

Company: San Diego Gas & Electric Company (U 902 M)

Application: A.25-04-014

Exhibit: SDG&E-04

**PREPARED OPENING TESTIMONY OF
HOLLIE BIERMAN
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

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



JANUARY 15, 2026

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1 with the Commission’s affordability and ratepayer protection objectives, SDG&E’s request
2 should be granted.

3 **2. Is it prudent to eliminate or reduce SDG&E customer access to regional**
4 **energy efficiency programs at a time when affordability is a key concern and**
5 **energy efficiency potentially represents a low-cost way for customers to**
6 **reduce their energy bills?**

7 Yes. At a time when affordability is a major concern, it is prudent, and arguably, an
8 obligation of the Commission, to allow SDG&E to reduce its EE programming.³ SDG&E
9 estimates a \$1.36 monthly reduction for residential customers if SDG&E’s request is approved;
10 commercial customers who use more energy will see significant savings, including many small
11 and medium businesses.⁴

12 SDG&E’s proposal aims to fund SDG&E’s EE portfolio more strategically, by
13 supporting statewide programs through fiscal agency, which are proven to be more cost
14 effective, as compared to SDG&E’s regional programs. Less than 1% of customers enroll in
15 SDG&E’s regional programs; SDG&E’s highest performing program does not reach a
16 considerable number of customers.⁵ For example, SDG&E’s regional multi-family program cost
17 \$24.7 million and served only 11,000 unique customers between 2021-2024. In 2025, SDG&E
18 had about 450,000 multi-family customer accounts, indicating that only about 2% of the eligible
19 population participated in the program over the past 4 years.⁶

20 While low participation highlights challenges in reaching a broad customer base, another
21 important factor to consider is the cost structure of program-delivered measures. Many
22 commonly installed measures are more costly when provided through formal EE programs.
23 Although the equipment itself can be relatively inexpensive when purchased directly by
24 consumers, in order to enroll customers and manage customer participation, programs must

³ Pursuant to P.U. Code § 381(b), the Commission is charged with allocating funds to programs that are
“(1) Cost-effective energy efficiency and conservation activities.”

⁴ See Application at Tables 2 and 3.

⁵ This estimate was calculated by aggregating SDG&E’s regional unique claims for programs requiring
account number collection, based on 2024 claims recorded in the California Energy Data and Reporting
System (CEDARS), and subsequently dividing the aggregated total by the number of SDG&E active
accounts as of 2025.

⁶ This estimate was calculated by aggregating SDG&E’s Multi-Family Program’s (SDGE4002) unique
claims for the years 2021-2024, as recorded in CEDARS, and subsequently dividing the aggregated total
by the number of SDG&E active master-metered and individually metered multi-family accounts as of
2025.

1 include additional, costly layers of support, including outreach, administrative work,
2 implementation labor, and other functions such as quality assurance and compliance. These
3 overhead costs drive up program expenses without delivering proportional value, resulting in
4 unnecessary costs that could be avoided.

5 Additionally, SDG&E has received several customer complaints expressing
6 dissatisfaction with the Local Residential Behavioral Program that provides monthly Home
7 Energy Reports. Customers believe these reports are unhelpful because the comparisons to
8 “similar homes” often feel inaccurate or irrelevant to their household circumstances. Others find
9 the guidance overly generic, offering recommendations they have already implemented or they
10 cannot take action on due to rental status or financial constraints. As a result, customers view the
11 reports as unnecessary or repetitive, leading to a perception that the program generates avoidable
12 costs without delivering clear value. This particular program’s budget for the 2024-2027
13 Program Cycle is \$19 million.⁷

14 At the same time, all SDG&E customers, including its most vulnerable (e.g., those
15 customers that participate in the California Alternate Rates for Energy (CARE) program, the
16 Family Electric Rate Assistance (FERA) program, Medical Baseline (MBL) program
17 participants, and those living in Disadvantaged Communities (DACs), etc.), subsidize EE
18 programs through the PPP charge. The most prudent approach to reducing energy bills for all
19 customers is to allow SDG&E to close its regional programs, which will result in lower customer
20 bills.

21 **3. Is it reasonable to assign primary regional responsibility for energy efficiency**
22 **programs to a REN, when RENs were designed to augment and fill gaps in**
23 **primary energy efficiency portfolios administered by utilities?**

24 As noted previously, SDG&E is not proposing to assign primary responsibility for
25 regional EE programs to a Regional Energy Network (REN).⁸ Instead, SDG&E’s proposal
26 reflects that SDREN is already administering its own programs and can continue to do so
27 without SDG&E operating a parallel set of regional EE programs. The REN framework was

⁷ See CEDARS.

⁸ See SDG&E Opening Brief at 12 (noting, “SDG&E’s Application does not presume the Commission would rely more heavily on the San Diego Regional Energy Network (SDREN) as a PA in the San Diego Region. To the contrary, SDG&E’s Application is not meant to undercut any Regional Energy Networks (RENs), or PAs, in SDG&E’s service territory – SDG&E believes SDREN’s portfolio should continue as approved.”).

