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Electricity Rate Scenarios

Updating the CED 2019-2030 Demand Forecast

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Scenario Assumptions

Mid Case

- Mid demand, natural gas and GHG allowance prices
- Growth in distribution revenue requirements based on pending applications and expected trends

High Demand / Low Rates

- Lower natural gas and GHG allowance prices result in lower procurement costs
- Higher sales to recover transmission, distribution and other relatively fixed costs
- Lower investment in distribution infrastructure

Low Demand/ High Rates

- Higher natural gas and GHG allowance prices
- Lower demand means fixed costs per kwh of sales are higher
- More growth in distribution investment

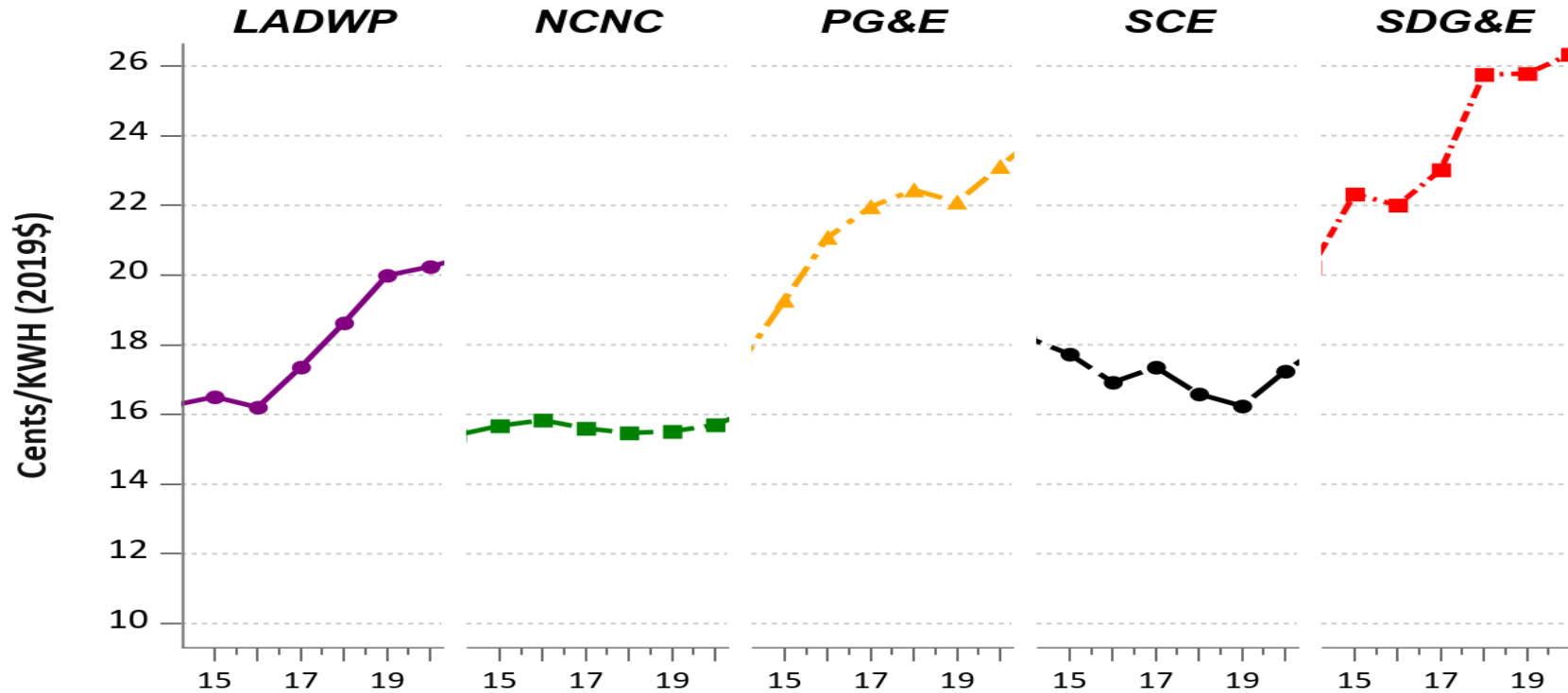


Changes for 2020 Update

- Incorporated 2018 and 2019 actual retail rates, and 2020 rates estimated from current utility advice letters and rate actions.
- Updated public utility projections based on available rate plans
- Updated current and prospective IOU revenue requirements using CPUC Energy Division Utility Cost & Rate Tracking Tool data.
 - CPUC tracks revenue requirements for all approved revenues, pending applications, and forthcoming applications.
 - CEC staff adjusted requested amounts based on ratepayer advocate recommendations.
 - For years following current general rate cases (GRCs), nominal GRC revenue requirements are escalated at the following annual rates:
 - Mid demand: 4.5%
 - High demand: 4%
 - Low demand: 5%
 - These are higher assumptions than in the **2019 IEPR** to reflect increased spending for wildfire mitigation, grid modernization, and electrification.
- Updated wholesale electricity prices from **2019 IEPR** PLEXOS results.



