BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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2026 INDIVIDUAL INTEGRATED RESOURCE PLAN OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)

PUBLIC VERSION

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August 10, 2026

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I. INTRODUCTION

Pursuant to Public Utilities Code § 454.52, the *Administrative Law Judge's Ruling Setting Requirements for Individual Integrated Resource Plans Due June 1, 2026* issued on January 16, 2026 ("IRP Ruling"), and the March 20, 2026 ruling of Administrative Law Judge ("ALJ") Julie Fitch extending the filing deadline to August 10, 2026, San Diego Gas & Electric Company ("SDG&E") hereby submits its 2026 Individual Integrated Resource Plan ("IIRP"), consisting of the Standard LSE Plan narrative and related attachments.

The Integrated Resource Planning ("IRP") process is the statewide approach to electric resource planning established by Senate Bill ("SB") 350 that is intended to achieve California's greenhouse gas ("GHG") emissions reduction goals for the electric sector in a manner that preserves reliability and ensures reasonable cost.[1/] Under the Commission's revised IRP framework, the statewide resource planning process is based primarily on consideration of the IIRPs filed by individual load-serving entities ("LSEs") and adoption of a Preferred System Plan ("PSP") every two years. A Reference System Plan ("RSP") may be considered intermittently, when needed for policy reasons, or if electric sector goals or broader state GHG emissions goals are changed.[2/]

[1/] Senate Bill 350 (Stats. 2015, Ch. 547). Codified at Public Utilities Code §§ 454.51 and 454.52. All statutory references herein are to the Public Utilities Code unless otherwise noted.

[2/] Decision 22-02-004, p. 3.

II. DISCUSSION

SDG&E supports the State's ambitious efforts to reduce GHG emissions and is committed to the State's vision of a clean energy future, while continuing to prioritize grid reliability, affordability, and equity. SDG&E's IIRP, provided as Appendix 1 hereto, is designed to meet key statutory requirements related to ensuring system reliability,[3/] reducing GHG emissions with the best-fit resources at the lowest possible cost,[4/] and satisfying the State's Renewables Portfolio Standard ("RPS") program goals.[5/] The IIRP complies with the direction provided by the Commission through applicable decisions and rulings issued in the instant proceeding, and includes all required data and analysis, including a comprehensive description of its activities related to Disadvantaged Communities ("DACs") and a discussion of barriers to procurement and lessons learned.

SDG&E submits a single Preferred Conforming Portfolio designed to achieve the electric sector's 8 MMT by 2045 target, constructed to SDG&E's assigned bundled load-share GHG Emissions Benchmarks of 0.351 MMT in 2035 and 0.155 MMT in 2045. The Preferred Conforming Portfolio yields cumulative capacity additions of 1,893 MW by 2035 and 3,962 MW by 2045, comprised principally of solar, eight-hour storage, and, in the later years of the planning horizon, in-state and out-of-state wind, together with 42 MW of geothermal capacity. As the narrative demonstrates, SDG&E's portfolio achieves emissions at or below its assigned benchmarks in each benchmark year, maintains a surplus reliability position throughout the planning horizon, and is constrained by its GHG benchmark rather than by any reliability need.

3/ *See, e.g.*, Pub. Util. Code Section 399.
4/ *See, e.g.,* Pub. Util. Code Sections 454.51, 454.52(a)(3).
5/ *See* Pub. Util. Code Section 399.11, *et seq*.

SDG&E also submits one Alternative Portfolio that substitutes the more recently adopted 2025 California Energy Commission ("CEC") Integrated Energy Policy Report ("IEPR") forecast in place of the more aggressive 2024 IEPR load forecast. The Commission should adopt a System Plan that uses the newer 2025 IEPR load forecast because it better aligns procurement requirements with the most current outlook for customer demand and, therefore, reduces near-term affordability risk by reducing the risk of overbuild. The 2024 IEPR load forecast reflects more aggressive assumptions regarding data center development, transportation electrification, and building electrification that are not reflected in the CEC's more recent forecast. SDG&E's Alternative Portfolio, described in detail in the narrative, demonstrates that a smoother interim trajectory and a more realistic load forecast materially reduce near-term build, ratepayer cost, and feasibility risk, without weakening the 2045 goal.

III. CONCLUSION

SDG&E respectfully requests that the Commission find that SDG&E's Preferred Conforming Portfolio satisfies the requirements of the IRP Ruling and, further, that it adopt a more realistic and up-to-date load forecast and explore smoothing the interim 2030, 2035, and 2040 GHG benchmarks while preserving the firm 8 MMT by 2045 endpoint.

Respectfully submitted this 10th day of August 2026.

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VERIFICATION

Miguel Romero declares the following:

I am an officer of San Diego Gas & Electric Company ("SDG&E") and am authorized to make this verification on behalf of SDG&E. I am informed and believe that the matters stated in the foregoing **2026 INDIVIDUAL INTEGRATED RESOURCE PLAN OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)** are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 10th day of August 2026 at San Diego, California

By: */s/ Miguel Romero*

Miguel Romero
Chief Commercial Officer and
Senior Vice President of Energy Innovation
SAN DIEGO GAS & ELECTRIC COMPANY

Appendix 1

2026 Individual Integrated Resource Plan of San Diego Gas & Electric Company

Standard LSE Plan

SAN DIEGO GAS & ELECTRIC COMPANY (U 902 E)

2026 INTEGRATED RESOURCE PLAN

August 10, 2026

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I. EXECUTIVE SUMMARY

A. Introduction

In accordance with the direction provided by the California Public Utilities Commission ("CPUC" or "Commission") in the Integrated Resource Planning ("IRP") proceeding, Rulemaking ("R.") 25-06-019, its predecessor proceeding R.20-05-003, and the applicable decisions and rulings issued therein, San Diego Gas & Electric Company ("SDG&E") submits this Individual Integrated Resource Plan ("IIRP" or "Plan"). SDG&E's IIRP reflects the guidance provided by the Commission in the IRP proceeding and is designed to meet the key statutory requirements of Public Utilities Code section 454.52, including ensuring system reliability, reducing greenhouse gas ("GHG") emissions through the best-fit resources at the lowest feasible cost, serving its customers at just and reasonable rates while minimizing bill impacts, and satisfying the goals of the State's Renewables Portfolio Standard ("RPS") program.[1]

SDG&E submits a single Preferred Conforming Portfolio ("Conforming Portfolio" or "PCP") that achieves the 8 million metric ton ("MMT") by 2045 electric-sector GHG target, as described below. The portfolio is constructed to SDG&E's assigned GHG Emissions Benchmarks of 0.351 MMT in 2035 and 0.155 MMT in 2045, established by the Commission's January 16, 2026 Administrative Law Judge's Ruling finalizing load forecasts and GHG benchmarks.[2] The Preferred Conforming Portfolio for SDG&E's bundled service customers, which comprise approximately 2% of total California Independent System Operator ("CAISO")

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[1] Pub. Util. Code § 454.52.

[2] R.25-06-019, Administrative Law Judge's Ruling Setting Requirements for Individual Integrated Resource Plans Due June 1, 2026 (January 16, 2026) ("IRP Ruling"). (The filing date was subsequently extended to August 10, 2026; see ALJ ruling dated March 20, 2026, confirming the extended date.)

load, yields cumulative nameplate capacity additions of 1,893 MW by 2035 and 3,962 MW by 2045, comprised principally of solar, 8-hour storage, and, in the later years of the planning horizon, in-state and out-of-state wind, together with 42 MW of geothermal capacity.

SDG&E also submits one Alternative Portfolio ("AP") that substitutes the more recently adopted 2025 California Energy Commission ("CEC") Integrated Energy Policy Report ("IEPR") forecast in place of the more aggressive 2024 IEPR load forecast. The Commission should adopt a System Plan that uses the newer 2025 IEPR load forecast because it better aligns procurement requirements with the most current outlook for customer demand and, therefore, reduces near-term affordability risk by reducing the risk of overbuild. The 2024 IEPR load forecast reflects more aggressive assumptions regarding data center development, transportation electrification, and building electrification that are not reflected in the CEC's more recent forecast. The CEC discounted speculative data center and other large known load requests in its 2025 forecast cycle, and federal policy reversals have slowed transportation and building electrification since the 2024 IEPR was adopted. If procurement obligations are instead based on the outdated 2024 forecast, customers may be required to fund generation, storage, and transmission costs years before they are needed, if needed at all, as the forecasted load may never materialize.[3] Similarly, changes in federal incentives, and other policy decisions may also result in lower than forecasted load growth. In each of these cases, customers would continue paying for resources procured to serve load that the more current 2025 IEPR shows was prematurely forecasted, increasing the risk of stranded or underutilized assets and unnecessary ratepayer costs

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[3] *See* Ryan Quint et al., *Practical Guidance and Considerations for Large Load Interconnections* at 3, 25–26 (May 2025) (Finding that developers "submit speculative interconnection requests" so that "the actual magnitude and breadth of data center development and AI energy needs is opaque," and that speculative requests lead to "inflated demand projections.").

if the forecasted load does not materialize. These drivers, detailed further in Section II.b, reduce forecasted annual growth in the 2025 version, leading to an overall load forecast reduction.

The risks associated with over-procurement and under-procurement are not symmetrical. If actual demand ultimately exceeds the 2025 IEPR forecast, the Commission retains multiple opportunities to adjust procurement requirement through future IRP cycles, the Reliable and Clean Power Procurement Program ("RCPPP") process, Resource Adequacy ("RA") proceedings, and other reliability procurement mechanisms as additional information becomes available. In contrast, resources procured years in advance based on forecasted demand that fails to materialize may impose unnecessary costs on customers for decades to come, when customers are already feeling upward rate pressure. Once procurement is undertaken it cannot be undone. Accordingly, prudent planning should prioritize avoiding premature procurement while preserving flexibility to obtain additional resources as actual demand growth emerges and becomes more certain.

