

Proceeding No.: A.23-05-XXX
Exhibit No.: _____
Witness: Kenneth E. Schiermeyer

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**



May 15, 2023

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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”) 2024 electric sales forecast (“2024 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 2024 in the 2024 (“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 – 2024 Electric Sales Forecast:** presents SDG&E’s 2024 Electric Sales Forecast;
- **Section IV – Electric Sales Forecast Drivers:** describes the sources and development of the 2024 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 CPUC decisions;
- **Section VI - Monthly Rate Schedule Forecast:** describes the process of converting the CEC’s annual sales forecast into a monthly level of granularity and presents SDG&E’s proposal for review of alternative sales forecasts;
- **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 Commission authorized SDG&E to file its subsequent annual Sales Forecasts in its annual ERRA Forecast applications according to the schedule set forth in Decision (D.) 22-01-023. Accordingly, SDG&E is filing its annual sales forecast update in this Application for the year 2024.

1 **III. 2024 ELECTRIC SALES FORECAST**

2 SDG&E requests that the Commission approve SDG&E’s 2024 Electric Sales Forecast as
3 presented in this testimony. Table KS-1 below sets forth the forecast of energy sales for SDG&E’s
4 electric customers.

5 **TABLE KS-1:**
6 **PROPOSED 2024 ANNUAL ELECTRIC NET SALES (GWH)¹**

Sector	Proposed 2024
Residential	6,059
Small Commercial	2,322
Med & Large Com/Ind	9,491
Agricultural	342
Lighting	76
Total	18,291

7
8 Table KS-2, below, compares the current authorized electric sales forecast with the proposed
9 2024 Electric Sales Forecast.²

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

² See D.22-03-003, *Decision Adopting 2022 Electric Sales Forecast For San Diego Gas & Electric Company’s* (issued March 17, 2022).

**TABLE KS-2:
COMPARISON OF ANNUAL ELECTRIC NET SALES (GWh) – 2023 VERSUS 2024**

Sector	Current Authorized 2023	Proposed 2024	Difference	% Difference
Residential	5,927	6,059	+132	+2.2%
Small Commercial	1,972	2,322	+350	+17.8%
Med & Large Com/Ind	8,772	9,491	+719	+8.2%
Agricultural	323	342	+19	+5.9%
Lighting	78	76	-2	-2.6%
Total	17,072	18,291	+1,219	+7.1%

IV. ELECTRIC SALES FORECAST DRIVERS

The 2024 Electric Sales Forecast presented in the tables above is based on the California Energy Commission’s (“CEC”) 2022 California Energy Demand Update forecast (“2022 CEC Forecast” or “CEC Forecast”), which was adopted by the CEC on January 25, 2023.³ Additionally, an all-party workshop was held on March 2, 2023, as directed by ordering paragraph 4 of the Decision D.22-03-003, to work with the stakeholders and consider any input they may propose prior to filing its annual sales forecast with the Commission for the upcoming year.⁴ The 2022 CEC Forecast includes the impacts of the CEC’s Private Supply, Additional Achievable Energy Efficiency (“AAEE”), Additional Achievable Fuel Substitution (“AAFS”), and Additional Achievable Transportation Electrification (“AATE”). AAEE, AAFS and AATE are additional impacts of energy efficiency, fuel substitution and transportation electrification that are not already

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

⁴ As of the date of this filing, none of the participants in the workshop have offered any additional input or proposed modifications to the CEC Forecast or SDG&E’s use of the CEC Forecast as the basis for SDG&E’s 2024 Electric Sales Forecast.

1 included in the CEC’s baseline forecast. Forecasts of electric sales are derived from CEC data as
2 follows:

3 Electric Consumption

- 4 • Less: Private Supply (Self-Generation)
- 5 • Less: AAEE (Future Impacts of Energy Efficiency Programs)
- 6 • Plus: AAFS (Future Impacts of Fuel Switching)
- 7 • Plus: AATE (Future Impacts of Electric Vehicle Adoption)
- 8 • Equals: Electric Sales

9 A summary of the electric sales derivation for this proposed 2024 Electric Sales Forecast is
10 detailed in Table KS-3.

