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STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION

IN THE MATTER OF: *2025 Integrated Energy Policy Report (2025 IEPR)*	DOCKET NO. 25-IEPR-03 RE: California's Economic Outlook

CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE FEBRUARY 26, 2025, IEPR COMMISSIONER WORKSHOP ON CALIFORNIA'S ECONOMIC OUTLOOK

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CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS ON THE FEBRUARY 26, 2025, IEPR COMMISSIONER WORKSHOP ON CALIFORNIA'S ECONOMIC OUTLOOK

The California Community Choice Association[1] (CalCCA) submits these comments on the *IEPR Commissioner Workshop on California's Economic Outlook* (Workshop), held on February 26, 2025. The Workshop solicited comments from California Energy Commission (Commission) Commissioners, energy demand forecasters, Commission Staff, and stakeholders on California's evolving economic and demographic landscape that serve as a key foundation for the California Energy Demand Forecast (CEDF).

I. INTRODUCTION

CalCCA appreciates the opportunity to comment on the Workshop, and specifically on the impact of data centers on the CEDF. Load growth associated with data center development is a novel and difficult process to perfect. CalCCA encourages the Commission and stakeholders to

[1] California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance of Southern California, CleanPowerSF, Desert Community Energy, Energy For Palmdale's Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

continue to monitor progress of data center site development and energy usage to refine forecasts going forward. The loads tend to be lumpy (*i.e.,* they arrive in large portions at specific sites rather than at a steady rate like other smaller user load growth) and can come online quickly. Accuracy in forecasting for data center load growth is important to the data center developer (to ensure they will be able to energize the facility), the California Public Utilities Commission (CPUC) (for distribution planning), the California Independent System Operator (CAISO) (for transmission planning), and all load serving entities (LSE) (for energy, capacity, and Renewables Portfolio Standard (RPS) needs). Each of these parties must therefore be involved in any process to forecast the load growth of data centers, as each is critical for reliability and affordability. To address these concerns, the Commission should:

- Collaborate with all parties (CPUC, CAISO, IOUs, data center developers, and LSEs) to plan for data center load growth as it will impact transmission, distribution, and generation needs;
- Focus on the accuracy of the data center load forecast and clearly state any projected energy efficiency gains over time, since both factors are critical in balancing reliability and affordability; and
- Provide greater visibility regarding the location, status, and size of data center load growth within forecast updates.

Addressing these three points will enable more cost-effective planning to serve anticipated data center energy needs.

II. THE COMMISSION SHOULD WORK JOINTLY WITH ALL RELEVANT STAKEHOLDERS IN DATA CENTER LOAD GROWTH PLANNING AS IT WILL IMPACT TRANSMISSION, DISTRIBUTION, AND GENERATION NEEDS

The Commission should work jointly with all relevant stakeholders, including the CPUC, CAISO, the IOUs, data center developers, and LSEs, in data center load growth planning as it will impact transmission, distribution, and data center energy needs. Deployment of a new data center can cause the need for transmission, distribution, and generation development. It is,

therefore, necessary to include all that will be impacted by those three developments. The CPUC will need to be involved in energization to serve the new customer, including the development of distribution capacity. The CPUC will also need to approve any IOU need for new generating resources to serve the data center. This typically occurs through the CPUC's Integrated Resource Planning (IRP) process regarding generation needs. The IRP also informs CAISO planning for the development of new transmission capacity. While the transmission and distribution needs analysis can be accomplished on an IOU-area basis, the need for new generation also depends on the load forecast for LSEs. LSE's involvement in the forecast process for new data center load growth is critical to make the forecast accurate. With an accurate forecast, LSEs can then plan to procure new resources to meet the data center load energy, capacity, and RPS needs.

In addition, LSEs dramatically range in size. The 2024 IEPR energy forecast for 2025 demonstrates that CCAs represented by CalCCA were forecast to serve between 163 gigawatt hours (GWh) to 10,529 GWh.[2] In a study of the range of projections for United States Data Center Growth, the consulting firm Energy + Environmental Economics (E3) estimates that based on an assumed 86 percent data center load factor, a 200 megawatts data center would be expected to consume 1,507 GWh annually. [3] For a CCA represented by CalCCA, that is anywhere from a 14 percent to a 925 percent increase in energy served. By comparison, the 2024 IEPR shows the IOU-area energy consumption forecast for 2025 between 17,078 to 92,442 GWh. That same data center would only constitute a 1.6 to 8.8 percent increase for the entire IOU area. Even the largest CCA represented by CalCCA would experience a percent increase in

[2] CEC CED 2024 Baseline Forecast LSE and BAA Tables https://efiling.energy.ca.gov/GetDocument.aspx?tn=261526&DocumentContentId=97921.

[3] *Load Growth is Here to Stay, But are Data Centers?*, Energy + Environmental Economics (June 2024), at 2 (fn. 1): https://www.ethree.com/wp-content/uploads/2024/07/E3-White-Paper-2024-Load-Growth-Is-Here-to-Stay-but-Are-Data-Centers.pdf.

energy served greater than the smallest IOU. Incorrect forecasts, therefore, disproportionately put CCAs at risk of over- or under-procurement.

The Commission should ensure that *all* relevant parties, including the CCAs, are involved in forecasting new data center growth expected within their area. Accurately forecasting new energy needs will enable CCAs to better plan procurement to meet their customers' energy, RPS, and capacity needs in a cost-effective manner. LSEs need to have access to the assumptions and methodologies for the forecasts specific to their service territory to ensure they can manage compliance risk effectively and efficiently. Failing to forecast accurately can either result in rates that are too high (forecast data center load does not materialize or energy efficiency gains suddenly result in decreased load, even though the energy, RPS, and capacity have been procured) or a lack of reliability (no new data center procurement, but the data center is brought online straining existing generating capabilities). Neither outcome is acceptable. Including the CCAs in data center forecasting for their respective areas will help to avoid these adverse outcomes.

The Commission should begin with transparency to ensure the forecasting accuracy of data center growth. The Commission should provide data to each LSE on the location, size, and status of any proposed data center forecasted in each LSE service area. Providing this data will enable each LSE to work with the Commission and the data center to ensure the LSE is prepared to serve it upon energization.

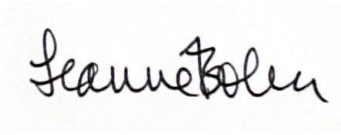
In addition, CCA governing boards are made up of local government officials that may be able to inform forecasts and assist with communications between parties in permitting for the facility in the CCA area. Identifying these new data centers in the Commission's forecast, particularly if that identification occurs before the permit application, can help bring parties

together sooner to ensure a smooth energization and allow timely planning for LSEs to cost-effectively procure clean, reliable resources.

III. CONCLUSION

For all the foregoing reasons, CalCCA respectfully requests consideration of the comments herein and looks forward to an ongoing dialogue with the Commission.

Respectfully submitted,



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