



CED 2024 Demand Forecast

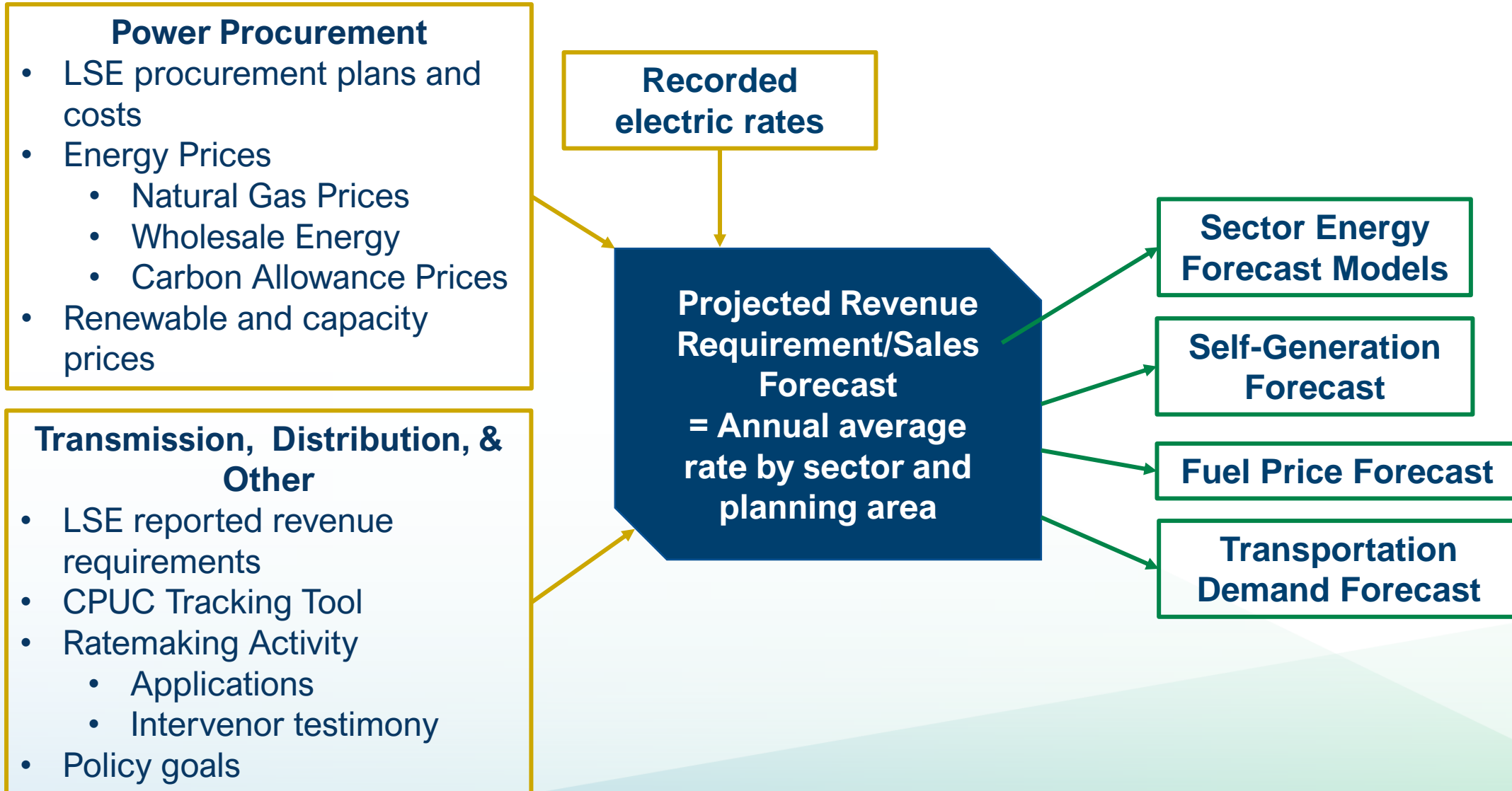
Electricity Rate Forecast

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Rate Forecast Overview





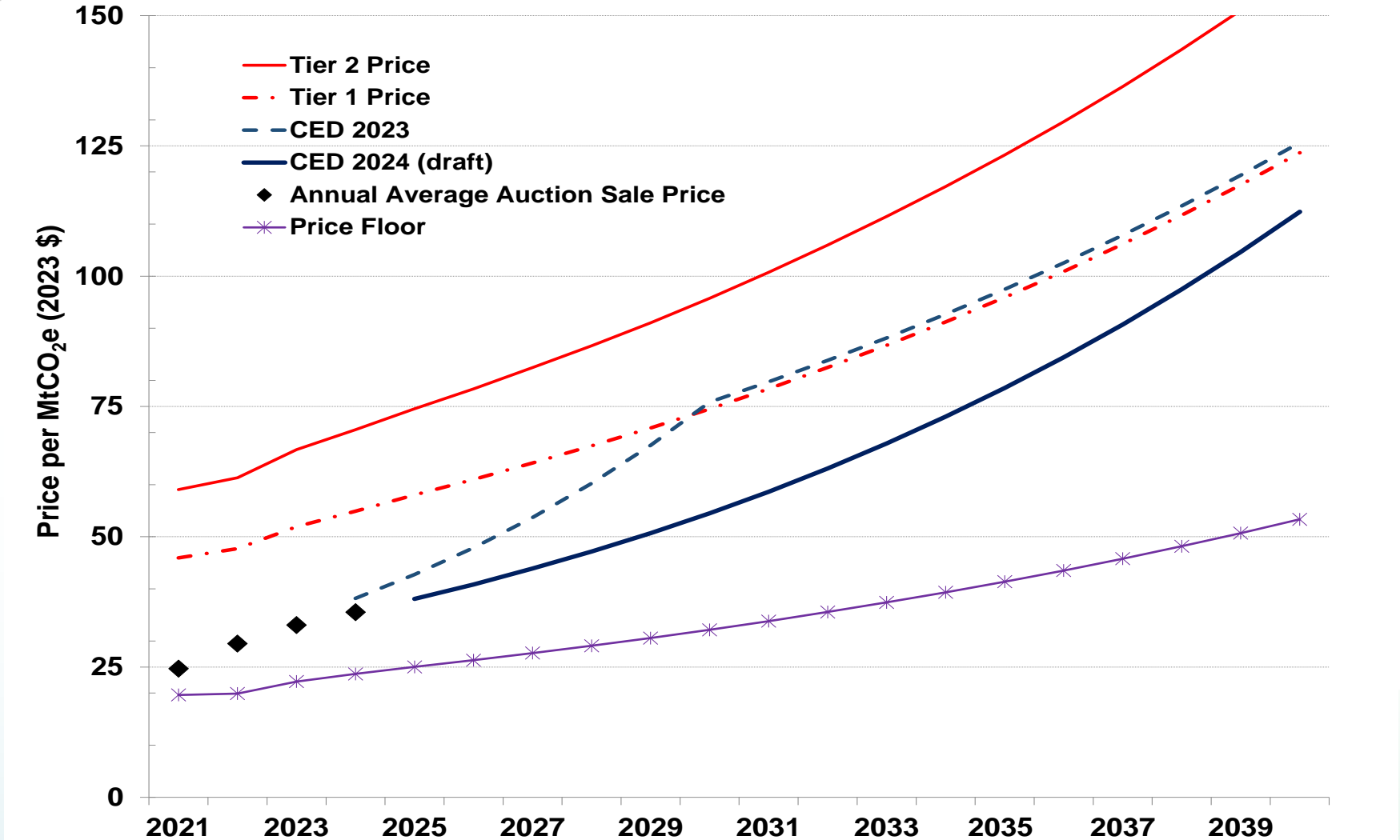
Key Inputs

- Sales projections from the CED 2023 planning scenario.
- Historical electricity rates updated from QFER.
- Procurement cost forecasts were not updated. In full IEPR years, utility-submitted revenue requirement projections, rate data, and supply forms, are used.
- Current and pending IOU revenue requirements were updated using the June 2024 CPUC Energy Division Utility Cost & Rate Tracking Tool data.
 - Pending and recently approved applications include significant requests for wildfire mitigation spending and cost recovery.
 - <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/affordability/quarterly-revenue-request-reports>
- Utility advice letters, applications, or rate actions are used to update cost allocations and near-term rates.



GHG Allowance Price Forecast

- Based on pre-rulemaking proposals, draft CED 2024 forecast assumes prices will reach mid-point between floor and Tier 1 by 2030.
- CARB market notice for forthcoming rulemaking indicates reserve prices will be revised.
- After rulemaking documents are released, staff will revise forecast.



