PG&E Bridge Funding Update

Low-Income Oversight Board (LIOB)
Technical Advisory Committee Meeting
July 15, 2025, 1pm

Bridge Funding Application Policy Introduction

Adhere to guiding principles, ensure programs are available to benefit the customers they are designed to serve

- Affordability
- Customer-centric programs
- ESJ Action Plan 2.0
- PG&E’s True North Strategy –
  - 10-year roadmap for delivering affordable energy, excellent customer experience while focusing on resiliency and decarbonization
  - Triple Bottom Line of People, Planet, and CA’s Prosperity

Bridge Funding Application Overview

Proposes a carry over of PY 2026 to PY 2027

- **Generally, duplicates PY 2026 goals and budgets for PY 2027**
  - Reduction in admin budgets (CARE, ESA) when goals can be attained for less cost.
  - Includes standard escalation in costs from 2026 to 2027.
  - ~2% increase in ESA Main costs to be compliant with BAAQMD rules for phase out of gas appliances (more on this later)
- **Proposes <u>no changes</u> to program rules, design, guidelines, operations.**
- **Requests expedited timeline, with decision by July 1, 2026.**

Snapshot: Bridge Funding Budget and Goals

Goals duplicated from 2026 to 2027; Budgets duplicated or reduced where feasible

Line No.		2026 As authorized in D.21-06-015	2027 Bridge Funding Proposal
Goals			
1	CARE Goals	93% enrollment	No change
2	FERA Goals	70% enrollment	No change
3	ESA Goals	- kilowatt hours (kWh): 33,214,979 - kilowatt (kW): 2,737 - Therms: 1,348,961	No change
Budgets			
4	CARE Administrative Budget	$14,787,700	$10,295,100 (-$4.5M)
5	FERA Administrative Budget	$3,055,800	No change
6	ESA Budget	$170,915,152	$158,380,427 (-$12.5M)

ESA Budget Detail – excerpt of Table 13, ESA Program Budget

Highlights changes proposed from 2026 authorized

Category	2026 Authorized Budget	2027 Proposed Budget	Delta (+/-)	Driver
EE (ESA Main)	$100,305,712	$102,460,793	+ $2,155,081	BAAQMD Zero NOx rules
EE-MF (ESA MFWB)	47,222,869	35,787,565	-$11,435,304	Historical and projected spend
Studies	125,000	397,500	+$272,500	Delayed impact/process evals in the program cycle
General Administration	7,484,262	5,329,181	-$2,155,081	Efficiencies, automation
Escalation	–	$4,517,167	+$4,517,167	Standard 3%
Staff Proposal Pilot (ESA PP/PD)	8,782,607	2,893,520	-$5,889,087	2027 as wind-down year for PP/PD
Portfolio Total	$170,915,151	$158,380,427	-$12,534,724	
Unspent Funds Carry Forward		($40,152,212)		
ESA Portfolio Funding Total		**$118,228,216**		

ESA Main

Continue all processes, similar goals, & request ~$2.2M more in funding to comply with BAAQMD regulations

ESA Main

- Continue all program design & delivery, operations, processes, workforce requirements, ESA WG (for any measure modifications), ME&O, etc.
- Extend or duplicate program goals from 2026 through 2027.
- PG&E will begin to modify and/or negotiate contracts with new or existing vendors after decision is issued.

Bay Area Air Quality Management District (BAAQMD) Zero NOx rules

What: BAAQMD issued rules that require new Bay Area appliance installations to be Zero-NOx.

When:
- **2027:** Residential Water Heaters
- **2029:** Residential HVAC Systems
- **2031:** Multifamily HVAC Compliance

Impacts: Bay Area ESA water heater replacement installations must be electric by 2027, and furnaces must be electric by 2029.

Scope: PG&E forecasts installing ~300 gas water heaters in BAAQMD territory. For 2027, PG&E is requesting an increase of $2.2M from 2026 authorized levels.

Summary of ESA Main EE Impacts:
2026 authorized: $100.3M
2027 application: $102.5M
Difference: +$2.2M increase

ESA Pilots (PP/PD)

Importance of Pilot Evaluation

- D.21-06-015 authorized Pilot Plus/Deep (PP/PD) to operate through the end of 2026, with guidance to conduct enough projects in each pilot tier to enable a valid evaluation.
- To date, PG&E has completed **564** PP/D projects, nearly evenly distributed across two tiers:
  - Plus: 286
  - Deep: 278
- This project data will support PG&E's planning for the next ESA Application.
- However, this is a small population for a comprehensive pilot evaluation.

