

Application: A.26-03-009

Exhibit No.: BAYREN-05

Witnesses: Various



Local Governments Empowering Our Communities

**Exhibit 5: Supplemental Testimony in
Support of the Bay Area Regional
Energy Network's Application for
Approval of the 2028-2031 Portfolio
Plan and 2028-2035 Business Plan
and Response to ALJ**

Before the California Public Utilities Commission

San Francisco, CA
September 29, 2026

Table of Contents

1. SUMMARY OF TESTIMONY CHANGES	1
2. SUPPLEMENTAL RESPONSES TO ALJ QUESTIONS.....	6
Exhibit 1: BAYREN-01R – Corrected Clean Copy and Redline Substitute Sheets – Testimony	
Exhibit 2: BAYREN-02R – Corrected Clean Copy – Program Cards	
Revised BayREN Application Excel Workbook – Corrected Clean Copy	

1. SUMMARY OF TESTIMONY CHANGES

In addition to corrections made to address amended total system benefit and cost-effectiveness values to reflect corrected Avoided Cost Calculator / Cost Effectiveness Test tool inputs, the following errors were also corrected:

- The estimated savings for the Bay Area Regional Energy Network (BayRen) Refrigerant Replacement program reported on the program card were incorrect and have been updated;
- A typographical error in Table 4.1 has been corrected;
- Corrected forecasts are now provided for the BRRR program throughout, not only in the Program Card;
- Forecasts for Energy Efficiency Kits were added to the single family program;
- Forecasts for Green House Calls were added to the BayREN Works program; and
- The budget for measures installed through the Green House Calls in the BayREN Works program was changed from implementation to incentives, since the program is now forecasting savings.

The following tables provide updated values and a log of changes made to the March 16, 2026, *Application of Association of Bay Area Governments (CPUC ID 941) for Approval of the Bay Area Regional Energy Network 2028-2031 Portfolio Plan and 2028-2035 Business Plan*.

1

Table X-1: Summary of Budget and TSB Impacts

Segment	Original Budget	Revised Budget	Budget % Change	Original TSB	Revised TSB	TSB % Change
2028-2031 Portfolio						
Resource Acquisition	\$25,509,512	\$25,509,512	0%	\$6,057,775	\$6,395,652	5.58%
Market Support	\$23,212,411	\$23,212,411	0%	\$0	\$0	0%
Equity	\$123,191,220	\$123,191,220	0%	\$27,753,675	\$29,123,272	4.93%
EM&V	\$7,463,851	\$7,463,851	0%	\$0	\$0	0%
Total Portfolio Excluding C&S	\$179,376,994	\$179,376,994	0%	\$33,811,451	\$35,518,925	5.05%
Codes & Standards (C&S)	\$7,219,282	\$7,219,282	0%	\$0	\$0	0%
Total Portfolio Including C&S	\$186,596,277	\$186,596,277	0%	\$33,811,451	\$35,518,925	5.05%
2032-2035 Portfolio						
Resource Acquisition	\$29,474,500	\$29,474,500	0%	\$7,531,035	\$7,878,474	4.61%
Market Support	\$26,056,800	\$26,056,800	0%	\$0	\$0	0%
Equity	\$134,778,000	\$134,778,000	0%	\$34,373,163	\$36,058,890	4.90%
EM&V	\$8,263,059	\$8,263,059	0%	\$0	\$0	0%
Total Portfolio Excluding C&S	\$198,572,359	\$198,572,359	0%	\$41,904,198	\$43,937,364	4.85%
Codes & Standards (C&S)	\$8,004,100	\$8,004,100	0%	\$0	\$0	0%
Total Portfolio Including C&S	\$206,576,459	\$206,576,459	0%	\$41,904,198	\$43,937,364	4.85%
2028-2035 Total						
Resource Acquisition	\$54,984,012	\$54,984,012	0%	\$13,588,810	\$14,274,126	5.04%
Market Support	\$4,9269,211	\$4,9269,211	0%	\$0	\$0	0%
Equity	\$62,126,838	\$62,126,838	0%	\$62,126,838	\$65,182,162	4.92%
EM&V	\$15,726,910	\$15,726,910	0%	\$0	\$0	0%
Total Portfolio Excluding C&S	\$377,949,353	\$377,949,353	0%	\$75,715,648	\$79,456,289	4.94%
Codes & Standards (C&S)	\$15,223,382	\$15,223,382	0%	\$0	\$0	0%
Total Portfolio Including C&S	\$393,172,736	\$393,172,736	0%	\$75,715,648	\$79,456,289	4.94%

2

3 Note: 2032-2035 portfolio forecasts did not include CET calculations and the high-level methodology used
4 was not revised based on the small impact to 2028-2031.