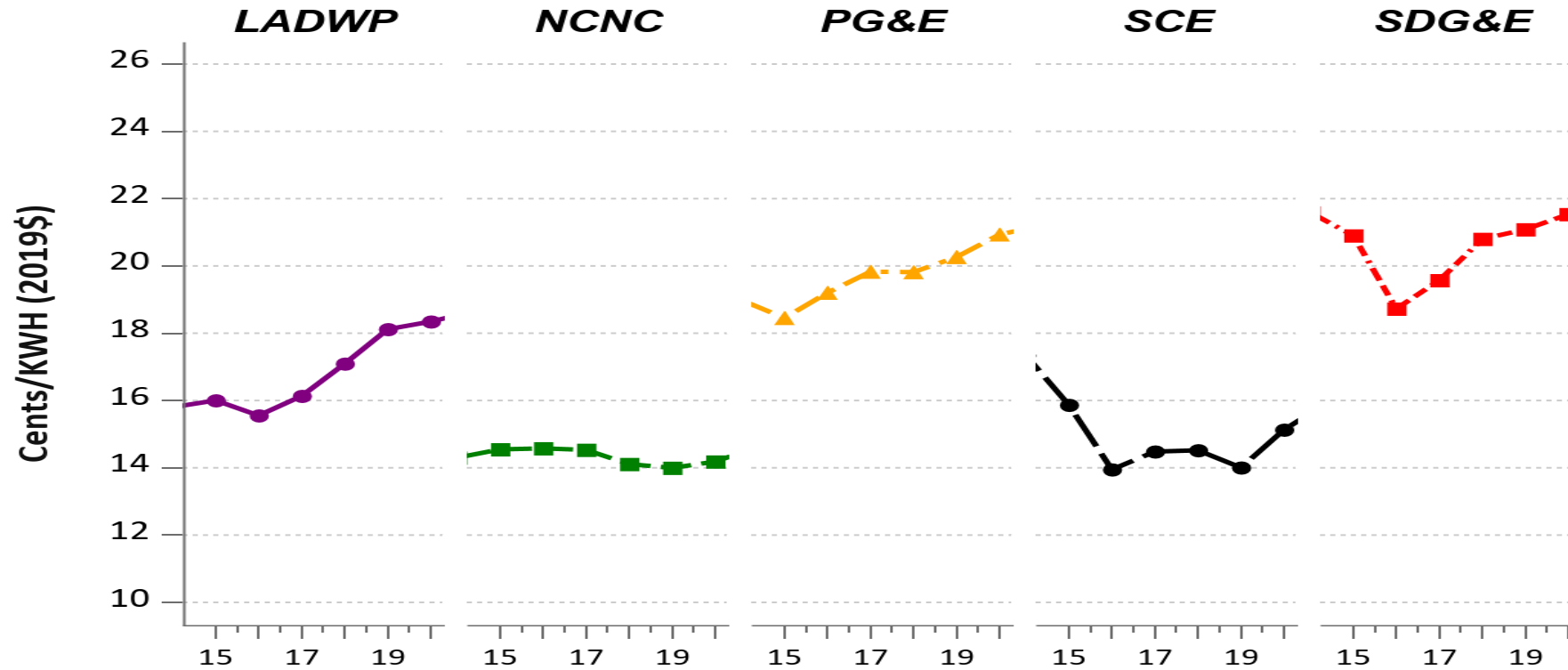
Residential Electric Rates 2015-2020



- LADWP and SMUD rates increased as expected per respective rate plans.
- PG&E and SCE rates are the weighted average of IOU and publicly-owned utility customers.
- PG&E rate increases reflect GRC attrition, catastrophic event costs, and higher transmission rates.



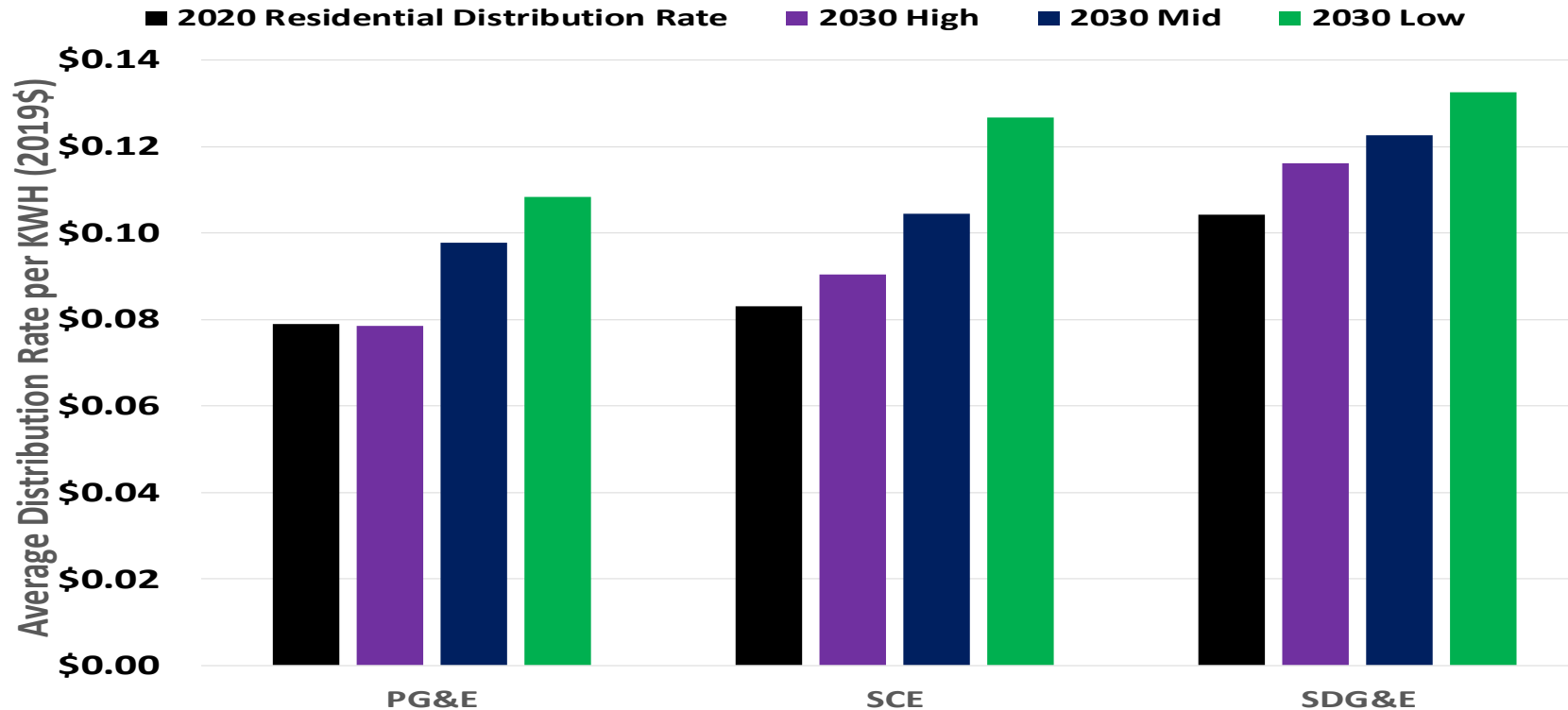
Commercial Electric Rates 2015-2020



- PG&E commercial rates increased on average 2.6%.
- SCE rates declined in 2016 due to GRC decisions and the SONGS settlement.
- SCE 2020 increase reflects the 2020 GRC decision.



