



**California Energy Commission
January 21, 2025 Business Meeting
Backup Materials for Agenda Item No. 5**

California Energy Demand Forecast Update, 2024 – 2040
(Docket 24-IEPR-03)

The following backup materials for the above-referenced agenda item are available as described below:

1. Proposed Resolution, attached below.
2. CEQA recommendation memo, attached below.
3. Notice of Availability, attached below.

For the complete record, please visit:

- Docket Number 24-IEPR-03,
<https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=24-IEPR-03>

To stay informed about this project and receive documents as they are filed, please subscribe to the proceeding subscription, which can be accessed here: 2024 Integrated Energy Policy Report Update, <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2024-integrated-energy-policy-report>. Those on the subscription list receive email notifications and direct links when documents are filed in the proceeding docket.

Memorandum

To: Chair Hochschild
Vice Chair Gunda
Commissioner Gallardo
Commissioner McAllister
Commissioner Skinner

Date: January 15, 2025

From: Reneé Webster-Hawkins
Senior Attorney, Hearing & Advisory Unit
Chief Counsel's Office

Subject: Proposed California Environmental Quality Act Compliance for the 2024 Integrated Energy Policy Report Forecast (2024 IEPR forecast)

At the January 21, 2025, California Energy Commission (CEC) business meeting, staff plans to propose the 2024 IEPR forecast for the CEC's consideration and adoption. For purposes of complying with the California Environmental Quality Act (CEQA) (Public Resources Code § 21000 et seq.), I recommend the CEC find that adopting the 2024 IEPR forecast is not a "project" for purposes of CEQA.

Under CEQA, a "project" means "an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment..." (Pub. Resources Code § 21065.) The 2024 IEPR forecast is not a project because it is a report based on staff assessments of existing data and information. Any agency approvals or commitments of specific activities based on the 2024 IEPR forecast will be made, if at all, through future discretionary decision-making processes by the respective lead or responsible agencies. Because no commitment to any specific project is made in this forecast, approving it will not cause a direct or reasonably foreseeable indirect change in the environment.

However, if a challenge was made to this determination and a court should find that adopting the 2024 IEPR forecast is indeed a project within the meaning of CEQA, I recommend that the CEC make an alternative finding now and adopt staff's determination that if the 2024 IEPR forecast is a project under CEQA, it is nevertheless exempt from CEQA requirements pursuant to the "common sense" exemption (CEQA Guidelines, § 15061, subd. (b)(3)). The common sense exemption applies "where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." *Ibid.* Statute requires the annual IEPR forecast to be prepared based on data collected by the CEC, but it makes no approvals or funding commitments for activities that may have a significant effect on the environment. Therefore, adopting the 2024 IEPR forecast qualifies for the common sense exemption and is not subject to CEQA.

STATE OF CALIFORNIA

STATE ENERGY RESOURCES
CONSERVATION AND DEVELOPMENT COMMISSION

RESOLUTION OF THE CALIFORNIA ENERGY COMMISSION ADOPTING THE
CALIFORNIA ENERGY DEMAND FORECAST UPDATE, 2024-2040

WHEREAS, Public Resources Code section 25301(a) requires the California Energy Commission (CEC) to "conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices" and to "use these assessments and forecasts to develop and evaluate energy policies and programs that conserve resources, protect the environment, ensure energy reliability, enhance the state's economy, and protect public health and safety"; and

WHEREAS, the Integrated Energy Policy Report (IEPR) contains these assessments and associated policy recommendations and is adopted every two years, with an Integrated Energy Policy Report Update being adopted each interim year; and

WHEREAS, the CEC consulted with appropriate state and federal agencies in developing the California Energy Demand Forecast Update, 2024-2040 (2024 IEPR Update forecast) including, but not limited to, the California Public Utilities Commission, the State Air Resources Board, and the California Independent System Operator.

WHEREAS, the CEC held workshops on May 16, 2024, July 7, 2024, October 2, 2024, November 7, 2024 and December 12, 2024, and Demand Analysis Working Group Meetings were held on August 21, October 21, November 21, and December 23, 2024, to discuss the 2024 IEPR forecast; and

WHEREAS, on January 9, 2025, staff docketed the Notice of Availability for the 2024 IEPR forecast, which identifies the documents that make up the forecast update, including forecasts for electricity consumption, retail electricity sales, and peak and hourly demand for each of the major planning areas and for the state as a whole; and

WHEREAS, the 2024 IEPR forecast provides electricity forecasts which reflect expected impacts from recent economic and demographic projections, projections of electric vehicle adoption, building electrification, and behind-the-meter photovoltaic and storage system adoption and which are consistent with the latest historical data available for consumption, peak demand, temperatures, and electricity rates; and

WHEREAS, the 2024 IEPR forecast will serve as a key input into a number of planning and procurement efforts, including transmission and distribution system planning, integrated resource planning, resource adequacy, and other studies and proceedings; and

WHEREAS, consistent with an agreement among leadership at the CEC, the California Public Utilities Commission, and the California Independent System Operator, specific variants of the adopted demand forecast to be used in individual applications are described as the “single forecast set agreement” in the text of the 2024 Integrated Energy Policy Report Update; and

WHEREAS, the CEC has considered the application of the California Environmental Quality Act (CEQA) to the adoption of the 2024 IEPR forecast, and concluded that the adoption of this report is not a “project” under CEQA, because no commitment to any specific project is made in this forecast, and approving it will not cause a direct or reasonably foreseeable indirect change in the environment. However, in the event that the adoption of the 2024 IEPR forecast were determined to be a project, the CEC has determined that it would nonetheless be exempt from CEQA requirements pursuant to the “common sense” exemption (CEQA Guidelines, § 15061, subd. (b)(3)) for the same reason, and it can be seen with certainty that there is no possibility that the adoption of the 2024 IEPR forecast may have a significant effect on the environment; and

WHEREAS, the CEC has considered all comments received on the 2024 IEPR forecast;

THEREFORE BE IT RESOLVED, the CEC hereby adopts the 2024 IEPR forecast along with any changes identified at its January 21, 2025, Business Meeting, directs CEC staff to make the forecast available to the public and to incorporate the forecast results into the 2024 Integrated Energy Policy Report Update.

It is so Ordered.

CERTIFICATION

The undersigned Secretariat to the CEC does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the CEC held on January 21, 2025.

AYE:

NAY:

ABSENT:

ABSTAIN:

Dated:

Kristine Banaag
Secretariat