The modeling and analysis presented in this IIRP demonstrate that SDG&E's PCP achieves emissions at or below SDG&E's assigned benchmarks, maintains a surplus effective long capacity position throughout the planning horizon, and does so at lowest feasible cost to SDG&E's bundled service customers given current constraints. SDG&E's future procurement needs are principally driven by clean-energy and GHG-compliance requirements, particularly additional RPS-eligible and other zero-emitting resources. As such, any future procurement orders that focus mainly on incremental capacity to address reliability will likely result in SDG&E's customers being overly burdened by costs of additional resources that are not needed to satisfy SDG&E's modeled bundled portfolio capacity needs or GHG-compliance requirements. This concern is heightened by the current forecast environment, in which a small

number of large, discrete load additions, such as data centers, can swing projected need by hundreds of megawatts, and the timing, geographic location, and ultimate materialization of each addition remains uncertain.

All load serving entities ("LSEs") must contribute their share to system reliability. However, when much of the unprecedented forecasted increase in demand is driven in specific, concentrated geographic areas, the Commission must consider how local reliability and local need can be better integrated into procurement orders and long-term planning going forward. This is not an issue the state has dealt with before; macroeconomic factors have historically driven load growth and decline in a way that affects different geographic areas more similarly.

A PSP premised on the higher, superseded load forecast risks committing all ratepayers to cover the cost of capacity procured for load that may never arrive, while a PSP premised on the most current forecast preserves the Commission's ability to assess the need for additional procurement if and when that load materializes. The Commission can directly and materially impact ratepayer bills in the nearer term by accounting for policies that reduced the 2025 IEPR relative to the prior year.

B. Overview and Recommendations

SDG&E remains committed to the State's vision of a clean, reliable, and affordable energy future, and supports the State's firm 2045 carbon-neutrality goal and the electric sector's 8 MMT by 2045 target.[4] SDG&E's last IIRP was filed in 2022, and circumstances have changed materially since then while other issues remain prevalent. The planning horizon now extends 10 additional years to 2045; the interim GHG benchmarks remain steep relative to that 2045 endpoint; resource cost assumptions have been updated to reflect a rapidly changing market

[4] Pub. Util. Code § 454.53.

influenced by federal tax policy and tariff changes; and the Commission has advanced both the Assembly Bill ("AB") 1373 centralized procurement framework and a new 2030–2032 reliability procurement obligation.[5] In addition, the load forecast used in the PCP reflects the 2024 IEPR, which embeds more aggressive data-center and electrification-driven load growth than the subsequent 2025 forecast.

SDG&E's central recommendation arising from its modeling and analysis is that the Commission should use the most current load forecast in this and future IRP cycle. For this cycle, the 2025 IEPR forecast should be used in place of the elevated 2024 IEPR forecast, which incorporates critical recent developments in the legislative and policy landscape, thereby improving forecast accuracy. The modeled build is sensitive to load forecast inputs and the trickle down impact is a potentially unnecessary multi-year procurement requirement that risks committing ratepayers to procurement costs that are premature, and potentially unnecessary. The significant year-over-year volatility between the 2023, 2024, and 2025 IEPR Forecasts further shows that 2024 may prove to be anomalous and should not be relied on for planning purposes. As demonstrated by SDG&E's Alternative Portfolio below, a more up-to-date load forecast materially reduces near-term build, the total revenue requirement that customers must fund, and feasibility risk. That lone substitution reduces SDG&E's required new resource build by approximately 737 MW through 2035 and approximately 839 MW through 2045, as quantified in Section III below. As explained in Section I.a, these risks are not symmetrical. Once generation, storage, and associated transmission investments are contracted or constructed,

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[5] Assembly Bill ("AB") 1373, Stats. 2023, ch. 367 (codified at Pub. Util. Code §§ 454.52(a)(4), 454.53); D.26-02-057.

ratepayers remain responsible for recovering those costs regardless of whether the underlying demand growth ultimately occurs.

This risk is particularly pronounced in the current planning environment. The timing, location, and magnitude of large load additions, including data centers and other energy-intensive facilities, remain uncertain and can materially alter procurement needs. Similarly, transportation and building electrification forecasts continue to evolve in response to changing federal and state policies, incentive structures, technology adoption rates, and other economic conditions. A procurement plan based on outdated demand assumptions could therefore result in customers funding generation, storage, and transmission infrastructure that is underutilized for years or never needed. By contrast, if these loads ultimately materialize, future planning cycles provide opportunities to identify the need and order incremental procurement based on observed market conditions and updated demand forecasts.

The calculation of system average rates is an annual revenue requirement divided by forecasted sales. Depending on the ratio of these two values a lower sales forecast can lead to as a higher $/kWh rates despite lower total revenues being collected if those revenues are collected over fewer kWh, see Section III.e for additional details on this comparison in the two portfolios SDG&E presents. As explained below, the statutory mandate is the minimization of impacts on ratepayers' bills; the Alternative Portfolio's lower revenue requirement, reduced exposure to stranded or underutilized capacity, and closer alignment of procurement with expected demand serve that directive.[6]

Because SDG&E's portfolio is bound by its GHG benchmark rather than by reliability need, the trajectory of the interim GHG benchmarks and the level of the load forecast are the

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[6] Pub. Util. Code § 454.52(a)(1)(D).

principal determinants of the magnitude and pace of SDG&E's required procurement. For the purposes of this IRP cycle SDG&E plans to the Commission's adopted benchmarks. However, if smoothing the GHG trajectory will help near-term affordability statewide, the Commission should consider an adjustment to the adopted benchmarks. This is especially pertinent given that the newest RCPPP ruling proposes to use the aggregated PSP to set procurement requirements for LSEs.[7] A smoothed GHG trajectory may result in lower near-term statewide procurement needs, if the Commission were to adopt a version of RCPPP Option 3 or an option that requires LSEs to procure to their filed IIRPs. A smoothed interim trajectory means that SDG&E's and all other LSEs' customers would likely be allocated a lower procurement obligation in the near term, directly and materially impacting ratepayer affordability, while still achieving the State's goals in the longer term. Accordingly, SDG&E respectfully requests that the Commission find that SDG&E's Preferred Conforming Portfolio is compliant with the requirements of the IRP Ruling and, further, that it adopt a PSP that accounts for the recommendations described in Sections IV.e and V below.

C. Process Used to Develop IIRP

SDG&E's process to develop its Plan began with a careful review of its existing portfolio of resources, the adopted load forecast, and the Commission-adopted inputs and assumptions ("I&A").[8] At a high level, SDG&E compared (1) its assigned load forecast, (2) its existing portfolio, (3) reliability procurement resulting from Commission orders, and (4) its position

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[7] *See* R.20-05-003, ALJ's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program (June 23, 2026).

[8] CPUC, 2024 – 2026 Integrated Resource Planning (IRP) Inputs and Assumptions (February 2026) ("CPUC IRP Inputs & Assumptions").

relative to existing procurement obligations, in order to determine the optimal approach to long-term procurement planning on behalf of SDG&E's bundled service customers.[9]

SDG&E's portfolios were developed using a cost-optimized capacity expansion model and tested against SDG&E's RPS, Senate Bill ("SB") 100, and SB 1020 compliance requirements, the LSE GHG benchmark (measured through the Clean System Power ("CSP") Calculator), and other bundled portfolio requirements to determine the need for incremental resources and, where needed, the resource type. The resulting bundled buildout totals 3,962 MW of new SDG&E nameplate capacity by 2045, comprised principally of renewable generation from solar and wind, and capacity from 8-hour storage resources.[10]

D. Narrative Overview

SDG&E's IIRP narrative conforms to the structure of the Commission's narrative template. SDG&E provides an overview of its IIRP narrative below.

Section II (Study Design) describes the underlying objectives and methodology that informed SDG&E's analysis. SDG&E believes it is critical to balance several essential objectives as it develops its procurement plans, and it attempts to do so in this IIRP; among these are supporting the State's GHG emissions targets and clean energy goals, ensuring a reliable grid, and prioritizing ratepayer affordability. Section II also describes the specific methodologies used in this study, including SDG&E's modeling tools and modeling approach. SDG&E used the Commission's Resource Data Template ("RDT"), the Clean System Power Calculator, and the PLEXOS Capacity Expansion and Production Cost Modeling software in this study, applying the Commission's adopted inputs and assumptions to develop its Conforming Portfolio, which

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[9] *See e.g.,* D.21-06-035, D.23-02-040, D.26-02-057.

[10] Senate Bill 100, Stats. 2018, ch. 312 ("SB 100"); Senate Bill 1020, Stats. 2022, ch. 361 ("SB 1020").

achieves SDG&E's assigned GHG Emissions Benchmarks of 0.351 MMT in 2035 and 0.155 MMT in 2045 on the path to the 8 MMT by 2045 electric sector target.

SDG&E further developed a single Alternative Portfolio as a sensitivity analysis, substituting the more recent 2025 IEPR load forecast and, for analytical purposes, a smoothed interim GHG trajectory based on the 38 MMT in 2030 and 30 MMT in 2035 targets explored in the last IRP cycle, to quantify the sensitivity of the required build to those assumptions. SDG&E's sole policy recommendation is that the Commission adopt the 2025 IEPR load forecast; SDG&E does not, at this time, propose modifications of the adopted interim GHG benchmarks, but urges the Commission to study the statewide impacts of easing the interim GHG benchmarks with the ultimate goal of mitigating ratepayer burden without compromising California's policy goals. These matters are presented in Section II.a (objectives) and Section II.b (methodology), the latter of which describes the modeling tools employed (II.b.i), the modeling approach (II.b.ii), and the alternative assumptions underlying the Alternative Portfolio (II.b.iii).

Section III (Study Results) details how SDG&E's Conforming Portfolio yields cumulative capacity expansion requirements of 1,893 MW of new nameplate capacity by 2035 and 3,962 MW by 2045, growing SDG&E's total bundled portfolio from approximately 3.3 GW today to approximately 5.4 GW by 2045.[11] This new capacity is comprised principally of solar and 8-hour battery storage, with in-state and out-of-state wind entering the portfolio after 2035 and 42 MW of geothermal satisfying the mid-term reliability zero-emission firm requirement.[12] SDG&E's Conforming Portfolio achieves emissions of 0.329 MMT in 2035 and 0.127 MMT in

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[11] Represents SDG&E's bundled portfolio after VAMO, MCAM, and CAM allocations.