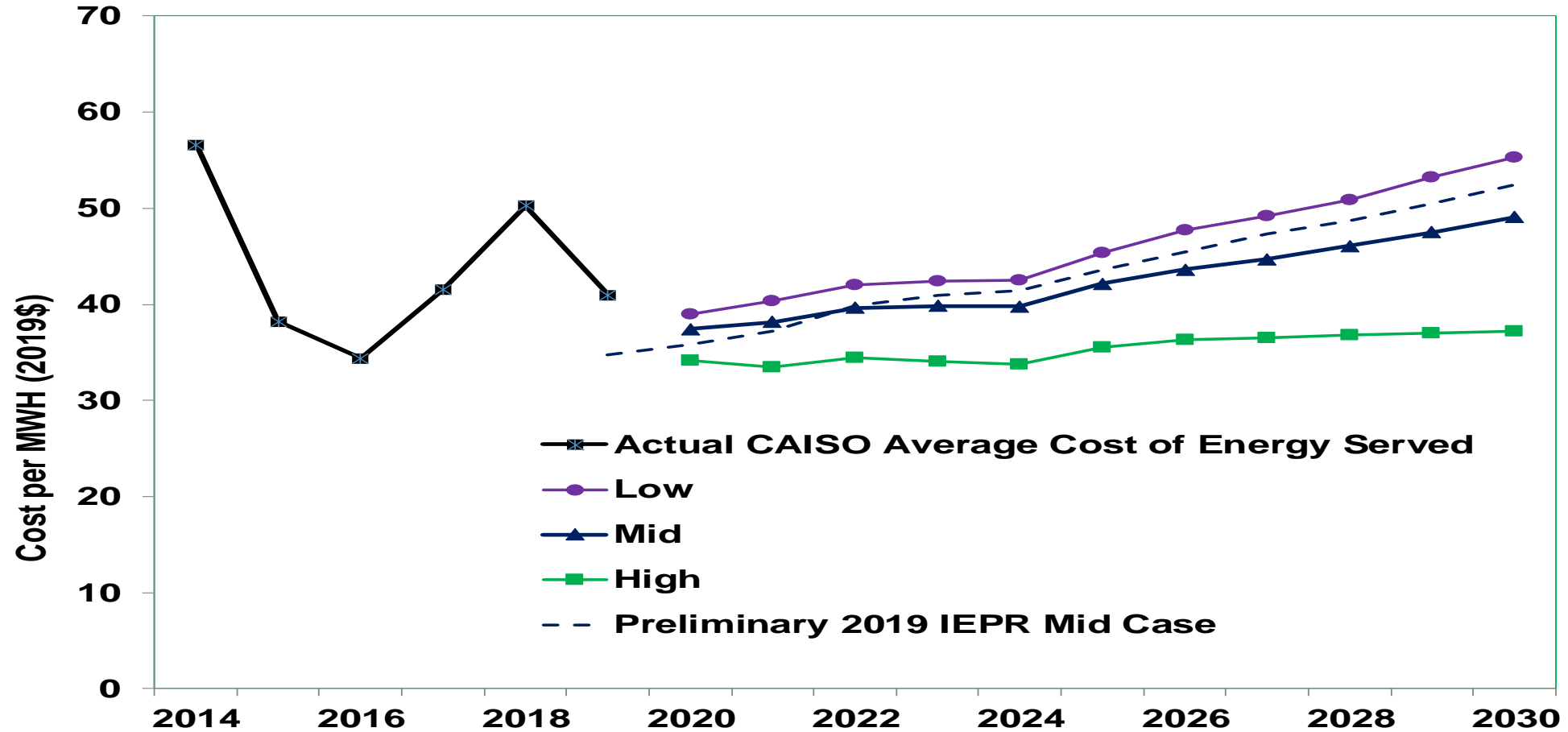
Residential Distribution Rates: 2020 to 2030



- In the high scenario with moderate distribution system investment and increasing demand, inflation-adjusted distribution rates increase about 1% annually in SCE and SDG&E and are flat in PG&E. Mid-case rates increase 2% in PG&E and SCE, and only 1.3% in SDG&E.
- Distribution rates include GRC revenues, wildfire mitigation and cost recovery, transportation electrification and other program costs.



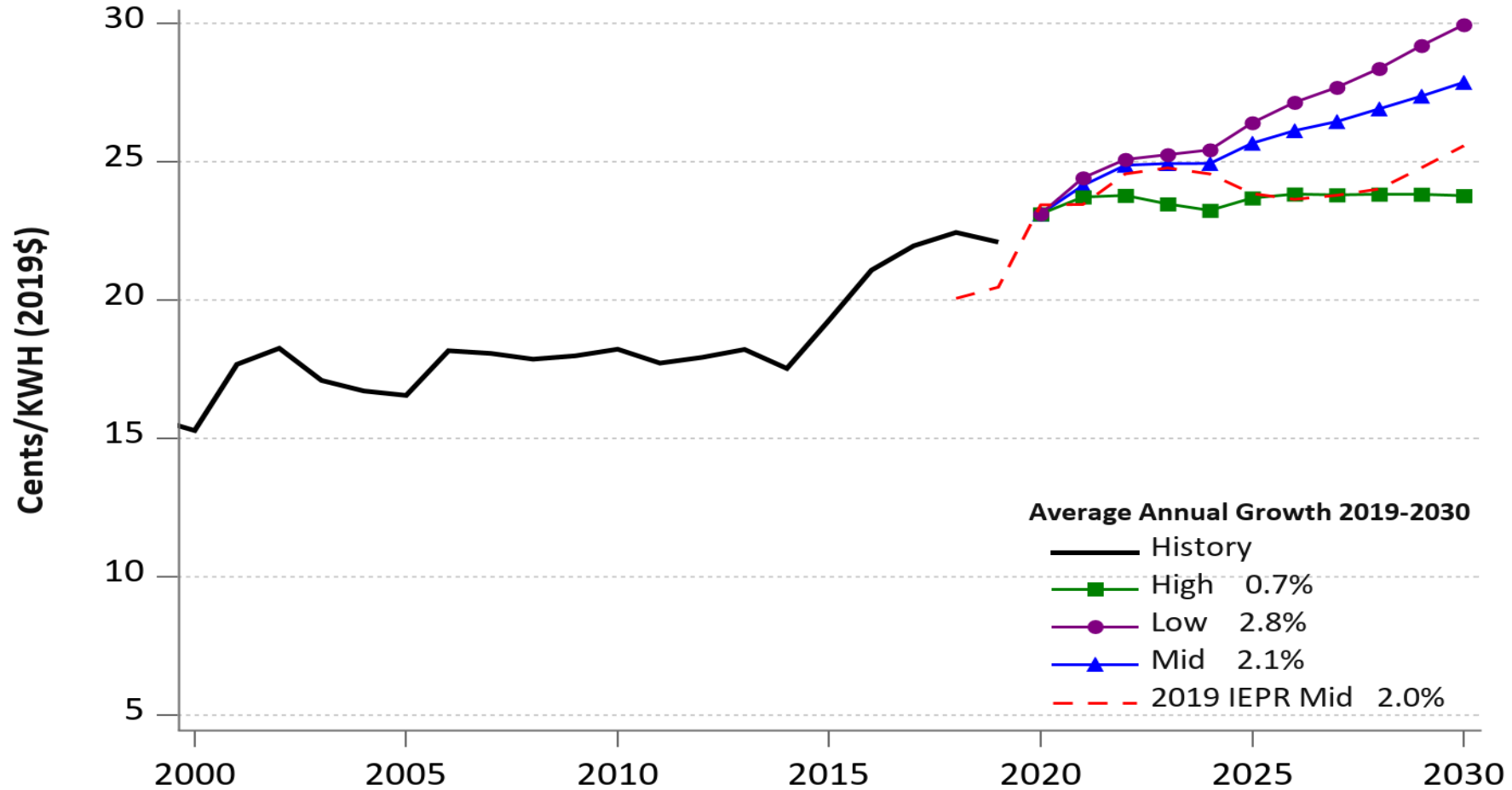
2019 IEPR Final Wholesale Energy Prices



- For 2021, the rate forecast uses IOU projected procurement rates.
- Mid-case prices increase 3.2% annually, as natural gas and GHG allowance prices increase, and generation resources retire.



