

DOCKETED

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CED 2024 Demand Forecast

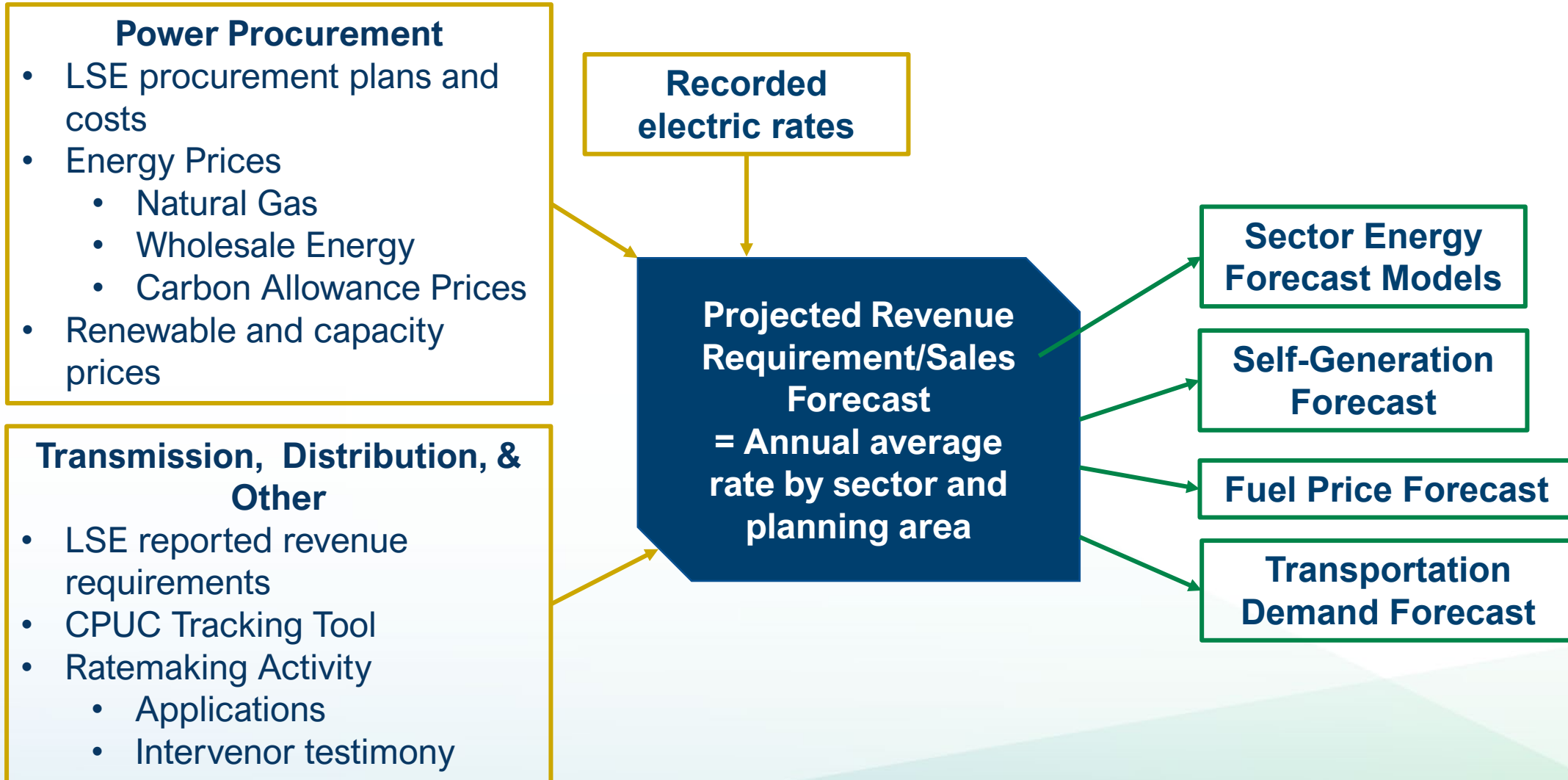
Electricity Rate Forecast

Lynn Marshall, Energy Assessments Division

November 7, 2024



Rate Forecast Overview



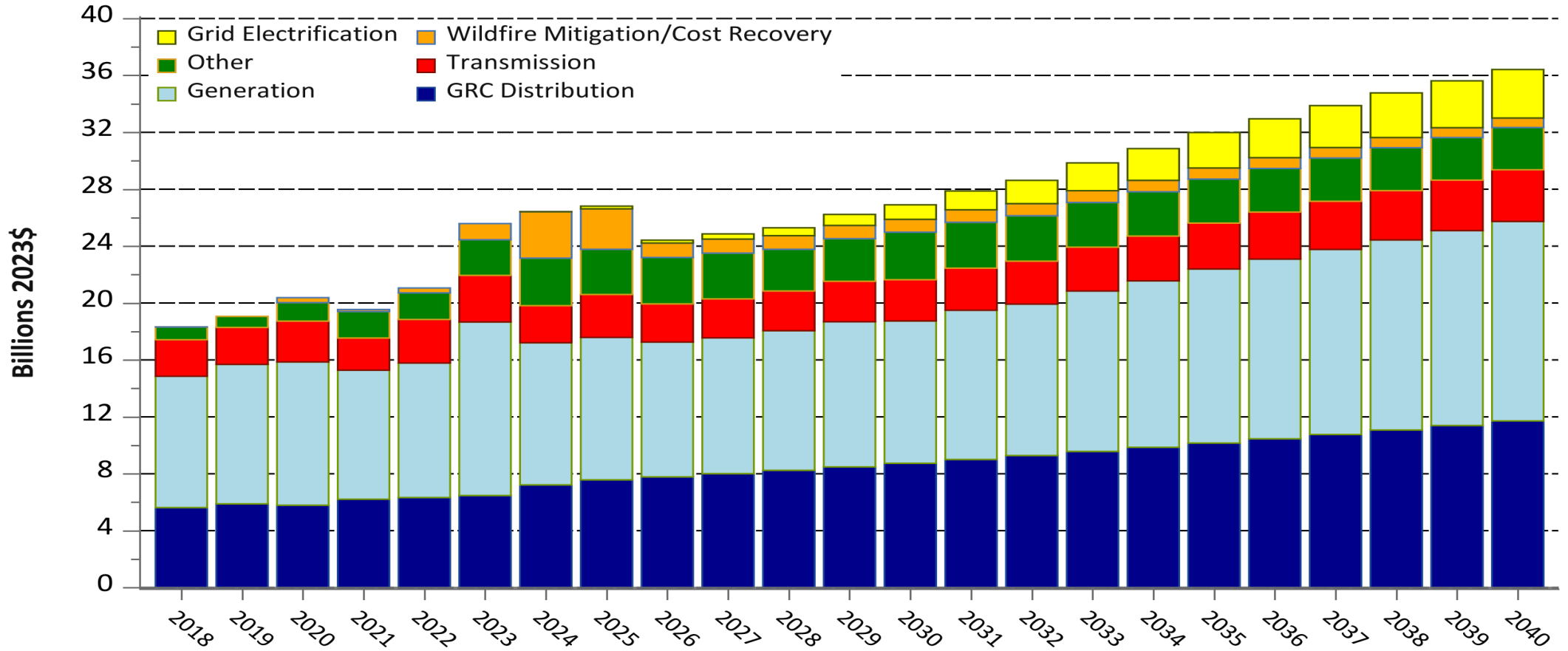


Updates for CED 2024

- Sales projections from the CED 2023 planning scenario.
- Current and pending IOU revenue requirements were updated using the June 2024 CPUC Energy Division Utility Cost & Rate Tracking Tool data.
 - All 3 IOUs have recently approved or pending General Rate Case applications with test year increases of 10% or more. Wildfire risk mitigation is a major driver of higher GRC approved and requested amounts.
 - After current or pending GRC period, GRC distribution escalates at 5% nominal annually.
- Incremental distribution system upgrade costs to support electrification are approximated using Public Advocate Office **Distribution Grid Electrification Model Study and Report, August 2023**, using central estimate (Table 3-3).
 - Incremental capital costs added to rate base to reach the cumulative central estimate total.
- Current levels of wildfire event or incremental risk mitigation costs decline gradually from current level.
- Transmission revenue escalates at 4.5% annually.
- Procurement costs were not updated.