Extending installations through the end of 2026 will allow PG&E to complete an estimated **1,150 projects**, increasing the evaluable population by roughly **2x** from today's amount.

ESA Pilots (PP/PD)

Proposed Plan: Continue installations through 2026, and maximize evaluation findings in 2027

- To ensure a large enough population of projects to support a comprehensive evaluation, PG&E plans to continue installations through 2026:
  - New customer enrollments through Q3 2026
  - Complete installations by end of Q4 2026
  - Provide the Pilot Evaluator additional time in 2027 to analyze realized energy and bill savings through winter 2026 and summer 2027
- In addition to EM&V, activities in 2027 will include post installation customer support, and administrative ramp down.
- 2027 proposed budget is ~$2.9M, reduced from $8.8M authorized for 2026.
  - Less budget is needed because new installations will not occur in 2027.
- Including the 2027 proposal, PG&E will spend 82% of the total authorized funds for PP/PD, leaving $7.9M unspent.

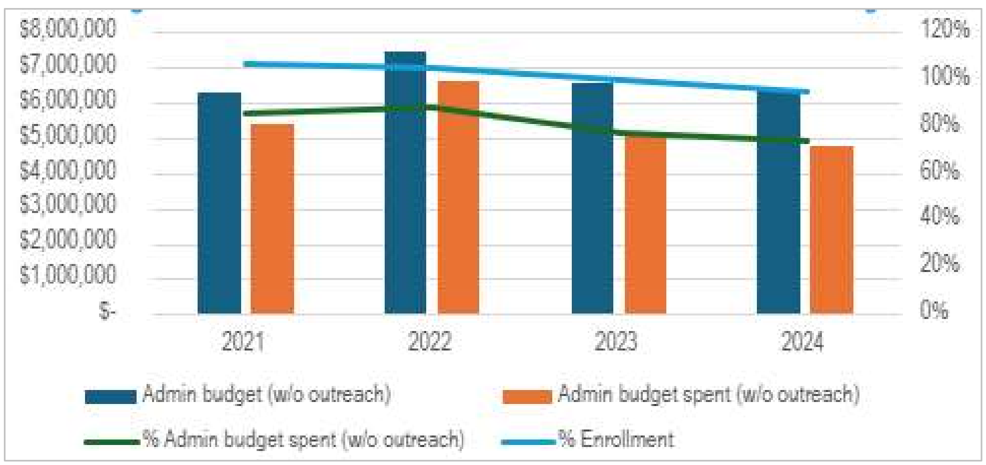
ESA Multifamily Whole Building (MFWB)

Continue all program operations/processes, reduce budget from 2026 authorized reflecting lower spend throughout program cycle

- 2026 Authorized ~$47M, 2027 request is for ~$36M
- In 2027, PG&E expects to perform approximately 200 WB projects, which is fewer properties than the forecasts that underpin the 2026 projection.
- Forecast is based on (1) actual costs during program cycle (2) expected 2027 property treatments and (3) expected implementation costs.
- Carryforward of unspent MFWB funds offsets the 2027 MFWB request.

CARE

Reduction in budget request from authorized, continuation of activities and 93% enrollment goal which we expect to meet



- Because PG&E has achieved 102% enrollment (avg. from 2021-2024)* while spending less than the authorized budget, we are requiring less administrative budget for 2027 than what was authorized for 2026.

- Budget ask reflects historical spend this program cycle (~70% avg. of authorized).

- In 2027, we will continue all program operations, including ME&O, utilizing CBOs, focus on improving PEV processes.
  - Expect to continue to meet the 93% enrollment goal.

** > 100% enrollment in 2021-2022 partially attributed to pause of program removals during COVID-19 consumer protections*

FERA

Budget request equal to 2026 authorized, continuation of 70% enrollment goal but will not be met

- PG&E does not request additional budget beyond 2026 authorized because our results have shown that additional outreach activities are unlikely to drive different enrollment outcomes.
  - PG&E's FERA Barriers study corroborates that PG&E's opportunities to increase FERA enrollment through more outreach activities are limited.*
- In 2027, will continue all program operations and processes, and continue data-driven ME&O with focus on activities with some efficacy.
- Project 20% enrollment by end of 2027 (13% enrollment by end of 2026).