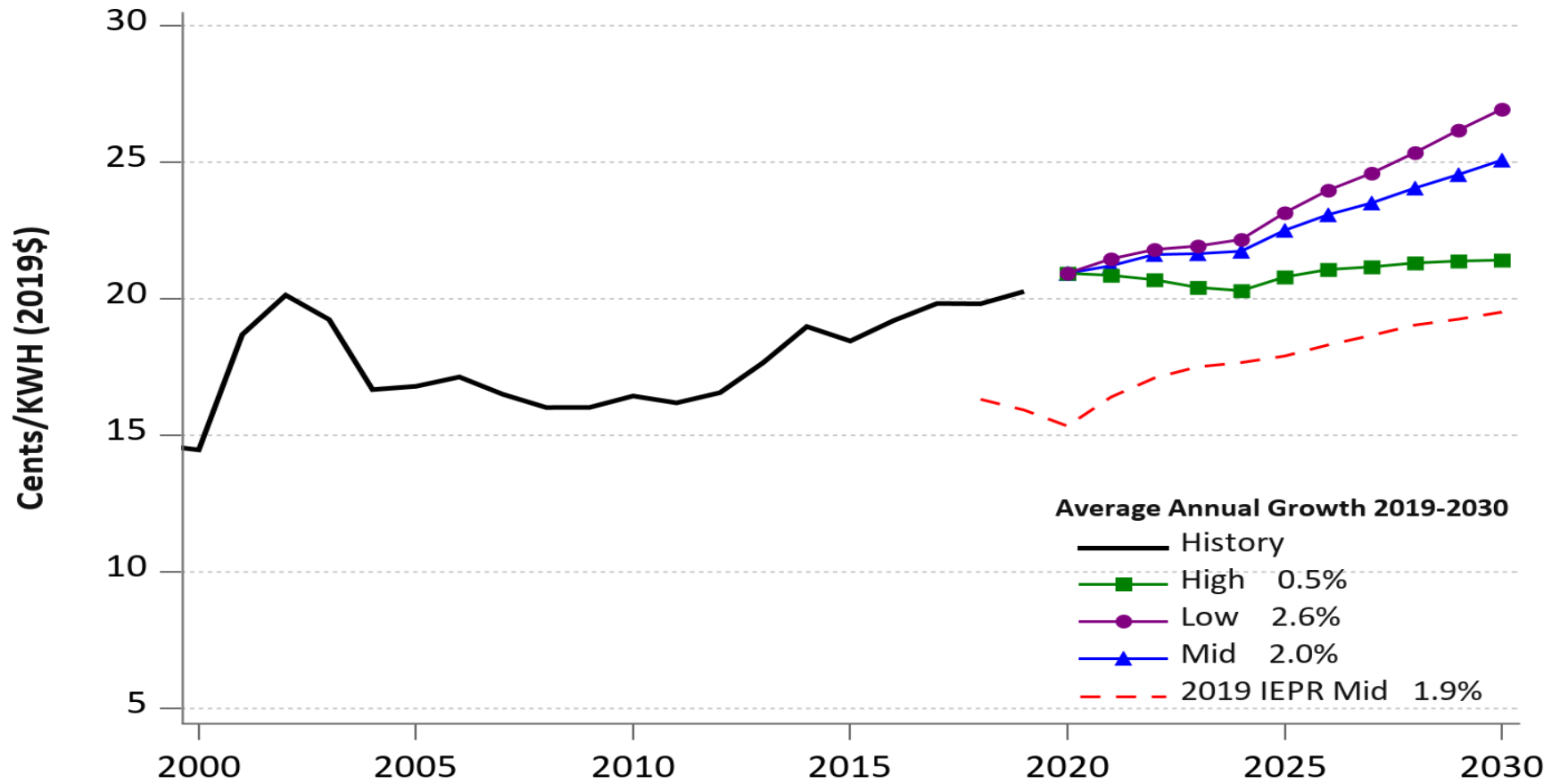
PG&E Residential Electric Rates



- Near-term rates include significant amounts of catastrophic event cost recovery and wildfire mitigation costs.



