PREPARED DIRECT TESTIMONY OF

JAMES SIMMERMAN

ON BEHALF OF

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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I.   INTRODUCTION AND PURPOSE

The purpose of my prepared direct testimony is to present San Diego Gas & Electric

Company's ("SDG&E") 2025 electric sales forecast ("2025 Electric Sales Forecast"). Pursuant to

Ordering Paragraphs ("OP") 3 of Decision ("D.") 22-03-003 in SDG&E's Application for Approval

of Its 2022 Electric Sales Forecast, SDG&E is hereby submitting its annual sales forecast for 2025

in the 2025 Energy Resource Recovery Account ("ERRA") Application.

My testimony is organized as follows:

- **Section II – Background: Describes the requirement of SDG&E to develop and propose an annual sales forecast, starting with the year 2023;**

- **Section III – 2025 Electric Sales Forecast: Presents SDG&E's 2025 Electric Sales Forecast;**

- **Section IV – Electric Sales Forecast Drivers: Describes the sources and development of the 2025 Electric Sales Forecast;**

- **Section V – Sales Forecast Meet and Confer Efforts and Workshop: Describes SDG&E's efforts to comply with various meet and confer and workshop directives set forth in Commission decisions;**

- **Section VI – Monthly Rate Schedule Forecast: Describes the process of converting the CEC's annual sales forecast into a monthly level of granularity;**

- **Section VII – Summary and Conclusion: Provides a summary of recommendations; and**

- **Section VIII – Statement of Qualifications: Presents my qualifications.**

II.   BACKGROUND

In D.22-03-003, the California Public Utilities Commission ("Commission") authorized

SDG&E to file its subsequent annual Sales Forecasts in its annual ERRA Forecast applications

according to the schedule set forth in D.22-01-023. Accordingly, SDG&E is filing its annual sales

forecast update in this Application for the year 2025.

1   **III.   2025 ELECTRIC SALES FORECAST**

2   SDG&E requests that the Commission approve SDG&E's 2025 Electric Sales Forecast as

3   presented in this testimony. Table JS-1 below sets forth the forecast of energy sales for SDG&E's

4   electric customers.

5   **TABLE JS-1:**
6   **PROPOSED 2025 ANNUAL ELECTRIC NET SALES (GWH)[1]**

Sector	Proposed 2025
Residential	6,059
Small Commercial	2,428
Med & Large Com/Ind	9,368
Agricultural	355
Lighting	80
Total	**18,291**

7
8   **IV.   ELECTRIC SALES FORECAST DRIVERS**

9   The 2025 overall system Electric Sales Forecast presented in the table above is the same as

10   the 2024 current authorized overall system sales forecast, which was presented in the 2024

11   ERRA/sales forecast application and subsequently approved in D.23-12-021 and implemented on

12   January 1, 2024.[2] Individual class sales have been updated in the 2025 Sales Forecast to reflect

13   recent historical class sales trends. This approved sales forecast was based on the California Energy

14   Commission's ("CEC") 2022 California Energy Demand Update forecast ("2022 CEC Forecast" or

15   "CEC Forecast"), which was adopted by the CEC on January 25, 2023.[3] SDG&E is proposing to

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[1]   Note that the total amount reflected in the table may not sum up due to rounding.

[2]   As implemented via advice letter 4344-E.

[3]   CEC, Minutes of the January 25 2023 Business Meeting available at
https://efiling.energy.ca.gov/GetDocument.aspx?tn=248808&DocumentContentId=83344.

1   maintain the 2025 overall system sales forecast at the current 2024 authorized levels because the

2   2023 CEC Forecast showed significant variance[4] from both the 2022 CEC Forecast and the 2023

3   Integrated Energy Policy Report ("IEPR") forecast that was submitted by SDG&E for the year

4   2025. This inconsistency was also addressed during the CEC's business meeting by multiple parties

5   for their respective forecasts. The drivers of variance between forecasts have not been fully

6   assessed, as such, SDG&E is continuing to collaborate with the CEC to understand the nuances that

7   contribute to this disparity between CEC's own forecasts. Additionally, SDG&E presented this

8   proposed 2025 sales forecast during an all-party workshop on March 22, 2024, as directed by

9   ordering paragraph 4 of the D.22-03-003, to work with the stakeholders and consider any input they

10   may propose prior to filing its annual sales forecast with the Commission for the upcoming year.[5]

11   The 2022 CEC Forecast includes the impacts of the CEC's Private Supply, Additional Achievable

12   Energy Efficiency ("AAEE"), Additional Achievable Fuel Substitution ("AAFS"), and Additional

13   Achievable Transportation Electrification ("AATE"). AAEE, AAFS and AATE are additional

14   impacts of energy efficiency, fuel substitution and transportation electrification that are not already

15   included in the CEC's baseline forecast. Forecasts of electric sales are derived from CEC data as

16   follows:

17   Electric Consumption

18   •   Less: Private Supply (Self-Generation)

19   •   Less: AAEE (Future Impacts of Energy Efficiency Programs)

20   •   Plus: AAFS (Future Impacts of Fuel Switching)

21   •   Plus: AATE (Future Impacts of Electric Vehicle Adoption)

22   •   Equals: Electric Sales

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[4]   2023 CEC system forecast for 2025 is 17,819 GWh compared to 2024 authorized total of 18,291 GWh

[5]   As of the date of this filing, none of the participants in the workshop have offered any additional input or objection to SDG&E's use of the 2024 Authorized Sales Forecast as the basis for SDG&E's 2025 Electric Sales Forecast.