1 intentionally designed to provide flexibility so RENs can tailor offerings to meet local and
2 community specific needs. This structure is particularly relevant for SDREN because it delivers
3 programs in partnership with the County of San Diego and other local partners, enabling it to
4 leverage regional relationships and local government capabilities in alignment with the
5 framework's intended purpose.

6 SDG&E's proposal maintains this framework by supporting SDREN in its existing role
7 as SDREN's fiscal agent, without expanding its responsibilities. SDG&E will also continue to
8 invest approximately \$22 million per year in statewide programs and regional Codes &
9 Standards (C&S) initiatives, both of which remain essential components of California's EE
10 strategy.⁹ Recently, Decision (D.) 25-11-023 approved two new market transformation
11 initiatives, plug-in room heat pumps and induction cooktops/ranges, proposed by the California
12 Market Transformation Administrator (MTA). These two new initiatives represent a new and
13 ongoing investment in advancing EE outcomes across the region. SDG&E will contribute its
14 share of approximately \$115 million to support Market Transformation.¹⁰

15 **4. Is it prudent for primary regional energy efficiency administrative**
16 **responsibility to be assigned to SDREN, which has only just been launched in**
17 **2025 and has no proven track record?**

18 Again, SDG&E is not proposing to assign primary regional administrative responsibility
19 to SDREN.¹¹ SDREN's role should remain as authorized by the Commission. While SDREN is
20 newly launched and still building operational maturity, this would be expected for any REN in its
21 early stages. Importantly, SDG&E's proposal does not require SDREN to assume additional
22 responsibilities or expand beyond its approved focus. SDREN can continue delivering the

⁹ In SDG&E's Application, once most regional programs have closed, SDG&E's requested budget is approximately \$22 million. See Prepared Direct Testimony Workpapers of Alton Kwok (April 2025) (Ex. SDG&E-03) at Tab 3.1, Funding Source Summary. SDG&E uses this number as a proxy for future EE investment to support statewide programs and regional Codes & Standards.

¹⁰ See D.25-11-023 at Table 3. Additionally, in accordance with Table 4, SDG&E's share is 15.6% of Market Transformation Initiatives (MTI) Deployment, Administrative and Operational Costs, Evaluation Costs and 14% of MTI Development Costs, PG&E Costs. Additional Market Transformation budget may be released in the future if proposed by the MTA and approved by the Commission. SDG&E notes that SDG&E and Southern California Edison Company (SCE) jointly protested A.24-12-009 citing affordability concerns. See Application (A.) 24-12-009, Joint Protest of Southern California Edison Company and San Diego Gas & Electric Company of the Application of Pacific Gas and Electric Company on Behalf of the California Market Transformation Administrator for the Approval of the Initial Tranche of Statewide Energy Efficiency Market Transformation Initiatives (January 23, 2025) at 3 – 6.

¹¹ See SDG&E Opening Brief at 12 – 13.

1 programs within its existing scope, regardless of whether SDG&E continues to administer
 2 regional EE programs. As noted above, SDG&E will continue making substantial investments in
 3 statewide programs, C&S, and MTIs, ensuring ongoing EE activity in the region and at the
 4 statewide level, independent of SDREN’s experience level.

5 **5. What specific programs that SDG&E proposes to close would overlap with**
 6 **what specific programs of SDREN?**

7 There is notable overlap between several of SDG&E’s existing regional EE programs and
 8 SDREN’s offerings, particularly within the residential, commercial, and cross cutting sectors.
 9 For example, SDG&E’s Single-Family and Multi-Family programs are similar to SDREN’s
 10 Single-Family and Multi-Family offerings. SDG&E’s Small Business Outreach Program (i.e.,
 11 Small Business Saver) is also similar to SDREN’s Small and Medium Business Energy Coach
 12 offering and SDG&E’s Market Access Program is similar to SDREN’s Commercial Market
 13 Access Program. The programs are not identical, but address comparable customer needs within
 14 the region. The areas of overlap demonstrate that SDREN’s existing program structure is
 15 positioned to serve many of the same market segments currently addressed by SDG&E’s
 16 regional portfolio.

17 The following are regional programs SDG&E proposes to close that overlap with one or
 18 more of SDREN programs. The only regional programs SDG&E proposes to close as part of its
 19 Application, that do not overlap with SDREN programs are the following: Industrial Sector
 20 Program, CHERP (i.e. Local Residential Fuel-Substitution), 3P-IDEEA, Agricultural Growers
 21 Services Program, and IDSM Local Residential Behavioral Program.