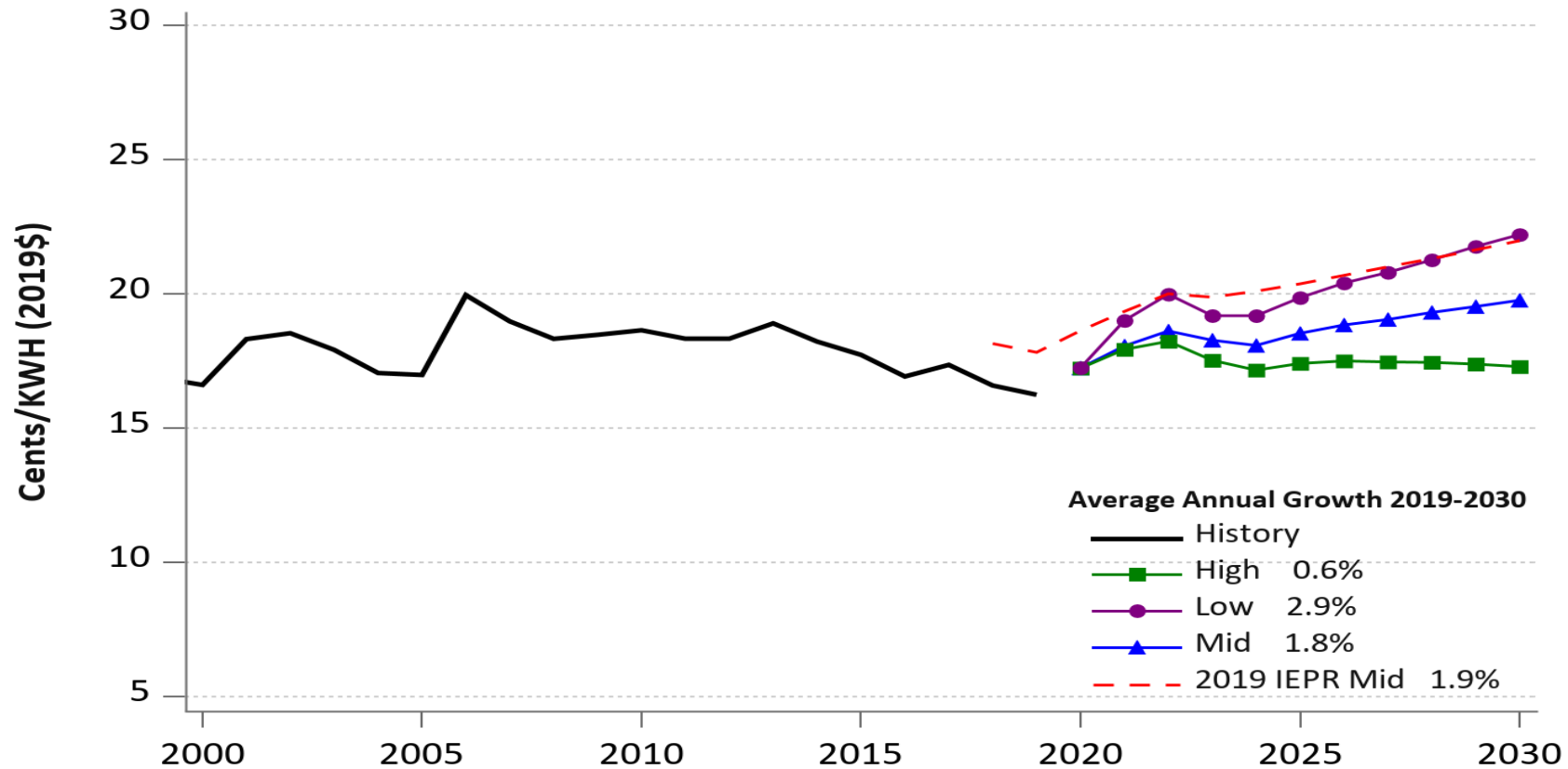
PG&E Commercial Electric Rates



- Current rates are higher than previously estimated.
- Industrial and agriculture rate trend is slightly lower, with a mid-case average increase of 1.6%



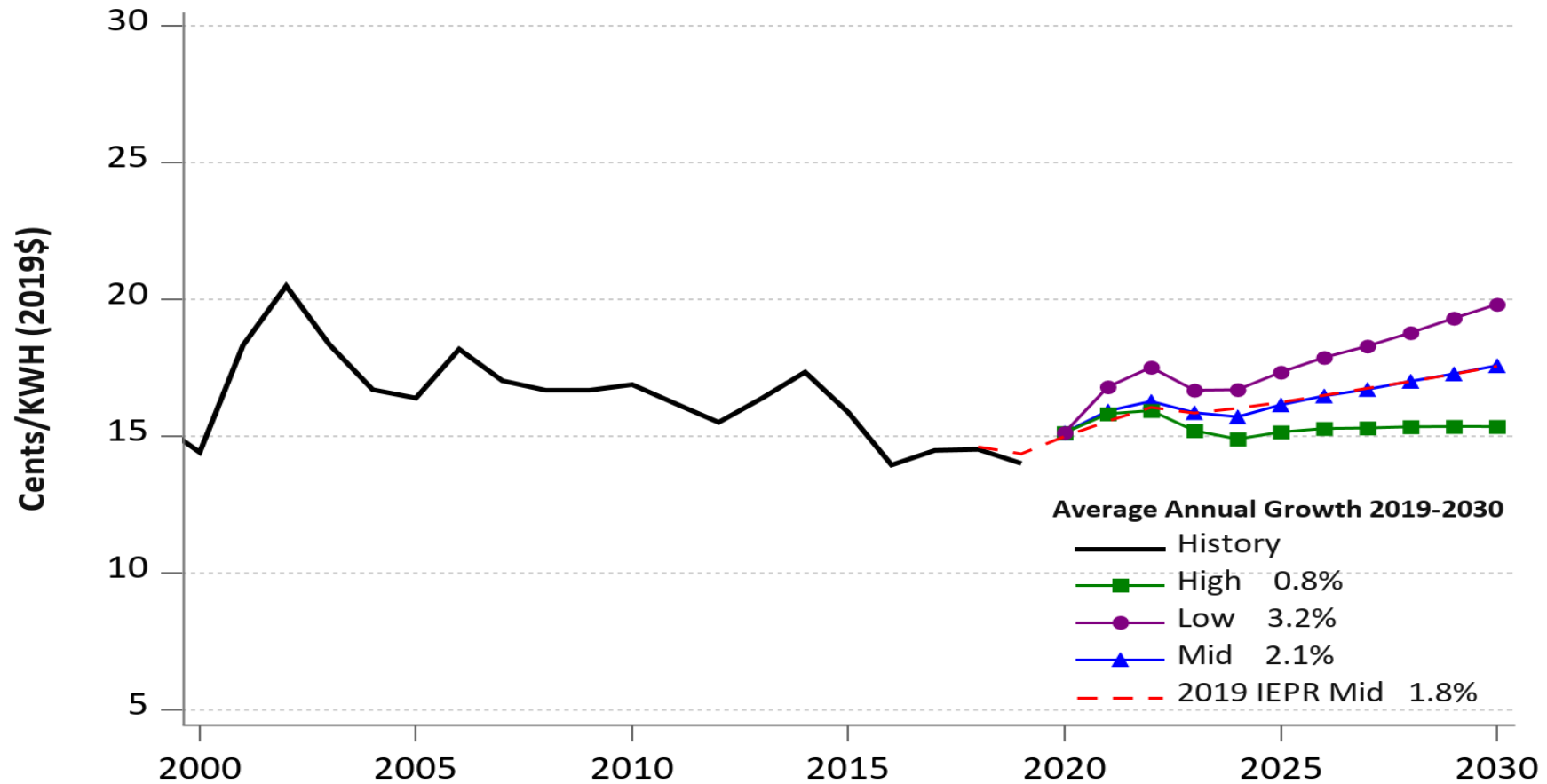
SCE Residential Electric Rates



- Near-term rate increases reflect expected GRC revenue increases and catastrophic event and insurance cost recovery.
- SCE's 2021 GRC requests \$2.24 billion over 3 years, including wildfire mitigation and insurance costs. The Public Advocates Office recommends a 7% increase in 2021, and 3.5% increases in 2021 and 2022.