* *Evergreen Economics, FERA Study, An Assessment of Achievable Enrollment and Program Efforts – Draft Report (June 6, 2025), Section 3.4, Assessment and Discussion, available at:* <*https://pda.energydataweb.com/#!/documents/4156/view*> *(accessed June 9, 2025).*

Concurrent Application System (CAS) Phase 1

CAS Phase 1 development is not part of the Bridge Funding Application

- CAS Phase 1 is not funded by the IQP budget in 2027
- The CAS Portal is expected to launch in by late 2026/early 2027
- The CAS is expected to
  - Recommend programs the customers may be eligible for after gathering eligibility information from the user
  - Enable CAS users to apply to CARE, ESA, and FERA programs through a single platform
  - Transmit customer information to IOU program administrators to facilitate the enrollment of customers in other eligible IOU programs with customer consent
  - Accessible to all types of users, including supporting Web Content Accessibility Guidelines, or equivalent, and available in multiple languages

PG&E	2025 (Year 1)	2026 (Year 2)	2027 (Year 3)
CAS Contract Cost	$ 617,000	$ 478,000	$ 122,000
IOU-specific Costs (Projected)	$ 510,000	$ 530,000	$ 275,000
Total	**$ 1,127,000**	**$ 1,008,000**	**$ 397,000**

SCE	2025 (Year 1)	2026 (Year 2)	2027 (Year 3)
CAS Contract Cost	$617,000	$478,000	$122,000
IOU-specific Costs (Projected)	$459,000	$477,000	$248,000
Total	**$1,076,000**	**$955,000**	**$370,000**

SDG&E	2025 (Year 1)	2026 (Year 2)	2027 (Year 3)
CAS Contract Cost	$308,000	$239,000	$61,000
IOU-specific Costs (Projected)	$2,142,000	$914,000	$481,000
Total	**$2,450,000**	**$1,153,000**	**$542,000**

SoCalGas	2025 (Year 1)	2026 (Year 2)	2027 (Year 3)
CAS Contract Cost	$ 514,000	$ 398,000	$ 101,000
IOU-specific Costs (Projected)	$ 1,771,000	$ 947,000	$ 650,000
Total	**$ 2,285,000**	**$ 1,345,000**	**$ 751,000**

Concurrent Application System (CAS) Phase 1

CAS Timeline	
Pre-RFP CAS Design Recommendations by CAS WG	July 7, 2023 - October 24, 2023
CAS Phase I Design Approval by ED	November 17, 2023
CAS Phase 1 RFP Period	December 29, 2023 - October 25, 2024
CAS WG Review of Final Requirements	May 24, 2024
CAS T3 AL Submission	November 4, 2024
CPUC Approval of CAS Contract (Resolution E-5394)	June 12, 2025
CAS Kick-off Meeting	June 16, 2025
CAS Portal Launch	By late 2026/early 2027

Q&A

Thank you for your time and engagement!

A.25-06-025 SCE's Bridge Funding Application

Program and Budgets for CARE, FERA, and ESA for 2027

July 15, 2025

SCE’s Bridge Funding Approach

- Utilized the guiding principles of **affordability** and **customer focus**, which align with the principles outlined in the ED Guidance.
- Utilized the most recent Commission annual funding and goal authorizations as starting points for its Bridge Funding proposal to determine program needs.
- Addressed affordability by reallocating funds within certain programs and requesting less overall funding, resulting in rate savings for all customers and additional bill savings for customers that participate in SCE’s programs.
- Did not propose any significant program changes in the Bridge Funding year compared to the last base year of the current cycle (e.g., 2026). No proposal to change program design, guidelines, or operations.
    - This straightforward approach was designed to allow the Commission to expedite the timing of its decision.

Funding Request: SCE total budget request is $111.5 million, which is reduced by utilizing unspent funds totaling $40.1 million, resulting in a proposed **total IQP budget authorization of $71.4 million**.[a] This is a decrease of $14.6 million from the 2026 authorized funding of $86 million.

