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Redwood Coast Energy Authority Comments on IEPR Load Forecasting Methodology

Additional submitted attachment is included below.

Redwood Coast Energy Authority Comments On IEPR Load Forecasting Methodology

Introduction

Redwood Coast Energy Authority (RCEA) is a joint-powers authority consisting of the cities of Arcata, Blue Lake, Eureka, Ferndale, Fortuna, Rio Dell, Trinidad, the Yurok Tribe, Blue Lake Rancheria, and County of Humboldt. RCEA's mission is to develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources available in the region. RCEA was founded in 2003 as a local energy office and began offering service as a Community Choice Aggregator (CCA) in 2017. The CCA service area is Humboldt County.

Summary

RCEA has observed a directional discrepancy between the California Energy Commission's (CEC) Integrated Energy Policy Report (IEPR) load forecasts and RCEA's historic load and internal load forecast. Broadly, the CEC regularly forecasts RCEA's load to increase over time, whereas RCEA's historic load, which informs RCEA's internal load forecast, is flat or declining. Because CEC load forecasts are inputs to California Public Utilities Commission (CPUC) procurement orders, this discrepancy may result in procurement obligation allocations greater than warranted by RCEA's forecasted load share. The inaccuracy in the CEC's load forecast for RCEA may be driven by insufficient granularity in the California Electricity Demand Forecast Zones. RCEA requests that the CEC reconsider the Demand Forecast Zones to assess Humboldt County individually or group Humboldt County with counties exhibiting similar load behavior.

RCEA's Load Trends

As Figure 1 shows, RCEA's load served by month has declined 18% since January of 2018.

Figure 1. RCEA Load by Month¹



Drivers of RCEA’s Declining Load

RCEA conducted an analysis of the drivers for its decrease in actual load served.

Opt-outs have been relatively flat over the past 5 years, and not a significant contributor to the declining load. It’s not the case that RCEA’s enrollment rate has been declining through customer opt-outs, but rather that the total load served by all Load Serving Entities (LSEs) in the county is declining.

Humboldt County has seen a 3.3% decrease in population since RCEA started service in 2017. Residential customers make up RCEA’s largest load share and customer count and have seen a median ~8.5% decrease in load over the last five years.

Loss of industry is another driver. Humboldt County is a rural² and low-income³ community with an absence of new industrial activity taking the place of lost industries. RCEA’s former key account customers (defined by RCEA as users averaging over 1 million kWh/ year) that have been closed for 2 or more years used about 26,200 MWh per year, or 5% of RCEA’s annual load. About 7,500 MWh of this load loss comes from key accounts in the cannabis sector.⁴ New key accounts are not appearing at a rate sufficient to offset this

¹ Data compiled from Invoice Summary Reports beginning December 2018.

² [California - Rural Definitions: State-Level Maps](#)

³ Humboldt County’s median household income is the 6th lowest in the state among 58 counties. https://datacommons.org/ranking/Median_Income_Household/County/geold/06?h=geold%2F06073&unit=%24

⁴ There is an additional amount of load lost from unlicensed cannabis production and processing not accounted for within this analysis that may be captured in residential or other load categories.