[12] *See* D.21-06-035 at 94-95 (Ordering Paragraph 2(b)).

2045, at or below SDG&E's assigned benchmarks in each benchmark year; minimizes local criteria air pollutants, whose emissions decline materially across the planning horizon, with early priority on disadvantaged communities as described in Section III.d; and maintains a surplus reliability position in every year through 2045.

A central finding of Section III is that SDG&E's portfolio is GHG-constrained rather than reliability-constrained: the interim GHG benchmarks and the level of the load forecast, not any reliability deficit, determine the magnitude and pace of SDG&E's required procurement. The rate impacts of the Conforming Portfolio and the Alternative Portfolio are presented in Section III.e, showing that the Preferred Conforming Portfolio results in a forecasted illustrative bundled system average rate of approximately $0.381/kWh in 2030, $0.334/kWh in 2035, and $0.331/kWh in 2045, while the Alternative Portfolio produces a lower total forecasted revenue requirement but a higher forecasted illustrative bundled system average rate because its lower forecasted revenue requirement is divided by materially lower forecasted bundled sales.[13] The comparison therefore underscores SDG&E's central affordability concern: if actual sales track the more recent 2025 IEPR forecast, customers face the greatest risk from procuring to the higher 2024 IEPR forecast and spreading that larger revenue requirement over a smaller sales base.

Section III.b demonstrates the Preferred Conforming Portfolio's consistency with each criterion of Public Utilities Code section 454.52(a)(1), compares the PCP to SDG&E's 2022 PCP, and provides the required natural gas justification. Section III.d addresses local air

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[13] Rate impact forecasts presented here are illustrative and generally should not be relied on for precision or for decision making purposes. Consistent with standard utility practice, rate forecasts are not typically developed beyond the period covered in a specific application (*e.g.* four years of rate impacts for a General Rate Case cycle). The illustrative rates presented do not include future unknown revenue requirement requests, and as such, do not illustrate the upward rate pressure felt by customers in electric rates. In addition, the revenues and illustrative rates shown are expressed in real 2024 dollars, as required, rather than nominal dollars for the corresponding years.

pollutant minimization and disadvantaged communities. Finally, Section III examines the outlook for specific elements of the plan, including system reliability, existing resources, hydro generation, long-duration energy storage ("LDES"), clean firm power, out-of-state wind, offshore wind, and transmission planning.

Section IV (Action Plan) describes the actions, challenges, barriers, and requests for Commission action associated with SDG&E's Conforming Portfolio. SDG&E presents the status of existing procurement activities resulting from the Commission's reliability procurement decisions, its treatment of potential centralized procurement under AB 1373 and Decision ("D.") 24-08-064, and the procurement activities SDG&E proposes to meet incremental needs according to its bundled load share (approximately 2% of CAISO load). Section IV.a addresses each resource category enumerated in the template, including energy storage, demand response, energy efficiency, distributed generation, and transportation and building electrification, and Section IV.d identifies the procurement products SDG&E intends to utilize. SDG&E also outlines its planned actions and ongoing and future engagement with disadvantaged communities and Tribal customers, including specific activities designed to maximize SDG&E's contribution to environmental and social justice within these communities. Section IV concludes with an overview of the specific actions SDG&E recommends the Commission take, principally adopting the most current IEPR load forecast and grounding any reliance on AB 1373 centralized procurement in realistic assumptions regarding availability, timing, and deliverability.

Section V (Lessons Learned) identifies SDG&E's recommendations for improvement to the IRP process, including continued evolution of the IRP process toward a more programmatic approach to resource planning and procurement, utilizing the more up-to-date 2025 IEPR Load

Forecast, stable and timely modeling inputs, and reconciliation of procurement obligations imposed outside the IRP.

II. STUDY DESIGN

- **Preferred Conforming Portfolio**

SDG&E designed its study for this IRP cycle to maintain system reliability while achieving its proportional share of the State's GHG-emissions targets. For its bundled load, SDG&E developed a single Conforming Portfolio using the 2024 IEPR forecast, targeting the 8 MMT by 2045 electric-sector target, achieving emissions at or below SDG&E's assigned bundled load-share benchmarks of 0.351 MMT in 2035 and 0.155 MMT in 2045.

- **Alternative Portfolio**

SDG&E's Alternative Portfolio illustrates the sensitivity of the required build to the base case assumptions. The Alternative Portfolio substitutes the 2025 IEPR forecast and, for sensitivity analysis only, a smoothed interim GHG trajectory. SDG&E does not see a significant standalone difference in its Alternative Portfolio bundled service customer costs (the numerator) attributable to this smoothed GHG trajectory because the Alternative Portfolio also uses the more up-to-date 2025 IEPR load forecast, which lowers the denominator. However, this may not hold statewide or if the Commission decides to adopt a PSP that reflects the 2024 IEPR. If smoothing the GHG trajectory will help near-term affordability statewide by reducing near-term ordered procurement, the Commission should also adopt this adjustment. The Commission should also consider smoothing the GHG trajectory in light of the newest RCPPP ruling, which, if adopted, would require LSEs to procure to the PSP on a five-year timeframe.[14] A more aggressive trajectory that meets state goals prior to legislative requirements imposes near-term procurement

[14] *See* FN 7, *supra*.

costs on ratepayers that would be difficult to absorb and unnecessary to meet statutory requirements.

- **Load Assignments for Each LSE**

SDG&E used the finalized energy and peak demand load forecast and behind-the-meter photovoltaic ("BTM PV") forecast pursuant to the January 16, 2026 ALJ Ruling, posted on the Commission's IRP website, in its Conforming Portfolio. SDG&E did not substitute an annual energy forecast for the one assigned to it. The default hourly shapes used in the CSP tool are derived from the 2024 IEPR Demand Forecast.

- **GHG Emissions Benchmark**

SDG&E has been assigned the following GHG Emissions Benchmarks pursuant to the January 16, 2026 ALJ Ruling, calculated using the methodology established by the California Air Resources Board ("CARB") in the Climate Change Scoping Plan for Achieving Carbon Neutrality:

Table 1
SDG&E Preferred Conforming Portfolio GHG Emissions Benchmarks

Year	Target
2035	0.351
2045	0.155

SDG&E uses the CSP methodology and calculator for estimating its GHG emissions across the IRP planning horizon.

A. Objectives

SDG&E's IRP analysis is consistent with the goals of the IRP process as set forth in SB 350, and its results are aligned with SDG&E's decarbonization commitments.[15] SDG&E's study was designed to meet three objectives:

(1) Ensure that SDG&E's bundled portfolio affordably meets energy and capacity needs and contributes its fair share to system reliability through 2045;

(2) Create a least-cost, best-fit resource portfolio, considering all baseline and candidate resources, to serve load operably, reliably, and affordably; and

(3) Achieve the State's RPS, SB 100, and SB 1020 goals over the planning horizon and SDG&E's share of the 2035 and 2045 electric sector GHG targets.[16]

Consistent with prior cycles, SDG&E limited its selection of shared system resources, such as existing transmission and import-export capability, to its bundled service customers' share of overall system load. SDG&E also limited the selection of candidate generation resources to its bundled load share to avoid over-subscribing the technical potential of economic resources and to facilitate aggregation of all LSE portfolios into the Commission's PSP.

B. Methodology

SDG&E used the finalized energy and peak demand load forecast and BTM PV forecast developed pursuant to the January 16, 2026 ALJ Ruling. SDG&E's RDT inventories the existing and planned resources in SDG&E's portfolio, establishing the total available capacity used to inform the needs assessment. For the 2026 cycle, hybrid resources are represented on separate lines for each component, consistent with the updated RDT format.

i. Modeling Tool(s)

- **SDG&E's Resource Data Template ("RDT")**

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[15] Senate Bill ("SB") 350 (Clean Energy and Pollution Reduction Act of 2015), Stats. 2015, ch. 547.

[16] SB 100.

The RDT outlines the existing and planned resources in SDG&E's portfolio to provide the total available capacity for the system and inform the planning needs assessment. With this inventory, SDG&E then relied on three principal modeling tools to create, analyze, and validate resource portfolios for its IRP, listed below.

- **Clean System Power Calculator ("CSP")**

The GHG CSP was used to determine the GHG mass quantity from SDG&E's portfolio and determine what additional actions, if any, may be needed during the planning period to meet the GHG planning targets. The CSP identifies whether SDG&E's forecasted portfolio has achieved its emissions target.

- **PLEXOS Capacity Expansion Model ("CEM")**

The PLEXOS CEM simulates generation and transmission investment to meet forecast electric load over many years, usually with the objective of minimizing the total cost of owning and operating the electrical system. Capacity expansion models can also be configured to allow only solutions that meet specific requirements, such as providing a minimum capacity to ensure the system's reliability or maintaining GHG emissions below an established level. The PLEXOS capacity expansion model is analogous to the Commission's RESOLVE model. The principal difference is that SDG&E's PLEXOS capacity expansion model considers all hours of all future years, rather than RESOLVE's limited sampled representative days. PLEXOS is a modeling tool that must be licensed to use, rather being an open-source, publicly available tool such as RESOLVE.

ii. Modeling Approach

SDG&E's approach to developing its scenario is consistent with the requirements of the applicable decisions, including the January 16, 2026 IRP Ruling, D.26-02-057, D.23-02-040, and D.21-06-035. SDG&E details below the assumptions used and its assessment of procurement

need. SDG&E's Preferred Conforming Portfolio uses inputs and assumptions consistent with the Commission's adopted inputs and assumptions, except as specifically identified and justified below.

- **Assumptions**

SDG&E's modeling used inputs and assumptions consistent with those used by Commission staff to develop the 2025-2026 Transmission Planning Process ("TPP") Portfolio with updates, as posted on the IRP website, together with the finalized load and BTM PV forecasts described above. SDG&E's Preferred Conforming Portfolio uses TPP resource costs and applies a system build limit equal to its bundled service customer share of system build limits.