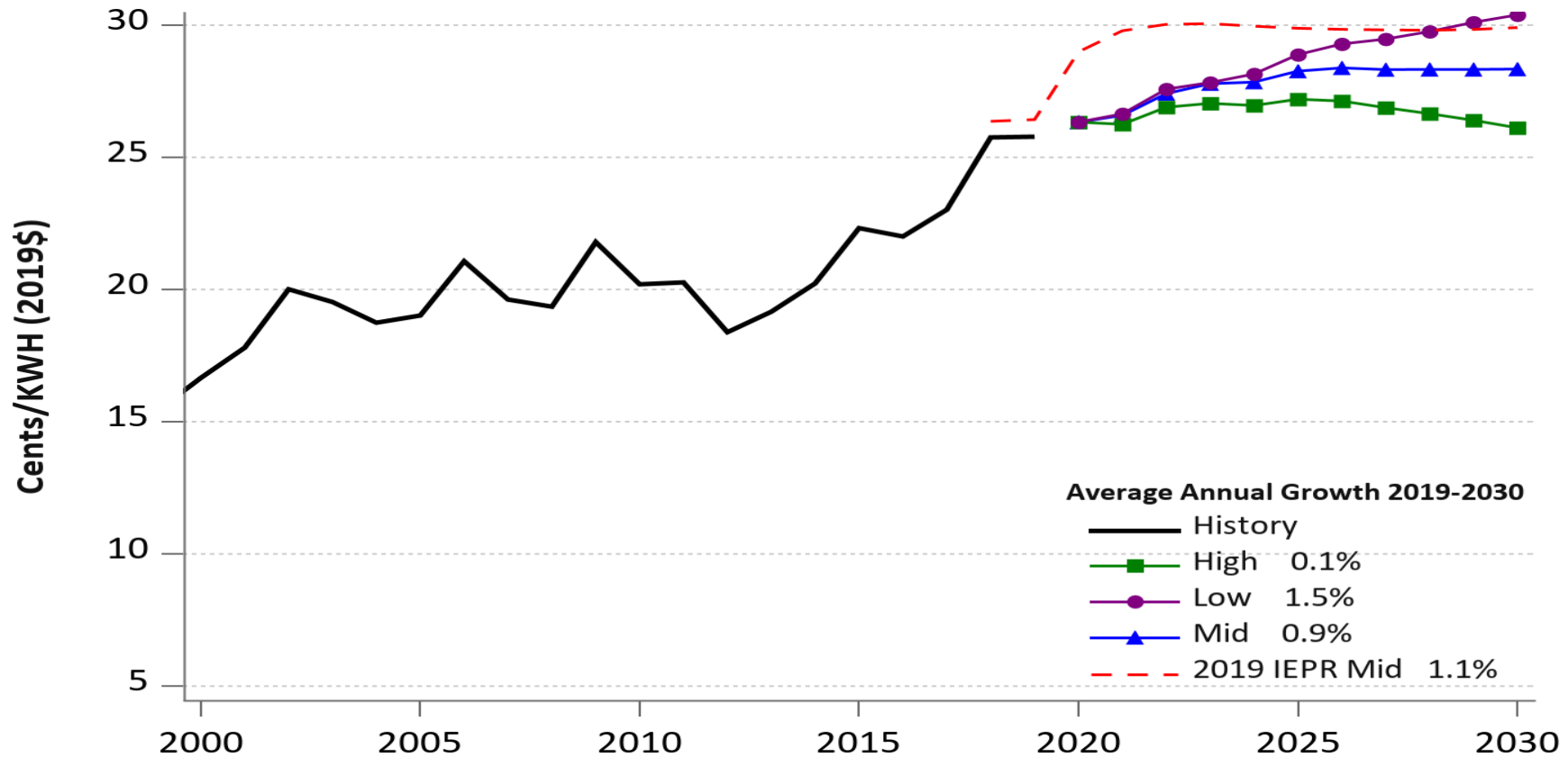
SCE Commercial Electric Rates



- Mid-case growth rate is slightly higher than in the **2019 IEPR**.
- Industrial and agriculture mid-case growth averages 1.5% annually.