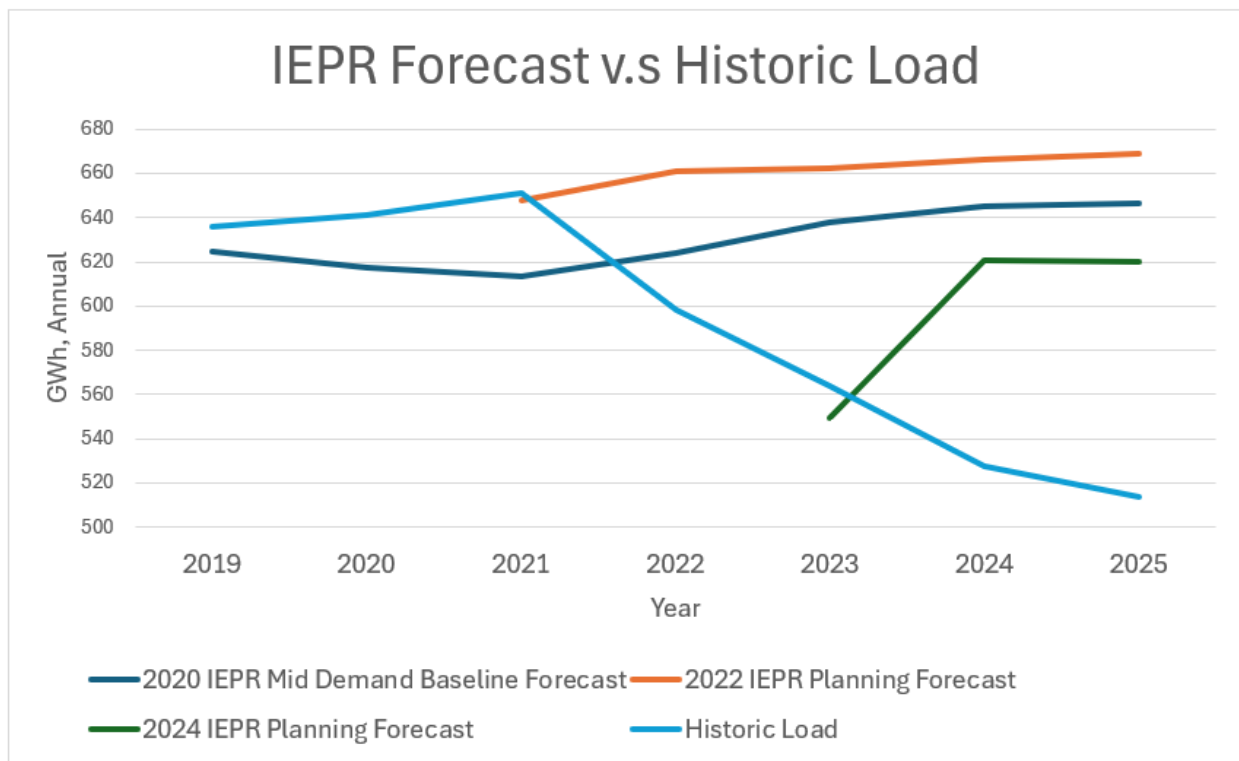
loss of large customers. The addresses associated with RCEA’s past key account customers either remain inactive or are not likely to match previous load levels.

Furthermore, projects associated with the entry of new industries to the area have been canceled or delayed. For instance, Nordic Aquafarms, a proposed \$650 million facility that would have represented approximately 20 MW of new load at full build-out, was canceled in early 2026⁵. The Humboldt Bay Offshore Wind Heavy Lift Terminal is facing federal opposition and may be subject to delay or slow build out⁶. Lastly, no major data centers are currently proposed or in development within our service territory.

The Discrepancy Between RCEA’s Actual Load and CEC Forecasting

As shown in Figure 2, across multiple IEPR Forecasts, RCEA’s load forecast increases while RCEA’s actual load declines.