PG&E CPUC-Jurisdictional Revenue Requirements

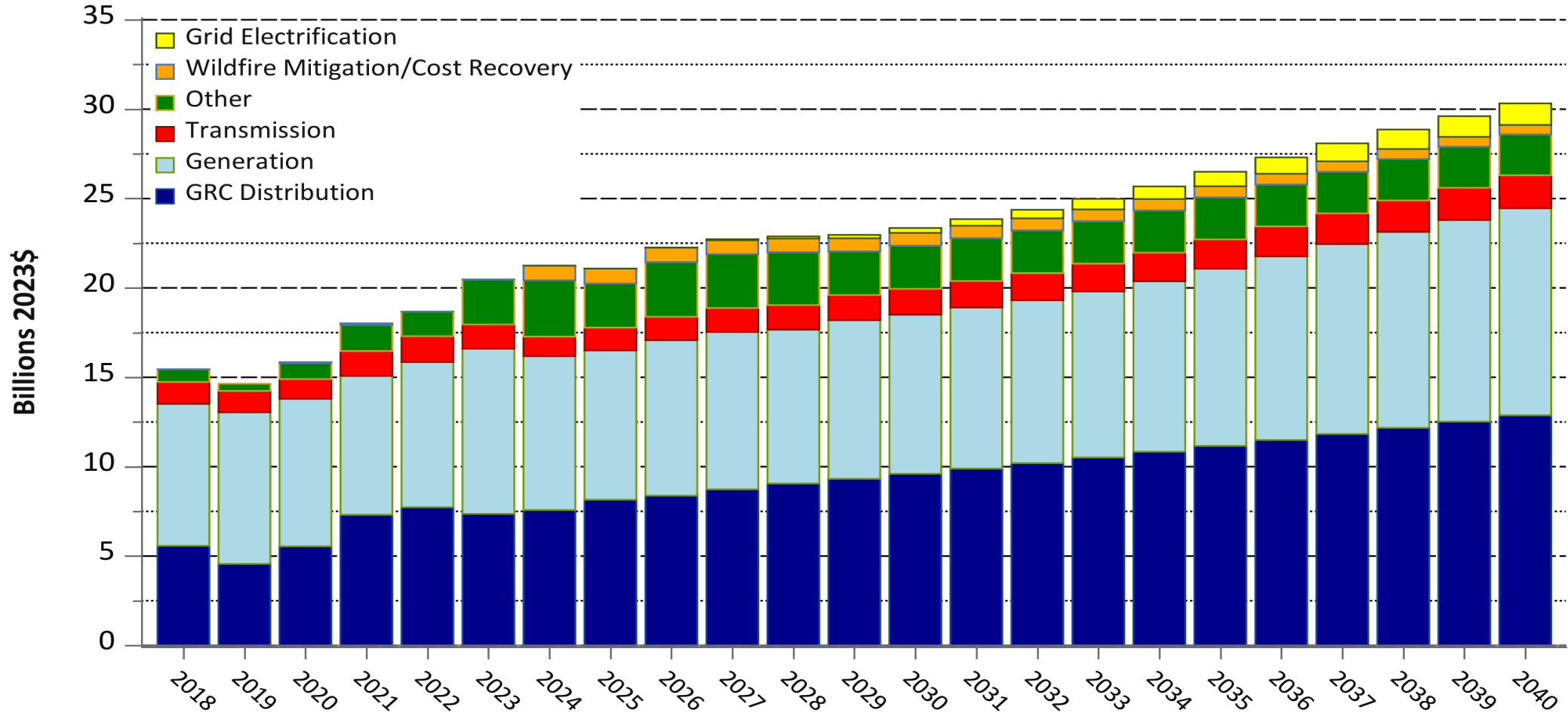


Source: CEC Staff

- **GRC Distribution** increase in 2024 and 2025 includes amortization of 2023 GRC balances.
- **Grid Electrification** investment adds \$28 billion through 2040.
- **Other** includes public good charge programs, Wildfire Fund Charge, existing AB 1054 securitized wildfire mitigation, and other distribution costs.