- **Reliability Load Adder**

Because the capacity expansion model solves at a simplified, reduced chronology when run against the IEPR load forecast at its modeled temporal resolution, it tends to underbuild relative to a perfectly GHG compliant solution. This is a recurring issue in capacity expansion modeling overall. To correct this, SDG&E applied a uniform 14% upward adjustment to load across all hours (referred to as a "reliability load adder", although it functions as a correction to the capacity expansion model rather than a reliability planning reserve margin), which induces the model to select sufficient incremental capacity for the resulting portfolio to satisfy the CSP tool's GHG compliance check. The 14% magnitude was determined by iterating through different adjustment values until the CEM solution satisfied the GHG compliance constraint with minimal adjustment to the resulting portfolio; it was not chosen to produce a particular result. This iterative calibration is typical of capacity expansion modeling. SDG&E identifies and explains this adjustment here so that each departure from the default inputs and assumptions is expressly disclosed for the Commission's evaluation. A uniform, all-hours uplift is a

conservative and resource-neutral correction that adjusts the need calculation without altering SDG&E's assigned annual energy forecast and without favoring any resource type, so that the resulting portfolio approximates the additional capacity required to satisfy the GHG compliance constraint.

- **Assessment of Need**

In assessing procurement need, SDG&E first compared its existing portfolio to its GHG benchmark and to its regulatory and legislative requirements. SDG&E's Conforming Portfolio demonstrates that it is well positioned to achieve the State's climate and reliability goals under the 8 MMT by 2045 scenario, owing in part to SDG&E's early RPS compliance, its early adoption of energy storage, and significant load departure in its service territory. As detailed in Section III, SDG&E's incremental build is driven by its GHG benchmark rather than by a reliability deficit.

- **Scenarios Considered**

In addition to its Preferred Conforming Portfolio, SDG&E developed a single Alternative Portfolio as a sensitivity analysis. The Alternative Portfolio substitutes the 2025 IEPR load forecast, which is approximately 32% lower than the 2024 IEPR by 2045; and, for analytical purposes only, the Alternative Portfolio incorporates a smoothed interim GHG trajectory, as described in Section III.c.[17] SDG&E also provides impact estimates that quantify the contribution of these individual assumption changes. SDG&E's central observation, developed in subsequent sections of this narrative, is that a more up-to-date load forecast materially reduces required build in the near term, and thereby the revenue requirement ratepayers must fund, the

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[17] California Energy Commission, 2025 Integrated Energy Policy Report (Adopted January 21, 2026) (the 32 percent figure results from SDG&E's comparison of the CEC-adopted 2024 and 2025 demand forecasts).

risk of stranded or underutilized resources, and the feasibility risk of an aggressive, front-loaded build.

The divergence between the 2024 and 2025 IEPR forecasts is attributable to identifiable drivers, not to any change in forecasting philosophy. The 2024 IEPR embedded aggressive load growth from data center development and from transportation and building electrification, and each of those drivers has since moderated. First, the CEC refined its treatment of data center and other large energization requests in the 2025 forecast cycle, applying updated utility application data and probability-weighted completion assumptions to discount speculative requests. Second, transportation electrification growth moderated materially after CARB withdrew its request for an Environmental Protection Agency ("EPA") waiver for the Advanced Clean Fleets ("ACF") regulation, which had been a principal driver of accelerated medium- and heavy-duty fleet electrification assumptions in the 2024 IEPR forecast. The withdrawal reduced the near-term regulatory impetus for large fleets to electrify faster than they otherwise would have, while additional federal policy reversals, including the termination of the federal clean vehicle credits for vehicles acquired after September 30, 2025, and the June 12, 2025 Congressional Review Act resolutions rescinding the Advanced Clean Cars II and related waivers, further weakened the transportation electrification trajectory. As a result, California's zero-emission vehicle share of new sales fell from 29.1% in the third quarter of 2025 to below 20% in the two quarters following.[18] Third, building electrification likewise slowed relative to the 2024 IEPR's

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[18] California Governor Gavin Newsom, *Record-breaking quarter: California reaches historic high in ZEV sales* (Oct. 13, 2025) (Reporting that "124,755 zero-emission vehicles (ZEVs) in the third quarter of 2025" represented 29.1% of new car sales in California.); California Governor Gavin Newsom, *At World Economic Forum, Governor Newsom announces California shattered clean car goal, surpassing 2.5M ZEV sales despite Trump's chaos* (Jan. 20, 2026) (Reporting that "79,066 new

assumptions, reflecting the termination of the federal residential energy transition incentives. The 2025 IEPR forecast incorporates these developments. These are observed market and policy conditions, not modeling changes, and they are the reason SDG&E's Alternative Portfolio uses the more current forecast.

iii. Alternative Assumptions

The principal alternative assumption is presented through SDG&E's Alternative Portfolio and its associated impact estimates. SDG&E's Alternative Portfolio uses the same cost inputs and assumptions as the Conforming Portfolio and is intended to quantify the sensitivity of the required build, and its cost, to the load forecast and, secondarily, to the trajectory of the interim GHG benchmarks. In addition, SDG&E applied the reliability load adder described in Section II.b.ii and excluded the 12-hour pumped storage candidate resource for the reasons stated in Section III.a. The 2025 IEPR forecast is the demand forecast adopted by the California Energy Commission on January 21, 2026. As Section III.a details, its substitution reduces required procurement by approximately 737 MW by 2035 and approximately 839 MW by 2045, with the corresponding rate effects presented in Section III.e.

As is demonstrated in this section, SDG&E designed its IRP modeling study to elicit accurate, actionable results to inform its procurement actions, ensure alignment with the State's GHG targets, maintain system reliability, and do so in the most economically efficient manner possible.

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zero-emission vehicles (ZEVs)" sold during the fourth quarter of 2025 represented 18.9% of new car sales in California.); Center for Jobs and the Economy, *State's Progress on Zero-Emission Vehicles (ZEV) Sales: 2025 & 2026:Q1 Results* (May 18, 2026) (Reporting that battery-electric vehicles (BEVs) accounted for 57,111 registrations and a 13.7% market share in California during 2026 Q1).

III. STUDY RESULTS

A. Conforming and Alternative Portfolios

- **Conforming Portfolio**

SDG&E developed a least-cost, best-fit, operable Conforming Portfolio to meet the 8 MMT by 2045 GHG target for its bundled load, using the required 2024 IEPR demand forecast. The total bundled portfolio for SDG&E's approximately 2% of CAISO load grows from approximately 3.3 GW today to approximately 5.4 GW by 2045. SDG&E does not assume recontracting of existing portfolio resources that expire within the PCP time horizon; SDG&E selected a new resource build based on least-cost, best-fit ("LCBF") and specific portfolio needs. Accordingly, SDG&E does not provide a list of current portfolio resources that are assumed to be recontracted. In the narrative template's terms, the second category, existing resources SDG&E plans to contract with in the future, is therefore empty as SDG&E's PCP assumes no recontracting of expiring resources, and all incremental capacity consists of new resources reported as planned resources in the RDT. Figures 1 below shows SDG&E's current portfolio resources by year and Figure 2 shows the modeled existing and forecasted incremental procurement requirements for the same years.

Figure 1
SDG&E Current Owned or Contracted Portfolio Resources by Year (Nameplate MW)

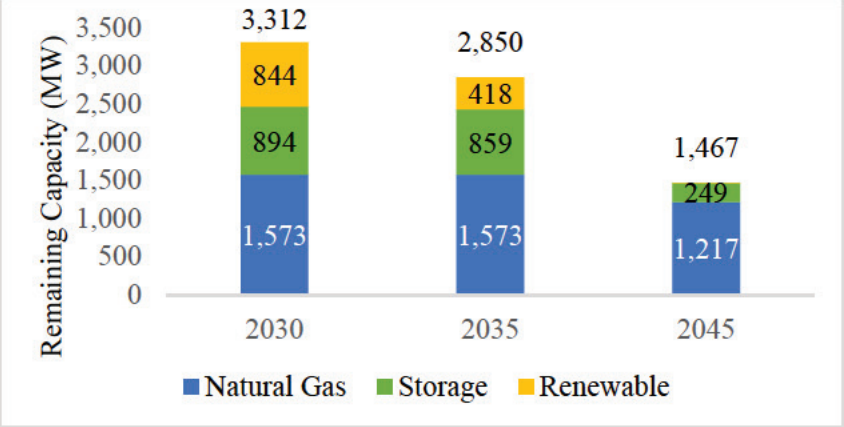
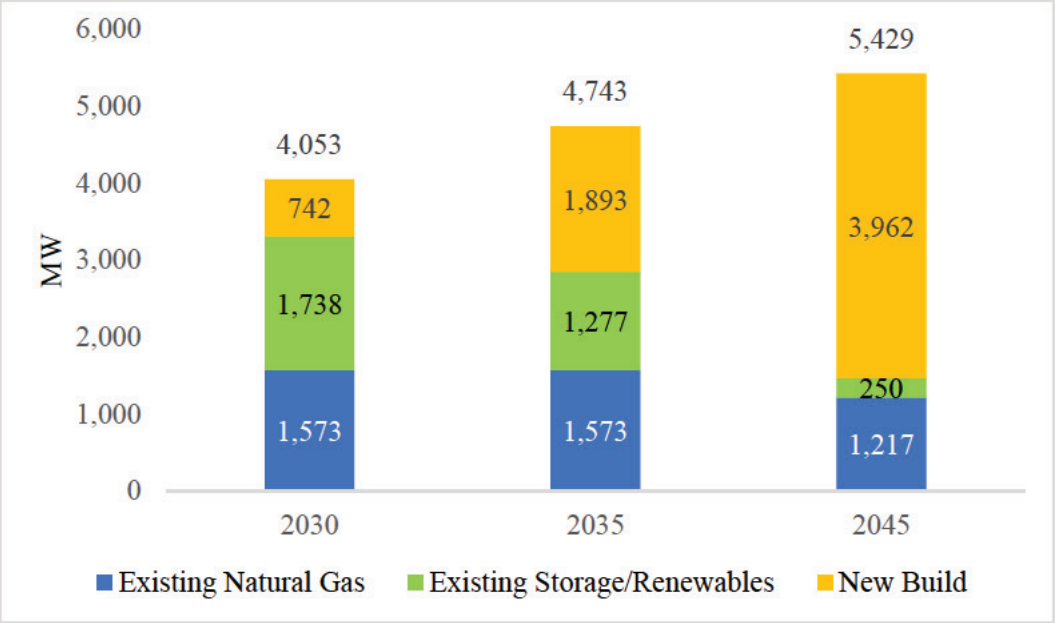


Figure 2
Existing and Incremental Procurement Requirements by Year (Nameplate MW)



SDG&E's Conforming Portfolio includes the following cumulative new capacity additions by benchmark year (MW), as reported for each filed portfolio in the accompanying RDT.

