California Public Utilities Commission
505 Van Ness Ave., San Francisco

MEMORANDUM

Date: October 19, 2026

To: Custom Program Administrators and Implementers

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CC: Leanne Hoadley, Energy Division, CPUC Jeorge Tagnipes, Energy Division, CPUC

Subject: Guidance / Deemed Measures Claiming Custom Calculated Savings

Summary

The purpose of this memo is to update previous guidance on when a deemed measure may claim savings under a custom program pathway.[1] The existing "deemed must go deemed" approach is limiting, and this memo provides greater flexibility to incorporate deemed measures into custom projects as long as custom project requirements are met. The approach outlined here clarifies project implementation, promotes deeper energy savings opportunities, and outlines the process for evaluating deemed measures while preserving compliance with CPUC custom guidance.

Background

Historically, measures offered through a deemed measure package could not use a custom energy savings calculation, even if the measure was part of a custom project. The intent was to maintain a clear separation between custom and deemed pathways, and steer established measures to their respective energy savings and programs.

There has not been an allowable process for custom project developers to include deemed measures within a custom project, and use calculated energy savings, even when site-specific conditions indicate that a custom analysis could capture savings beyond the established deemed values. The

[1] CPUC defines a deemed measure as a prescriptive energy efficiency measure with predefined savings calculations, cost, eligibility, and other measure attributes.

expectation was that deemed measures, even if part of a custom project, would only be allowed to claim the deemed measure energy savings value, regardless of additional savings opportunities.

Deemed savings values reflect standardized assumptions and may not fully represent custom operating conditions. In some cases, site-specific factors such as operating hours, load profiles, and baseline conditions result in savings that, when using a custom calculated savings approach, exceed deemed savings values.

To provide clarity and support the identification of comprehensive energy efficiency opportunities, this memo outlines the formal process for including deemed measures through the custom pathway. The long-standing "deemed must go deemed" practice is no longer the default approach.

Deemed Measure Custom Incentive Pathways

Moving forward, if project developers see an opportunity to realize an additional customer benefit by claiming a deemed measure via a custom pathway, they are allowed to do so, using the custom project process. This process is valid whether a deemed measure is claimed as part of a custom project or if a project consists of one deemed measure being claimed on its own through a custom project pathway. Project developers should assess measure and project eligibility, to ensure the measure savings fulfills the full scope of custom project requirements as defined in the Statewide Custom Guidance Document.

- Project developers should work with the relevant PAs to assemble all custom project documentation requirements defined in the project feasibility study (PFS).

The custom process framework is a requirement for project developers to pursue a custom pathway for deemed measures.

Conclusion

This memo outlines a consistent process for project developers to pursue deemed measures through a custom project pathway when they can meet custom project requirements. Allowing eligible deemed measures under the custom project pathway provides California stakeholders with more comprehensive project solutions.

The approach described in this memo will apply retroactively, effective January 1, 2026, to custom projects that include deemed measures.