Source: CEC Staff

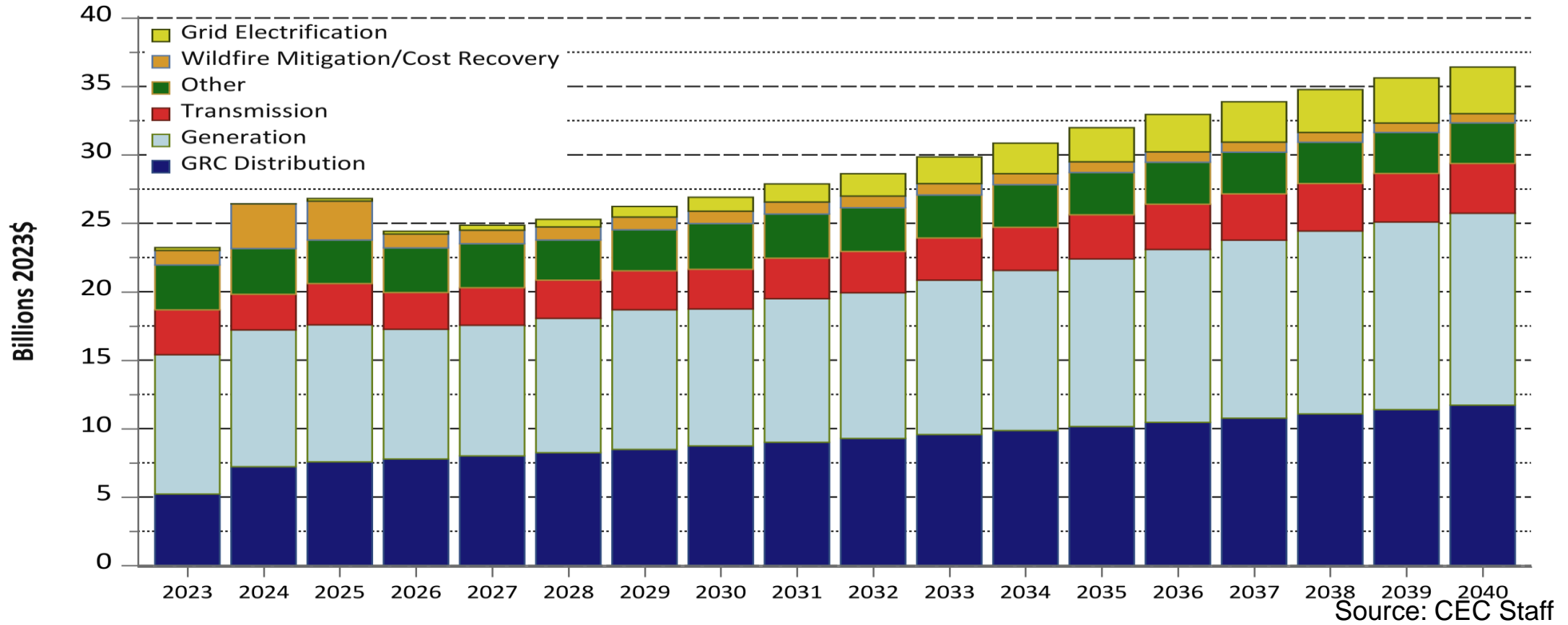


IOU Revenue Requirements

- General Rate Case proceedings
 - All 3 IOUs have recently approved or pending General Rate Case applications with proposed increases averaging 10% or more annually. 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.
- Transmission revenue forecast uses current applications, forecasts provided by utilities, or escalation assumptions; escalates at 4.5% annually (nominal).
- Current levels of wildfire event or incremental risk mitigation costs decline gradually from current level.
- 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 with multiplier to reach central estimate total.
 - <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M520/K423/520423681.PDF>



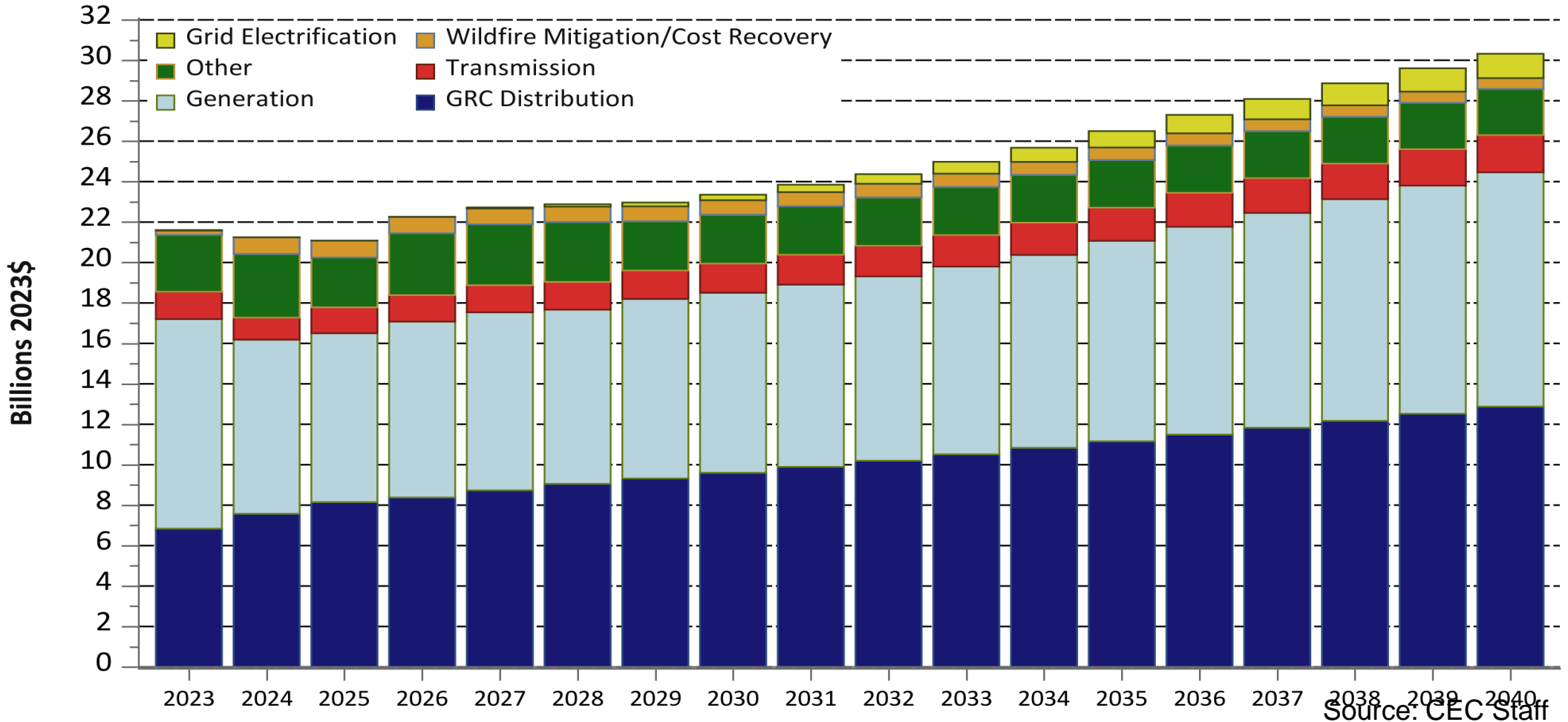
PG&E CPUC-Jurisdictional Revenue Requirements



- GRC Distribution increase in 2024 and 2025 includes amortization of 2023 GRC balances.
- Grid investment to support increased electrification adds \$28 billion through 2040.
- “Other” includes public good charge programs, Wildfire Fund Charge, existing AB 1054 securitized wildfire mitigation, and other distribution costs, including PG&E’s initial energization application.



