

Company: San Diego Gas & Electric Company  
Proceeding: 2022 Electric Sales Forecast  
Application: A.21-08-XXX  
Exhibit: SDG&E-01

**PREPARED DIRECT TESTIMONY OF**  
**KENNETH E. SCHIERMEYER**  
**ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

**August 13, 2021**



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**PREPARED DIRECT TESTIMONY OF  
KENNETH E. SCHIERMEYER**

**I. INTRODUCTION AND PURPOSE**

The purpose of my prepared direct testimony is to present San Diego Gas & Electric Company’s (“SDG&E”) 2022 electric sales forecast (“2022 Electric Sales Forecast”). Pursuant to Ordering Paragraphs (“OP”) 1, 2 and 4 of decision (D.) 21-07-010 in SDG&E’s 2019 Phase 2 General Rate Case (“GRC”) proceeding, and the provisions of the settlement agreement addendum adopted thereby, SDG&E is hereby submitting its first annual sales forecast, starting with the year 2022.<sup>1</sup>

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 2022;
- **Section III – Forecast:** presents SDG&E’s 2022 Electric Sales Forecast;
- **Section IV – Electric Sales Forecast Drivers:** describes the sources and development of the 2022 Electric Sales Forecast;
- **Section V – Load Departure:** describes load departure assumptions;

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<sup>1</sup> See Application (“A.”) 19-03-002, Joint Motion for Admission of Addendum to the Settlement Agreement of San Diego Gas & Electric Company (U 902 E), The Public Advocates Office, Utility Consumers’ Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, The Utility Reform Network, and The City Of San Diego (February 26, 2021) (“GRC Phase 2 Settlement Addendum”), Appendix, Section 2.2.1.2 at 2 (“Parties agree that SDG&E shall file a timely standalone application to update its sales forecast for 2022, with a request to update effective January 1, 2022, **and SDG&E shall use the same 2022 sales forecast for its April 2021 application for approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts (“ERRA Application”)**). Additionally, Parties agree that SDG&E’s proposal to update its sales forecast through a separate application on an annual basis going forward, subsequent to its 2022 sales forecast application, should be adopted.”) (emphasis in original).

- 1 • **Section V – Monthly Rate Schedule Forecast:** describes the process of  
2 converting the CEC’s annual sales forecast into a monthly level of granularity;
- 3 • **Section VI – Summary and Conclusion:** provides a summary of  
4 recommendations; and
- 5 • **Section VII – Statement of Qualifications:** presents my qualifications.

6 **II. BACKGROUND**

7 On March 4, 2019, SDG&E filed its GRC Phase 2 Application for Authority to Update  
8 Marginal Costs, Cost Allocation, and Electric Rate Design, which included a proposed 2021  
9 sales forecast for ratemaking purposes along with a process for updating the electric sales  
10 forecast on an annual basis.<sup>2</sup> On October 8, 2020, the majority of parties to A.19-03-002,  
11 including eleven parties representing the interests of various customer classes, filed a motion for  
12 approval of the GRC Phase 2 settlement agreement (“Settlement Agreement”).<sup>3</sup> The Settlement  
13 Agreement and relevant provisions in the February 6, 2021 GRC Phase 2 Settlement Addendum,  
14 adopt SDG&E’s updated 2021 sales forecast and recommend its implementation into rates no  
15 sooner than November 1, 2021.<sup>4</sup> The GRC Phase 2 Settlement Addendum further require  
16 SDG&E to file a timely standalone application to update its electric sales forecast for 2022, with  
17 a request for implementation to be made effective January 1, 2022.<sup>5</sup> Additionally, SDG&E will

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<sup>2</sup> See generally, A.19-03-002.

<sup>3</sup> A.19-03-002, Joint Motion of San Diego Gas & Electric Company (U 902 E), the Public Advocates Office, Utility Consumers’ Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, The Utility Reform Network, and The City of San Diego for Approval of the General Rate Case Phase 2 Settlement Agreement (October 8, 2020).

<sup>4</sup> *Id.*; GRC Phase 2 Settlement Addendum, Appendix, Section 2.2.1.1 at 5-6.

<sup>5</sup> *Id.*, Section 2.2.1.2 at 6.

1 update its electric sales forecast on an annual basis going forward, subsequent to its 2022 sales  
2 forecast application.<sup>6</sup>

3 Pursuant to D.21-07-010, the Commission approved the Settlement Agreement and  
4 Addendum thereto. Accordingly, SDG&E is filing its first annual sales forecast update in this  
5 Application, for the year 2022.

6 **III. 2022 ELECTRIC SALES FORECAST**

7 SDG&E requests that the Commission approve SDG&E’s 2022 Electric Sales Forecast as  
8 presented in this testimony. Table KS-1 below sets forth the forecast of energy sales for  
9 SDG&E’s electric customers. Table KS-1 is based on the same energy sales forecast that was  
10 utilized in SDG&E’s 2022 Energy Resource Recovery Account (“ERRA”) application (A.21-04-  
11 010) filed on April 15, 2021.