1   A summary of the electric sales derivation for this proposed 2025 Electric Sales Forecast is

2   detailed in Table JS-2.

TABLE JS-2:
PROPOSED 2025 ELECTRIC SALES FORECAST DERIVATION,
RESIDENTIAL, NON-RESIDENTIAL AND TOTAL SYSTEM (GWh)[6]

	Residential	Non-Residential	Total System
Electric Consumption	8,780	13,958	22,738
Private Supply	-2,636	-1,585	-4,221
Less: AAEE	-138	-164	-303
Plus: AAFS	54	4	58
Plus: AATE	0	19	19
Equals: Sales (Managed)	**6,059**	**12,231**	**18,291**

7   **V.   SALES FORECAST MEET AND CONFER EFFORTS AND WORKSHOP**

8   **A.   Sales Forecast Workshop**

9   D.22-03-003 directed SDG&E to hold an all-party workshop no later than March 31 of each

10   year to work with stakeholders and to consider any input they may propose prior to filing its annual

11   sales forecast with the Commission for the upcoming year.[7] In preparation for filing its ERRA

12   forecast application (which includes the annual sales forecast), SDG&E held an all-party workshop

13   on March 22, 2024. Participants to the workshop included San Diego Community Power

14   ("SDCP"), Clean Energy Alliance ("CEA"), The Direct Access Customer Coalition ("DACC") and

15   Alliance for Retail Energy Markets ("AReM"). The agenda included a review of the CEC

16   forecasting process, SDG&E's proposed 2025 sales forecast (based on the CEC forecast), and a

17   description of how the CEC sales forecast is used to establish the rate schedule level forecast.

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[6]   Note that the total amount reflected in the table may not sum up due to rounding.

[7]   D.22-03-003 at OP 4.

1 There were no specific areas of disagreement, including on SDG&E's proposal to maintain the 2025

2 overall system sales forecast at the current 2024 authorized levels.

3   **B.   Departing Load Meet and Confer Efforts**

4   D.19-06-026 adopted a meet-and-confer requirement whereby: (a) A meeting between load-

5 serving entities ("LSEs") that anticipate load migration shall occur reasonably in advance of the

6 filing deadline for initial year ahead forecasts; and (b) in each LSE's initial year ahead forecast

7 filing, each LSE shall describe the dates of meetings with other LSEs to discuss load migration, any

8 agreements, and any continued areas of disagreement.[8]

9   Additionally, in OP 1 of D.20-03-019, the Commission ordered SDG&E to report in each

10 regulatory filing its meet-and-confer activities and information exchange with Community Choice

11 Aggregators in SDG&E's service territory, if the regulatory filing involves a departing load

12 forecast.[9]

13   SDG&E held a meet-and-confer meeting regarding load forecasting on March 27, 2024.

14 SDG&E invited numerous entities to participate in that meet-and-confer meeting. Attendees to the

15 meeting included representatives for SDCP, CEA, Pacific Energy Advisors ("PEA"), Regents of the

16 UC, Calpine PowerAmerica, Shell Energy North America ("SENA"), New Gen Strategies, and

17 CalCCA. The items addressed at the meet-and-confer meeting included: (1) an overview of

18 SDG&E's load forecast process for departing load; (2) an overview of the meet-and-confer

19 requirement; and (3) an overview of regulatory proceedings and schedules. The parties have

20 reached agreement on the process by which the non-investor-owned utility ("IOU") LSEs are to

21 provide forecast data to SDG&E as well as the templates to be used to submit their data. There

22 were no specific areas of disagreement, including on SDG&E's proposal to maintain the 2025 sales

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[8]   D.19-06-026 at OP 14.

[9]   D.20-03-019 at OP 1.

1 forecast at the current 2024 authorized levels. Information provided by the non-IOU LSEs to

2 SDG&E includes monthly energy sales, peak demand and customer forecast data.

3 **VI.   MONTHLY RATE SCHEDULE FORECAST**

4   This section describes the process to turn the 2022 CEC Forecast into SDG&E's rate

5 schedule forecast. This process was previously presented in a joint workshop during SDG&E's