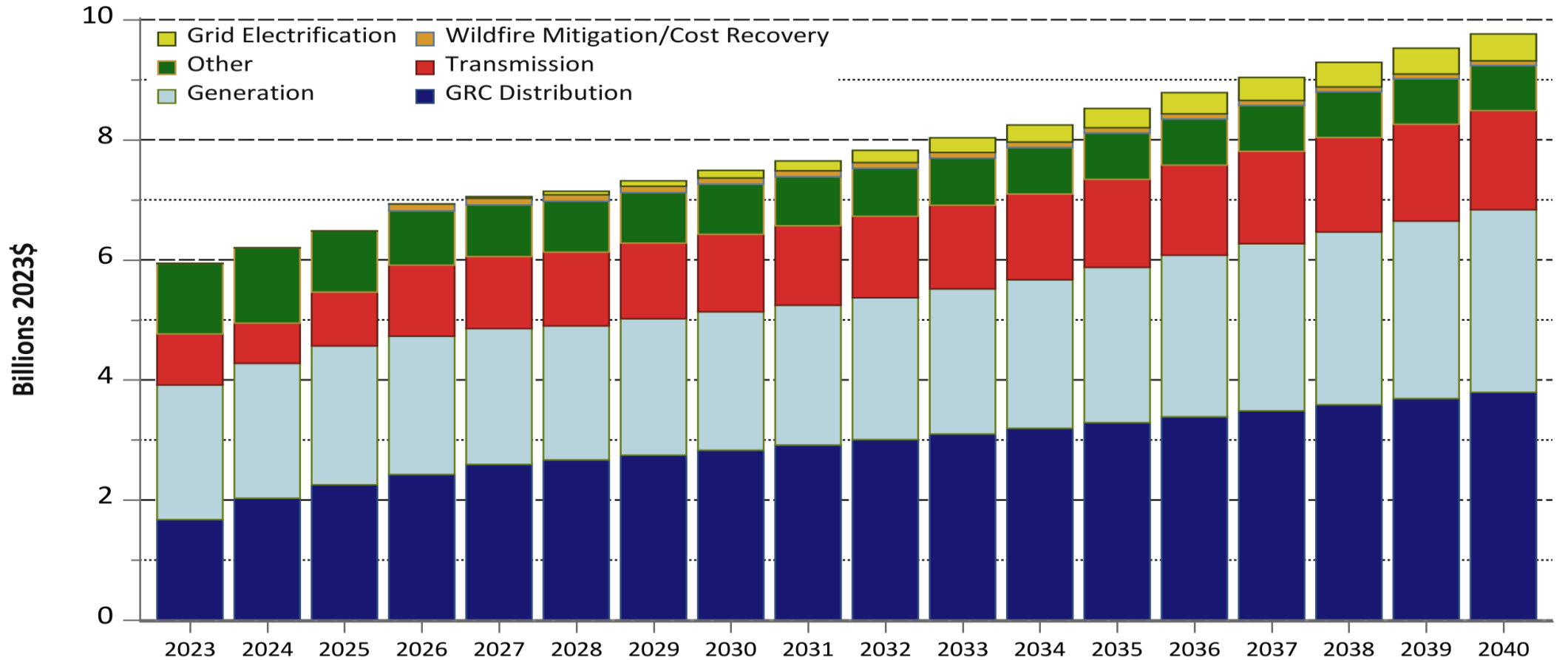
SCE CPUC-Jurisdictional Service Area Revenue Requirements



- GRC increases 2023-2024 reflects major investment in wildfire mitigation in previous GRC; pending GRC request for 2025 reduced to a 10% increase over 2024 nominal.
- Grid investment to support increased electrification adds \$9 billion through forecast period.