Figure 2. Comparison of IEPR Load Forecasts with Actual Load



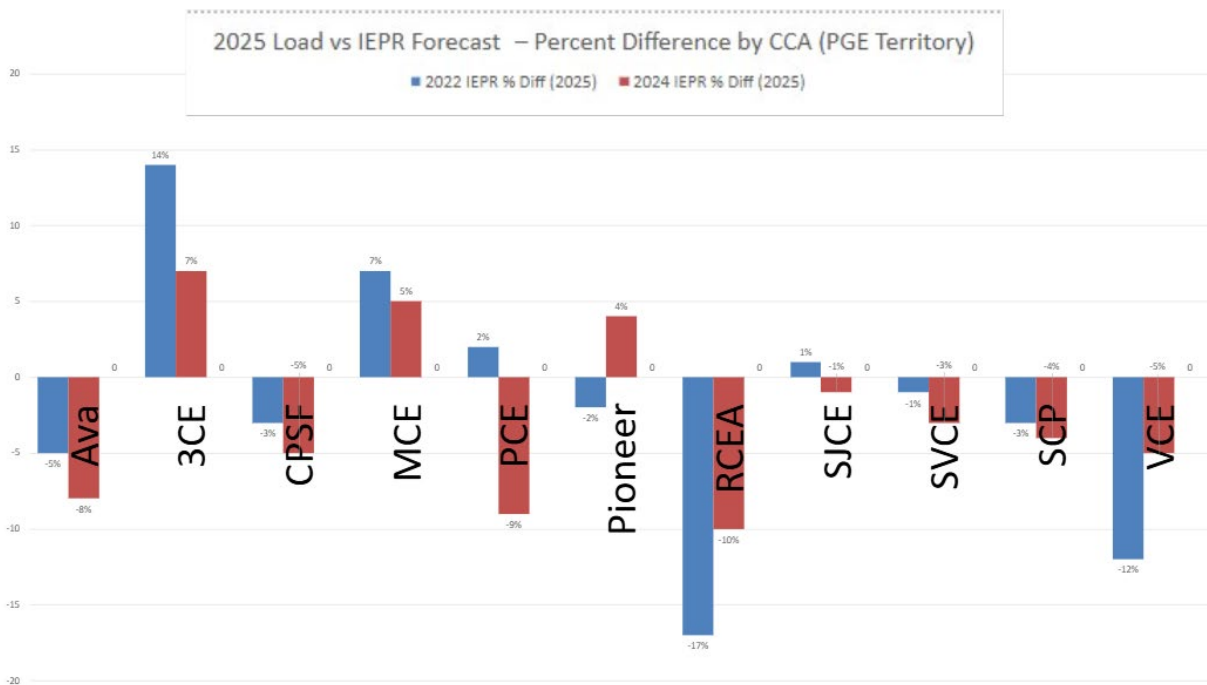
⁵ [It's Official: Nordic Aquafarms Has Cut Bait On Its Proposed \\$650M Fish Factory Project on Humboldt Bay | Lost Coast Outpost | Humboldt County News](#)

⁶ <https://www.transportation.gov/briefing-room/trumps-transportation-secretary-sean-p-duffy-terminates-and-withdraws-679-million>

Generally, for any LSE, load forecasts become less accurate the farther out in time. However, the scale of the discrepancy for RCEA is more pronounced because the direction of the forecast immediately diverges from RCEA’s historical declining trend. A flat load forecast would be more realistic than the current increasing forecast.

RCEA understands it is not alone in observing an unrealistically inclining IEPR load forecast. As Figure 3 shows, various PG&E CCAs are experiencing this trend by the 2022 and 2024 IEPRs. However, RCEA has the largest discrepancy between forecast and historic load in both IEPR cases.⁷

Figure 3. Load Forecast Accuracy by CCA ⁸



Impact to Procurement Obligations

Through the Integrated Resource Planning proceeding, the CPUC orders procurement to LSEs by applying an LSE’s current-year load share to the total system procurement need

⁸ Data sourced from 2022 & 2024 IEPR planning forecasts compared to historic load data gathered from the CalCCA “Power in Numbers” data request found at <https://cal-cca.org/cca-impact/>

forecasted for future years. This method assumes that an LSE's current-year load share roughly correlates to their share of future need.

As total state load increases, an LSE experiencing flat or declining load will experience decreasing load share. As a result, a discrepancy between current load share and future load share over allocates capacity to LSEs that have decreasing load share over time. The addition of hyper-scaler loads in some parts of the state worsens the scale of this problem.

In other words, if the total "pie" of system need grows due to high load growth concentrated in specific areas, LSEs with flat or declining load may be assigned a larger slice of that pie than is proportionate to their actual demand.

