

| DOCKETED | |
|-------------------------|---|
| Docket Number: | 25-IEPR-01 |
| Project Title: | General Scope |
| TN #: | 261705 |
| Document Title: | San Diego Gas & Electric (SDG&E) Comments on Draft 2025 Integrated Energy Policy Report Scope |
| Description: | N/A |
| Filer: | System |
| Organization: | San Diego Gas & Electric (SDG&E) |
| Submitter Role: | Public |
| Submission Date: | 2/11/2025 4:59:54 PM |
| Docketed Date: | 2/12/2025 |

Comment Received From: San Diego Gas & Electric (SDG&E)
Submitted On: 2/11/2025
Docket Number: 25-IEPR-01

SDG&E Comments on Draft 2025 Integrated Energy Policy Report Scope

Additional submitted attachment is included below.



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February 11, 2025

California Energy Commission
Docket Office
Docket No. 25-IEPR-01
715 P Street
Sacramento, CA 95814

SUBJECT: SDG&E Comments on Draft Scoping Order for the 2025 Integrated Energy Policy Report

Submitted electronically to Docket No. 25-IEPR-01

Dear Chair Hochschild and Honorable Commissioners:

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to provide comments in response to the California Energy Commission's (CEC) Draft Scoping Order for the 2025 Integrated Energy Policy Report (IEPR). The IEPR is foundational to a cohesive state energy policy and market strategy, serving as an important guidepost for energy infrastructure and resource planning processes.

SDG&E supports the CEC's continued focus on improving the electricity and natural gas forecast, advancing clean energy deployment, and assessing the load shift goal. The comments below are intended to help guide the CEC's next steps in further refining the focus of the IEPR and identifying key areas that would benefit from the CEC's engagement in policy-setting.

Advancing Clean Energy Deployment

SDG&E appreciates the CEC's commitment to following up on this important topic, discussed during the development of the 2023 IEPR. Timely infrastructure deployment is critical for the success of our state's clean energy goals. SDG&E acknowledges that both subtopics (hydrogen and zero-carbon resources; and interconnection, energization, and system upgrades) will be significant discussions throughout the 2025 IEPR process. We look forward to engaging in both, and further echo specific points we have raised previously in the context of hydrogen and zero-carbon resources below for early consideration.

Hydrogen and Zero-Carbon Resources

SDG&E strongly supports the CEC's focused attention on matters relating to hydrogen and zero-carbon resources that will be necessary for reaching SB 100 goals. Building on the 2023 IEPR discussion on hydrogen and clean fuels, the CEC should advance its work in exploring the role of hydrogen and other clean resources (such as renewable natural gas and natural gas paired with carbon capture and storage) in supporting energy reliability and the state's long-term energy and climate objectives.

To meet our decarbonization goals, the State will need historic amounts of new, clean dispatchable resources over the next decades. Nimble processes and collaborative planning will be critical to the timely deployment of resources and the infrastructure needed to deliver power to Californians. These investments must balance the importance of reliability, resiliency, and the advancement of clean technologies that reduce greenhouse gas emissions while limiting ratepayer cost burdens.

SDG&E has commented extensively in other proceedings on the value of incorporating hydrogen and zero-carbon resources in planning for a decarbonized energy future. The points that follow are intended to help guide CEC staff in scoping technical areas for further exploration throughout the 2025 IEPR development process.

- **The 2025 IEPR should explore hydrogen topics that were identified in previous IEPRs and ensure that progress continues on defining the potential for and scope of low carbon intensity hydrogen and clean fuels in the CA energy transition.**

The 2023 IEPR committed the CEC to expanding on the potential for clean and renewable hydrogen in the 2025 IEPR. We were encouraged by the 2023 IEPR discussion around hydrogen and appreciated its focus on many critical issues, such as the potential to decarbonize the electricity and transportation sectors, hydrogen use in the industrial sector, hydrogen delivery, and others. The 2023 IEPR also committed to future analyses on alternative production and conversion pathways, additional renewables, co-location of electrolyzers and storage at power plants, and power plant retrofits to include hydrogen. Progress on these issues should be addressed in the 2025 IEPR and is critical for providing market certainty and clarity around the state's hydrogen future to ensure that infrastructure is available to support this transition.

- **State agencies should align on and maintain clear definitions across proceedings, providing clear signals that include clean and renewable hydrogen as resources that qualify for SB 100 and Renewable Portfolio Standard (RPS) eligibility.**

As SDG&E and others have raised in the context of SB 100, SB 1075, SB 423, RPS, and 2023 IEPR proceedings, clear definitions for hydrogen are needed to establish market signals for long-lead time investments. SB 1075 stated well that a developed hydrogen economy in California could “provide accelerated clean air, climate, and energy benefits,

better integrate existing and new renewable resources into the electrical grid; support forest management, short-lived climate pollutant and waste management goals; create jobs; and provide new clean technology to decarbonize challenging sectors.”¹ Clarifying the state’s approach to hydrogen is imperative to establishing a healthy hydrogen economy in the state.