SDG&E CPUC-Jurisdictional Service Area Revenue Requirements

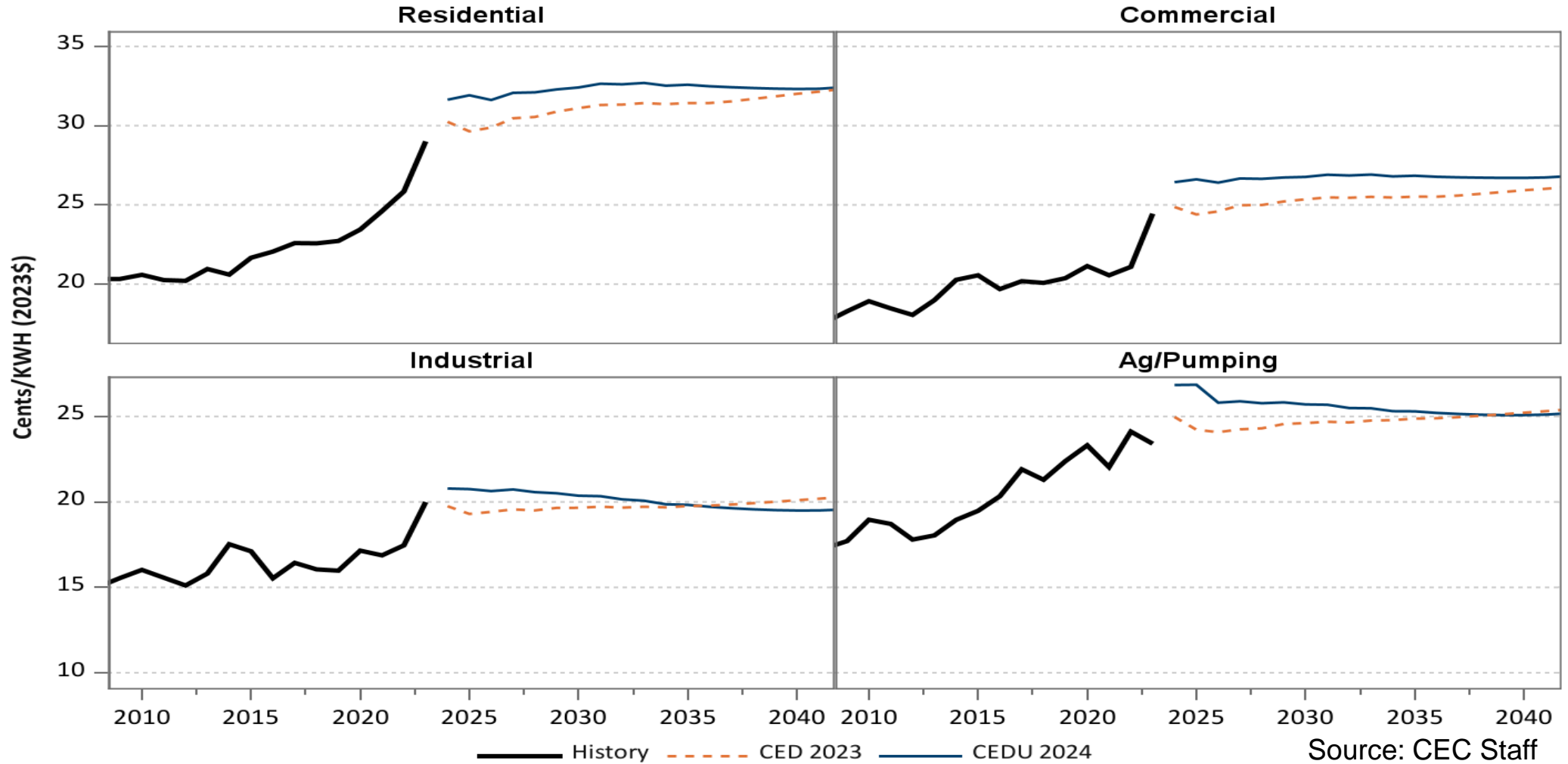


Source: CEC Staff

- Pending 2024 GRC application includes significant increase in wildfire risk mitigation spending. Revenue would increase 13% nominal in 2025.
- Grid investment to support increased electrification adds \$3.5 billion through forecast period