Table 2
Conforming Portfolio New Capacity Resource Mix (MW)

Resource Type	2030	2035	2040	2045
Solar	300	1,451	2,145	2,493
Battery Storage (8-hour)	400	400	400	705
Geothermal	42	42	42	42
OOS Wind	0	0	119	301
In-State Wind	0	0	396	421
Total	742	1,893	3,102	3,962

Figure 3
SDG&E Conforming Portfolio Resource Mix
(% of MW in 2035)

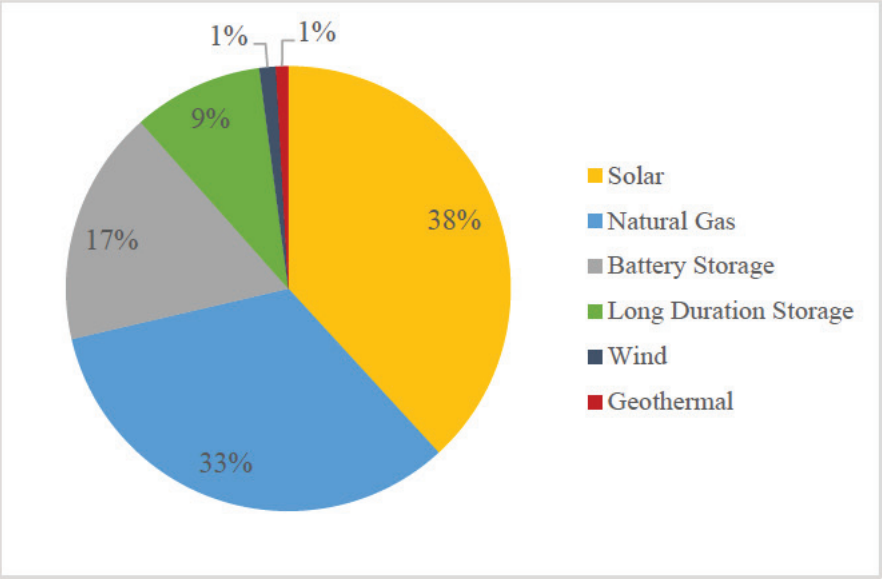
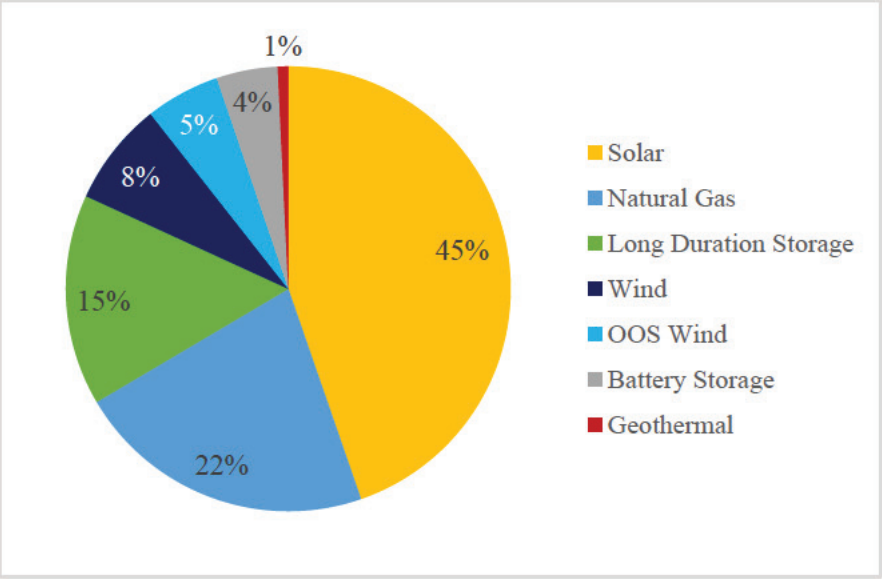


Figure 4
SDG&E Conforming Portfolio Resource Mix
(% of MW in 2045)



- **Comparison with the 2025-2026 TPP**

The table below compares SDG&E's planned new resources to SDG&E's proportional share of the new resource mix laid out in the Commission's adopted 2025-2026 TPP Portfolio, along with the significance of each variance addressed below.

Table 3
2045 Comparison of PCP to SDG&E's load share of 2025-2026 TPP's New Build (MW)[19]

Resource Type	PCP 2045	TPP 2045	Difference
Natural Gas	0	0	0
Geothermal	42	32	+10
Biomass	0	4	-4
In-State Wind	421	180	+241
Out-of-State Wind	301	314	-13
Offshore Wind	0	90	-90
Solar	2,493	1,236	+1,257
Li-ion Battery (4-hr)	0	314	-314
Li-ion Battery (8-hr)	705	422	+283
Pumped Hydro Storage (12-hr)	0	16	-16
Other LDES (>8-hr)	0	10	-10
Shed Demand Response	0	0	0
Total	3,962	2,618	+1,344

The comparison above illustrates the difference between the PCP and TPP. SDG&E's PCP is the product of least-cost, best-fit optimization incorporating a variety of goals, including SDG&E's GHG benchmarks, adopted load forecast, and existing resource base whereas the TPP

[19] Statewide figures are the cumulative new resources by 2045 in the Commission's adopted 2025–2026 TPP base case (D.25-02-026, Table 1, Cal. P.U.C. (Feb. 20, 2025) (R.20-05-003)): solar 61.8 GW; out-of-state wind 15.7 GW; in-state wind 9.0 GW; 8-hour battery 21.1 GW; 4-hour battery 15.7 GW; geothermal 1.6 GW; offshore wind 4.5 GW (total 129.4 GW). The proportional share column applies SDG&E's approximate 2% bundled load share (consistent with its 0.155 MMT / 8 MMT 2045 GHG-budget share) as an analytic benchmark, not an official Commission allocation. SDG&E's total Preferred Conforming Portfolio build (3,962 MW) is approximately 3.1% of the statewide 129.4 GW, above its ~2% load share, reflecting its GHG-constrained least-cost optimization.

base case is a statewide portfolio developed to support transmission planning across all CAISO LSEs. Therefore, divergence between an individual LSE's least-cost portfolio and a uniform load-share fraction of the statewide portfolio is expected, and SDG&E submits that the variances shown are reasonable and fully explained by the drivers described below.

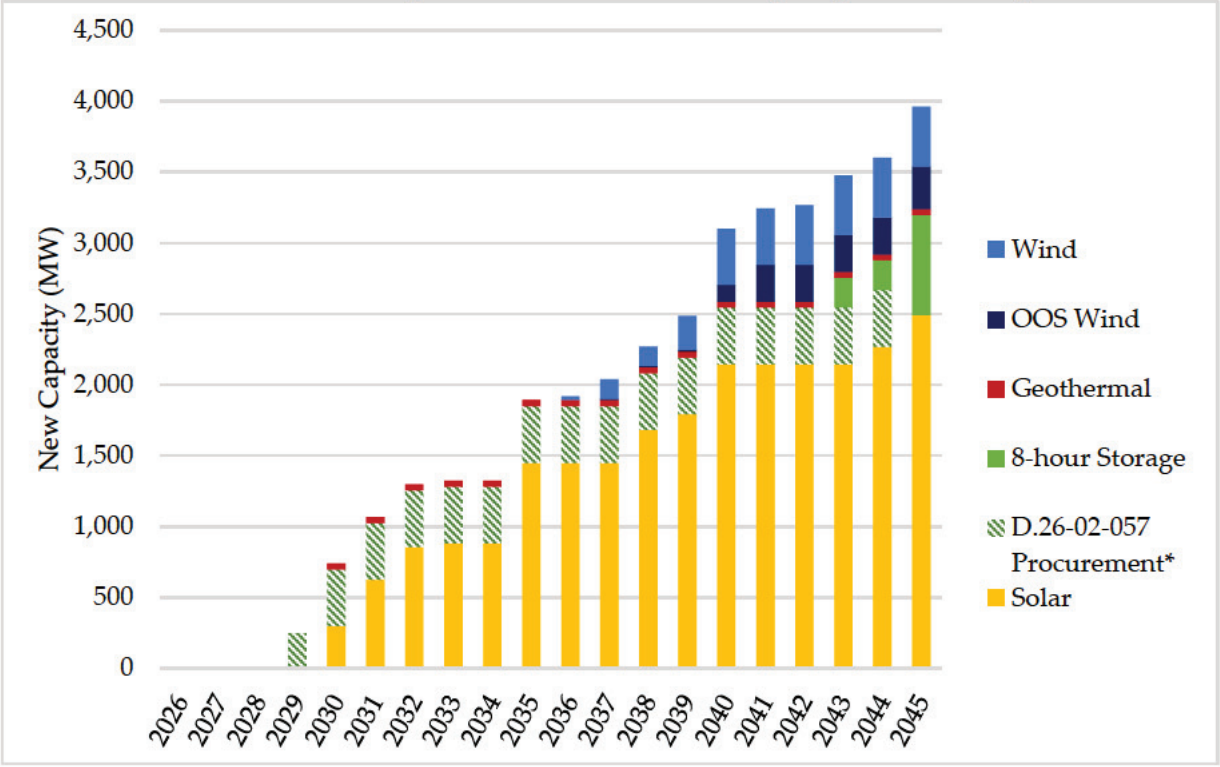
Out-of-state ("OOS") wind shows the closest correlation, at 301 MW in the PCP vs. 314 MW in the TPP. This is a result of SDG&E's deliberate use of a 2% load share assumption for OOS wind in its modeling. SDG&E's PCP is weighted more heavily than the TPP toward solar, 8-hour battery storage, and in-state wind. This variation is a direct result of the least-cost, best-fit optimization as solar paired with 8-hour storage is the least-cost compliance resource in the San Diego region. There is a difference between the quantities of 8-hour storage selected. However, SDG&E's 705 MW of new storage equals approximately 1.9% of the 36.8 GW of combined 4- and 8-hour battery storage in the TPP base case, so SDG&E's storage build is itself proportional to its load share, although SDG&E modeling has resulted in a storage buildout comprised exclusively of 8-hour resources as opposed to a mix of 4- and 8-hour resources, as shown in the TPP. Geothermal resources are approximately proportional and driven by the firm zero-emitting requirement originating in D.21-06-035.