Revenue Requirement and Rate Impact: A **decrease of approximately 0.2%** in the rate impact for both CARE and Non-CARE customers.

a) CARE/FERA subsidy are handled in SCE’s annual Energy Resource Recovery Account (ERRA) proceeding

SCE IQP Program | 2027 Bridge Funding Highlights

Program	Budget	Goals	Programmatic Changes	ME&O Changes
CARE	Escalation	Sames as 2026	None Proposed	None Proposed
FERA	Escalation	Sames as 2026	None Proposed	None Proposed
ESA				
ESA Main [a]	Escalation + Program Update	Sames as 2026	None Proposed	None Proposed
ESA Building Electrification (BE) Pilot [a]	Escalation + 2027 Budget	Sames as 2026	Continue in 2027	None Proposed
ESA Clean Energy Homes (CEH) Pilot	None Proposed	None Proposed	Closure 2026	None Proposed
ESA Pilot Plus/Deep (PPPD) Pilot	None Proposed	None Proposed	Closure 2026	None Proposed
ESA Multifamily Whole Building (MFWB) Program [a] [b]	Escalation + Program Update	Sames as 2026	None Proposed	None Proposed

a) SCE proposes to use unspent uncommitted funding to reduce the overall bridge funding budget request and to maintain ESA portfolio growth in response to Commission concerns regarding SCE's ESA program performance.
b) ESA Southern MFWB 2027 Forecast is developed by SDG&E as the program lead IOU.

SCE CARE Program | 2027 Bridge Funding Highlights

CARE Goals	2026 Authorized	2027 Proposed
Participation / Enrollment Goals	92%	92%

Categories	2026 Authorized	2027 Proposed
CARE Administration	$9,275,620	$9,500,438
CARE Subsidy Budget [a]	$427,678,676	$1,018,548,247
CARE Administrative + Subsidy Budget	$436,954,296	$1,028,048,685

a) SCE's 2027 CARE subsidy forecast is $1.019 billion which supports an estimated enrollment population of 1,370,841. Between 2021 and 2024, SCE's CARE subsidies grew at an average annual rate of 12.8%. This growth was driven by rate increases and higher-than-expected enrollment numbers, which collectively pushed the CARE subsidies beyond the levels authorized under D.21-06-015.

SCE FERA Program | 2027 Bridge Funding Highlights

FERA Goals	2026 Authorized	2027 Proposed
Participation / Enrollment Goals [a]	70%	70%

Categories	2026 Authorized	2027 Proposed
FERA Administration	$1,677,538	$1,717,244
FERA Subsidy Budget	$57,127,419	$60,519,477
FERA Administrative + Subsidy Budget	$58,804,957	$62,236,721

(a) SCE will continue to reassess its FERA approach and strategies and provide updates in its Full Cycle IQP Application in November 2025.

SCE ESA Program | 2027 Bridge Funding Highlights

ESA Program Goals and Targets: SCE proposes to continue its ESA program goals for 2027. SCE will review the latest information and historical trends and may propose updates to its ESA goals in its full cycle IQP application. [a]

Category	kWh	kW	Therms
2026 Authorized	25,051,480	9,855	289,314
2027 Proposed	25,051,480	9,855	289,314

ESA Goals/Targets	2026 Authorized	2027 Proposed
Participation / Enrollment Targets	56,806	56,806

(a) The Proposed Annual Energy Savings Goals (kWh, kW, and Therms) for PY 2027 are for the entire ESA Portfolio, including ESA Main and the BE Pilot.

SCE ESA Program | 2027 Bridge Funding Highlights

Budget and Program Adjustments:

- **ESA Main Budget**: Increase to align with historical program spending levels.
- **ESA BE Pilot Budget**: Increase to continue current success and momentum.
- **Sunsetting Pilots**: Proposals to sunset the Staff Proposal Pilot (Pilot Plus/Pilot Deep) and the Clean Energy Home pilots.
- **Multifamily Whole Building Program**: Alignment with SDG&E's proposal and acknowledgment of program challenges.