SDG&E Programs	Overlapping SDREN Programs
Single Family Program	Single Family Program
Multi Family Program	Multi Family Program
Market Access Program - Commercial	Market Access Program (MAP)
Federal Customer Services Program	Tribal Engagement
Lodging (Hotels/Motels)	MAP Small Medium Business (SMB) Energy Coach
Groceries, Restaurants and Food Storage	SMB Energy Coach Efficient Refrigeration MAP
Wholesale/Retail/Office, including Entertainment Services	SMB Energy Coach

Private Institutions/Healthcare	MAP
Small Business Outreach	SMB Energy Coach Efficient Refrigeration
Workforce, Education & Training Programs	Workforce Training and Capacity Building program
Residential Equity Program	Single Family Multi Family

1 **6. What programmatic gaps would be left if SDG&E was permitted to**
2 **withdraw from administering regional energy efficiency programs and**
3 **SDREN retained only its current approved programs?**

4 If SDG&E is granted permission to discontinue regional EE program administration,
5 statewide programs and programs managed by regional energy networks would provide these
6 customers with comparable programmatic coverage. SDG&E’s role will be fiscal management
7 and fund disbursement to the remaining program administrators, where the technical, strategic,
8 market-driven, and innovation-related functions would be dictated by the administrative leads.¹²
9 As noted in response to Question 5 above, SDREN’s existing program structure serves many of
10 the same sectors to serve customers in SDG&E’s service territory. The method of delivery may
11 differ from what customers have previously experienced; however, there will be opportunities
12 for customers across all segments to engage in EE programs through statewide programs and
13 programs offered by SDREN.

14 **7. What geographic gaps would be left if SDG&E was permitted to withdraw**
15 **from administering regional energy efficiency programs and SDREN**
16 **retained only its current approved programs?**

17 If SDG&E is permitted to withdraw from regional EE program administration, all
18 customers in SDG&E’s territory, including South Orange County customers, will continue to
19 receive EE services through statewide programs, regional C&S activities and MTIs.

20 Approximately 8% of SDG&E’s customers are located in South Orange County; SDG&E
21 notes that these customers are electric-only customers and are customers of Southern California
22 Gas Company (SoCalGas) for their natural gas service.¹³ SDG&E’s electric customers in South
23 Orange County are not covered by SDREN, as SDREN only covers San Diego County, however,

¹² See Prepared Direct Testimony of Hollie Bierman (Update to SDG&E’s 8-Year Strategic Business Plan) (April 2025) (Ex. SDG&E-01) at HB-10 – HB-13.

¹³ Ex. SDG&E-01 at HB-2, n.5 (noting, “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.”).

1 since these customers are also served by Southern California Gas Company, they have gas-only
2 EE opportunities through Southern California REN and SoCalGas.

3 These customers will continue to have access to other opportunities, including the Energy
4 Savings Assistance (ESA) program, state-administered financing programs such as GoGreen
5 Financing, as well as On Bill Financing. Outside of ratepayer funded programs, there are also
6 other opportunities such as Technology and Equipment for Clean Heating (TECH) California
7 and the newly approved Equitable Building Decarbonization programs.

8 In summary, all sectors are supported through a combination of statewide programs, and
9 SDREN's offerings, providing customers with multiple channels for participation. While the
10 method of delivery may differ from what customers have previously experienced, there will still
11 be opportunities for customers across all sectors to engage in EE programs.

12 **8. What would be the impact on disadvantaged communities, hard-to-reach**
13 **customers (including, but not limited to, small businesses), and/or**
14 **Environmental and Social Justice communities of SDG&E withdrawing as**
15 **administrator of regional energy efficiency programs?**

16 SDG&E's withdrawal as administrator of regional energy efficiency programs would
17 reduce bills for all customers, including those in disadvantaged, hard-to-reach (HTR), and
18 Environmental and Social Justice (ESJ) communities, while still preserving access to a wide
19 range of EE resources. Low-income programs such as ESA will continue uninterrupted and
20 remain the primary vehicle for delivering no cost efficiency services to income-qualified
21 customers. In addition, SDREN, whose core mission is to serve underserved and hard-to-reach
22 communities, will continue offering locally tailored programs designed to reach renters, small
23 businesses, multifamily buildings, and disadvantaged neighborhoods. Customers will also retain
24 access to statewide EE programs, with SDG&E continuing its fiscal agent role to ensure
25 continuity. Further, other statewide and agency-run initiatives, including TECH Clean California
26 and the Equitable Building Decarbonization Program, will remain available and are specifically
27 structured to support disadvantaged and hard-to-reach customers. Collectively, these programs
28 ensure that vulnerable communities continue to receive meaningful support even without
29 SDG&E operating regional EE programs.

30 There will also be a significant positive impact for all customers if SDG&E is allowed to
31 withdraw from regional program administration because they will see meaningful cost savings

1 during a time of affordability challenges. For residential customers, the monthly savings are
2 estimated at \$1.36 due to reduced gas and electric PPP charges.¹⁴

3 It is also noteworthy that enrollment in SDG&E’s regional programs by these
4 communities is relatively low, not for lack of effort, but because these communities represent a
5 low percentage of the population of the service territory (DACs represent 6%-7% of SDG&E’s
6 service territory)¹⁵ and are more difficult to serve, as acknowledged by the Commission.¹⁶ When
7 looking at 2024 CEDARS claims data, only around 7% of residential customers who enrolled in
8 SDG&E resource programs lived in a DAC or were considered HTR. Similarly, participation
9 was low for commercial customers who enrolled in a resource program; less than 1% were from
10 a DAC or considered HTR.¹⁷ These statistics illustrate, absent SDG&E’s regional programs,
11 these communities will still be adequately served, especially given SDREN’s new program
12 offerings.

