



July 24, 2026

The Honorable Cottie Petrie-Norris
 Chair, Assembly Committee on Utilities and Energy
 1020 N Street, Suite 121
 Sacramento, CA 95814

Re: Energy Efficiency Is Essential for California's Clean Energy Transition

Dear Assemblymember Petrie-Norris and Committee members,

We, the undersigned organizations, write to thank you for your ongoing work to ensure affordable, reliable, and clean electricity for all Californians. Our organizations represent a

broad cross section of local governments, community choice aggregators, regional energy networks, businesses, and non-profit organizations that are committed to the state's clean energy transition and who share the concern that unaffordable electric bills could undermine our important efforts to stem the impacts of climate change through clean electricity.

We believe the state can and must advance both climate progress and electric affordability for all Californians, and energy efficiency programs are a vital tool for gaining ground in both areas. The cheapest and cleanest electron is the one we never have to buy at all or the one that maximizes the strategic use of the resources we already have. As the California Energy Commission (CEC) states in its most recent Building Energy Action Plan:

“Energy efficiency must remain a key strategy to make the clean energy transition affordable and cost-effective. Increased building energy efficiency will allow Californians to heat and cool their homes using less energy, helping keep utility bills affordable. At the grid level, increased energy efficiency will also lessen the need for new generation and help offset distribution upgrades, further helping with utility bill affordability. California is leading the way to use active energy efficiency — energy efficiency combined with load flexibility — which maximizes cost savings and reliability benefits.”¹

Energy Efficiency Delivers Important Benefits Including Affordability

The Governor's Executive Order N-5-24 tasked the California Public Utilities Commission (CPUC) and the CEC with, among other things, examining the benefits and costs to ratepayers of programs they oversee that may be unduly adding to rates or whose funding should more appropriately come from a non-ratepayer source. While the CPUC's report states that shifting programs could reduce rates minimally, it also cautions that repealing the programs would eliminate the benefits they provide. The data, as outlined below, actually show that **energy efficiency programs provide myriad benefits that support affordability and the state's clean energy transition.**

Energy efficiency programs help customers save money while comprising a small and declining component of customer bills. The CPUC's report in response to Executive Order N-5-24 shows that energy efficiency was 1.5% of revenue collected from ratepayers in 2024.² This is down from 2.2% of revenue collected from ratepayers in 2023.³ This is because energy efficiency revenues declined slightly while the revenue requirement of the investor-owned utilities (IOUs)⁴ increased significantly from \$39.6 billion to \$54 billion. According to an independent analysis, between 2013 and 2023 energy efficiency program costs to

¹ California Energy Commission, 2025 California Building Energy Action Plan, available at <https://www.energy.ca.gov/sites/default/files/2025-12/CEC-400-2025-001-CMD.pdf>.

² CPUC, CPUC Response to Executive Order N-5-24, Table A-2, p. 31.

³ CPUC, Table 1.1 (revenue requirement) and Table 5.1 (energy efficiency costs) from the 2023 California Electric and Gas Utility Costs Report, <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2024/2023-ab-67-report.pdf>.

⁴ The revenue requirement is the amount of money an IOU must collect from customers to pay for its costs.

ratepayers decreased by 32% on an inflation adjusted basis.⁵ Even so, California's energy efficiency efforts lead the nation, with the Golden State once again ranking #1 in the American Council for an Energy-Efficient Economy's (ACEEE) 2025 State Energy Efficiency Scorecard.⁶

Energy efficiency is critical for California's world-leading clean energy transition. In 2024 alone, energy efficiency programs helped Californians:

- Avoid using 9,671 gigawatt-hours (GWh) of electricity,
- Avoid using 186,143,169 therms of gas,
- Shave 1.9 gigawatts (GW) of demand, and
- Avoid 4,149,771 tons of GHG emissions, equivalent to the annual energy use of over 550,000 homes.⁷

These results are achievable because California law has long recognized energy efficiency as an effective and low-cost tool to help the state meet its clean energy goals, while maintaining downward pressure on rates. This is why California's statutory loading order calls for energy efficiency as a priority resource to address electric demand, and the Clean Energy and Pollution Reduction Act of 2015 established the goal of doubling energy efficiency savings by 2030.⁸ This goal of doubling energy savings underpins the California Air Resources Board's GHG emissions targets, which are then modeled into the CPUC's Integrated Resources Planning process. It is a fundamental underpinning to nearly all of the state's key energy policies and strategies.

