DOCKETED	
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Project Title:	Electricity and Gas Demand Forecast
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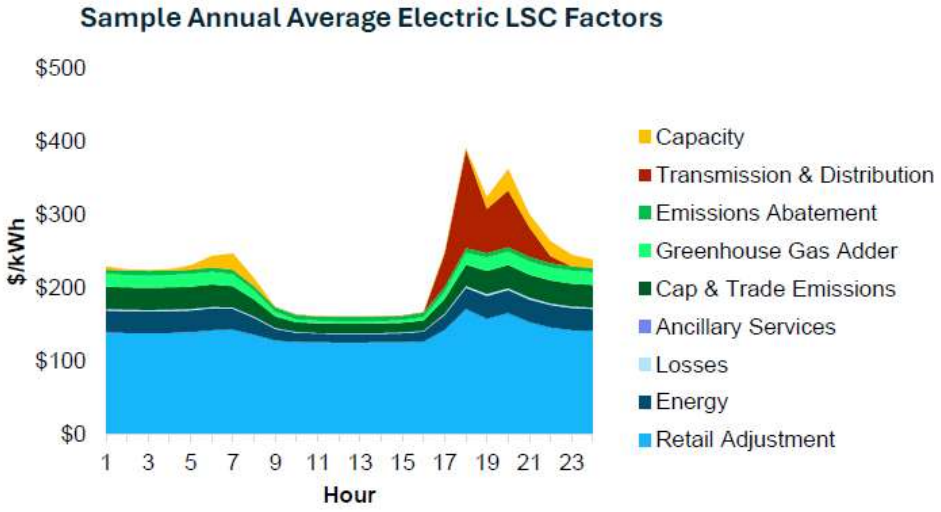
Gas rates in Energy Code development

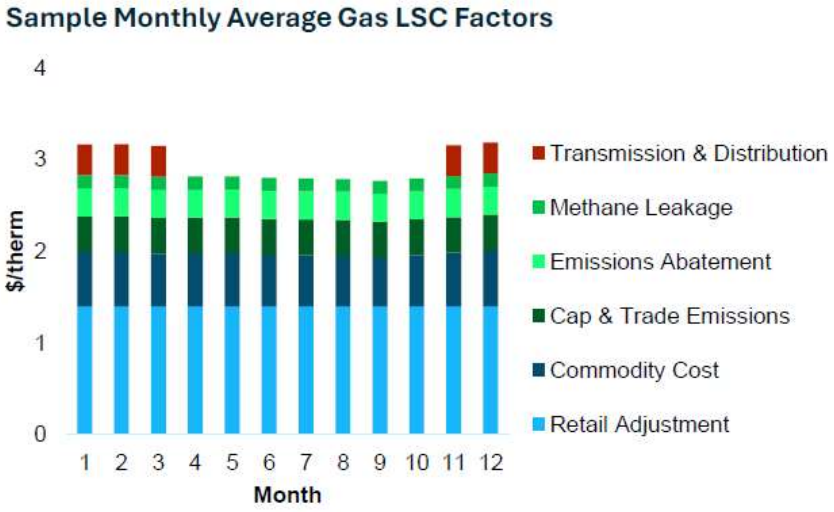
Rate forecast is used to determine measure cost effectiveness

- Warren-Alquist Act (CA Pub Res Code § 25402(b)3 (2024))
  - The standards adopted or revised pursuant to subdivision (a) and this subdivision shall be cost effective when taken in their entirety and when amortized over the economic life of the structure compared with historic practice. When determining cost-effectiveness, the commission shall consider the value of the water or energy saved, the impact on product efficacy for the consumer, and the life-cycle cost of complying with the standard.

Compliance metric is Long-term system cost (LSC)

- Represents net present value (NPV) 30-year lifecycle building operation energy costs
- Calculated using marginal costs incurred by California's energy system normalized to a customer retail rate forecast





Forecast based on CEC's Demand Scenarios Project

- Gas throughput from scenarios from CEC's Energy Assessments Division Demand Scenarios Project
- Gas utility revenue requirement for latest IEPR and GRCs
  - Adjusted revenue requirement sector allocation to reflect impacts of reduced throughput
- Cap & trade forecast from latest IEPR
- Gas commodity cost forecast from NYMEX forwards & EIA long-term forecast
- For 2025 Energy Code, used 2021 High Electrification Policy Scenario