12 **TABLE KS-1:**  
13 **Proposed 2022 ANNUAL ELECTRIC NET SALES (GWh)**

<b>Sector</b>	<b>Proposed 2022</b>
Residential	5,245
Small Commercial	2,041
Med & Large Com/Ind	9,038
Agricultural	311
Lighting	83
<b>Total</b>	<b>16,719</b>

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<sup>6</sup> *Id.*

1 Table KS-2, below, compares the current authorized electric sales forecast with the  
2 proposed 2022 Electric Sales Forecast.<sup>7</sup>

3 **TABLE KS-2:**  
4 **COMPARISON OF ANNUAL ELECTRIC NET SALES (GWh) – 2019 VERSUS 2022**

<b>Sector</b>	<b>Current Implemented 2019</b>	<b>Proposed 2022</b>	<b>Difference</b>	<b>% Difference</b>
Residential	6,105	5,245	-860	-14.1%
Small Commercial	2,262	2,041	-221	-9.8%
Med & Large Com/Ind	9,441	9,038	-403	-4.3%
Agricultural	323	311	-12	-3.7%
Lighting	80	83	+3	+3.8%
<b>Total</b>	<b>18,211</b>	<b>16,719</b>	<b>-1,492</b>	<b>-8.2%</b>

5 Importantly, SDG&E received approval for its 2021 sales forecast in the GRC Phase 2  
6 proceeding, which would update the authorized 2019 sales forecast for the remainder of the year  
7 2021.<sup>8</sup> Table KS-3, below, compares the 2021 electric sales forecast as approved in SDG&E's  
8 GRC Phase 2 with the 2022 Electric Sales Forecast as presented in this testimony.

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<sup>7</sup> See D.18-11-035, *Decision on San Diego Gas & Electric Company's 2019 Sales Forecast* (issued December 7, 2018).

<sup>8</sup> D.21-07-010, OP 2-3 at 88-89; GRC Phase 2 Settlement Addendum, Appendix, Section 2.2.1.1; *see also* A.19-03-002, SDG&E Exh. 04, Prepared Direct Testimony of Kenneth E. Schiermeyer (March 2019) at KES-3.

**TABLE KS-3:  
COMPARISON OF ANNUAL ELECTRIC NET SALES (GWh) – 2021 VERSUS 2022**

Sector	Authorized  2021	Proposed 2022	Difference	% Difference
Residential	5,610	5,245	-365	-6.5%
Small Commercial	2,171	2,041	-130	-6.0%
Med & Large Com/Ind	9,456	9,038	-418	-4.4%
Agricultural	316	311	-5	-1.6%
Lighting	85	83	-2	-2.4%
<b>Total</b>	<b>17,638</b>	<b>16,719</b>	<b>-919</b>	<b>-5.2%</b>

**IV. SALES FORECAST DRIVERS**

The 2022 Electric Sales Forecast presented in the tables above is based on the California Energy Commission’s (“CEC”) 2020 California Energy Demand forecast (“2020 CEC Forecast” or “CEC Forecast”), which was adopted by the CEC on January 25, 2021.<sup>9</sup> The 2020 CEC Forecast includes the impacts of the CEC’s Private Supply<sup>10</sup> and Additional Achievable Energy Efficiency (“AAEE”).<sup>11</sup> The proposed 2022 Electric Sales Forecast is an update from the electric sales forecast initially proposed in the GRC Phase 2 proceeding.<sup>12</sup> That initial electric

<sup>9</sup> CEC, *Minutes of the January 25, 2021, Energy Commission Business Meeting at 2*, available at [https://www.energy.ca.gov/sites/default/files/2021-02/2021-01-25\\_Minutes\\_ADA.pdf](https://www.energy.ca.gov/sites/default/files/2021-02/2021-01-25_Minutes_ADA.pdf).

<sup>10</sup> SDG&E Planning Area, *California Energy Demand Forecast Update, 2020 - 2030 Baseline Forecast - Mid Demand Case*, at Form 1.7a, available at <https://efiling.energy.ca.gov/getdocument.aspx?tn=236310>

<sup>11</sup> See AAEE Savings By Planning Area End, available at <https://efiling.energy.ca.gov/getdocument.aspx?tn=231576>

<sup>12</sup> See generally A.19-03-002.

1 sales forecast was based on the CEC’s 2018 California Energy Demand forecast. Forecasts of  
 2 electric sales are derived from CEC data as follows:

- 3 • Electric Consumption
- 4 • Less: AAEE (Future Impacts of Energy Efficiency Programs)
- 5 • Equals: Managed Consumption
- 6 • Less: Private Supply (Self-Generation, e.g. solar)
- 7 • Equals: Electric Sales

8 A summary of the electric sales derivation for this proposed 2022 Electric Sales Forecast  
 9 is detailed in Table KS-4.