SCE CPUC-Jurisdictional Service Area Revenue Requirements

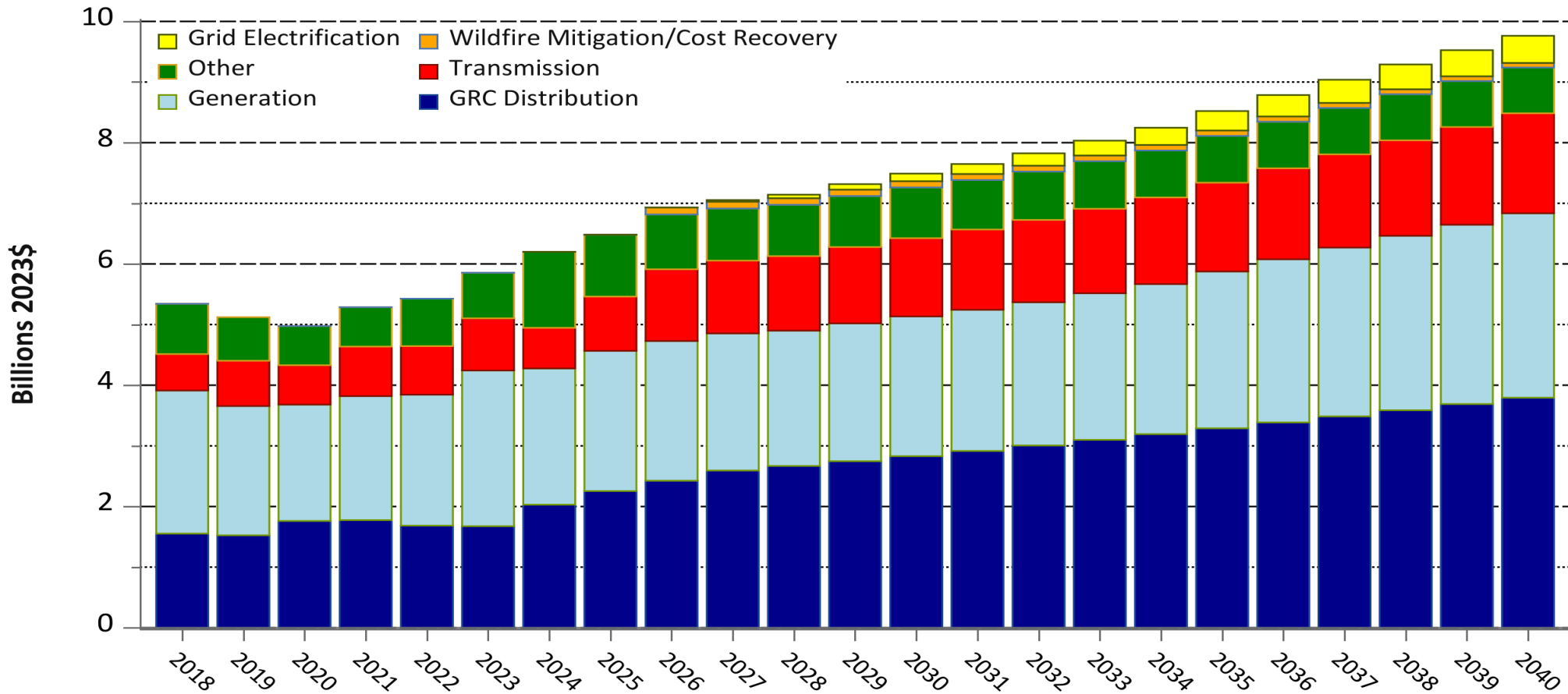


Source: CEC Staff

- **GRC Distribution** increases 2021-2024 reflects major investment in wildfire mitigation in previous GRC; pending GRC request for 2025 reduced to a 10% nominal increase over 2024.
- **Grid Electrification** adds \$9 billion through forecast period.