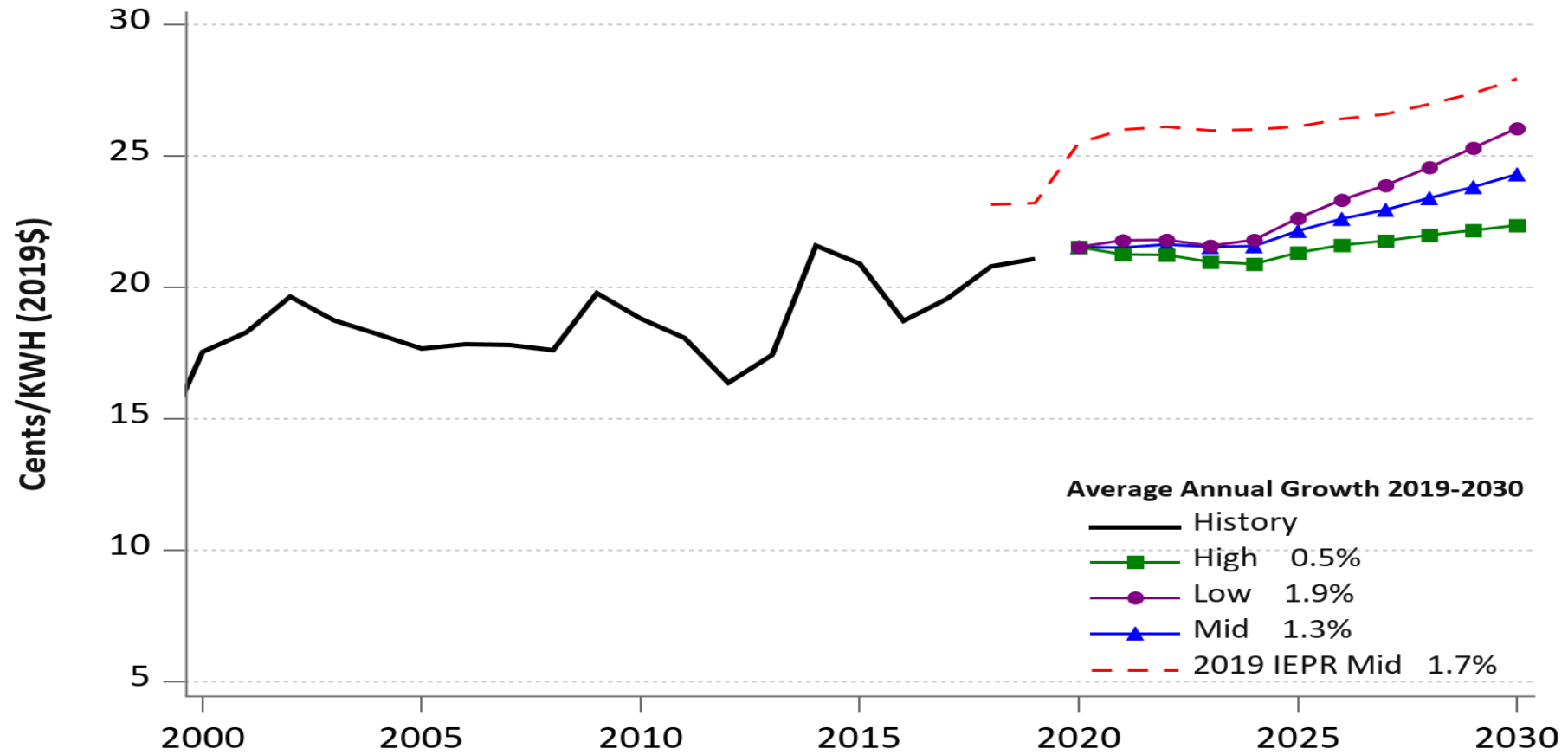
SDG&E Residential Electric Rates



- Authorized GRC revenues are lower than previously assumed.
- SDG&E requests 4% annual increases for 2022 and 2023.
- SDG&E has lower need for additional wildfire mitigation expenditures due to past investments.



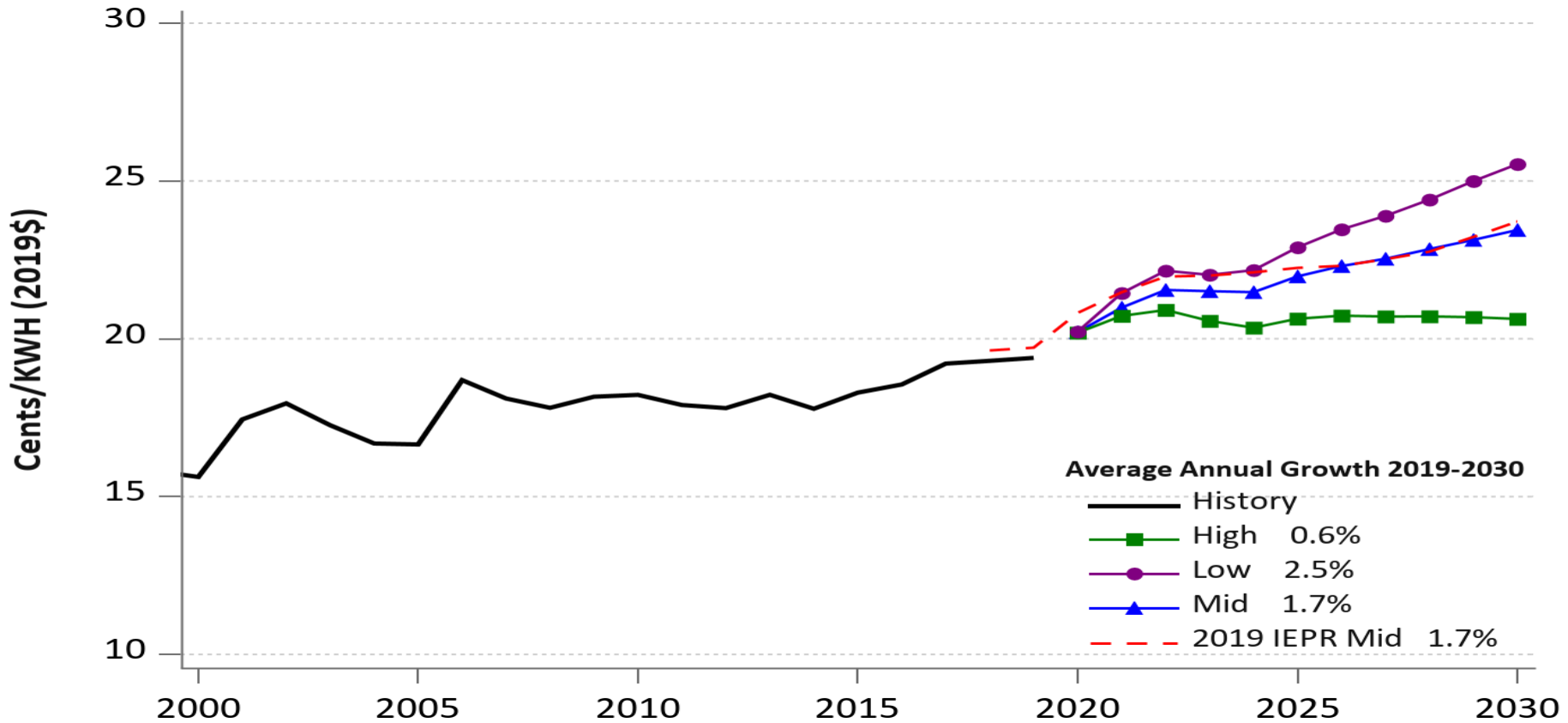
SDG&E Commercial Electric Rates



- Mid-case rates are lower because of lower actual 2019-2020 rates.