10 **TABLE KS-4:**  
 11 **PROPOSED 2022 ELECTRIC SALES FORECAST DERIVATION,**  
 12 **RESIDENTIAL, NON-RESIDENTIAL AND TOTAL SYSTEM (GWh)**  
 13

	<b>Residential</b>	<b>Non-Residential</b>	<b>Total System</b>
Consumption	7,812	12,957	20,769
Less: AAEE	-112	-137	-249
Equals: Managed Consumption	7,700	12,820	20,520
Less: Private Supply	-2,455	-1,346	-3,801
<b>Equals: Sales</b>	<b>5,245</b>	<b>11,474</b>	<b>16,719</b>

14 **V. LOAD DEPARTURE**

15 SDG&E’s proposed 2022 Electric Sales Forecast reveals a decline in bundled electric  
 16 sales across all customer sectors when compared to either the authorized 2019 sales forecast or  
 17 the approved 2021 electric sales forecast. Bundled sales refer to electric sales to customers for  
 18 whom SDG&E provides both distribution and commodity (electric) service. These customers



1 are referred to as bundled customers. In contrast, Community Choice Aggregator (“CCA”) or  
2 Direct Access (“DA”) customers receive distribution service from SDG&E but purchase their  
3 electricity from another provider. CCA and DA customers are called unbundled customers.

4 The primary reason behind the expected decline in bundled electric sales is load  
5 departure. SDG&E expects customer migration (aka “load departure”) to CCA programs and  
6 DA and 2022. First, with respect to DA, where customers purchase electricity directly from an  
7 Energy Service Provider instead of the utility, there was an increase in the cap on DA service for  
8 non-residential customers. Starting on January 1, 2021, the cap on DA service for non-  
9 residential customers increased by 380 GWh of load.<sup>13</sup> Second, there are two new CCAs, San  
10 Diego Community Power (“SDCP”) and Clean Energy Alliance (“CEA”), that plan to start CCA  
11 service for eight cities in SDG&E’s service territory. On March 16, 2021, SDG&E held a meet  
12 and confer to coordinate and adjust departing load forecasts.<sup>14</sup> That meeting was used to develop  
13 the departing load in the proposed 2022 Electric Sales Forecast.<sup>15</sup> The total sales forecast for  
14 bundled customers is determined by subtracting departing load from total sales.<sup>16</sup>

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<sup>13</sup> In D.19-05-043, the Commission determined SDG&E’s share of the authorized DA cap increase to be ~380 GWh.

<sup>14</sup> SDG&E held a meet-and-confer meeting on March 16, 2021. Attendees to the meeting included representatives from SDCP and CEA.

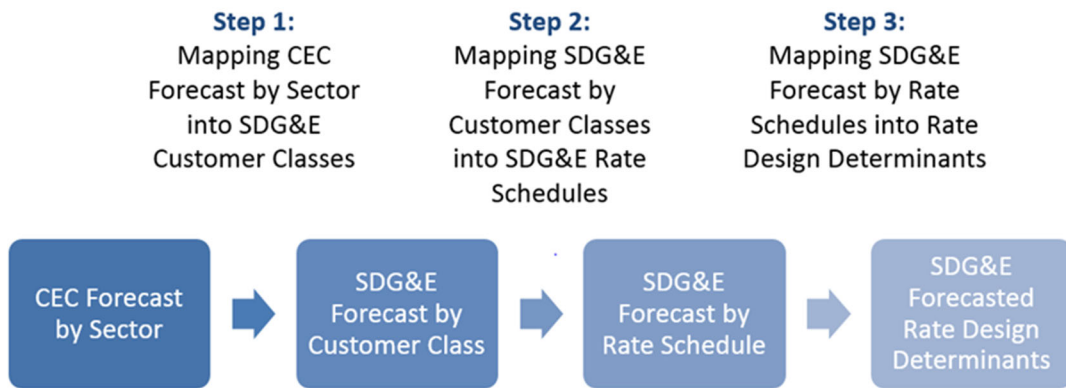
<sup>15</sup> On April 22, 2021, SDCP’s Board of Directors unanimously approved a revised Phase 3 rollout plan that changes the SDCP customer departure timeline by transitioning communities over a four-month period versus a single month. It is SDG&E’s opinion that these changes to the initially planned CCA departure timeline provided after the meet-and-confer process do not have a material impact on the proposed sales forecast since the two largest cities in SDCP’s service territory, the Cities of San Diego and Chula Vista, are scheduled to depart bundled service as originally planned.

<sup>16</sup> Additionally, the departing load developed for the 2022 Electric Sales Forecast is consistent with the load forecast that was utilized in SDG&E’s 2022 ERRAs application (A.21-04-101).