5

1

Table X-2: Summary of Cost Effectiveness Impacts

Segment	Original TRC	Revised TRC	TRC % Change	PAC % Change	RIM % Change	SCT-Base % Change	SCT-High % Change
2028-2031 Portfolio							
Resource Acquisition	0.2498	0.2636	5.52%	5.51%	4.34%	-4.24%	-4.83%
Market Support	0	0	0%	0%	0%	0%	0%
Equity	0.2883	0.2984	3.50%	3.86%	-0.17%	3.31%	3.34%
EM&V	0	0	0%	0%	0%	0%	0%
Total Portfolio Excluding C&S	0.2339	0.2430	3.89%	4.11%	0.82%	2.21%	2.15%
Codes & Standards (C&S)	0	0	0%	0%	0%	0%	0%
Total Portfolio Including C&S	0.2250	0.2337	3.87%	4.11%	0.86%	2.2%	2.13%

2

3 Note: 2032-2035 portfolio forecasts did not include CET calculations and did not have a cost-effectiveness
4 showing

Table X-3: Summary of Testimony Update Locations

Document (Testimony or Excel)	Exhibit	Chapter	Page/Sheet	Table, Figure, or Line Number	Summary of Change
Ex: Testimony	BAYREN-01	2	20	Table 2.2	TSB and Cost Effectiveness Values, Savings values, CO2 values
Ex: Testimony	BAYREN-01	2	22	Table 2.4	TSB and TRC values
Ex: Testimony	BAYREN-01	4	102	Line 9 and Table 4.1	TSB and TRC values
Ex: Testimony	BAYREN-01	4	110	Table 4.3	TSB and TRC values
Ex: Testimony	BAYREN-02	Program Cards	3	Program Name: Efficiency and Sustainable Energy Home Program (EASE)	TSB and PAC values
Ex: Testimony	BAYREN-02	Program Cards	9	Program Name: Bay Area Multifamily Building Enhancements Program (BAMBE)	TSB values
Ex: Testimony	BAYREN-02	Program Cards	15	Program Name: BayREN Works	TSB and TRC values
Ex: Testimony	BAYREN-02	Program Cards	20-21	Program Name: BayREN Refrigerant Replacement (BRRR)	TSB, TRC, and PAC values; Near-term Program Outputs's first year reduction of

					<i>lifecyle CO2 emissions value; Long Term Outcome's first year reduction of lifecyle CO2 emissions value</i>
<i>Ex: Testimony</i>	<i>BAYREN-02</i>	<i>Program Cards</i>	<i>25-27</i>	<i>Program Name: BayREN Business</i>	<i>TSB, TRC, and PAC values; Near-term Program Outputs's first year reduction of lifecyle CO2 emissions value; Long Term Outcome's first year reduction of lifecyle CO2 emissions value</i>
Ex: Excel BPA Workbook	BAYREN-03R	N/A	Budget Filing Data, 4.1 Program Budget 2028-2031, 4.2 Sector Seg Budget 2032-2035, 4.3 TSB and C&S Targets, 10 Indicators & Metrics, 11 Program Card.	See Page/Sheet column	All fields impacted by CET change, e.g. TSB, TRC, RIM, PAC, CO2e, Electric Benefits, Water-Energy Benefits; BayREN09 Incentive/Rebate and DINI budgets; BayREN08 and BayREN09 savings fields, e.g. first year and lifecyle kWh, kW, Therms.

1

2 Note: Add as many rows as needed

2. SUPPLEMENTAL RESPONSES TO ALJ QUESTIONS

In response to the questions set forth in *Administrative Law Judge's Ruling Directing Submission of Corrections and Supplemental Information from All Business Plan Applicants* dated September 2, 2026, BayREN submits the following supplemental testimony in its *Application of Association of Bay Area Governments (CPUC ID 941) for Approval of the Bay Area Regional Energy Network 2028-2031 Portfolio Plan and 2028-2035 Business Plan*, filed March 16, 2026 (Application or BPA).

Q1. Does your business plan application consider the impact of the California Air Resource Board's (CARB) potential new rules on Clean Space and Water Heater Standards, or other regional standards? If not, how would your business plan application need to be adjusted if CARB's current proposal is adopted, effective in 2030?

Yes. BayREN's Application addresses the impacts of both the potential CARB rules on Clean Space and Water Heater Standards (CARB Potential New Rules) currently under development and the Bay Area Air Quality Management District's (Air District) adopted zero-NOx rules (Air District Rules) in Exhibit 1 of BayREN's opening testimony, pages 15-16. As stated there, BayREN's proposed portfolio does not include incentives for any gas-fueled appliances in the Business Plan period and therefore BayREN believes it is fully compliant with both the existing Air District Rules and the CARB Potential New Rules.¹ BayREN's opening testimony goes on to provide "BayREN plans to adjust its programs and incentives as appropriate once more information is available and will reflect any changes in the True-Up Advice Letter due in 2027."²

¹ BayREN Application, *Exhibit 1: Testimony in Support of the Bay Area Regional Energy Network's Application for Approval of the 2028-2031 Portfolio Plan and 2028-2035 Business Plan* (BAYREN-01R) at 15:18-20.