11 **TABLE KS-3:**
12 **PROPOSED 2024 ELECTRIC SALES FORECAST DERIVATION,**
13 **RESIDENTIAL, NON-RESIDENTIAL AND TOTAL SYSTEM (GWh)**
14

	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

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

16 **A. Sales Forecast Workshop**

17 D.22-03-033 directed SDG&E to hold an all-party workshop no later than March 31 of each
18 year to work with stakeholders and to consider any input they may propose prior to filing its annual

1 sales forecast with the Commission for the upcoming year.⁵ In preparation for filing its ERRRA
2 forecast application (which includes the annual sales forecast), SDG&E held an all-party workshop
3 on March 2, 2023. Participants to the workshop included San Diego Community Power (“SDCP”),
4 Clean Energy Alliance (“CEA”), and Orange County Power Authority (“OCPA”). SDG&E
5 provided workshop materials to the parties; the agenda included a review of the CEC forecasting
6 process, SDG&E’s proposed 2024 sales forecast (based on the CEC forecast), expected
7 modifications to the CEC forecast, and a description of how the CEC sales forecast is used to
8 establish the rate schedule level forecast.

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

10 D.19-06-026 adopted a meet-and-confer requirement whereby: (a) A meeting between load-
11 serving LSEs that anticipate load migration shall occur reasonably in advance of the filing deadline
12 for initial year ahead forecasts; and (b) in each LSE’s initial year ahead forecast filing, each LSE
13 shall describe the dates of meetings with other LSEs to discuss load migration, any agreements, and
14 any continued areas of disagreement.⁶

15 Additionally, in OP 1 of its Proposed Decision Considering Working Group Proposals on
16 Departing Load Forecast and Presentation of Power Charge Indifference Adjustment Rate on Bills
17 and Tariffs (filed February 25, 2020), the Commission ordered SDG&E to report in each regulatory
18 filing its meet-and-confer activities and information exchange with Community Choice Aggregators
19 in SDG&E’s service territory, if the regulatory filing involves a departing load forecast.⁷

20 SDG&E held a meet-and-confer meeting regarding load forecasting on March 16, 2023.
21 SDG&E invited numerous entities to participate in that meet-and-confer meeting. Attendees to the

⁵ D.22-03-003 at OP 4.

⁶ *Decision Adopting Local Capacity Obligations for 2020-2022, Adopting Flexible Capacity Obligations for 2020, and Refining the Resource Adequacy Program at OP 14* (filed in Rulemaking (R.) 17-09-020).

⁷ Filed in R.17-06-026.

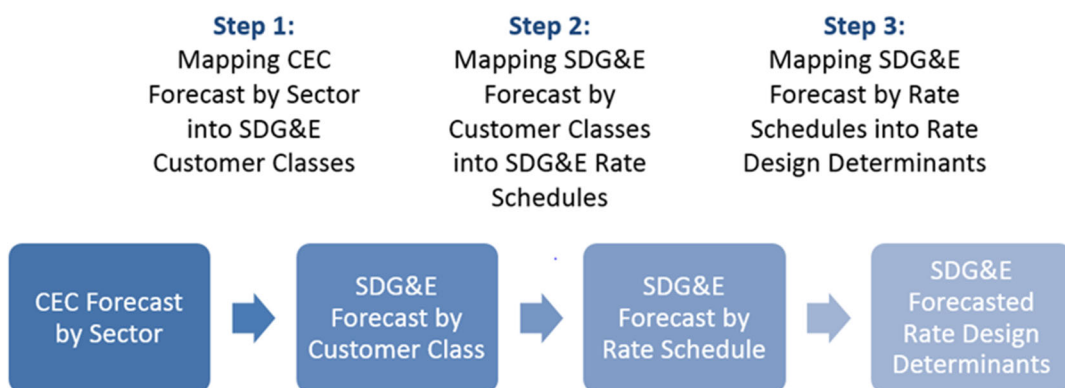
1 meeting included representatives for SDCP, CEA, and OCPA. The items addressed at the meet-
2 and-confer meeting included: (1) an overview of SDG&E’s load forecast process for departing load;
3 (2) an overview of the meet-and-confer requirement; and (3) an overview of regulatory proceedings
4 and schedules. The parties continue to exchange information regarding load forecasting through a
5 collaborative effort. The parties have reached agreement on the process by which the non-IOU
6 LSEs are to provide forecast data to SDG&E as well as the templates to be used to submit their
7 data. There were no specific areas of disagreement. Information provided by the non-IOU LSEs to
8 SDG&E include monthly energy sales, peak demand and customer forecast data.

