

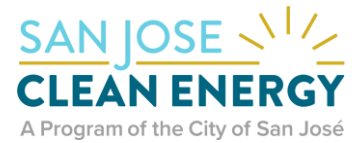
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San JosÃ© Clean Energy Comments on the Draft 2025 Integrated Energy Policy Report

Additional submitted attachment is included below.



California Energy Commission
715 P Street
Sacramento, CA 95814
Via docket submission

May 15, 2026

Subject: 25-IEPR-01 Draft 2025 IEPR

California Energy Commissioners and Staff:

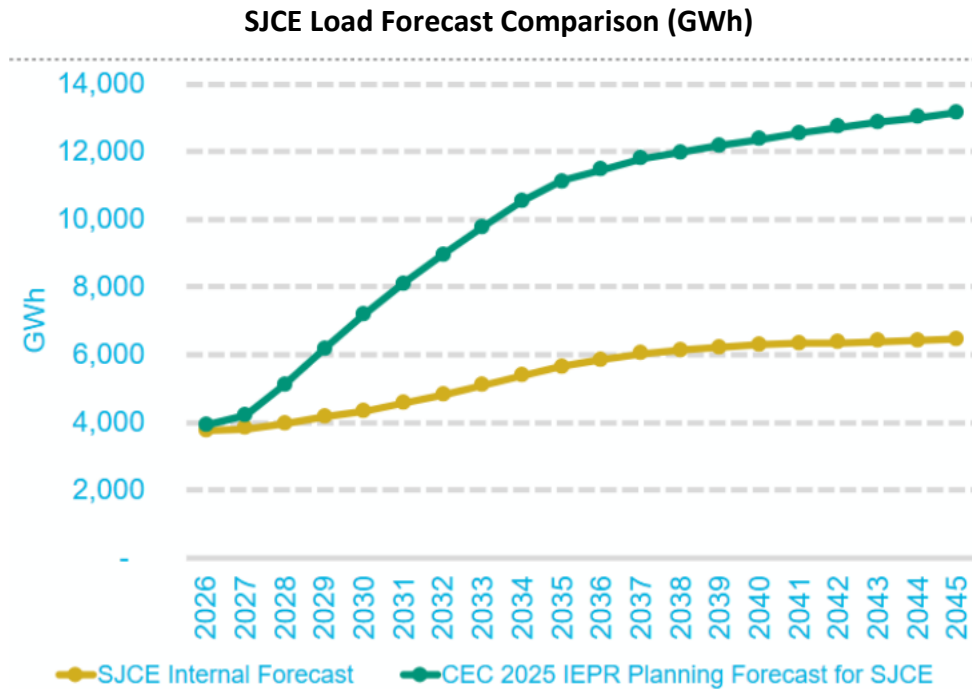
The City of San José, administrator of San José Clean Energy (SJCE), appreciates the opportunity to comment on the California Energy Commission’s Draft 2025 Integrated Energy Policy Report (IEPR) Update. As the City of San José anticipates significant load growth from large load customers—particularly data centers—SJCE values its participation in the IEPR process and collaboration with staff. SJCE also appreciates the Commission's Demand Analysis Working Group meetings, which allow stakeholders to provide input into the scenario selection for the Planning and Local Reliability forecasts.

SJCE agrees with the Draft 2025 IEPR Update’s recognition of “significant new sources of uncertainty in the forecast,” and supports the use of scenario-based forecasting to reflect rapidly evolving data center development. However, SJCE is concerned that current forecasting methods may not fully capture the uncertainty risks associated with large new loads and project timelines. Because the California Public Utilities Commission (CPUC) relies on the IEPR planning demand forecast for Integrated Resource Planning, Resource Adequacy forecasts, and loss of load expectation studies, forecast changes can have significant cost impacts across multiple venues for load serving entities and their customers.

For the future IEPR cycles, SJCE recommends further refining forecasting methods and soliciting information from CCAs and local governments to incorporate stronger indicators of project viability and timing—such as permitting status, development milestones, and interconnection progress—before including large loads in the near-term forecast.

SJCE is operated by the City of San José’s Energy Department. As a city department program, SJCE has provided to the Commission local insights to help inform the IEPR process, insights based on information from other city departments (Department of Planning, Building and Code Enforcement, and Office of Economic Development) and direct engagement with prospective customers. These same insights and prospective customer data also inform SJCE’s own forecasting. As the graph below indicates, SJCE’s internal

forecast materially diverges from the 2025 IEPR Planning Forecast, highlighting the procurement concerns during times of load uncertainty.



SJCE observes that key uncertainties remain that influence whether and when large loads materialize. These include permitting and construction timelines, the potential for large customers to self-supply through behind-the-meter resources or pre-arranged power purchase agreements, developers submitting interconnection applications in multiple in-state and out-of-state jurisdictions, developers dropping planned projects, and some customers choosing other electric service providers. To address these uncertainties, SJCE incorporated confidence levels for risk factors, mainly permitting and development progress with the City of San José, customer choice and the potential for large load to provide its own generation supply (i.e. pre-arranged power purchase agreements).

Rather than relying solely on executed interconnection agreements, this approach utilizes probability-weighted assessments of project development and city permitting approvals. Further, confidence levels were incorporated in transportation and building electrification load modifiers to account for uncertainty around state and federal policies on electric vehicle incentives and all-electric appliances, supply chain issues and volatile equipment costs. SJCE encourages the Commission to incorporate additional

information, including local data, and development milestones to further refine its forecasting approach.

SJCE remains concerned that procurement orders based on aggressive near- to mid-term load growth assumptions—such as those adopted in the recent CPUC decision D. 26-02-057—may increase costs for existing customers, particularly in a high-priced power purchase agreement market. Notably, the downward revision of the data center load forecast used to inform reliability needs in a recent CPUC decision underscores the risk that projected load may not materialize as expected. Additionally, by not accounting for projects bringing their own resources and power purchase agreements, procurement based on the current forecast could result in stranded assets and further exacerbate the affordability challenges.

To mitigate these risks, SJCE recommends that state-level load forecasts used to inform procurement requirements be closely coordinated with, and validated against, local data on construction, permitting, and development progress. This alignment will help strengthen forecasting, which reduces the risk of over-procurement and excess costs for ratepayers.

Yours,

/s/ Heather Dauler

Heather Dauler

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& Policy

San José Clean Energy

City of San José