13 **9. Is SDG&E’s proposal consistent with the Commission’s Environmental and**
14 **Social Justice Action Plan?**

15 The Commission’s Environmental & Social Justice (ESJ) Action Plan establishes a
16 framework to integrate equity, access, affordability, and community resilience throughout
17 Commission-regulated activities. The ESJ Action Plan Version 2.0 consists of nine overarching
18 goals, clear objectives, and 95 concrete action items designed to improve outcomes for
19 disadvantaged, low income, and historically underserved communities across essential utility
20 services.¹⁸ SDG&E recognizes the importance of these principles and maintains that SDG&E’s
21 proposal aligns with the ESJ Action Plan’s emphasis on equity, affordability, and effective
22 program delivery.

23 ESJ Goals 2 and 4 emphasize expanding access to clean energy benefits and increasing
24 climate resiliency in disadvantaged communities. C&S is one of the most cost effective and
25 universally beneficial components of the state’s EE portfolio. It provides broad reductions in

¹⁴ Application at Table 2.

¹⁵ This was calculated by comparing the total DAC premise count to the total SDG&E customer premise count.

¹⁶ See D.18-05-041 at 41 – 53.

¹⁷ SDG&E utilized claims data for 2024 from CEDARS.

¹⁸ CPUC, ESJ Action Plan Version 2.0 (April 7, 2022), available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf>.

1 energy consumption across all customer classes without requiring individual awareness,
2 participation, or application processes.

3 By retaining leadership in regional C&S, SDG&E supports the delivery of benefits that
4 reach the entire customer base, including ESJ communities, while avoiding the cost
5 inefficiencies associated with region specific program administration. This focus supports the
6 ESJ Plan’s emphasis on both equitable access to clean energy improvements and long-term
7 climate resiliency through collaboration with state and local government agencies to increase
8 awareness through education and assistance in policy development.

9 The ESJ Action Plan also underscores the need to improve affordability and access for
10 ESJ communities, acknowledging that many customers, particularly low-income households,
11 face disproportionately higher energy burdens. By discontinuing costly regional programs,
12 SDG&E’s proposal directly supports the ESJ Action Plan’s affordability focus by moderating
13 rate pressures and promoting systemwide affordability, delivering equitable benefits across the
14 entire customer base rather than concentrating benefits amongst a small subset of participants.

15 **10. If the Commission grants SDG&E’s application request, what protections**
16 **should the Commission implement to ensure that customers maintain**
17 **equitable access to energy efficiency services?**

18 If the Commission grants SDG&E’s application request, customers will maintain
19 equitable access to energy efficiency services through all of the means described above (e.g.,
20 statewide offerings, programs administered by regional energy networks, energy savings
21 programming offered to low-income customers, etc.) and no further protections should be
22 needed.

23 **11. If the Commission grants SDG&E’s application request, what is the**
24 **responsibility of other portfolio administrators in the region? What others**
25 **changes to Commission policy would need to be made if other portfolio**
26 **administrators want to take on a larger role?**

27 If the Commission grants SDG&E’s application, other portfolio administrators (PAs)
28 within SDG&E’s service territory will not gain additional responsibilities. SDREN is the only
29 EE PA operating in the SDG&E region at this time, and it can continue operating its portfolio as
30 approved in D.24-08-003, which focuses on supporting underserved and hard to reach customers,

1 without expanding its role.¹⁹ To the contrary, if SDG&E’s proposal is approved, administrative
2 responsibilities, such as monthly sector meeting coordination and certain data sharing, for both
3 SDG&E and SDREN will be reduced, lowering overall administrative costs.

4 If other PAs, such as SDREN, want a larger role in EE program administration, those
5 PA’s budgets will need to be reviewed closely. As RENs operate with no cost effectiveness
6 requirements, expanding REN programming may result in more non-cost-effective offerings.
7 Instead, qualifying entities seeking to expand their offerings, such as Community Choice
8 Aggregator (CCAs), could transition to become an Apply-to-Administer CCA in accordance
9 with P.U. Code § 381.1. Apply-to-Administer CCAs are required to comply with most of the
10 requirements of an investor-owned utility (IOU) PA, including cost-effectiveness requirements.²⁰
11 Such transition would take place within the Commission’s existing framework and would not
12 require any changes to Commission policy. The responsibility for initiating and completing this
13 type of transition would rest with the qualifying entity.