² *Id.* at 16:19-21.

1
2 CARB Potential New Rules as currently envisioned would establish limits on sales of
3 GHG-emitting space and water heaters that a manufacturer can sell in California
4 each calendar year starting in 2030.³ Each equipment type would have its own
5 Statewide Emissive Sales Limit, which will become stricter over time for space and
6 water heaters.⁴

7
8 BayREN's Business Plan Application is already fully compliant with both the CARB
9 Potential New Rules and the Air District Rules because its portfolio does not include
10 incentives for any NOx- or GHG- emitting appliances.⁵ As explained in BayREN
11 opening testimony, BayREN's proposed portfolio includes incentives for zero-
12 emission heat pump water heaters and heat pump space heating systems
13 throughout the Business Plan period for three reasons:

- 14 a. The Air District Rules prohibit the sale of NOx-emitting water and
15 space heaters. Like reach codes, they establish a local code which is
16 above the state standard. The Commission determined in Decision (D.)
17 09-05-037 that energy efficiency (EE) incentives could continue to be
18 provided in jurisdictions where reach codes have been adopted in
19 order to encourage market transformation.⁶
20 b. The Air District is in the process of considering amendments to its
21 rules, including changes to the implementation schedule, and

³ California Air Resources Board, *Zero – Emission Space and Water Heater Standards* (Dec. 11, 2025) at 8, 11, available at https://ww2.arb.ca.gov/sites/default/files/2025-12/December_2025_Workshop_Slides_ADA.pdf.

⁴ *Id.* at 11.

⁵ BAYREN-01R at 15:18-20.

⁶ D.09-05-037, *Interim Decision Determining Policy and Counting Issues for 2009 to 2011 Energy Efficiency Programs* (May 21, 2009) at 30.

1 potential exemptions for low-income households and small
2 businesses with high hot water demand, such as restaurants and
3 laundries.⁷ BayREN's portfolio is focused on serving the equity
4 segment, including low-income households and small businesses. It is
5 unknown at this time how much any such amendments will affect
6 BayREN's target customers or exactly when they will take effect.

- 7 c. The CARB Potential New Rules have not yet been adopted, and it is not
8 clear if or when that would happen and therefore when they would go
9 into effect. In addition, such rules as currently proposed would not
10 prohibit gas-fueled appliances or require the use of heat pumps, but
11 would simply limit the number of GHG-emitting appliances sold within
12 the state.⁸ As such, the CARB Potential New Rules would not establish
13 a new baseline.

14 BayREN does not anticipate that its business plan application would need to be
15 adjusted if CARB's current proposal is adopted, effective in 2030, or to respond to
16 the adopted Air District Rules. If and when CARB's potential rules and amendments
17 to the Air District Rules are adopted and more information is available, BayREN
18 would review its programs to determine whether adjustments would be needed to
19 remove or reduce incentives, or make other changes via Implementation Plan
20 updates, Advice Letter, or other mechanism as appropriate.

⁷ Bay Area Air District, "Water Heater Rule Draft Amendments Overview – July 2026,"
available at: https://www.baaqmd.gov/~/media/dotgov/files/rules/reg-9-rule-4-nitrogen-oxides-from-fan-type-residential-central-furnaces/2021-amendments/documents/20260717_water_heater_rule_flyer_en_final-pdf.pdf?rev=dc29cc0e1b1249c1b24fc96517d3572d&sc_lang=en.

⁸ CARB, *Clean Space and Water Heaters – Frequently Asked Questions*, California Air Resources Board (July 13, 2026), <https://ww2.arb.ca.gov/our-work/programs/building-decarbonization/clean-space-and-water-heater-standards/faq>.

1 **Q2. Provide a third-party solicitation schedule and timeline from 2028 to**
2 **2031. Use the solicitation schedule posted to the California Energy**
3 **Efficiency Coordinating Committee website, available at**
4 **<https://www.caeec.org/market-rate-ee-r25-04-101>, for reference and**
5 **required fields.**

6 Third-party programs are defined as programs that are “proposed, designed,
7 implemented, and delivered by non-utility personnel under contract to a *utility*
8 *program administrator*.”⁹ The Commission has also determined that third-party
9 requirements do not apply to non-utility EE portfolio administrators.¹⁰ BayREN, and
10 other Regional Energy Networks (“RENs”), therefore do not administer third-party
11 programs by definition and do not have a third-party solicitation schedule. Energy
12 Division staff have confirmed that RENs are not expected to respond to this
13 question.

⁹ D.16-08-019, *Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings*, (Aug. 25, 2016) at 67 (emphasis added).

¹⁰ *Id.* at Conclusion of Law 60; see also D.18-01-004, *Decision Addressing Third Party Solicitation Process for Energy Efficiency Programs*, (Jan. 17, 2018) at 46-47; see also D.23-02-002, *Decision Addressing Energy Efficiency Third-Party Processes and Other Issues*, (Feb. 2, 2023), Finding of Fact 1.