SDG&E CPUC-Jurisdictional Service Area Revenue Requirements

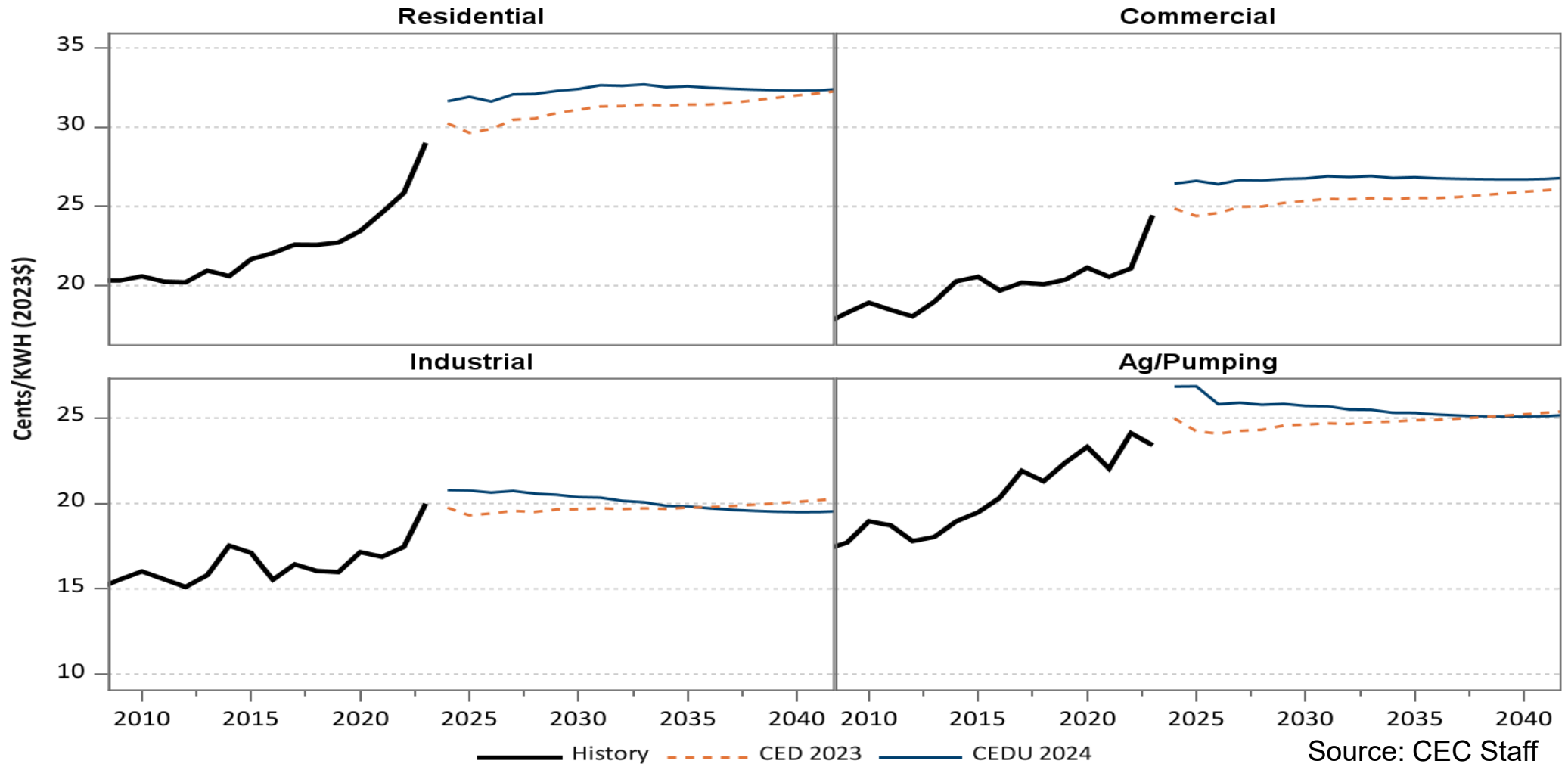


Source: CEC Staff

- Pending 2024 GRC application includes significant increase in wildfire risk mitigation spending. **GRC Distribution** increases 13% nominal in 2025; recent proposed decision authorizes 8.4% test year increase.
- **Grid Electrification** adds \$3.5 billion through forecast period.



Statewide Average Electricity Rates by Sector



- Transportation demand models use statewide average rates.
- Annual growth in sales (2.5% average 2025-2040) offsets continued growth in revenue requirements.



Conclusion

- Rates by planning area and sector were presented at the Oct. 21 DAWG workshop:
<https://www.energy.ca.gov/files/october-21-2024-dawg-presentations>
 - While PG&E and SDG&E are higher in the near term, the long run trend is similar.
 - SMUD and LADWP rates forecast for this cycle are largely unchanged.
- Key Uncertainties
 - Wildfire risk mitigation and other climate change adaptation and recovery costs could continue to grow.
 - Distribution grid upgrade cost studies will continue to be refined.
 - The increased transmission requirements needed to meet SB 100 goals are not explicitly accounted for.
- Revenue requirement and rate forecast documentation will be docketed in 24-IEPR-03 as *CED 2024 Electricity Rate Forecast*.



Thank You

Comments or Questions

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