14 **12. What are the root causes of SDG&E’s regional portfolio being lower in cost-**
15 **effectiveness than other similar portfolios administered by the other three**
16 **utilities? Could SDG&E’s regional portfolio be rebalanced to achieve more**
17 **ratepayer benefits?**

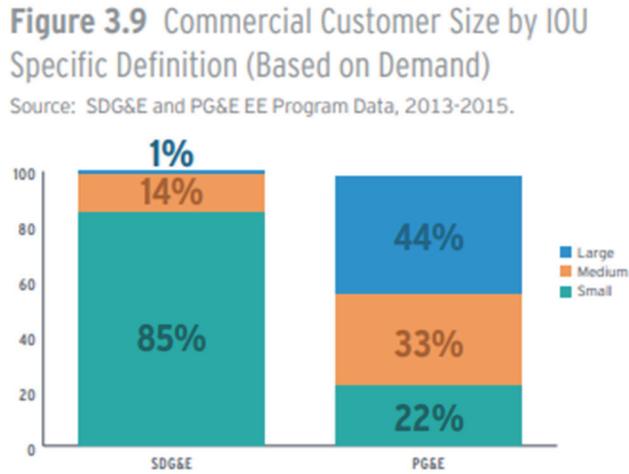
18 There are several root causes of SDG&E’s regional portfolio having a lower cost-
19 effectiveness score of a Total Resource Cost (TRC) of 1.0 or greater for the Resource
20 Acquisition segment of its EE portfolio. First, SDG&E’s electric and gas customer consumption
21 primarily derives from its Commercial and Residential sectors (~80%), and the remaining
22 consumption comes from its Industrial, Agricultural, and Public sectors.²¹ SDG&E’s Industrial
23 sector consumption, in particular, is much lower than the other three IOUs. For this reason,
24 SDG&E must prioritize the commercial and residential sectors to have a chance of meeting both
25 Total System Benefit (TSB) and TRC goals. Second, SDG&E’s customer demand differs
26 significantly from the other IOUs in a manner that drives up administrative cost. SDG&E
27 defines customers by electric demand: small (<20 kW), medium (20-199 kW), and large (>200
28 kW). The distribution of customers within these demand tiers is not homogeneous amongst the

¹⁹ Note that Southern California REN serves a small portion of SDG&E’s gas customers within Southern Orange County.

²⁰ D.21-05-031 at Conclusion of Law (COL) 8.

²¹ A.22-03-005, Application of SDG&E To Adopt 2024-2031 Energy Efficiency Rolling Portfolio Business Plan Pursuant to D.21-05-031 (March 4, 2022) at 8.

1 California utilities, as shown in the figure below from SDG&E’s 2018-2025 Business Plan,
2 comparing SDG&E’s commercial customer demand size with PG&E’s.²²



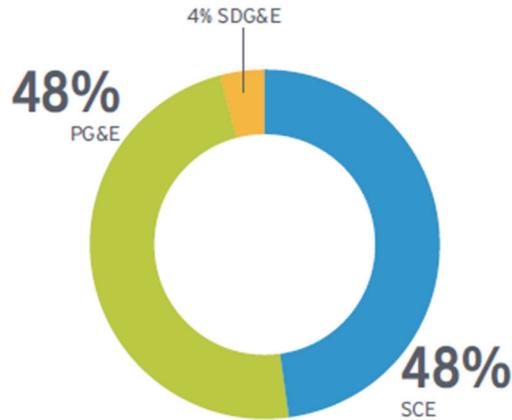
3
4 This figure illustrates that 85% of SDG&E’s commercial customers use smaller amounts
5 of energy (maintain lower demand), meaning that SDG&E has to enroll many more commercial
6 customers in a program than PG&E to see the same savings, increasing the cost of program
7 management and administration. Other IOUs also have a more diverse mix of customers in other
8 sectors, such as manufacturing and food processing, that drive both the TSB and TRC higher for
9 their respective portfolios, as shown in the figure below from SDG&E’s 2018-2025 Business
10 Plan, comparing SDG&E’s electric consumption in the Industrial sector to PG&E and SCE. This
11 graph reveals that SDG&E’s service territory represents only 4% of the state’s total IOU
12 industrial electricity consumption.²³

²² A.17-01-014, Application of SDG&E To Adopt Energy Efficiency Rolling Portfolio Business Plan (January 17, 2017), Ex. 1 at 71.

²³ *Id.* at 144.

Figure 5.7 CA IOU 2013-2015 Total Electricity Consumption, Industry + Mining & Construction

Source: Energy Consumption Data Management System, CEC, <http://ecdms.energy.ca.gov/electbyplan.aspx>



1
2 Furthermore, SDG&E's service territory has a very mild climate, with the majority of its
3 customers residing in climate zone 7 (64%), meaning that it is hard for SDG&E's programs to
4 attain significant savings associated with heating and cooling because the region sees fewer and
5 less dramatic temperature swings.

6 **13. What are the bill savings that would result from the approval of SDG&E's**
7 **application, in the context of total ratepayer monthly bills, for different**
8 **customer classes (e.g., residential, large commercial, small commercial, etc.)?**

9 If approved, SDG&E will reduce its budget by approximately \$300 million for 2026-
10 2031.²⁴ The monthly residential gas and electric bill savings that would result from the approval
11 of SDG&E's application is approximately \$1.36 per month for a non-CARE customer.²⁵ As it
12 pertains to commercial customers, there are also significant expected savings.²⁶

²⁴ Application at 2.

²⁵ See *id.* at Tables 2 and 3.

²⁶ Application at 6, Table 3 (noting, sample month bill reduction for a large hotel customer is approximately \$787.73).

1 **14. What is the magnitude of ratepayer benefits and grid benefits that would be**
2 **lost if SDG&E withdraws from administering regional energy efficiency**
3 **programs?**

4 SDG&E is proposing to withdraw from its regional programs, resulting in a rate decrease
5 to customers. As previously noted in response to Question 13 above, both a typical residential
6 customer and non-residential customers will yield savings.

