CONCURRENCE IN SENATE AMENDMENTS
AB 44 (Schultz)
As Amended September 2, 2025
Majority vote

SUMMARY

Requires the California Energy Commission (CEC) on or before December 1, 2026, and in consultation with load-serving entities (LSEs) and resource aggregators, to create and publicize methodologies for load modification protocols by which an LSE may reduce or modify its energy demand forecasts (i.e. ″load modification protocols″).

Senate Amendments

1) Clarifies that the aggregators and DERS envisioned by the bill are behind-the-meter.

2) Deletes the requirement to evaluate new and existing mechanisms that can support LSEs′ opportunities to modify their resource adequacy (RA) obligations and related reporting by the CEC.

COMMENTS

In the context of electric service, ″load,″ is anything that uses electricity. LSEs, therefore, are the entities that provide the electricity to meet the electrical demand created by load. DER is a catch-all term used for a variety of generation, storage, or load modifying resources that are usually connected to the utility distribution system. DERs include both generation technologies that reduce customer load when consumed on-site (e.g., customer-sited rooftop solar) and load modifying technologies that reduce customer load by actively shifting or reducing customer energy usage (e.g., demand response programs). In other words, DERs can affect either the supply or demand of energy, but are usually located behind the customer meter; and thus to the larger grid may be viewed solely as modifying customer load. Resource aggregators are generally third-party providers who combine supply/load from multiple distributed energy resources.

Alongside other planning guidance focusing on energy generation needs in both the mid- and long-term, the CEC conducts an IEPR to forecast all aspects of energy industry supply, production, transportation, delivery, distribution, demand, and pricing. The demand forecast the CEC adopts in its IEPR informs the generation planning processes at the CPUC, as the supply provided by the CPUC analysis must match the customer demand provided by the CEC.

The CEC is responsible for producing both statewide and LSE-specific demand forecasts to inform both policy and grid operations. LSEs annually submit their own year ahead peak demand forecast to the CEC, including any relevant DER load modifiers that lower their peak demand. The CEC team reviews LSE forecasts, compares them to their own forecasts, and makes adjustments to resolve discrepancies between the two. The load reductions from a LSE program are then incorporated into the CEC′s final adjusted forecast. The CPUC uses the CEC′s forecasts to determine individual LSE RA obligations.

In 2022, the Legislature required the CEC to develop a statewide goal for load shifting to reduce net peak electrical demand (SB 846, Dodd, Chapter 239, Statutes of 2022). In May 2023, the

CEC published their final report where they established the statewide goal of seven gigawatts (GW) of load-shift by 2030, estimating that roughly 3.1-3.6 GWs of load was shifted in 2022. The CEC noted their view that ″the proposed target is aspirational but achievable with robust policy support,″ and made 18 policy recommendations to consider in order to reach the goal. Among those recommendations were policies included in this measure, including allocating funding for the CEC to supplement demand response, reforming availability rules and RA resource requirements, and promoting load-modifying program development and measurement, including reducing RA requirements on LSEs with these programs.

This bill requires the CEC to adopt a set of requirements to enable LSEs to use these demand-side resources to reduce their demand forecast. However, caution may be in order, as these demand-side resources can vary greatly in their design – from virtual power plants to aggregated residential thermostats – and vary in their visibility to the state agencies and California′s energy market. This bill seems to recognize this caution by not mandating adoption of these technologies, but rather enabling state agencies and the California Independent System Operator (CAISO) to set all the requirements and protocols and requiring any deployed technology to be deemed effective and reliable by the state agencies and CAISO.

According to the Author
″AB 44 would enhance a tool that retail providers can use to increase grid reliability and better manage energy procurement costs for consumers, augmenting downward pressure on rates for all customers. By enhancing transparency in the process by which load-modifying technologies could shift or reduce the state′s resource adequacy needs during the most expensive hours, this bill would increase uptake in this cost-saving method. Distributed energy providers would have more clarity on what functionalities they must offer retail providers to produce cost-saving value, retail providers would have assurances would reduce the cost of serving customers, and energy planning agencies would have greater confidence in the reliability performance of aggregated distributed energy resources.″

Arguments in Support
This bill is supported by a coalition of demand response, clean energy, and climate organizations. The supporters note distributed energy technologies and demand management strategies exist that could ″cost-effectively reduce or shift peak electricity usage.″ However, these bill proponents assert there is currently insufficient deployment of such technologies, and that this bill will ″allow for more predictable and timely participation, reduce risk for those investing in load flexibility, and ultimately deliver savings to customers.″

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Appropriations Committee: the CEC estimates one-time costs of $250,000 and ongoing costs of $433,000 annually (Energy Resources Program Account [ERPA]) to execute the required analysis and updated recommended protocols, among other things.

VOTES:

ASM UTILITIES AND ENERGY: 18-0-0

YES: Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

ASM APPROPRIATIONS: 14-0-1
YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache, Ta, Tangipa
ABS, ABST OR NV: Sanchez

ASSEMBLY FLOOR: 69-0-10
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Stefani, Ta, Valencia, Wallis, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Alvarez, Bryan, Chen, Jeff Gonzalez, Nguyen, Sharp-Collins, Solache, Soria, Tangipa, Ward

UPDATED

VERSION: September 2, 2025

CONSULTANT: Laura Shybut / U. & E. / (916) 319-2083 FN: 0001950