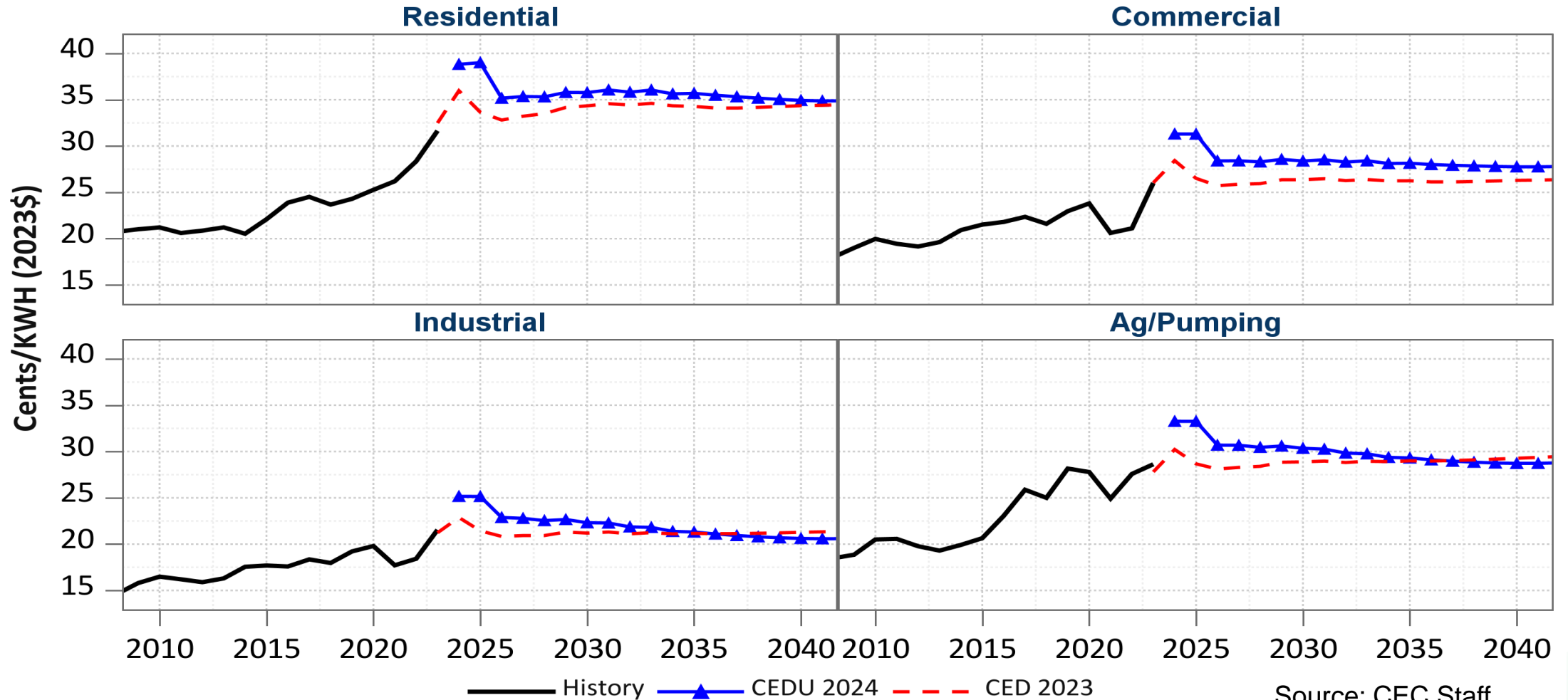
Statewide Average Rates by Sector



- Transportation demand models use statewide average rates.
- Annual growth in sales (2.5% average 2025-40) offsets continued growth in revenue requirements.



PG&E Planning Area Rates

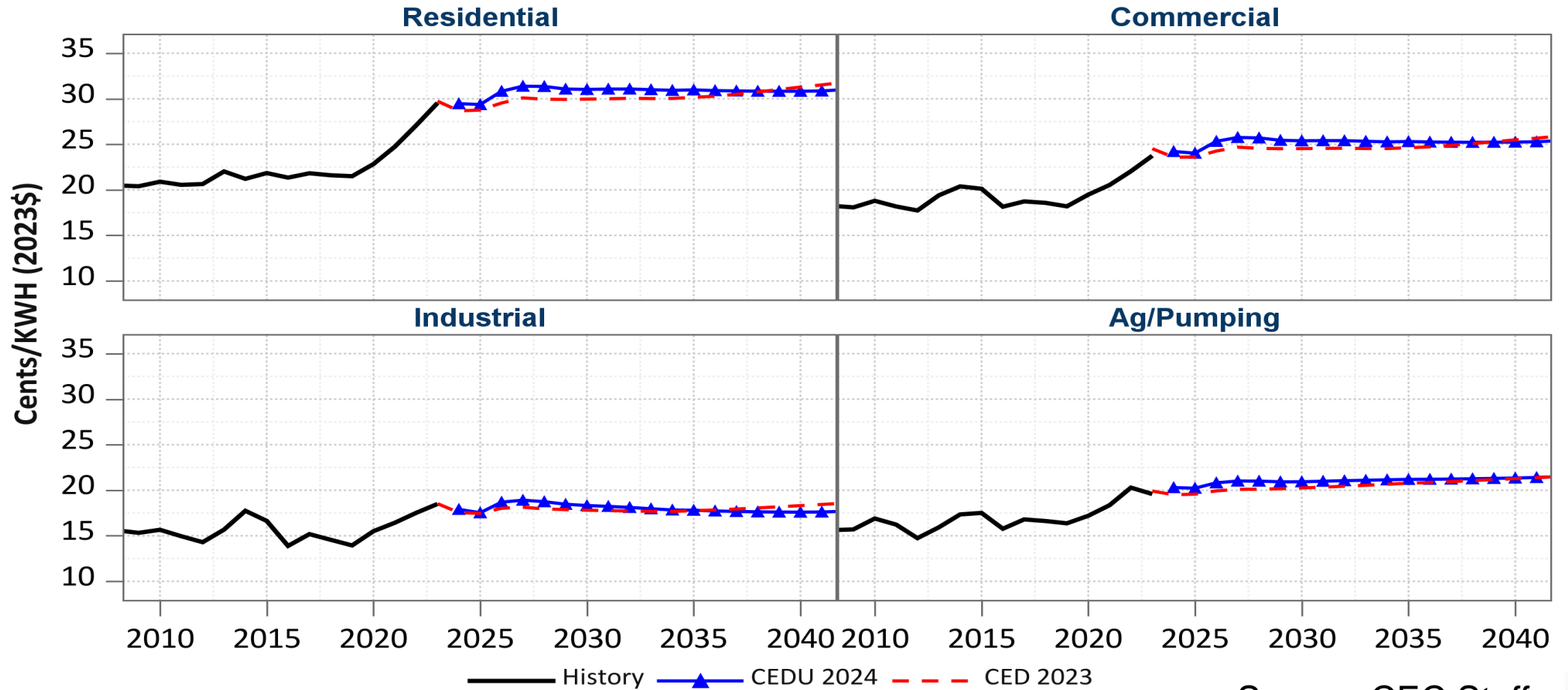


Source: CEC Staff

- Growth in revenue requirements is offset by 2.9% annual growth sales.
- Electrification costs have a larger impact on residential and commercial sectors.



