covering 2026-2031, as shown in column B in the table below.⁴⁷ Please refer to Attachment A for the details on program savings and cost effectiveness information.

Table HB-8
SDG&E Proposed 6 Year Budget Cap (2026-2031)

Year	(A) Original SDG&E Program Budget ⁴⁸	(B) Proposed SDG&E Program Budget without Regional Programs	(C) Budget Reduction Opportunity
2026	\$76,226,882	\$56,298,915	(\$19,927,967)
2027	\$76,045,862	\$50,701,956	(\$25,343,906)
2028	\$85,940,881	\$22,878,445	(\$63,062,436)
2029	\$85,940,881	\$22,179,577	(\$63,761,304)
2030	\$85,940,881	\$22,197,039	(\$63,743,842)
2031	\$85,940,881	\$22,221,256	(\$63,719,625)
Total	\$496,036,268	\$196,477,188	(\$299,559,080)

Table HB-9
SDG&E Proposed TSB (2026-2031)

Year	Proposed TSB
2026	\$59,082,067
2027	\$57,409,939
2028	\$38,774,272
2029	\$38,770,714
2030	\$38,755,871
2031	\$38,836,440
Total	\$271,629,303

⁴⁷ This budget amount does not include funding for SDREN, approved in D.24-08-003.

⁴⁸ SDG&E's original program budget is derived from SDG&E's True Up Advice Letter 4203-E for years 2026-2027. For 2028-2031, SDG&E used the approved budget in D.23-06-055.

1 **E. CONCLUSION**

2 SDG&E remains steadfast in its commitment to affordability, highlighting its dedication
3 to delivering cost-saving benefits to its customers. SDG&E urges the Commission to approve the
4 corresponding Application and emphasizes this significant opportunity to save its customers
5 approximately \$300 million over a six-year period.

6 This concludes my prepared direct testimony.

1 **F. WITNESS QUALIFICATIONS**

2 My name is Hollie K. Bierman. I am the Director of Customer Programs at SDG&E. My
3 business address is 8335 Century Park Court, San Diego, California 92123-1257.

4 In my current position, I am responsible for leading the team who manages and administers
5 the Energy Efficiency portfolio and programs for SDG&E. The purpose of my direct testimony is
6 to sponsor and testify to SDG&E's updated Strategic Business Plan (2026-2031).

7 I hold a Bachelor of Arts and a Master of Arts from Brandeis University. I also hold a Juris
8 Doctorate from the University of San Diego and am a member of the California Bar. From 2011-
9 2021, I served as Counsel and Senior Counsel in the Legal Department, supporting Customer
10 Programs' administration, strategy, contract negotiations and program implementation, until
11 becoming Director of Customer Programs in January 2022.

12 I have been in my present position for 3 years and 4 months.

13 I have previously testified before this Commission.

APPENDIX A
Glossary of Terms

Appendix A – Glossary of Terms

Acronym	Definition
AAEE	Additional Achievable Energy Efficiency
AB	Assembly Bill
AKAB	Awareness, Knowledge, Attitudes, and Behaviors
BER	Business Energy Reports
Cal Advocates	Public Advocates Office at the California Public Utilities Commission
CalTF	California Technical Forum
C&S	Codes and Standards
CCA	Community Choice Aggregator
CEA	Clean Energy Alliance
CEC	California Energy Commission
CED	California Energy Demand
CPUC	California Public Utilities Commission
D.	Decision
eTRM	Electronic Technical Reference Manual
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
EMT	Energy Management Technologies
EO	Executive Order
ESJ	Environmental and Social Justice
GHG	Greenhouse Gas
IEPR	Integrated Energy Policy Report
Internal Technical Review	Evaluation process for SDG&E programs involving external expert reviews
IOUs	Investor-Owned Utilities
IRP	Integrated Resource Planning
LSEs	Load Serving Entities
Low-GWP	Low Global Warming Potential
MR NEB	Market Rate Non-Energy Benefits
NMEC	Normalized Metered Energy Consumption
P.U. Code	Public Utilities Code
PAs	Program Administrators
RENs	Regional Energy Networks
Res.	Resolution
SB	Senate Bill
SCEMP	Small Commercial Energy Management Pilot
SDCP	San Diego Community Power
SDG&E	San Diego Gas & Electric Company
SDREN	San Diego Regional Energy Network

SEM	Strategic Energy Management
State Audit	California State Audit Committee Audit of IOU EE Portfolios
TSB	Total System Benefit