The 2023 IEPR committed to analyze alternative production pathways for hydrogen. This should include other feedstocks for clean hydrogen, including biomass and biogas. It is critical that the agencies work together to identify technology-agnostic and production pathway-neutral definitions of eligible hydrogen resources, focusing on carbon intensity.

Parallel to the development of specific definitions, SDG&E encourages the CEC to proceed with scoping and initiating the reliability modeling process that will occur via SB 100. While establishing specific definitions for “zero-carbon resources” will be critical from a state policy perspective, the ability to model the reliability of technologies utilizing certain fuels should not be dependent on such specifics.

While there are implications related to the production pathway associated with the hydrogen utilized – whether that be electrolysis, steam methane reformation, autothermal reformation, pyrolysis, or other methods not yet commercialized – the modeled reliability attributes of the electricity produced from this dispatchable fuel should be consistent. Overreliance on electrolytic hydrogen creates a high-cost scenario that could otherwise underrepresent the value of hydrogen as a decarbonization tool across a variety of scenarios were a full suite of feedstocks and production methods considered. An overreliance on some of the highest cost hydrogen as a primary dispatchable resource poses exceptional challenges to building the necessary infrastructure and could jeopardize energy affordability for the grid as well as the state’s industrial sector that relies on gaseous fuels.

Electricity and Natural Gas Forecast

The CEC’s IEPR electricity and natural gas forecasts are central to the state’s energy planning processes. The forecasts support critical infrastructure and resource planning proceedings that facilitate the advancement of long-lead time infrastructure projects to support decarbonization.

SDG&E sincerely appreciates the early and substantive engagement with CEC staff on the forecast in the 2024 IEPR Update. SDG&E fully supports this detailed, technical engagement amongst modeling experts to ensure that there is a common understanding of the assumptions and drivers around forecast trends. This level-setting discussion is even more critical in the currently uncertain landscape, where agencies and stakeholders alike are working to better understand how the recent shift in federal policies and funding

¹ Senate Bill 1075 (Skinner, 2022): [SB-1075 Hydrogen: green hydrogen: emissions of greenhouse gases.](#)

availability might impact the state's efforts. For instance, how might reductions in federal funding availability impact the CEC's assumptions on the pace at which electrification is realized?

The CEC has indicated in both the 2023 IEPR and 2024 IEPR Update its intent to dive more deeply into several important issues in future forecast cycles. SDG&E is generally supportive of the continued refinement of the forecast to include new data sources and information. Below are a few specific areas that SDG&E believes would be valuable for continued focus and refinement, given their potential for significant impact on energy demand. Without doubt, detailed discussion on all load modifiers is helpful for ensuring that the CEC can advance forecasts for which both policymakers and industry have a high level of confidence.

- **The role of data centers and artificial intelligence (AI).** In the 2024 IEPR Update, the CEC began exploring data center impacts on electricity load. This work should continue as part of the ongoing forecast updates in the 2025 IEPR, as data centers and artificial intelligence continue to emerge and are large energy consumers. Developing a firmer understanding of expected data center and AI plans will help improve the accuracy of the forecast and, as such, support infrastructure planning that reflects necessary coordination between load serving entities, the CEC, and the California Independent System Operator.
- **Climate change impacts on electricity demand.** Starting with the 2023 IEPR, the CEC began looking at incorporating more granular evaluation of weather variants and climate trends to understand anticipated impacts of extreme weather events. In the 2024 IEPR Update, the CEC held off on incorporating new Weather Research and Forecast (WRF) models due to significant changes expected as a result. As the CEC considers incorporating changes from these WRF models in the 2025 IEPR, SDG&E encourages detailed discussion with load serving entities and the CAISO to understand the feasibility of the changes and calibrate with best available data.

Load Shift Goal Update

SDG&E appreciates the CEC's interest in taking a fresh view on the CEC's goal of achieving seven gigawatts of load shifting by 2030. SDG&E looks forward to engaging in this discussion in greater detail and encourages the CEC to keep affordability top of mind. To address energy affordability, the CEC should use the 2025 IEPR development as a means for re-evaluating and developing a common understanding of the supporting data for how the goal was established, as this may be helpful in determining the feasibility of the goal and whether any adjustments may be needed.

Conclusion

Thank you for your consideration of these comments. Please don't hesitate to reach out should you have any questions or wish to discuss any of the information provided in

greater detail. SDG&E looks forward to engaging its technical experts in discussions throughout the 2025 IEPR development.

Sincerely,



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