Statewide, energy efficiency is overwhelmingly cost-effective. California's full ecosystem of energy efficiency programs is designed to meet both statewide goals and the needs of all customers. The CPUC evaluates energy efficiency spending and performance at the individual program, portfolio and collective statewide level. Under even the strictest cost-effectiveness tests, including the one referenced by the CPUC in its response to the Executive Order,⁹ the statewide suite of energy efficiency programs is highly cost-effective.¹⁰

Energy efficiency is critical for maintaining a stable grid in an era of rapidly increasing demand for electricity. The CEC estimates that total electricity consumption will increase by as much as 61%, and peak demand will increase by as much as 54%, by 2045.¹¹ Many

⁵ Edward Randolph and Michel Florio, [What is Driving Up Electric Rates in California?](#).

⁶ Available at https://www.aceee.org/sites/default/files/pdfs/the_2025_state_scorecard.pdf.

⁷ California Energy and Data Reporting System (CEDARS), 2024 Confirmed Claim Summary.

⁸ Public Utilities Code Section 454.5 and Public Resources Code Section 25310.

⁹ CPUC Response to Executive Order N-5-24, pp. 12-13.

¹⁰ The CPUC measures EE portfolio cost-effectiveness with multiple tests including the Program Administrator Cost (PAC) test and the Total Resource Cost (TRC) test. In 2024, under the PAC test each dollar invested in EE produced \$4.92 of benefits and under the TRC test each dollar invested in EE avoided \$1.40 of otherwise necessary electric and gas costs. See, CPUC, CEDARS, 2023 Claims available at: <https://cedars.cpuc.ca.gov/claims/all-confirmed-dashboard/> (2023 Claims, Portfolios, All Sectors).

¹¹ Peak demand refers to the time when statewide energy usage is highest, typically 4-9pm on summer days, and power is most expensive to supply during this time.

ratepayer-supported energy efficiency programs help shave peak load through measures that enable demand response and load flexibility, making them vital tools for managing this substantial load growth. Importantly, the CEC's load forecasts, which are the basis for electricity procurement, assume at least 28,438 GWh in achievable energy efficiency savings. Without these programs, load serving entities (LSEs) will need to buy an additional 28,438 GWh statewide to cover the shortfall, and those costs will be passed on to customers.

Many energy efficiency programs are designed to provide energy and bill savings to disadvantaged customers and communities. Energy efficiency is one of the only tools customers can use to protect themselves against high rates, and energy efficiency helps to reduce power procurement costs and GHG emissions at the same time. If customers cannot reduce their usage through energy efficiency, they are more at risk of falling behind on their bills and even being disconnected. For example, the Energy Savings Assistance Program (ESA) serves exclusively low-income customers, but a significant portion of the non-income qualified energy efficiency portfolio also serves customers earning less than the area or statewide median income, rural customers, affordable multi-family housing, and small businesses.

Successful energy efficiency programs depend on reliable, predictable multi-year funding. Funding certainty allows administrators and energy efficiency businesses to plan ahead with confidence, which helps ensure that all customers can participate. It also improves cost-effectiveness by allowing for bulk purchasing, efficient use of administrative resources, and other economies of scale. Sustainable and reliable funding is also essential to support 312,000 energy efficiency jobs and nearly 54,000 energy efficiency businesses across California.¹² Neither the State General Fund nor the Greenhouse Gas Reduction Fund (GGRF) are able to provide the necessary funding certainty to sustain these valuable programs and ensure they remain cost effective.

Energy Efficiency Supports California's Clean Energy Transition

As technology and California's energy landscape have evolved over the last several decades, so too has energy efficiency. Modern programs include, but go far beyond, traditional weatherization and conservation efforts. Today, those reliable workhorse interventions are often seamlessly paired with electrification and automated demand response, which allows customers to "set it and forget it" and still support load shifting and peak demand reduction. This robust suite of programs can and does evolve to meet today's end-use energy needs and priorities.