Categories	2026 Authorized[a]	2027 Proposed
ESA Total Proposed Budget	$75,044,107	$100,268,152
Application of Unspent Funds[b]	-	($40,106,552)
ESA Total Proposed Budget[c]	$75,044,107	$60,161,600

(a) 2026 authorized budget includes ESA Main, BE, CEH, MFWB, PPPD.
(b) All references to unspent and uncommitted costs are forecasts and subject to change based on actual program results. The totals are made up of approximated $22.2 million from the CEH and PPPD program closures and approximately $17.9 million carryover unspent funds from MFWB.
(c) This is the funding request amount for the ESA portfolio.

Q&A

Low Income Bridge Funding Application
TAC Subcommittee Presentation

July 15, 2025

Bridge Funding Application Overview

- Continues program funding when the 2021-2026 cycle is over, allows for transition
- Provides for additional time to plan next full cycle and allow Commission to adjudicate applications within 18 months
- Provides for program services continuity for customers while studies are completed
- Timeline for Applications
  - **Bridge Funding Application** Filed June 27th, 2025
  - **Full Cycle Application**: November 7, 2025 Filing

Summary – Requested Budgets

Program	2026 Authorized Budget	2027 Proposed Budget	Increase/ Decrease Request	% Change
ESA Main	$22,011,376	$22,011,220	$(156)	0%
MFWB	$9,470,876	$11,476,405	$2,005,529	21%
SPOC	$651,613	$462,210	$(189,403)	(29)%
PP/PD	$1,526,683	$1,791,059	264,376	17%
Total ESA	**$33,660,548**	**$35,740,863**	**$2,080,315**	**6.2%**
CARE Admin	$7,401,649	$7,401,649	$0	0.0%
CARE Discount	$126,524,206	$218,878,622	$92,354,416	73.0%
Total CARE	**$133,925,855**	**$226,280,271**	**$92,354,416**	**73.0%**
FERA Admin	$640,368	$984,185	$343,817	53.7%
FERA Discount	$5,388,762	$5,449,903	$61,141	1.1%
Total FERA	**$6,029,130**	**$6,434,088**	**$404,958**	**6.7%**

ESA Portfolio – 2027 Highlights

General Portfolio

- Continue current ESA Portfolio program design and delivery
- Utilize unspent 2026 funds to fund part of the 2027 budget
- Total ESA budget: ~$35.7 million, with ~$19 million from carry-over funds ($16.7M is our total revenue ask)

2027 Portfolio Goals for ESA Main and SDGE MFWB

- Household Treatment Goal/Target: 14,766
- kWh Savings Goal: 3,939,709
- Therms Savings Goal: 247,731
- kW Savings Goal: 641

ESA Main– 2027 Highlights

ESA Main

- 2027 budget: Same as 2026 (~$22 million)
- Measure pricing projected at 5% increase each year
- Continue program design and delivery for energy savings and health, comfort, and safety
- Updated measure and savings forecasts
- Cost-effectiveness score (ESACET): 0.29 is slightly lower than forecasted 2026 ESACET at .35

ESA Southern MFWB Program

Southern Multifamily Whole Building

- 2027 proposed budget will mirror authorized 2026 budget (~ $56M)
- Utilize unspent program funds for 2027.
- Measure pricing projected at 3% increase each year
- 2027 forecast for SMFWB includes completing 160 WB projects and 38,000 in-units

Multifamily Single Point of Contact (SPOC)

- Acts as a central hub for multifamily property owners/managers
- Offers benchmarking, financial services, and program coordination
- 2027 budget: lower than 2026 authorized

ESA Portfolio Continuation

Pilot Plus / Pilot Deep (PPPD)

- Proposed 2027 budget slightly more than 2026 but will not exceed total program cycle budget
- Use unspent funds for 2027 funding
- 2027 focus: complete remaining 2026 projects and continue EM&V (evaluation)
- Target: ~250 homes completed by end of pilot

CARE Program – 2027 Highlights

Enrollment and Verification Goals

- Maintain 90% enrollment rate goal
- Maintain 6% Post Enrollment Verification (PEV) Rate

Proposed Administrative and Rate Discount Budgets

- Administrative budget remains $7,401,649, similar to 2026
- CARE Rate Discount: $218,878,622 forecast based on 2024 CARE enrollment

Outreach Focus and Program Continuity

- Prioritize ME&O in high-poverty zip codes with CARE enrollment <70%
- CARE recertification, auto-enrollment, CHANGES and Capitation fee same as 2026