SDG&E's PCP includes no offshore wind ("OSW"), pumped hydro storage, or other LDES compared to 90 MW, 16 MW, and 10 MW, respectively, contained in the TPP. This variance does not reflect a departure from the Commission's planning efforts. Due to a variety of factors, including updated resource cost information, SDG&E's least-cost portfolio does not select these resources. OSW is not selected due to its unfavorable economics and feasibility prospects relative to other options available to SDG&E. To the extent that OSW is procured on a statewide basis, including through the central procurement of long lead-time ("LLT") resources

directed under AB 1373 and D.24-08-064, SDG&E's bundled service customers would receive their allocated share of the resources and their attendant benefits without duplicative procurement by SDG&E.

In the aggregate, SDG&E's PCP adds approximately 3,962 MW of new capacity by 2045, or roughly 3.1% of the 129.4 GW of new resources in the statewide base case. This outcome is above SDG&E's approximate 2% load share because the portfolio is bound by SDG&E's GHG benchmark and is optimized to SDG&E's specific service territory circumstances. SDG&E respectfully submits that the comparison confirms its PCP is broadly consistent with the resource mix that the Commission adopted for transmission planning, and that the variances are the reasonable and explainable product of least-cost, best-fit optimization, consistent with the diversity and affordability objectives of Public Utilities Code section 454.52.

Figure 5
Preferred Conforming Portfolio Cumulative Capacity Additions by 2045



***Note that D.26-02-057 procurement is modeled as 8-hour storage resources.**

SDG&E's key modeling findings are as follows:

- **Binding Constraints**

SDG&E's portfolio is GHG-constrained, not reliability-constrained. SDG&E's bundled customer needs are driven by its GHG benchmark throughout the planning horizon. This finding is consistent with the Commission's least-cost portfolio development, which shows the system over-reliable through 2035 because the GHG-emissions constraint, rather than the reliability constraint, binds in those years.

- **8-hour Battery Storage**

SDG&E's modeling selected 8-hour lithium-ion battery storage in each benchmark year that had an identified storage capacity need, with the 2030-2040 quantity of 400 MW driven by the Commission's most recent reliability procurement order,[20] and increasing to 705 MW by 2045 as GHG-free capacity needs grow. The selection of 8-hour battery storage represents the least-cost, best-fit outcome under the modeling assumptions and reflects the relative economics and reliability contribution of longer-duration storage, including projected resource costs, market conditions, system energy needs, and capacity requirements. Under the marginal effective load carrying capability ("ELCC") assumptions used in this filing, incremental 8-hour storage receives greater accreditation than incremental 4-hour storage, further supporting this selection.[21] While the Commission has stated that updated marginal ELCCs will be released during 2026, they are not included in this IIRP filing.[22]

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[20] *See* D.26-02-057.

[21] Marginal ELCC Values from 2025 Filing Requirements release applied through the RDT PCAP accounting.

[22] *See* R.25-06-019 Letter from Leuwam Tesfai, Exec. Dir., Cal. Pub. Utils. Comm'n, to Le-Quyen Nguyen re Request for Extension of Time Under Rule 16.6 to Submit 2030-2031 ELCC Study and

- **Long-Duration Storage**

No 12-, 24-, or 100-hour storage is selected. These LDES resources are not selected relative to the less costly, more commercially available 8-hour lithium-ion battery storage options. The Commission's own modeling likewise did not select 12-, 24-, or 100-hour storage beyond a 12-hour Location-Constrained Storage (pumped-hydro) resource that SDG&E excluded from the potential resource pool due to concerns regarding the price assumptions associated with this resource, high competition for a limited total MWs available, and lack of confidence it would be available within the forecasted timeframe.

- **On-Shore Wind**

Neither in-state nor out-of-state on-shore wind is selected until after 2035. Wind selection is constrained by federal policy headwinds and limited availability of new resources, and the SDG&E portfolio's lack of near-term wind resources reflects the resulting uncertainty. By 2045, the Conforming Portfolio includes 421 MW of in-state wind and 301 MW of out-of-state wind.

- **Geothermal**

The portfolio includes 42 MW of geothermal capacity, selected to satisfy mid-term reliability zero-emission firm procurement requirements. No incremental geothermal resources are selected due to resource economics when compared to other, less costly candidate resources. SDG&E notes that relatively small quantities of geothermal generation, like the 42 MW SDG&E

2032 Indicative ELCC Values (July 27, 2026) (granting Energy Division's request to extend publication of the 2030-2031 ELCC Study to Aug. 31, 2026, and indicative 2032 ELCC values to Sept. 15, 2026).

was ordered to procure, may be difficult to contract, a consideration relevant to the AB 1373 centralized procurement discussion in Section IV.[23]

- **Offshore Wind ("OSW")**

No OSW is selected. Although the Commission's 2025-2026 TPP base case includes 4.5 GW of offshore wind statewide, it is mapped to the Humboldt and Morro Bay areas in northern and central California, with none allocated to SDG&E's service territory. SDG&E's least-cost portfolio does not include OSW over the planning horizon due to significant increases in resource costs compared to the PSP and concerns over feasibility.

- **Alternative Portfolio**

SDG&E's Alternative Portfolio illustrates the sensitivity of the required build to the base case assumptions. The Alternative Portfolio substitutes the 2025 IEPR forecast and, for analytical purposes only, a smoothed interim GHG trajectory. The Conforming Portfolio and the Alternative Portfolio converge on the same 2045 target, and only the pace of the interim descent differs. Because SDG&E's portfolio is bound by its GHG benchmark, the sensitivity shows that a lower load forecast, together with a flatter interim trajectory, would reduce the required incremental build and the associated revenue requirement and feasibility risk, without compromising the 2045 endpoint.

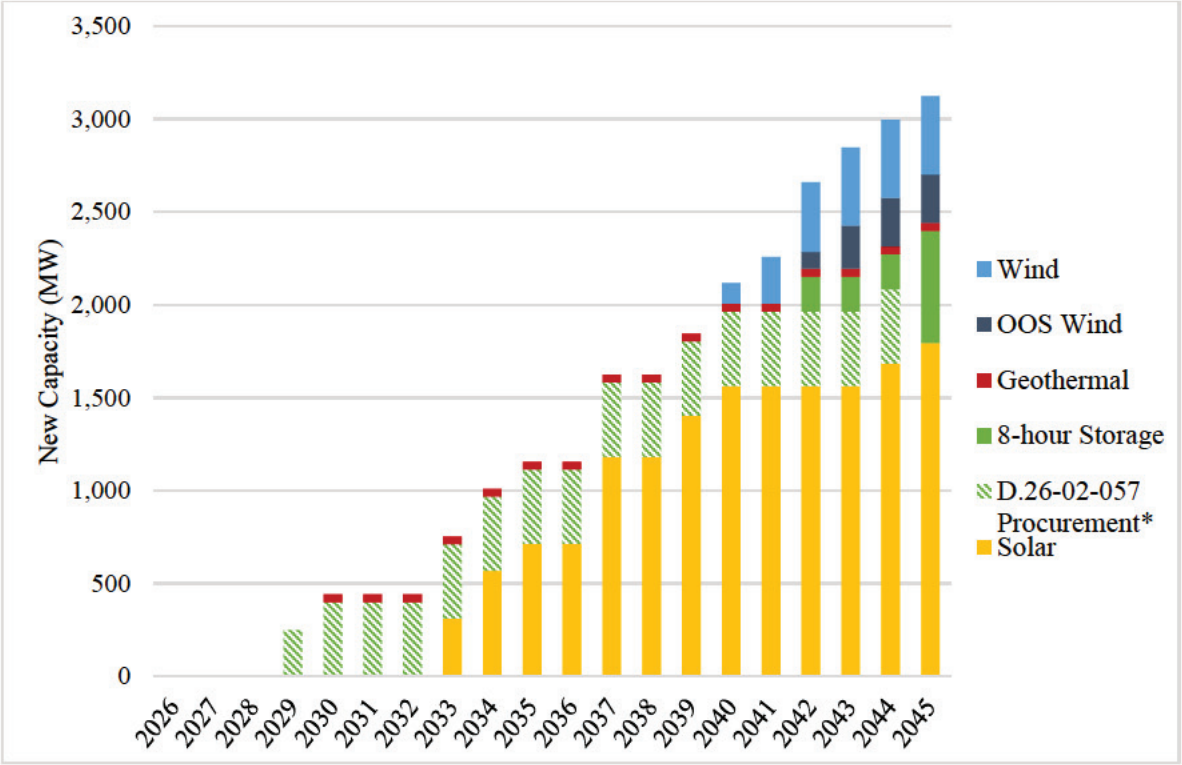
As modeled, the Alternative Portfolio substitutes the more recent 2025 IEPR load forecast, which is materially lower than the 2024 IEPR forecast in both the near- and long-term, while holding SDG&E's cost and resource assumptions constant. Modeled results show that the lower forecast reduces the cumulative new build to approximately 1,156 MW by 2035 (compared with 1,893 MW in the Preferred Conforming Portfolio) and approximately 3,123 MW

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[23] *See* D.21-06-035, Ordering Paragraph 2(b).

by 2045 (compared with 3,962 MW), with the remaining resource types selected in same or smaller quantities. In this portfolio, geothermal is selected for firm zero-emitting compliance, and out-of-state wind is still economically selected but in reduced amounts.