SCE Planning Area Rates

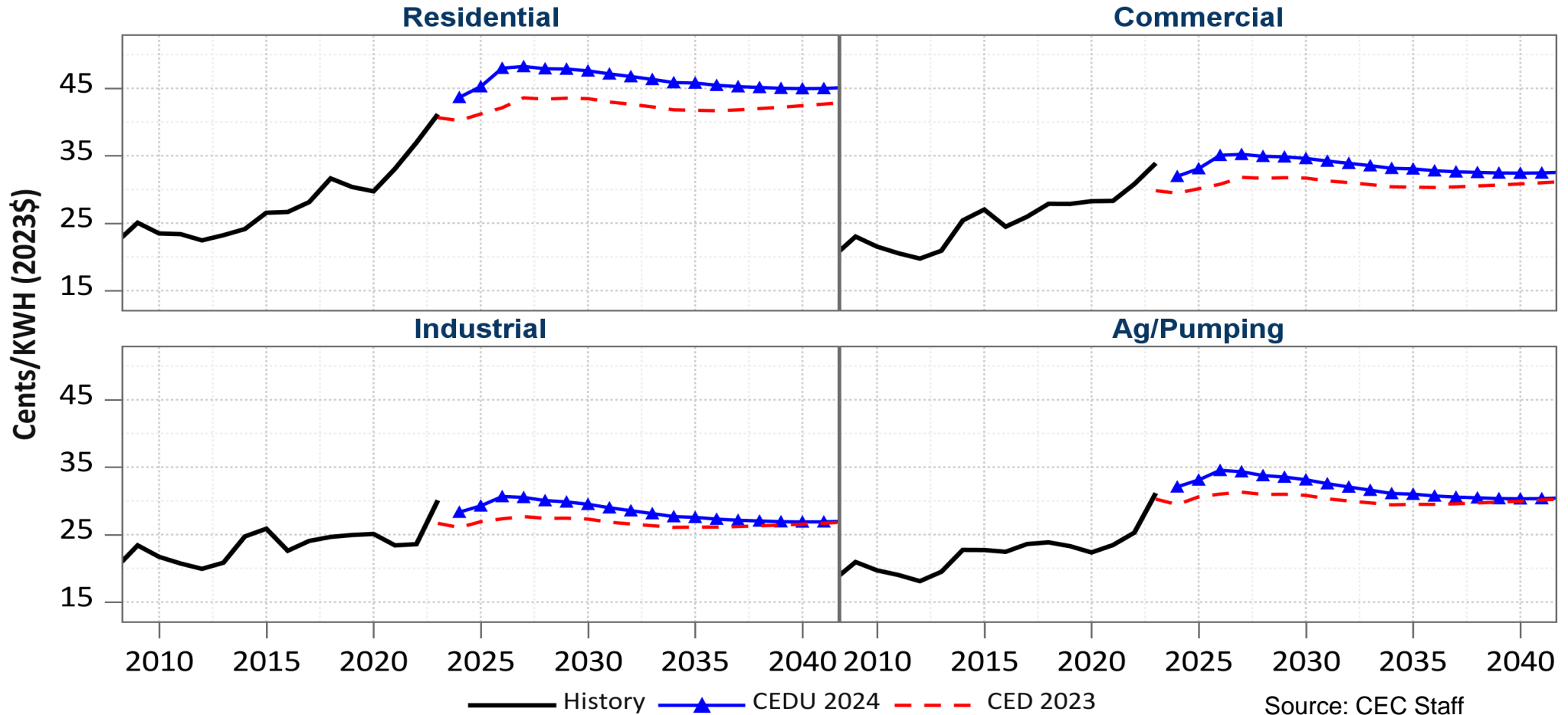


Source: CEC Staff

- Recent rate increases driven by rising transmission and procurement costs, in addition to distribution system investment.