9 VI. MONTHLY RATE SCHEDULE FORECAST

10 This section describes the process to turn the 2022 CEC Forecast into SDG&E’s rate
11 schedule forecast. This process was previously presented in a joint workshop during SDG&E’s
12 Application for Approval of its 2019 Electric Sales Forecast.⁸ It also sets forth SDG&E’s plan for
13 addressing modifications to its sales forecast as directed in D.22-12-042.

14 A. SDG&E’s Rate Schedule Process

15 SDG&E’s process for the development of forecasted rate design determinants from the 2022
16 CEC Forecast involves three steps:

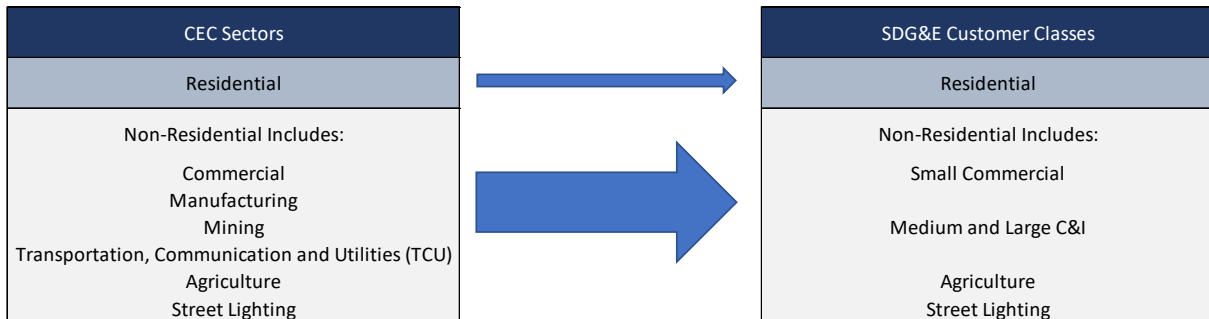


17
⁸ See D.18-11-035.

1 As depicted above, the process begins with the mapping of the CEC Forecast by sector to
2 SDG&E’s customer classes. The sales forecast developed at the CEC includes a forecast by sectors
3 that differs from SDG&E’s customer classes, as presented in Figure 1 below.

4 **Figure 1**

5 **Mapping CEC Forecast by Sector in SDG&E Customer Classes**



6
7 While the Residential sector from the CEC forecast maps directly into SDG&E’s Residential
8 customer class, the Non-Residential sectors (Small Commercial, Medium and Large Commercial
9 and Industrial (“M/L C&I”), Agricultural, and Street Lighting) do not map directly into SDG&E
10 Non-Residential customer classes. To assign the CEC Non-Residential sector sales to SDG&E’s
11 Non-Residential customer classes, SDG&E uses an adjustment factor based on the most recent
12 SDG&E historic sales and the 2022 CEC forecast to re-bench the Agriculture and Street Lighting
13 sectors as a method to map the CEC Forecast for the Agricultural and Street Lighting sectors with
14 SDG&E’s Agricultural and Street Lighting customer classes. Next, SDG&E uses a historical ratio
15 of Small Commercial to Total Commercial to split out the Small Commercial and Medium and
16 Large Commercial and Industrial classes. SDG&E’s monthly historical billing-cycle data are then
17 used to further break out the customer class sales forecast into rate schedule seasonal sales for use in
18 the rate design process.

1 SDG&E creates monthly rate schedule billing determinants on a net and delivered basis by
2 adding back excess generation on a monthly and hourly basis, respectively. A comparison of the
3 forecasted sales concepts is shown in Table KS-4.