7 SDG&E’s withdrawal from regional programs will have minimal impacts on grid
8 benefits derived from energy efficiency, as SDG&E’s regional EE programs are forecasted to
9 impact no more than 3% of SDG&E’s total electric load.²⁷

10 **15. Are regional energy efficiency programs the most cost-effective way to satisfy**
11 **projected increased load growth in SDG&E territory? What other**
12 **alternatives exist that should be prioritized if the Commission grants this**
13 **application?**

14 Regional energy efficiency programs are not the most cost-effective way to satisfy
15 projected increased load growth in SDG&E’s territory. Energy efficiency has historically played
16 an important role in California’s demand-side strategy, helping maintain stable per-capita
17 electricity use. However, recent analyses show that many of SDG&E’s regional EE programs no
18 longer provide measurable, cost-effective benefits.²⁸ Further, cost-effective energy savings
19 measures, which tend to be: (a) cheaper, (b) produce significant savings, and (c) easier to install,
20 have become difficult to develop within SDG&E’s EE’s portfolio.²⁹ SDG&E faces particularly
21 deep challenges with respect to cost-effectiveness because of the makeup of its service
22 territory.³⁰ SDG&E has the smallest territory of the four IOUs, and most customers reside in

²⁷ This estimate was calculated by adding SDG&E’s regional Additional Achievable Energy Efficiency and Fuel Substitution (AAEE and AAFS) forecasts from the California Energy Commission’s (CEC) 2024 Integrated Energy Policy Report (IEPR), *available at* <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2024-integrated-energy-policy-report>, then dividing by SDG&E’s managed net load forecast that includes the AAEE and AAFS forecasts.

²⁸ See The Public Advocates Office, Addressing Underperforming Ratepayer-Funded Programs (March 12, 2025), *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>.

²⁹ Ex. SDG&E-01 at HB-4.

³⁰ *Id.* at HB-5.

1 moderate climate zones with less substantive energy savings potential.³¹ Additionally,
2 SDG&E’s service territory includes very few industrial customers with large loads.³²

3 Since the start of portfolio segmentation in 2022,³³ where the resource acquisition
4 programs are expected to exceed a TRC of 1.0, SDG&E’s EE resource acquisition programs
5 yielded an average cost-effectiveness score of 0.90, meaning that the cost of administering these
6 programs exceeded the benefits gained by them. If SDG&E were to exclude contributions from
7 statewide resource acquisition programs, SDG&E’s TRC, on average from 2022-2024, would
8 score even lower, at 0.87. Statewide programs help improve SDG&E’s TRC, as they were on
9 average, 1.33. SDG&E’s Application therefore seeks Commission approval to discontinue
10 administration of EE regional programs, with the exception of C&S, which represents a cost
11 savings opportunity of around \$300 million over a 6-year period.³⁴ This conclusion aligns with
12 statewide recommendations from the State Auditor and Cal Advocates urging the elimination of
13 EE programs that fail to meet California Public Utilities Commission (CPUC) cost-effectiveness
14 thresholds.³⁵ While EE measures that pass CPUC-required cost-effectiveness tests such as the
15 TRC and Program Administrator Cost (PAC) may remain valuable, maintaining regional
16 programs that do not meet these standards is neither cost-effective nor prudent.

17 For these reasons, SDG&E recommends prioritizing more cost-effective and
18 higher-impact alternatives. These include statewide EE programs (which remain available to
19 customers regardless of regional program changes), demand flexibility and load-shifting
20 initiatives supported in active CPUC proceedings, and distributed energy resources (DERs) that
21 offer both capacity and load-shaping benefits. These targeted, cost-effective approaches provide
22 better tools for managing future load growth than retaining regional EE programs that no longer
23 deliver.

³¹ *Id.*

³² *Id.*

³³ D.21-05-031 at Ordering Paragraph (OP) 2.

³⁴ Ex. SDG&E-01 at HB-2.

³⁵ *See supra* n.27 at 4; *see also* 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) at 43, *available at* <https://www.auditor.ca.gov/wp-content/uploads/2025/03/2023-127-Report.pdf>.

1 **16. Given significant load growth projected by the California Energy**
2 **Commission’s load forecast in the coming decade, what would be the cost**
3 **impact for procuring other resources to serve load, if cost-effective regional**
4 **energy efficiency benefits are not invested in by SDG&E in its territory?**

5 The CEC produces the official statewide load forecast, and the CPUC incorporates EE
6 impacts into that forecast when determining procurement needs. CPUC policy treats EE as a
7 procurement resource intended to reduce future supply-side requirements, provided the EE
8 measures are cost-effective. When regional EE programs do not meet cost-effectiveness
9 thresholds, continuing to fund them does not reduce procurement needs, it increases ratepayer
10 costs without providing commensurate benefits. In this context, avoiding investment in
11 non-cost-effective regional EE does not create adverse cost impacts; rather, it avoids unnecessary
12 expenditures.

