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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
Modernize the Electric Grid for a High
Distributed Energy Resources Future.

Rulemaking 21-06-017

**ASSIGNED COMMISSIONER'S RULING
ISSUING QUESTIONS ON THE ELECTRIFICATION
IMPACT STUDY PART 2 FINAL REPORTS**

This ruling seeks responses from interested parties on questions about the Electrification Impact Study Part 2 (EIS2) Final Reports submitted by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) on January 28, 2026. Parties who wish to provide formal comments in response to this ruling must file and serve them no later than May 29, 2026. Reply comments must be filed and served no later than June 5, 2026.

1. Background

The purpose of the EIS2 is to estimate and evaluate the potential impacts of meeting electrification needs under multiple scenarios,¹ including the associated costs of upgrading the primary and secondary distribution systems.² Specifically, EIS2 aims to quantify a range of potential cost outcomes based on varying assumptions related to electrification, distributed energy resource (DER) adoption, and demand flexibility.

¹ Decision (D.) 24-10-030 at 97.

² PG&E EIS2 Final Report at 11.

Pursuant to D.24-10-030, the objective of EIS2 is to generate insights that inform and improve the Distribution Planning and Execution Process (DPEP), including considerations related to cost recovery, grid modernization strategies, and the incorporation of equity into distribution planning.³ While the decision contemplates initial application of EIS2 learnings beginning with the 2025-2026 DPEP cycle,⁴ the timing of study development and subsequent extensions requested by the investor-owned utilities (IOUs) suggest that more comprehensive integration of these findings is likely to occur in the 2027-2028 cycle, following a Proposed Decision that will determine how the study's outcomes should be implemented within the DPEP or through other regulatory mechanisms.

In their final reports, the IOUs take the California Energy Commission's (CEC) Integrated Energy Policy Report (IEPR) forecast as a baseline input and do not propose direct modifications to the forecast itself, instead relying on internal modeling approaches and scenario design to reflect uncertainty and local conditions.^{5,6,7} However, the IOUs also identify limitations in how certain demand drivers are represented within the current IEPR framework. SDG&E and SCE indicate that demand flexibility and demand response may be more appropriately incorporated within the IEPR over time as load modifiers, depending on further development by the CEC and supporting policy and

³ D.24-10-030 at 93-97 (Require Utilities to prepare a Load Flexibility DPP Assessment).

⁴ D.24-10-030 at 98.

⁵ SDG&E EIS2 Final Report at 4-5.

⁶ PG&E EIS2 Final Report at 13.

⁷ SCE EIS2 Final Report at 28.

technical readiness.^{8,9} Similarly, PG&E highlights that system-level IEPR forecasts may not fully capture localized, capacity-driven impacts, particularly for transportation electrification, suggesting that complementary demand-based or bottom-up approaches may be needed to better reflect distribution-level conditions and inform planning decisions.¹⁰

Finally, the completed EIS2 study reports by the IOUs were filed on January 28, 2026. While D.24-10-030 does not direct future iterations of this study, the Commission is focused on finding tangible ways to incorporate EIS2 findings into the distribution planning and execution process.

2. Questions on Electrification Impact Study Part 2 Results and Implementation Proposals

Below are a set of questions regarding the study findings and the proposals for implementation of the EIS2 as well as methodological observations. Responses to these questions should be as detailed and complete as possible.

1. How should the findings of the EIS2 inform the yearly DPEP?
2. **(For each utility)** What are the principal learnings and capabilities developed through the EIS2? How can learnings from the EIS2 be used in the annual DPEP to minimize infrastructure costs and maximize ratepayer benefits associated with electrification?
 - a. How can the IOUs integrate EIS2 load flexibility findings into distribution planning needs assessments for the DPEP to seek opportunities to reduce capital costs when assessing distribution planning needs?
3. Given projected load growth and increasing electrification needs, how should findings from the equity scenario

⁸ SDG&E EIS2 Final Report at 30.

⁹ SCE EIS2 Final Report at 22-26 (Sections 14-15).

¹⁰ PG&E EIS2 Final Report at 70-71.

- inform the Commission's approach to ensuring that disadvantaged communities do not experience unreasonable delays in necessary grid upgrades?
4. The EIS2 models enhanced demand flexibility and the coordinated management of DERs as a cost-saving tool to reduce future distribution infrastructure investment needs.^{11,12} Are the underlying assumptions of demand flexibility (including the scale of DER participation, load flexibility response rates, and timing of deployment) sufficiently supported by current data to be reliable as inputs for distribution planning and cost forecasting?
 - a. If yes, how will the utilities incorporate these assumptions into future DPEP cycles?
 - b. If not, what must utilities demonstrate to establish that those projections are sufficiently reliable, and what time frame expectations should the Commission establish?
 5. The EIS2 evaluates a range of three to four electrification and demand flexibility scenarios with distinct assumptions regarding distribution system impacts in the respective IOU service territories.¹³ Should assumptions from these scenarios be treated as exploratory and in need of further refinement before they can be used to guide investments in utility distribution infrastructure?
 - a. Which scenarios contain elements of cost estimation methodology most appropriate for informing future distribution planning activities?
 - b. To what extent should assumptions from these scenarios inform forecasting assumptions used in the yearly DPEP (*e.g.*, under the scenario planning framework)?

¹¹ PG&E EIS2 Final Report at 16-17 (Key Finding 2.2.5).

¹² SCE EIS2 Final Report at 24-26 (Section 15).

¹³ Base Case Scenario, Equity Scenario, Enhanced Demand Flexibility Scenario and Electric Vehicle Capacity Demand Sensitivity Scenario (only PG&E).

6. Does EIS2 reveal any methodological or analytical limitations that should be considered before applying its findings in regulatory planning processes?
 - a. What factors need to be considered or further validated before incorporating EIS2 findings directly into future planning processes?
 - b. Please identify the specific aspects of the study where additional clarification or analysis may be warranted.
7. SCE discusses the potential for distributed energy storage to operate as a flexible grid asset capable of supporting demand flexibility and reducing distribution infrastructure needs.
 - a. How can the IOUs model a flexible grid asset with this capability in the DPEP?
 - b. What are the limitations to modeling an asset of this type that should be addressed first, if any?

IT IS RULED that:

1. Opening comments in response to this ruling must be filed and served no later than May 29, 2026.
2. Reply comments must be filed and served no later than June 5, 2026.

Dated May 8, 2026, at Sacramento, California.

/s/ DARCIE L. HOUCK

Darcie L. Houck
Assigned Commissioner