Energy efficiency programs are subject to consistent evaluation by the CPUC for both effectiveness and cost effectiveness. While there is always room for improvement, existing infrastructure can be used to make those improvements. As just one example, the PUC recently implemented a Total System Benefit metric to better account for the impact energy

¹² Building Performance Association, Energy Efficiency Jobs in America 2025, available at: <https://building-performance.org/2025-eeja/>.

efficiency has on GHG reductions and grid benefits, including peak demand reduction and reliability.¹³ The Commission is actively refreshing its oversight of energy efficiency programs, including cost-effectiveness, to ensure the portfolio is optimized for greater “affordability, decarbonization, and reliability”¹⁴ benefits.

With the Federal government erasing decades of clean energy progress and rolling back even the most common-sense federal energy policies, California’s leadership is more important than ever. The undersigned organizations look forward to working with the Legislature, the Administration, and energy stakeholders across the state to support robust, modern energy efficiency policies that advance affordability, reliability, and emissions reductions for customers and communities across the state.

Sincerely,

Greg Wade
Chief Executive Officer
Clean Energy Alliance

Rocky Fernandez
Senior Director
Policy-Center for Sustainable Energy

Stephanie Chen
Vice President of Legislative Affairs
MCE

Roger Lin
Senior Attorney
Climate Law Institute
Center for Biological Diversity

Patrick Welch
Associate Director of Legislative Affairs
San Diego Community Power

Lacey Raak
Executive Director
CA Green Business Network

Craig Perkins
Executive Director
The Energy Coalition

Melanie Gillette
Senior Policy Advisor
California Efficiency and Demand
Management Council (CEMDC)

Bernadette Austin
Chief Executive Officer
CivicWell

Steve Frisch
President
Sierra Business Council

¹³ CPUC, D.21-05-031, pp. 1, 80 (requiring TSB reporting in 2022 and replacing the energy and peak demand savings goals with TSB in 2024).

¹⁴ CPUC, R.25-04-010, ASSIGNED COMMISSIONER’S SCOPING MEMO AND RULING, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M574/K336/574336024.PDF> p.4 (“The proceeding is consistent with the March 2025 California State Auditor report, which included recommendations on how the Commission can improve its oversight of energy efficiency portfolios. In addition, this proceeding aligns with the Commission’s response to Governor Newsom’s Executive Order N-5-24 regarding electricity affordability, which notes plans to “open a new rulemaking on energy efficiency in 2025” with “a focus on cost-effectiveness.””).

Beckie Menten
California Director
Building Decarbonization Coalition Action
Fund

Travis Gibrael
Research and Education Organizer
Reclaim Our Power

Andrew Dawson
Senior Policy Advocacy Manager
California Housing Partnership

Leslie Alden
Executive Director
Act Now Bay Area

Andrew Brooks
Managing Director
Association for Energy Affordability

Gabriela Facio
Senior Policy Strategist
Sierra Club California

Ben Stapleton
CEO
USGBC California

Charley Cormany
Executive Director
Efficiency First California

Lauren Weston
Executive Director
Acterra: Action for a Healthy Planet

Sneha Ayyagari
Director of Policy
Rising Sun Center for Opportunity

Ms. Shawn Marshall
Chief Executive Officer
Westlight Energy

Alexis Sutterman
Senior Policy Manager
Brightline Action

Scott Green
Senior Gov Affairs Manager
San Jose Clean Energy

Barbara Coler*
Councilmember
Town of Fairfax

Charles Palmares
Councilmember
City of Vallejo

Liz Alessio
Supervisor District 2
Napa County Board of Supervisors

Devin Murphy
Mayor Pro Tempore
City of Pinole

Amanda Szakats
City Councilmember, District 5
City of Pleasant Hill

Kevin Wilk
Mayor
Walnut Creek

Brian Tisdale, Councilman
City of Lake Elsinore
Advocacy Committee Chair
Western Riverside Council of
Government

*This is the opinion of the individual Council Member and is not representative of the entire Council or Town of Fairfax unless otherwise stated.

Jane Elias
Director, Energy
Bay Area Regional Network (BayREN)

Cory Downs
Vice Chair
Local Government Sustainable Energy
Coalition

Brandon García
California Director
Advanced Energy United

Christopher Worley
Director of Policy
Goodleap

Darleen D. DeRosa
Vice President, Regulatory Affairs
Bidgely Inc.

cc: Members, Assembly Committee on Utilities and Energy
The Honorable Robert Rivas, Speaker of the Assembly