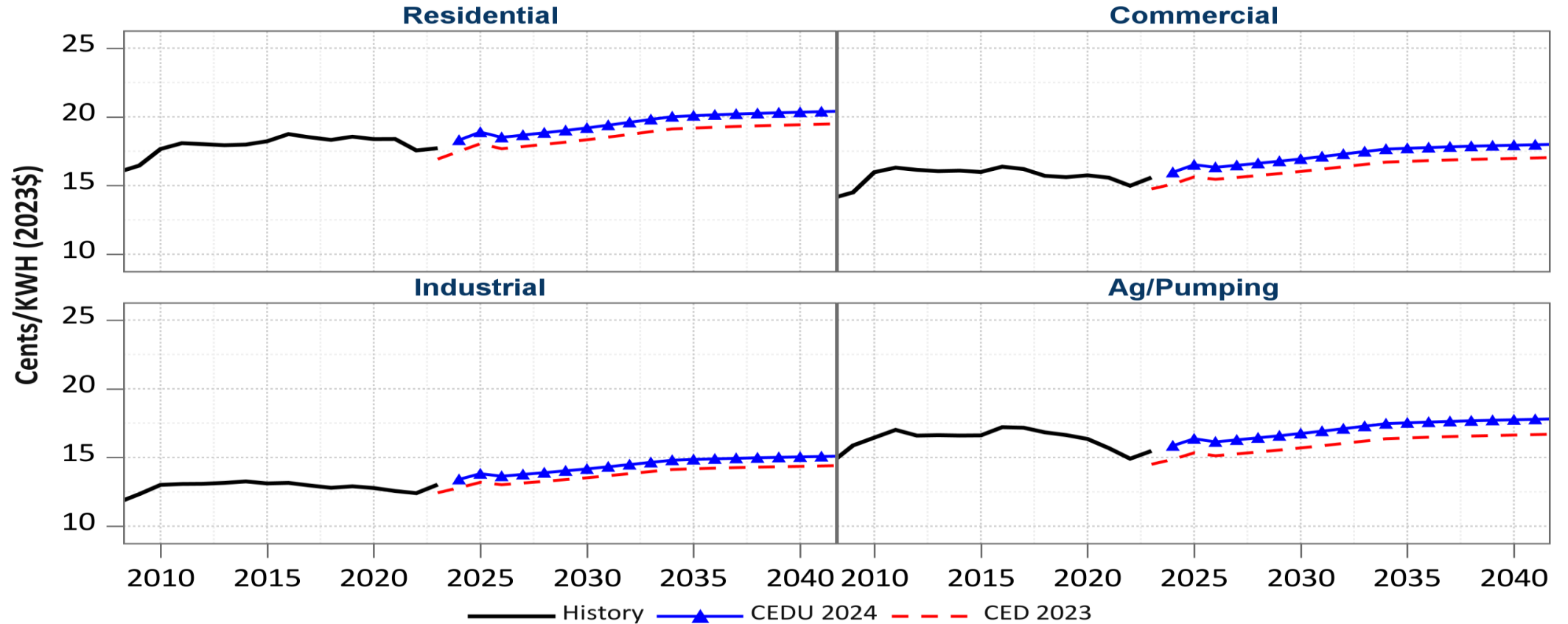
SDG&E Planning Area Rates



- After near-term GRC impacts, sales growth exceeds revenue requirements.



NCNC Planning Area Rates

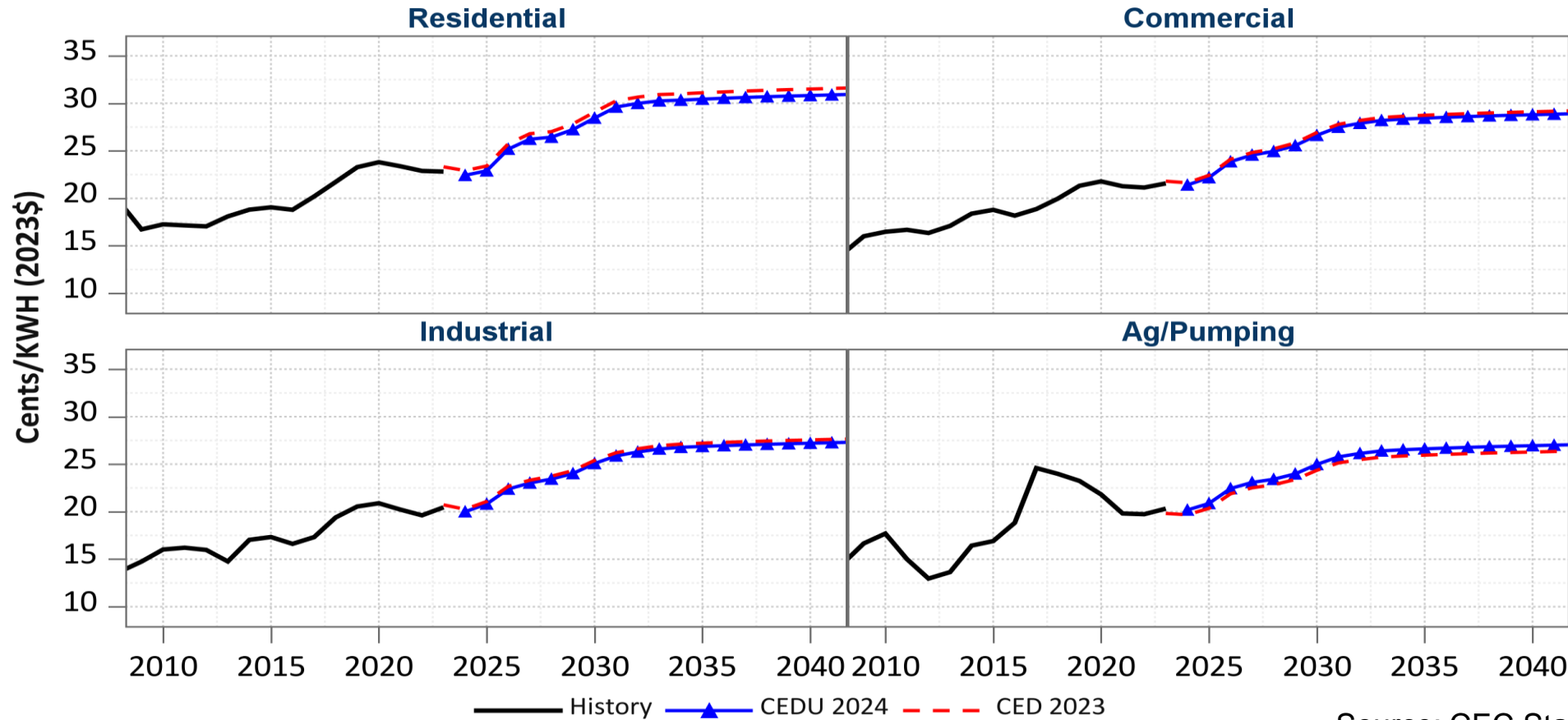


Source: CEC Staff

- SMUD adopted nominal rate increases of 5.5% in 2024 and 2025 to cover increased procurement and borrowing costs and to support their 2030 Zero Carbon Plan goals
- Board policy is to maintain rate increases consistent with inflation.



LADWP Planning Area Rates



Source: CEC Staff

- When a rate action plan to support LA100 pathways to 100% clean energy is implemented, rates are likely to increase about 4% annually through 2030.
- Meanwhile, cost adjustment factors maintain adequate revenues.



Thank You