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

Forecast Basis	TY 2024
Net Sales	18,291
<i>.....Hourly Delivered Sales Adjustment</i>	<i>+1,534</i>
Delivered Sales	19,824

6
7 **B. SDG&E’s Proposal to Allow the Commission Sufficient Time to Review**
8 **Alternative Sales Forecast Proposals in the Proceeding**

9 D.22-12-042 directs SDG&E to include a proposal that focuses on allowing the Commission
10 sufficient time to review alternative sales forecast proposals in the proceeding and for SDG&E to
11 implement such alternative proposals.⁹

12 Given the expedited nature of the ERRA forecast proceeding (which only spans seven
13 months from the May filing to the final decision in December), and the various steps necessary to
14 develop the billing determinants and subsequent rate schedules, it is challenging to propose a single
15 additional measure that will ensure the Commission has ample time to review alternative sales
16 forecast proposals after the initial application has been filed. For that reason, SDG&E continues to
17 stress the importance of the information exchange and collaboration process that occurs prior to the
18 May filing to ensure that the proposed sales forecast which is ultimately included in the application
19 is agreeable to all interested stakeholders. This information exchange and collaboration process
20 occurs in the form of the LSE meet and confer discussions and the sales forecast workshop

⁹ D.22-12-042, OP 10.

1 described in Section V above. I believe that the sales forecast meet-and-confer effort which took
2 place in March of this year (*see* Section V above), is a critical step in meeting the Commission's
3 stated objective, which is to allow ED staff sufficient time to consider alternative proposals.

4 Presenting SDG&E's net sales forecast basis or starting point for review by stakeholders at such an
5 early stage serves to encourage initial feedback to resolve any obvious issues.

6 However, SDG&E also appreciates that the previous timeframe required to create the
7 necessary billing determinants and rate schedules to implement the sales forecast was lengthy.

8 Therefore, SDG&E has taken numerous steps to expedite this process, including increasing staff in
9 the Electric Forecasting Department. SDG&E is also implementing a new forecasting software
10 system to model forecasted loads that are needed to split the sales forecast into more granular levels
11 required in future ERRA filings and have streamlined current processes in the current ERRA filing.

12 I expect that these improvements will reduce the amount of time SDG&E needs to create
13 and implement electric rates, which in turn will allow the Commission to review alternative sales
14 forecast proposals. Notwithstanding these efforts, and the sales forecast workshop prior to the
15 filing, should an intervening party seek to offer an alternative sales forecast during the course of the
16 ERRA forecast proceeding, SDG&E proposes that the following steps be taken:

- 17 1) the party proposing the alternative forecast will notify SDG&E of their intent to offer
18 an alternative forecast and initiate a meet and confer effort;
- 19 2) SDG&E will meet and confer with the offering party to discuss their alternative
20 forecast, the substantive merits of the alternative forecast, and to what extent it is
21 necessary (or reasonable) for SDG&E to re-create the detailed billing determinants to
22 develop the rates that would result from the alternative sales forecast; and
- 23 3) SDG&E and the offering party would submit a joint report on the meet and confer
24 efforts and identify whether an agreement can be reached on the need to re-create the
25 billing determinants based on the alternative sales forecast proposal and what the

1 timeframe would be. Any disputes as to whether it is necessary or appropriate for
2 SDG&E to re-create the billing determinants and rates would be resolved by the
3 assigned ALJ.

4 SDG&E emphasizes that re-creating the billing determinants based on an alternative sales
5 forecast remains a significant and time-consuming effort. As such, creating multiple sets of billing
6 determinants and rates schedules for the Commission's consideration may not be feasible or
7 practical, especially given the expedited nature of the ERRA forecast application. Therefore, if
8 SDG&E receives multiple alternative sales forecasts, or receives alternative sales forecasts that
9 result in nominal rate changes, SDG&E would request the ALJ's guidance on which alternative
10 sales forecast proposal it would like to consider.

11 **VII. SUMMARY AND CONCLUSION**

12 SDG&E requests that the Commission find SDG&E's 2024 Electric Sales Forecast, as
13 presented in this testimony, to be reasonable.

14 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, San
3 Diego, California, 92123. I am employed by SDG&E as the Electric Forecasting Manager in the
4 Customer Care Department. My primary responsibilities include developing and coordinating
5 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 to
8 1999, I worked as a Computer Programmer and Project Manager for Directions in Research, Inc.

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

11 I have previously testified before this Commission.