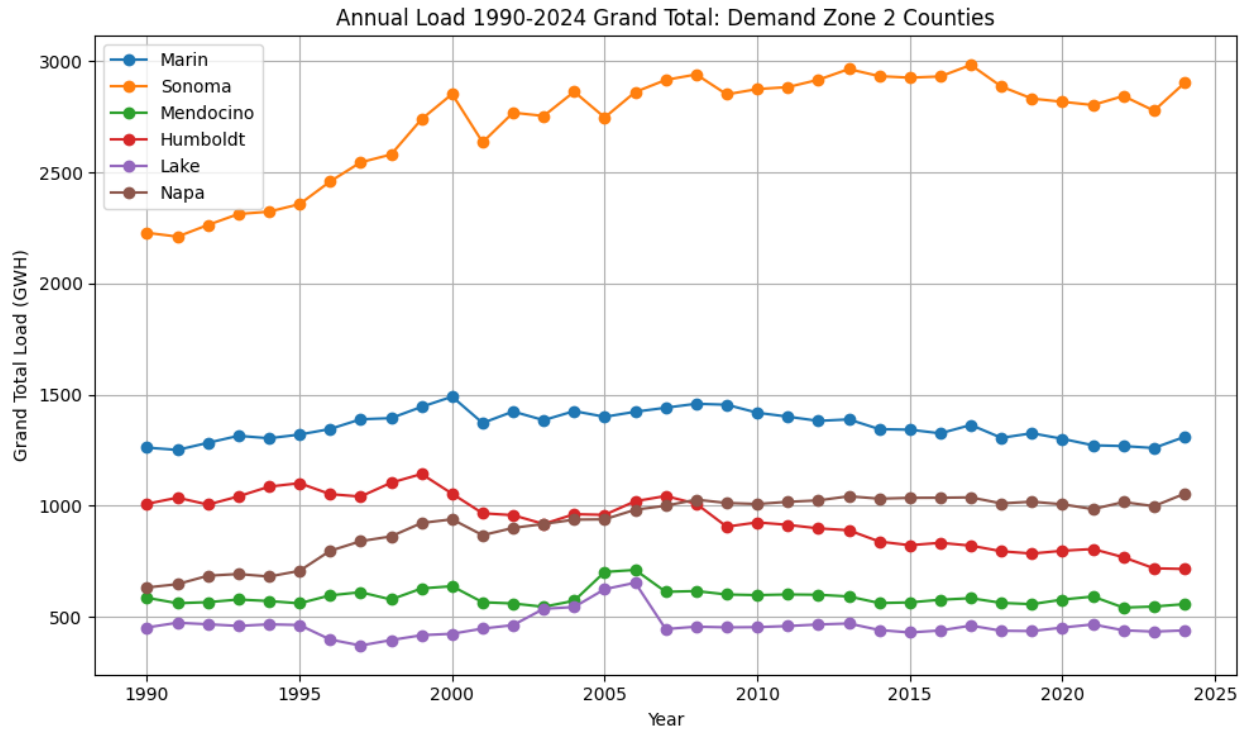
Ultimately, the CPUC is overprescribing load share to communities with slower, or even negative, economic growth and load growth, like Humboldt County. It is inequitable to require rural, low-income communities to procure for what is essentially another LSE's load driven by economic growth in their service area. Because of this practice, Humboldt County residents will bear more than their fair share of statewide load growth, without the benefits of that growth being realized in their own communities. This misalignment could lead to unnecessary cost burdens and undermine local planning efforts.

Proposed Solution

To address this issue, the IEPR load forecast inputs should be reviewed and aligned with historic load trends. Namely, the Demand Forecast Zone used to forecast RCEA's future load.

Humboldt County's load trends do not align with those of its current Demand Forecast Zone, and this mismatch has persisted since before RCEA began service. As Figure 4 shows, Humboldt County is an outlier within its current demand forecast zone—its load is declining while the other counties in the zone are flat or increasing.

Figure 4. Annual Load 1990-2024 Demand Zone 2 Counties⁹



Therefore, RCEA recommends that the CEC either model Humboldt County as its own zone or conduct an assessment to identify nearby counties with similar load trends to create a new Demand Forecast Zone.

Additionally, the CEC should collaborate with the CPUC to accept more input from LSEs on their load forecasts, particularly as related to load shares in out years for ordering of procurement. This collaboration can be taken up in the CPUC’s development of the Reliable and Clean Power Procurement Program (RCPPP).¹⁰

Conclusion

In summary, RCEA’s actual load diverges significantly from the CEC’s forecasts, with loads declining rather than increasing. This discrepancy has resulted in CPUC procurement obligations that are disproportionate to RCEA’s actual demand. The inaccuracies may stem from inappropriate regional modeling. RCEA recommends that the CEC model Humboldt County separately or group Humboldt County with counties exhibiting similar

⁹ <https://www.energy.ca.gov/files/energy-consumption-data-files>

¹⁰ [Reliable and Clean Power Procurement Program](#)

load behaviors, while coordinating with the CPUC on how to apply load forecasts to future procurement orders.

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