FERA Program – 2027 Highlights

Enrollment & Verification Goals:

- Maintain 70% enrollment goal
- Maintain 3% PEV rate

Proposed Administrative and Rate Discount Budgets:

- FERA Admin: $984,185 ask is +$343,817 (+35%) vs. $640,368 in 2026. M&EO increases the most for targeted outreach like The Harris Group outbound calling to drive new enrollments; FERA-only marketing
- Budget forecast aligns with 2025/2026 incremental funding ask in SB 1130 Tier 3 AL
- FERA Rate Discount: $5,449,903 (+1.1%)

Program Enhancements:

- Expanded FERA eligibility – per SB 1130, now includes 1 and 2 person households (previously required 3+)
- Continue successful ME&O efforts like targeted outbound calling to drive FERA enrollments
- Target a FERA-eligible population that nearly doubled from 41,374 in 2024 to 81,019 in 2025

LOW INCOME PROGRAMS BRIDGE APPLICATION

July 15, 2025

Purpose of Bridge Funding Application

» Provide continuity in program funding and operations for the Energy Savings Assistance (ESA) Program and California Alternate Rates for Energy (CARE) programs, for low-income customers by receiving a timely decision for PY 2027 while the Full program application is developed separately.

» Provide time to receive and incorporate stakeholder feedback ahead of the Full Program Application.

» Allow for sufficient time for the Commission to review and issue a timely decision on the Full Program Application.

Bridge Funding Application Proposed Program Changes

- SoCalGas proposes minimal changes in bridge funding application to help expedite approvals and avoid disruption in delivering the CARE and ESA Program.
- Authorization to continue to shift funds in the same manner as approved in D.21-06-015 (not applicable for main ESA Program).
- Authorization to fund shift $29 million of unspent funds from the ESA Program Pilot Plus/Deep, that were previously authorized, to alleviate unknown cost pressures in the main ESA Program that are the result of the proposed increases in tariffs.
- Authorization to carry over funds from the current Program Year (PY) 2021-2026 cycle to conduct ESA Program Impact and Process Evaluations during 2027.

CARE Program Budget and Goals

Table 1: CARE Proposed Budget

Categories	2026 Authorized Budget ~~in~~ D.21-06-015	2026 Anticipated Budget	2027 Proposed Budget
CARE Administrative Budget	$10,915,864	$10,915,863	$11,230,214
CARE Subsidy Budget	$144,495,405	$228,046,865	$221,138,371
CARE Administrative + Subsidy Budget	$155,411,268	$238,962,728*	$232,368,585

Table 2: CARE Enrollment

Category	Total Enrolled 12-31-24	Estimated PY 2025 Net Enrollments	Estimated PY 2026 Net Enrollments	Estimated PY 2027 Net Enrollments	Estimated Year End PY 2027 Participation	Estimated PY 2027 Goal Rate (a)
Value	1,756,132	1,760,110	1,755,512	1,750,576	108%	95%

ESA Program Budget and Goal

Table 3: ESA Program Proposed Budget

Category	2026 Authorized Budget	2027 Proposed Budget
Main ESA Program	$95,283,506	$95,840,419
MFWB	$20,563,740	$27,697,789
Portfolio Total	$122,666,069	$123,538,208

Table 4: ESA Program Energy Savings Goals (Therms)

Year	Therms
2026	1,435,220
2027	1,435,220

Table 5: ESA Program Household Treatment

Year	Target
2026	69,837
2027	69,837

Executive Summary

Project Name	SoCalGas's Low Income Programs Bridge Funding Application
Project Description	The application requests bridge funding for the ESA Program and CARE Program for PY 2027.
Budget Request	The overall bridge funding proposal is generally based on the currently authorized program budgets as authorized in D.21-06-015 for 2026. For PY 2027, SoCalGas requests a total of $355.52 million to allow for the continuation of its CARE and ESA Programs. • Request for $232.37 million in bridge funding for the CARE Program which includes CARE subsidy and anticipated CARE administrative costs. • Request for $123.15 million for the ESA Program.
Implementation Time Frame	Submitted bridge funding application on June 27, 2025. A final decision is expected in Q2 of 2026. If approved, SoCalGas will coordinate with its ESA Program contractors to extend existing contracts through the end of 2027. Current CARE processes will continue through 2027.