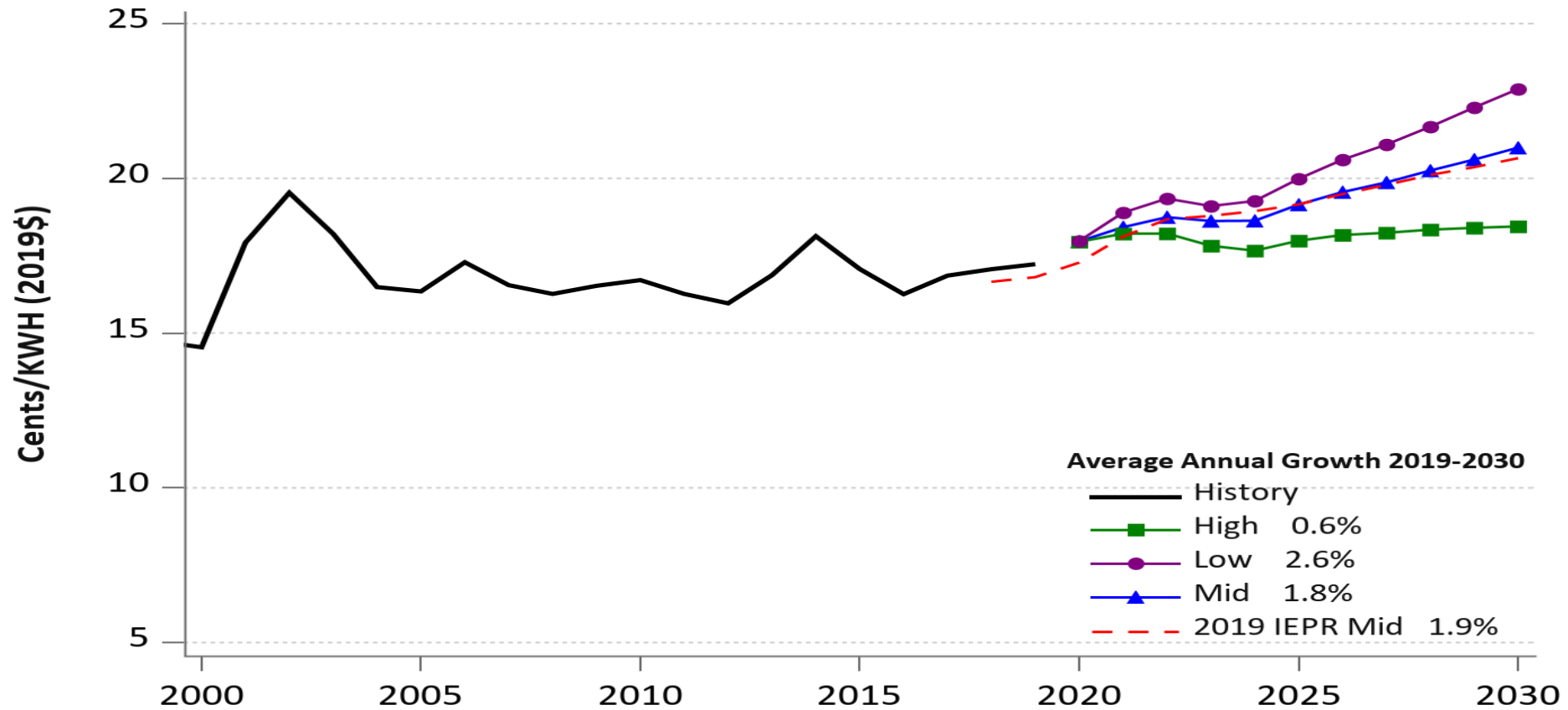
Statewide Average Residential Electric Rates



- Statewide average rates are used for transportation demand forecasting.
- In the high case, rates increase slightly faster than inflation.
- In the low case, increased grid investment without demand growth drives up rates.



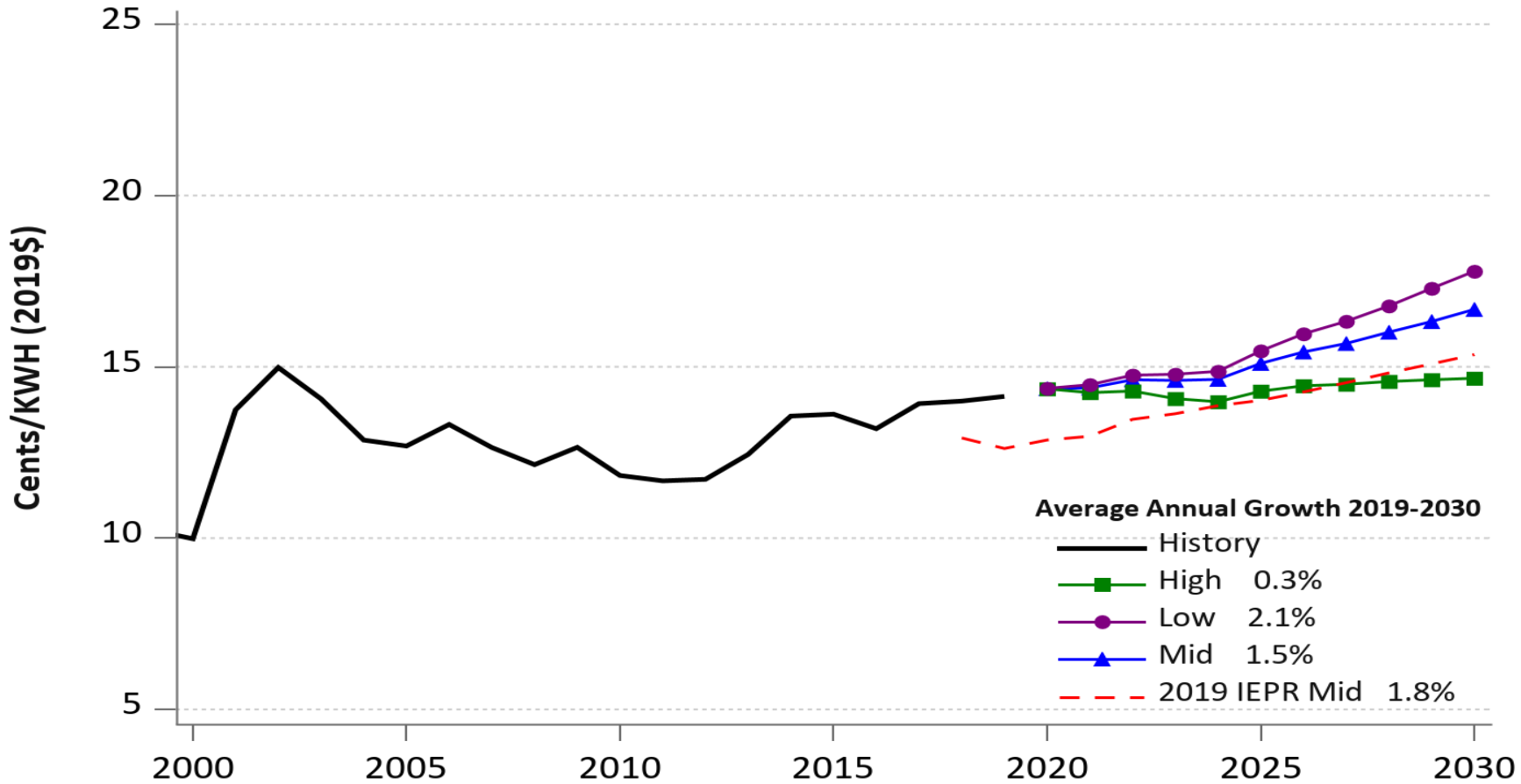
Statewide Average Commercial Electric Rates



- Current commercial sector rates are on average higher than previously estimated, but the mid-case growth rate is slightly lower.



Statewide Average Industrial Electric Rates



- Industrial customer distribution rates are proportionately lower than other sectors, resulting in lower forecasted growth rates.



Thank You!