13 Further, as noted above, the magnitude of SDG&E’s regional EE impact on resource
14 procurement is marginal.³⁶ Load forecasts are dynamic, impacted by factors such as weather
15 patterns, population changes, and economic indicators, among others. Small swings in load
16 associated with SDG&E’s withdrawal from EE program administration would not have a
17 significant impact on SDG&E’s procurement cost or strategy. Moreover, the cost of procuring
18 resources to make up for SDG&E’s withdrawal from regional program administration is de
19 minimis compared to the significant savings for customers gained by SDG&E’s withdrawal.

20 Moreover, the increasing trend in fuel substitution within EE programs, moving
21 customers from gas appliances to electric alternatives, may actually increase electric load. As
22 fuel substitution measures often reduce gas consumption while increasing electric consumption,
23 continuing regional EE portfolios that emphasize or include these measures may actually drive
24 further electric load growth.

25 In summary, discontinuing regional EE programs does not create new procurement
26 obligations for SDG&E, due to the small scale of EE load impacts and SDG&E’s strong reserve
27 margin. Meanwhile, continuing to administer a regional EE portfolio, especially one with fuel
28 substitution components, could increase electric load and procurement costs.

³⁶ This estimate was calculated by adding SDG&E’s regional AAEE and AAFS forecasts from the 2024 IEPR, then dividing by SDG&E’s managed net load forecast that includes the AAEE and AAFS forecasts.

1 **17. If SDG&E is permitted to withdraw from regional energy efficiency program**
2 **administration, what is the rationale for retaining responsibility for codes**
3 **and standards programs? Should SDG&E retain this function?**

4 SDG&E proposes to continue its regional codes and standards program while
5 substantially reducing other regional energy efficiency offerings because the regional codes and
6 standards effort provides a uniquely high value pathway to influence regional energy
7 performance at a scale that individual customer programs cannot achieve. The regional codes
8 and standards program works directly with local governments, building departments, planners,
9 and municipal agencies on compliance enhancement, reach code development, and long-term
10 planning coordination. By shaping local codes and ordinances, SDG&E can support energy
11 efficiency improvements that apply to all new construction and major retrofits across the service
12 territory, resulting in broad and lasting regional impacts. When a city or county adopts an
13 updated code or ordinance, every resident and business within that jurisdiction follows the new
14 requirements, creating an immediate and widespread improvement in regional energy
15 performance. In contrast, traditional energy efficiency programs serve customers one at a time
16 and therefore cannot replicate the scale or durability of savings achieved through codes and
17 standards interventions. Retaining the regional codes and standards program ensures that
18 SDG&E can continue supporting local governments in meeting regional climate and energy
19 goals while reducing duplication and avoiding expansion of resource acquisition programs that
20 are more efficiently delivered through statewide administrators. This targeted approach allows
21 SDG&E to focus its limited regional efforts where they have the greatest long-term impact and
22 provide the strongest value to customers.

23 Discontinuing SDG&E's local C&S programs would create significant gaps in meeting
24 California's energy efficiency and climate objectives. Without region-specific strategies,
25 statewide initiatives risk uneven implementation, leaving compliance challenges unresolved.
26 The absence of local engagement would reduce compliance rates, slow the adoption of advanced
27 standards, and weaken collaboration with jurisdictions, ultimately resulting in missed
28 opportunities for innovation, leadership, and equitable decarbonization. These gaps could erode
29 customer trust, diminish SDG&E's influence in shaping local policy, and compromise long-term
30 energy savings and greenhouse gas reduction goals.

1 **18. Would approval of SDG&E’s application result in just and reasonable rates**
2 **to ratepayers?**

3 Yes, SDG&E’s Application results in just and reasonable rates to customers. If the
4 Commission does not approve SDG&E’s Application, SDG&E’s customers will continue to
5 subsidize programs that are not cost-effective. Pursuant to P.U. Code § 451, all charges,
6 demanded or received by any public utility, shall be just and reasonable. As noted by the
7 Commission, “the fixing of just and reasonable rates, involves a balancing of the investor and the
8 consumer interest.”³⁷ Additionally, pursuant to P.U. Code § 381(b), the Commission is charged
9 with allocating funds to programs that are “(1) Cost-effective energy efficiency and conservation
10 activities.” Further, the Commission has maintained that their actions will ensure cost-effective
11 and prudent use of ratepayer funds.³⁸ As noted by SCE, that is what SDG&E’s Application does
12 – it takes a “proactive approach to addressing affordability, particularly because it highlights the
13 significant evolution of non-IOU EE program administration and the challenges with managing
14 overlapping offerings in a policy environment with inconsistent cost-effectiveness
15 requirements.”³⁹

16 If the Commission approves SDG&E’s Application, it will yield a budget *reduction* of
17 approximately \$300 million for 2026-2031.⁴⁰ As stated, SDG&E’s request addresses the
18 ongoing affordability concerns in California.⁴¹ In order to maintain just and reasonable rates,
19 SDG&E’s customers should not pay for underperforming, ineffective, or substantively similar
20 programs, many of which are not cost-effective.⁴² SDG&E believes the state, and Commission,
21 has an obligation to consider changes to its EE portfolio to address these concerns.⁴³

³⁷ D.20-01-002 at 12, quoting *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944), at 603 (“[t]he rate-making process ... i.e., the fixing of just and reasonable rates, involves a balancing of the investor and the consumer interest.”).