Figure 6
Alternative Portfolio Cumulative Capacity Additions by 2045



**Note that D.26-02-057 procurement is modeled as 8-hour storage resources.*

Table 4
Alternative Portfolio vs. Conforming Portfolio New Capacity Resource Mix 2035 (MW)

Resource Type	AP	PCP	Change
Solar	714	1,451	-737
Battery Storage (8-hour)	400	400	0
Geothermal	42	42	0
OOS Wind	0	0	0
In-State Wind	0	0	0
Total	1,156	1,893	-737

Table 5
Alternative Portfolio vs. Conforming Portfolio New Capacity Resource Mix 2045 (MW)

Resource Type	AP	PCP	Change
Solar	1,795	2,493	-698
Battery Storage (8-hour)	604	705	-101
Geothermal	42	42	0
OOS Wind	261	301	-40
In-State Wind	421	421	0
Total	3,123	3,962	-839

The Alternative Portfolio thus demonstrates that outdated load-forecast projections are the single largest modeled driver of the magnitude and pace of SDG&E's required procurement. The required build is so sensitive to the load forecast that binding multi-year procurement targets on a single, potentially overstated 2024 IEPR forecast vintage risks committing ratepayers to fund resources that the 2025 IEPR forecast shows to be premature.

The Alternative Portfolio continues to satisfy the same interim GHG mass emissions benchmarks as the PCP. Because SDG&E's Alternative Portfolio is storage heavy (like the PCP), the mass-based GHG benchmark is readily met, and the operative near-term constraint for SDG&E is the 90% clean energy retail sales by 2035 requirement of Senate Bill 1020 rather than the GHG MMT benchmark. SDG&E notes that this result reflects SDG&E's resource mix and may not generalize to other LSEs or to the statewide portfolio. The modeled results also indicate that, for SDG&E's bundled portfolio, the pace of the interim GHG trajectory has smaller effect on customer costs than the load forecast and the firm 2045 endpoint. Near-term affordability relief in this cycle therefore lies principally in load-forecast updates, although the Commission should still examine whether trajectory smoothing would reduce ordered procurement statewide.

- **Reduced near-term build**

Substituting the 2025 IEPR load forecast reduces the quantity of new resources required to serve load. These modifications result in approximately 737 MW less procurement by 2035 and approximately 839 MW less procurement by 2045.

- **Ratepayer cost**

A smaller near-term build carries a lower incremental generation revenue requirement; however, the associated lower sales driving this lower revenue requirement are significant enough to lead to rate increases rather than decreases in the Alternative Portfolio. The highest risk to ratepayers is a scenario in which actual sales mirror the forecasted sales in the Alternative Portfolio while the portfolio is built to meet the higher demand of the PCP. In that scenario SDG&E, and other LSEs, would have relatively larger revenue requirements and more procurement driven by a larger build in the PCP coupled with the lower in sales in the AP, leading to higher actual rates and customer bills. The denominator and build would be significantly higher and unnecessary to support the actual lower sales in the numerator. The bundled system average rate metric, in other words, is affected more by the sales denominator than by the cost of procurement avoided or incurred in these two scenarios.

The Alternative Portfolio collects a smaller total generation revenue requirement from customers, and the directive it serves is the statutory mandate to minimize impacts on ratepayers' bills, as opposed to a ratio that results in penalizing an accurate forecast. The asymmetry identified above is the primary risk consideration. If load materializes below the 2024 IEPR trajectory while procurement remains fixed to it, customers must fund stranded or underutilized capacity through rates for decades. Conversely, if the load instead materializes above the 2025 IEPR trajectory, incremental need can be met through subsequent procurement in future IRP

cycles as actual demand begins to reveal itself. Prudent planning weighs those outcomes asymmetrically, and the asymmetry favors the more recent forecast.

- **Reduced feasibility and deliverability risk**

A smaller, more gradually sloped near-term procurement quantity allows SDG&E to better address risks associated with resource availability in the interconnection queue, as well as supply chain, permitting, and transmission/deliverability buildout constraints that accompany an aggressive, front-loaded build. A more gradual approach lowers the risk of stranded or underutilized assets if the load forecasted in the 2024 IEPR forecast fails to materialize. That risk is compounded by uncertainty in the hourly need(s) of incremental load. Large, lumpy additions such as data centers, and policy-dependent electrification charging patterns, determine when new demand appears relative to resource availability, and therefore which resource durations and attributes are needed to serve it. The CSP tool's default hourly shapes are themselves derived from the 2024 IEPR. Procuring years ahead for an uncertain hourly profile risks committing customers to the wrong resource mix, not merely the wrong quantity, and that misallocation is costlier to unwind and remedy than incremental need is to add.

- **Closer alignment with more up-to-date demand forecasts**

Substituting the more up-to-date 2025 IEPR forecast aligns procurement more closely with the updated outlook for items that have a profound impact on the procurement outlook for the state. This includes, but is not limited to, hyperscalers such as data centers as well as updated EV adoption and building electrification trends. Accounting for these updated factors mitigates the risk of near-term overprocurement and the resulting upward rate pressure that customers would otherwise bear.

- **Preservation of the firm 2045 endpoint**

The Alternative Portfolio reaches the identical 8 MMT by 2045 target and 0.155 MMT 2045 benchmark; only the pace of the interim descent differs. The climate integrity of the Plan is fully preserved, and the affordability and feasibility benefits above are achieved without weakening the State's 2045 carbon neutrality and 100% clean electricity goals.

B. Preferred Conforming Portfolio

SDG&E recommends that the Commission approve the PCP described above as conforming with the requirements of the IIRP. Below, SDG&E demonstrates that its Conforming Portfolio satisfies each relevant statutory and administrative requirement of Public Utilities Code section 454.52(a)(1). In providing this rationale, SDG&E assumes that other LSEs procure consistent with the 2025-2026 TPP Portfolio with updates.

- **Meet the greenhouse gas emissions reduction targets established by the State Air Resources Board, in coordination with the commission and the Energy Commission, for the electricity sector and each load-serving entity that reflect the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030 (I.e. meet the LSE's GHG benchmarks).**

Emissions associated with SDG&E's Conforming Portfolio, based on the CSP methodology, are at or below SDG&E's assigned benchmarks of 0.351 MMT in 2035 and 0.155 MMT in 2045, as detailed in Section III.c.[24] These benchmarks reflect the electricity sector's contribution to the State's GHG-reduction targets, consistent with CARB's Climate Change Scoping Plan for Achieving Carbon Neutrality.[25]

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[24] IRP Ruling at 8 (Referencing the process by which LSEs will receive their individual load forecasts and GHG benchmarks directly from Commission staff).

[25] California Air Resources Board, *2022 Scoping Plan for Achieving Carbon Neutrality* (December 2022), (*available at* https://ww2.arb.ca.gov/resources/documents/2022-scoping-plan-documents).

- **Procure at least 60 percent eligible renewable energy resources by December 31, 2030, consistent with Article 16 (commencing with Section 399.11) of Chapter 2.3.**

SDG&E is fully compliant with the RPS program and its long-term contracting requirements and expects to continue as a leader in renewable procurement. SDG&E reached a 53.46% RPS position in Compliance Period ("CP") 4 (2021-2024) and projects to continue to meet or exceed RPS compliance targets through 2035 as described in SDG&E's most recent RPS filing.[26] SDG&E expects to remain compliant with RPS requirements, including the requirement that at least 60 percent of retail sales be served by eligible renewable energy resources by 2030, through a combination of existing resources, banked RECs, portfolio optimization activities, and where appropriate, additional cost-effective procurement. SDG&E exceeded its CP 4 requirements, but its Draft 2026 RPS Plan forecasts a short position beginning in CP 5 due to load departure, Voluntary Allocation and Market Offer ("VAMO") and portfolio optimization impacts, and updated demand forecasts. SDG&E expects to remain compliant through 2035 by using banked RECs and/or undertaking additional cost-effective procurement from new or existing resources, while preserving authority to buy, sell, and optimize RPS volumes across compliance periods for customer benefit. SDG&E is awaiting the final adopted RCPPP framework, which may establish further RPS-like procurement requirements. Should it do so, SDG&E will procure resources as directed.

- **Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.**

The least-cost, best-fit methodology that governs the IRP is itself a principal safeguard of just and reasonable rates. By selecting, among all baseline and candidate resources, the portfolio

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[26] R.24-01-017, San Diego Gas & Electric Company (U 902 E), Draft 2026 Renewables Portfolio Standard Procurement Plan (June 12, 2026).

that meets SDG&E's GHG benchmark and reliability obligations at the lowest feasible cost, the methodology ensures that ratepayers do not bear the cost of resources beyond those required to satisfy the State's policy objectives, and lays the groundwork for SDG&E to provide reliable, affordable, and equitable service to its customers while maintaining compliance with Commission requirements. SDG&E's PCP is the product of that optimization, and its costs are therefore reasonable as no lower-cost portfolio satisfies the same constraints.[27]

- **Minimize impacts on ratepayers' bills.**

Affordability is of paramount concern to SDG&E, and the statutory directive to minimize impacts on ratepayers' bills guides consideration of SDG&E's Conforming Portfolio and Alternative Portfolio. The least-cost, best-fit methodology directly serves this directive because the portfolio is optimized to the lowest feasible cost consistent with SDG&E's GHG and reliability constraints; it minimizes the revenue requirement attributable to meeting those obligations. The rate impacts of the 8 MMT by 2045 portfolio are presented in Section III.e and the attachments to this narrative. SDG&E is concerned with the possibility of overbuild associated with the 2024 sales forecast that may lead to stranded costs in the future if actual sales are closer to the current 2025 IEPR forecast. While the projected $/kWh rates are higher due to the lower sales in the 2025 forecast, this forecast is the more prudent choice that avoids the potential for even higher rates that would result from a higher revenue requirement in the Conforming Portfolio combined with lower sales in the Alternative Portfolio.

Rate impact forecasts presented here should generally not be relied on for precision or for decision making; the rates presented do not include future unknown revenue requirement asks, and as SDG&E has pointed out, load forecasts have been volatile in recent years.

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[27] *See* Pub. Util. Code §§ 454.51, 454.52.

