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April 1, 2026

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

Re: AB 2508 (Hoover)- Oppose

Dear Chair Petrie-Norris,

We the undersigned write to express our respectful opposition to AB 2805 (Hoover), which would eliminate the current funding stream for the state’s Public Purpose Programs, including energy efficiency (EE) and research and development programs, and instead force them to compete for more volatile and scarce Greenhouse Gas Reduction Funds (GGRF). Injecting this level of uncertainty into the state’s EE programs will compound the current affordability crisis by eliminating the benefits of EE to both individual ratepayers and the energy system as a whole. It will cost more than it will save.

Energy Efficiency is Crucial for Reliability and Affordability

California is facing a new era of load growth, driven by electrification and data centers. The CEC estimates that total electricity consumption will increase by as much as 45%, and peak demand will increase by as much as 42%, by 2045.¹ Without robust and stable energy efficiency programs to manage demand and support reliability, these increases will be even larger. California’s Loading Order policy prioritizes EE and demand reduction before other generation resources, because **the cheapest electron is the one we never have to buy at all.**²

Modern EE programs also reduce peak demand by seamlessly integrating demand response and load flexibility measures capable of shifting peak loads, thereby saving ratepayers money. Importantly, the CEC’s load forecasts, which are the basis for electricity procurement planning, assume at least 13.5 GWh in achievable energy efficiency savings.³ Without these programs, load serving entities (LSEs) will need to procure an additional 13.5 GWh of generation capacity statewide to cover the shortfall. Those costs will be passed on to ratepayers.

Beyond avoided procurement costs, EE programs provide savings on the transmission and distribution side of the bill as well. Reducing energy demand also reduces the need for new infrastructure to deliver electricity, and EE is a highly cost-effective way to do so. The CPUC’s 2025 Report on Demand Side Management Programs found that:

*“...the portions of Public Purpose Program funds allocated to energy efficiency and demand response programs comprise less than five percent of the electric revenue requirement and less than four percent of the gas revenue requirement for the large investor-owned utilities. **This low impact on rates provides a low-cost path to equitably achieve cost savings for customers and reduce total energy consumption and peak demand, which in turn reduces retail rates through lower energy prices and avoided capacity, transmission, and distribution costs**”⁴*

¹ Slide 9, <https://www.energy.ca.gov/filebrowser/download/9328?fid=9328>. 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.

² [Cal. Pub. Util. Code § 454.5\(b\)\(9\)\(C\)](#)

³ Page 37. <https://efiling.energy.ca.gov/GetDocument.aspx?tn=266416>

⁴ Page 10. <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/office-of-governmental-affairs-division/reports/2025/report-on-demandside-management-programs-pursuant-to-puc-section-9135.pdf>

EE Provides Direct Savings to Individual Customers

Energy efficiency is one of the best tools customers can use to directly protect themselves against high rates and bills. If customers cannot reduce their usage through energy efficiency, they are more at risk of falling behind on their bills and even being disconnected, especially low-income residents who are already in economically precarious positions. While the Energy Savings Assistance Program (ESA) serves exclusively low-income customers, a significant portion of the non-income qualified energy efficiency portfolio also serves lower income customers, rural customers, affordable multi-family housing, and small businesses. For many customers, EE functions as an affordability safety net as well as an environmental opportunity.

Stable Funding is Necessary to Continue Realizing These Benefits

Successful energy efficiency programs depend on reliable, predictable multi-year funding. Funding certainty allows administrators 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 nearly 312,000 energy efficiency jobs and 53,000 EE businesses across California.⁵

Neither the State General Fund nor the GGRF are able to provide the necessary funding certainty to sustain these valuable programs and ensure they remain cost effective. Not only are GGRF revenues hard to predict as noted by the Legislative Analysts Office (LAO),⁶ but using GGRF for PPP costs may also require revisiting the deal struck by the Legislature in SB 840 (Limon, 2025). Under the legislation, GGRF discretionary revenues are allocated in tiers of priority, including towards replacing the State Responsibility Area fire prevention fee, high speed rail, public transit passes, a University of California Climate Research Center, community air protection, and several other programs that do not pertain to efforts currently supported by the PPP.

Given the key role that EE programs play in the state's energy management strategy and the benefits they provide to affordability and grid stability, the state must ensure that these programs remain viable. Shifting the funding source of the state's EE programs to the volatile GGRF will threaten both the affordability benefits and system reliability benefits that are provided by these programs. As such, we urge you to vote NO on AB 2508.

⁵ https://building-performance.org/documents/2025/EEJAFullReport_2025.pdf

⁶ Page 6, https://lao.ca.gov/reports/2026/5114/2026-27_Cap_Invest_021026.pdf

Sincerely,

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