1 **VI. MONTHLY RATE SCHEDULE FORECAST**

2 This section describes the process to turn the 2020 CEC Forecast into SDG&E’s rate  
3 schedule forecast. This process was previously presented in a joint workshop during SDG&E’s  
4 Application for Approval of its 2019 Electric Sales Forecast.<sup>17</sup>

5 SDG&E’s process for the development of forecasted rate design determinants from the  
6 2020 CEC Forecast involves three steps:



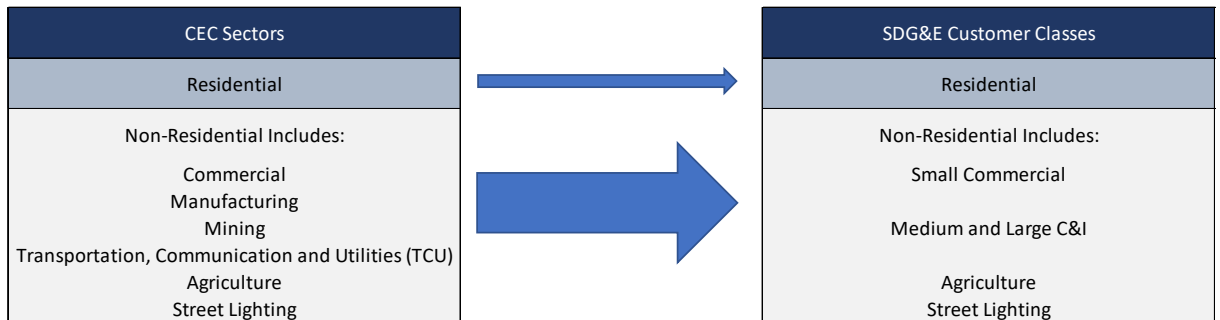
7  
8 The first step involves the mapping of the CEC Forecast by sector to SDG&E’s customer  
9 classes. The sales forecast developed at the CEC includes a forecast by sectors that differs from  
10 SDG&E’s customer classes as presented in Figure 1 below.

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<sup>17</sup> See D.18-11-035.

Figure 1

Mapping CEC Forecast by Sector in SDG&E Customer Classes



While the Residential sector from the CEC Forecast maps directly into SDG&E's Residential customer class, the Non-Residential sectors (Small Commercial, Medium and Large Commercial and Industrial ("M/L C&I"), Agricultural, and Street Lighting) do not map directly into SDG&E Non-Residential customer classes. To assign the CEC Non-Residential sector sales to SDG&E's Non-Residential customer classes, SDG&E begins with the assignment of sales to the Small Commercial class through the use of the North American Industry Classification System ("NAICS") codes. Next, for the mapping of the CEC Forecast for the Agricultural and Street Lighting sectors with SDG&E's Agricultural and Street Lighting customer classes, an adjustment factor based on the most recent SDG&E 2020 historic sales and the 2020 CEC Forecast was used to re-bench the Agricultural and Street Lighting sectors. Next, the Non-Residential residual sales are assigned to the M/L C&I class. 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.

1 SDG&E creates monthly rate schedule billing determinants on a net and delivered basis  
2 by adding back excess generation on a monthly and hourly basis, respectively. A comparison of  
3 the forecasted sales concepts are shown in Table KS-5.

4 **TABLE KS-5:**  
5 **COMPARISON OF NET AND DELIVERED SALES (GWh)**

<b>Forecast Basis</b>	<b>TY 2022</b>
<b>Net Sales</b>	<b>16,719</b>
<i>.....Hourly Delivered Sales Adjustment</i>	<i>+1,429</i>
<b>Delivered Sales</b>	<b>18,148</b>

6  
7 **VII. SUMMARY AND CONCLUSION**

8 SDG&E requests that the Commission find SDG&E's 2022 Electric Sales Forecast, as  
9 presented in this testimony, to be reasonable.

10 This concludes my prepared direct testimony.

1 **VIII. STATEMENT OF QUALIFICATIONS**

2 My name is Kenneth E. Schiermeyer. My business address is 8306 Century Park Court,  
3 San Diego, California, 92123. I am employed by SDG&E as the Electric Forecasting Manager  
4 in the Customer Care Department. My primary responsibilities include developing and  
5 coordinating forecasts of customer growth and electric energy usage.

6 I have held my current position since December 2013. Since 1999, I have been employed  
7 by SDG&E in various forecasting and analysis positions of increasing responsibility. From 1996  
8 to 1999, I worked as a Computer Programmer and Project Manager for Directions in Research,  
9 Inc.

10 I received a Bachelor of Science degree in Economics from Truman State University in  
11 1994 and obtained a Master of Arts degree in Economics from Western Illinois University in  
12 1996.

13 I have previously testified before this Commission.