³⁸ See D.13-12-038 at 66 (stating, “the actions that will ensure from our decision today must be cost-effective and prudent uses of ratepayer funds.”).

³⁹ Southern California Edison Company’s Response to Application of San Diego Gas & Electric Company to Revise its 2024-2031 Energy Efficiency Rolling Portfolio Business Plan (May 29, 2025) at 2.

⁴⁰ Application at 1 – 2.

⁴¹ *Id.* at 6.

⁴² Ex. SDG&E-01 at HB-2.

⁴³ *Id.*

1 This Commission, including President Alice Reynolds, Commissioner Matthew Baker,
2 and Commissioner John Reynolds, on several occasions, have reiterated that affordability and
3 cost-effectiveness is a major concern in California. Specifically, regarding cost-effectiveness,
4 President Reynolds noted: “First I’ll say - I agree with the need to look very carefully at all of our
5 programs for cost effectiveness and to make sure that we are doing the best we can for customers
6 with ratepayer dollars and really achieving benefits for customers with every expenditure.”⁴⁴

7 Regarding affordability, Commissioner Baker stated:

8 I recognize the Commission has important initiatives and goals to support low
9 income households and other priority populations, but programs that do not
10 generate equal to or more than one dollar for every dollar paid for by ratepayers
11 need clearly articulated and measurable equity goals. They should reasonably
12 demonstrate that ratepayer funds are being used thoughtfully and efficiently
13 particularly amongst the need to minimize electric rates and customer bills . . .

14
15 With the affordability issues that we are facing, we really have to explore every
16 way to tighten our belt and stretch ratepayer dollars. And I think more details
17 around programs like these are a first step towards that direction.⁴⁵

18
19 Lastly, regarding concerns around EE programs more generally, Commissioner Reynolds
20 emphasized:

21 Thank you, President Reynolds, and I just like to say that I broadly share concerns
22 about energy efficiency and making sure that we're delivering customer value and
23 affordability impacts on the broader range of customers.⁴⁶

24
25 Given approval of SDG&E’s request will yield a budget *reduction* for SDG&E’s
26 customers, and close underperforming, ineffective, or substantively similar programs, many of
27 which are not cost-effective, SDG&E’s application will result in just and reasonable rates for
28 customers.

⁴⁴ CPUC’s August 28, 2025 Voting Meeting at 1:28:07 – 1:28:24, available at https://www.adminmonitor.com/ca/cpuc/voting_meeting/20250828/.

⁴⁵ *Id.* at 1:24:42 – 1:27:41.

⁴⁶ *Id.* at 1:32:15 – 1:32:27.

1 **19. If the Commission grants SDG&E’s request, what are the impacts to other**
2 **portfolio administrators in SDG&E territory and how should the**
3 **Commission mitigate any negative and/or unreasonable impacts to those**
4 **portfolio administrators?**

5 If approved, the impacts to other PAs in SDG&E’s service territory will be minimal and
6 no mitigation is necessary. Currently, the only other PA in SDG&E’s service territory is
7 SDREN. As noted, SDG&E’s Application does not presume the Commission would rely more
8 heavily on SDREN, and SDG&E’s withdrawal from regional program administration should not
9 create additional requirements or obligations for SDREN, as SDG&E seeks to preserve the status
10 quo while eliminating overlap.⁴⁷ SDG&E’s Application addresses affordability concerns by
11 proposing to close its regional programs while continuing to fund statewide programs led by
12 other PAs and funding SDREN’s programs as their fiscal agent, pursuant to D.24-08-003.⁴⁸

13 **III. CONCLUSION**

14 SDG&E remains steadfast in its commitment to affordability, highlighting its dedication
15 to delivering cost-saving benefits to its customers. SDG&E requests the Commission promptly
16 approve its Application and emphasizes this significant opportunity to save its customers
17 approximately \$300 million over a six-year period.

18 This concludes my prepared opening testimony.

⁴⁷ SDG&E Opening Brief at 12.

⁴⁸ Application at 7.

1 **IV. WITNESS QUALIFICATIONS**

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

4 In my current position, I am responsible for leading the team that oversees SDG&E's
5 compliance with federal, state, regional, and local environmental statutes, rules, and regulations,
6 including laws protecting air quality, water quality, hazardous materials, hazardous waste,
7 cultural resources, natural resources, and environmental permitting.

8 I hold a Bachelor of Arts and a Master of Arts from Brandeis University. I also hold a
9 Juris Doctorate from the University of San Diego and am a member of the California Bar. From
10 2011 – 2021, I served as Counsel and Senior Counsel in the Legal Department, supporting
11 Customer Programs' administration, strategy, contract negotiations and program implementation,
12 until becoming Director of Customer Programs in January 2022. I became the Director of
13 Environmental Services in August 2025.

14 I have been in my present position for 5 months.

15 I have previously testified before this Commission.