6 Application for Approval of its 2019 Electric Sales Forecast.[10]

7   **A.   SDG&E's Rate Schedule Process**

8   SDG&E's process for the development of forecasted rate design determinants from the 2022
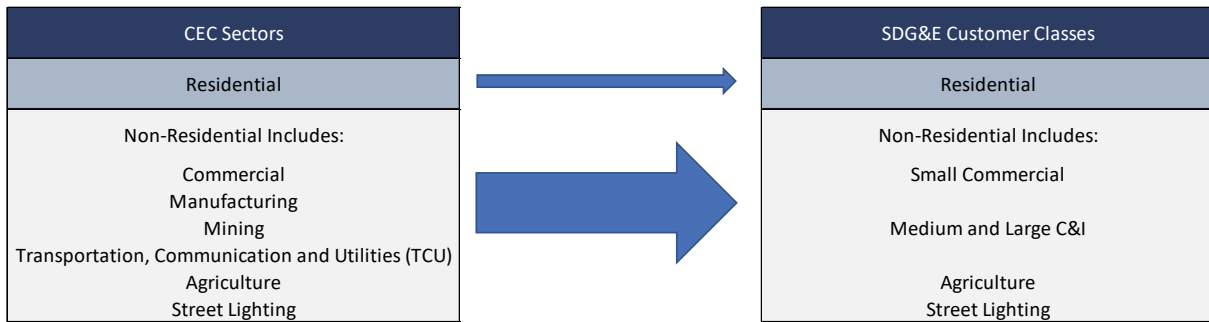
9 CEC Forecast involves three steps:

10
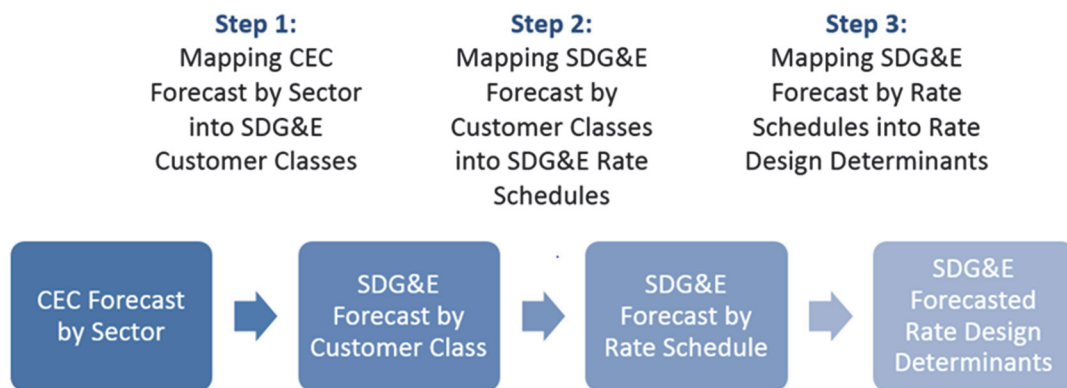
11   As depicted above, the process begins with the mapping of the CEC Forecast by sector to

12 SDG&E's customer classes. The sales forecast developed at the CEC includes a forecast by sectors

13 that differs from SDG&E's customer classes, as presented in Figure 1 below.

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[10]   *See* D.18-11-035.

Figure 1
Mapping CEC Forecast by Sector in SDG&E Customer Classes

CEC Sectors
Residential
Non-Residential Includes: Commercial Manufacturing Mining Transportation, Communication and Utilities (TCU) Agriculture Street Lighting

SDG&E Customer Classes
Residential
Non-Residential Includes: Small Commercial Medium and Large C&I Agriculture Street Lighting

While the Residential sector from the CEC forecast maps directly into SDG&E's Residential customer class, the Non-Residential sectors do not map directly into SDG&E Non-Residential customer classes (Small Commercial, Medium and Large Commercial and Industrial ("M/L C&I"), Agricultural, and Street Lighting). To assign the CEC Non-Residential sector sales to SDG&E's Non-Residential customer classes, SDG&E uses an adjustment factor based on the most recent SDG&E historic sales and the 2022 CEC forecast to re-bench the Agriculture and Street Lighting sectors as a method to map the CEC Forecast for the Agricultural and Street Lighting sectors with SDG&E's Agricultural and Street Lighting customer classes. Next, SDG&E uses a historical ratio of Small Commercial to Total Commercial to split out the Small Commercial and Medium and Large Commercial and Industrial classes. SDG&E's monthly historical billing-cycle data are then used to further break out the customer class sales forecast into rate schedule seasonal sales for use in the rate design process.

SDG&E creates monthly rate schedule billing determinants on a net and delivered basis by adding back excess generation on a monthly and hourly basis, respectively. A comparison of the forecasted sales concepts is shown in Table JS-3.

TABLE JS-3:
COMPARISON OF NET AND DELIVERED SALES (GWh)

Forecast Basis	TY 2025
Net Sales	**18,291**
Hourly Delivered Sales Adjustment	*+1,982*
Delivered Sales	**20,273**

VII.   SUMMARY AND CONCLUSION

SDG&E requests that the Commission find SDG&E's 2025 Electric Sales Forecast, as presented in this testimony, to be reasonable.

This concludes my prepared direct testimony.

VIII.   QUALIFICATIONS

My name is James Simmerman. My business address is 8306 Century Park Court, San Diego, California, 92123. I joined SDG&E in September 2022 in my current role of Project Manager II in the Electric Forecasting Department. My primary responsibilities include developing and coordinating forecasts of customer growth and electric energy usage.

I received a Bachelor of Science degree in Business Administration with an emphasis in Finance and Business Economics from the University of Arizona in 2008.

I have not previously testified before the California Public Utilities Commission.