Consistent with standard utility practice, rate forecasts are not typically developed beyond the period covered in a specific application (*e.g*. four years of rate impacts for a General Rate Case cycle). In addition, the revenues and rates shown are expressed in real 2024 dollars, as required, rather than nominal dollars for the corresponding years. However, the rate impacts presented here directionally can show the magnitude of stranded cost risk if the Commission adopts the Conforming Portfolio that includes the 2024 IEPR load forecast. SDG&E submits that the relevant comparison across scenarios is the total revenue requirement customers must fund and the risk of exposure to stranded costs. Consistent with that directive, and SDG&E's long position in both the reliability and GHG measures of its portfolio, SDG&E respectfully submits that the Commission should adopt the most current IEPR load forecast, so that ratepayers are not asked to prematurely fund procurement for demand that may not materialize or may be delayed.

- **Ensure system and local reliability on both a near-term and long-term basis, including meeting the near-term and forecast long-term resource adequacy requirements of Section 380, and require sufficient, predictable resource procurement and development to avoid unplanned energy supply shortfalls by taking into account impacts due to climate change, forecasted levels of building and transportation electrification, and other factors that can result in those shortfalls.**

The Commission's Resource Adequacy program was adopted to ensure the reliability of electric service in California. Pursuant to statute, the Commission sets RA obligations applicable to all Commission-jurisdictional LSEs.[28] SDG&E developed its portfolio in compliance with the Commission's RA framework to address both system and local needs. Consistent with the Commission's increasing focus on forward procurement frameworks, such as the in-development RCPPP, that provide LSEs with earlier and more predictable procurement obligations and support timely development of the resources needed for reliability, SDG&E's portfolio accounts

[28] Pub. Util. Code § 380.

for the effects of climate change and forecasted building and transportation electrification growth embedded in the adopted load forecast and maintains a surplus reliability position every year through 2045, as demonstrated in Table 14 and Figure 10 in Section III.f. SDG&E's local reliability obligations are separately satisfied through the Commission's local RA framework, and the PCP is consistent with those local RA requirements.

- **Comply with paragraph (1) of subdivision (b) of Section 399.13 (I.e., at least 65 percent of the LSE's RPS procurement for each compliance period shall be from its contracts of 10 years or more in duration or in its ownership or ownership agreements for eligible renewable energy resources).**

SDG&E is fully compliant with the 65 percent long-term contracting requirement and elected early compliance with this requirement beginning in RPS Compliance Period 3 (2017-2020).[29] Beginning in 2020, long-term contracts at least 10 years in duration have comprised 100 percent of SDG&E's remaining RPS contracts. SDG&E assumes that all new resources contracted in its modeling of the PCP and AP are retained for the duration of the planning horizon.

- **Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.**

SDG&E's Preferred Conforming Portfolio affirmatively advances resource diversity, sustainability, and resilience. The resource mix spans multiple generating technologies, including solar, in-state and out-of-state wind, 8-hour storage, and geothermal, and is distributed across distinct geographic and resource zones, reducing exposure to localized constraints, correlated weather risk, and single-technology dependence. Consistent with the geographic diversity priority described in Section III.m, SDG&E developed the portfolio with attention to deliverability and interconnection feasibility, so that diversity is realized in operation and not

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[29] Pub. Util. Code § 399.13(b)(1).

merely on paper. The substantial energy storage component further enhances operational flexibility and resilience by shifting clean energy to periods of system need.

- **Enhance distribution systems and demand-side energy management.**

SDG&E's PCP incorporates the demand-side assumptions built into the Commission's PSP, including the IEPR forecasts of energy efficiency, building and transportation electrification, BTM PV, and demand response, which moderate the incremental supply-side build the portfolio must otherwise procure. The portfolio also includes significant energy storage resources that bolster the distribution system by absorbing midday renewable output and discharging during peak periods, supporting local voltage and capacity and complementing the demand-side measures embedded in the forecast.

- **Minimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.**

SDG&E's Conforming Portfolio relies on the adopted Preferred System Plan and incorporates its disadvantaged community ("DAC") impacts identified in the last IRP cycle. SDG&E supports a range of programs focused on air pollutant and GHG reductions in DACs, as described in Section III.d.

- **Maintain a diverse portfolio of energy resources, which may include eligible energy resources procured by the Department of Water Resources.**

SDG&E's PCP maintains a diverse portfolio of energy resources across resource types, technologies, and geographic locations, consistent with Public Utilities Code section 454.52(a)(1)(J).[30] The portfolio combines solar, in-state and out-of-state wind, 8-hour storage,

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[30] Pub. Util. Code § 454.52(a)(1)(J) provides that the Commission shall ensure that load-serving entities: "Maintain a diverse portfolio of energy resources, which may include eligible energy resources procured by the Department of Water Resources."

and geothermal, complemented by SDG&E's existing resource base, so that the portfolio does not depend on any single technology, fuel, or location to meet its energy, capacity, and GHG-compliance obligations. This diversity advances reliability and affordability by spreading exposure to technology-specific cost, performance, supply chain, and weather risk, and by preserving optionality as costs and policy evolve over the planning horizon.

Consistent with section 454.52(a)(1)(J), a diverse portfolio may also include eligible resources procured by the Department of Water Resources ("DWR") through the central procurement of long-lead-time resources directed by the Commission under AB 1373 and D.24-08-064. SDG&E did not include AB 1373 resources in its Conforming Portfolio, as the Conforming Portfolio prioritizes least-cost best-fit over the procurement of more expensive LLT resources under AB 1373 and D.24-08-064. To the extent DWR procures offshore wind, geothermal, LDES, or other resources on behalf of LSEs in the future, SDG&E's bundled service customers would receive their allocated share of those resources and the attendant resource diversity benefits, and SDG&E would account for that allocated share in its portfolio so as to avoid duplicative procurement of the same resource categories. SDG&E's treatment of these centrally procured resources, including the categories and quantities identified in Decision 24-08-064, is described further in Section IV.a.x.

- **Comparison to SDG&E's 2022 Preferred Conforming Portfolio**

In its 2022 IIRP filed under R.20-05-003, SDG&E submitted a 25 MMT Preferred Conforming Portfolio with cumulative capacity additions of 1,800 MW by 2035, comprised principally of solar (603 MW), 4-hour battery storage (280 MW), hybrid resources (239 MW storage, 254 MW solar), on-shore wind (144 MW), OSW (116 MW), demand response (67

MW), and geothermal (42 MW),[31] as displayed in Table 6 below. The 2026 Preferred Conforming Portfolio differs in several material respects:

- The planning horizon is extended from 2035 to 2045;
- The longer planning horizon extends the GHG target trajectory, which tightens to 8 MMT by 2045;
- The load forecast reflects the 2024 IEPR compared to the 2021 IEPR, incorporating aggressive data-center and electrification-driven growth;
- Resource costs have been updated, and SDG&E's 2026 portfolio does not contain 4-hour battery storage, OSW, or Demand Response resources for reasons discussed;
- Procurement completed since 2022 under D.21-06-035 and D.23-02-040 is reflected in the baseline; and
- The candidate resource set has expanded to include new resource types available in the Commission's adopted inputs and assumptions.

Table 6
2022 vs. 2026 Conforming Portfolio New Capacity Resource Mix 2035 (MW)

Resource Type	2022 IRP PCP	2026 IRP PCP	Change
Solar	603	1,451	+848
4-hour Li-ion Battery	280	0	-280
8-hour Li-ion Battery	55	400	+345
Geothermal	42	42	0
Hybrid – Storage Portion	239	0	-239
Hybrid – Solar PV Portion	254	0	-254
OSW	116	0	-116
OOS Wind	137	0	-137
In-State Wind	7	0	-7
Demand Response	67	0	-67
Total	1,800	1,893	+93

[31] R.20-05-003, 2022 Individual Integrated Resource Plan of San Diego Gas & Electric Company (U 902 E) (November 1, 2022) ("SDG&E 2022 IRP") at 22-23.

The net result is a slightly higher 2035 build (93 MW) and a substantially larger cumulative 2045 build (3,962 MW), weighted toward solar and 8-hour battery storage, with wind entering after 2035 and no offshore wind selected.[32] The higher 2035 build is due, at least in part, to the replacement offshore wind with lower capacity factor (but more cost-effective and feasible) solar and storage resources, partially offset by resources procured following the 2022 IRP process, including Mid-Term Reliability ("MTR") and Supplemental MTR procurement.[33]

- **Natural Gas Justification**

If the LSE's Preferred Conforming Portfolio includes new natural gas resources or recontracting with existing natural gas resources for a term of five years or more, the IIRP Narrative requires the LSE to describe why another lower-emitting or zero-emitting resource could not reasonably or cost-effectively meet the need identified. SDG&E's Preferred Conforming Portfolio does not include new natural gas resources or the recontracting of existing natural gas resources of five years or more for purposes of meeting an identified need. Accordingly, the cost-effectiveness justification required by the 2026 template for new or recontracted gas does not apply.

C. GHG Emissions Results

SDG&E used the CSP calculator to estimate the GHG mass emissions associated with its portfolio relative to its share of the GHG mass planning benchmarks for the 8 MMT by 2045 scenario. The emissions associated with SDG&E's Preferred Conforming Portfolio are below the benchmarks in both benchmark years. SDG&E did not use custom hourly load shapes for

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[32] *Ibid*.

[33] *See* D.21-06-035 and D.23-02-040.

GHG-free generation in the CSP, nor did SDG&E supply user-specified production profiles since the CSP calculator's default hourly shapes apply as described in Section II.

Table 7
SDG&E Portfolio GHG Emissions Results (MMT CO_2e)

Year	PCP	AP	Requirement
2035	0.329	0.188	0.351
2045	0.127	0.108	0.155

For comparison, SDG&E's Alternative Portfolio reaches the identical 8 MMT by 2045 endpoint. Under the illustrative 38/30 MMT interim sector path, the Alternative Portfolio's interim (*e.g.*, 2035) emissions position differs from the Preferred Conforming Portfolio's 0.329 MMT (see Table 7) while remaining at or below the applicable interim benchmark, reflecting the reduced near-term build that the relaxed glide path permits. Table 7 reports a reduced Alternative Portfolio emission position of 0.188 MMT in 2035, below both the PCP's 0.329 MMT and SDG&E's assigned 2035 benchmark of 0.351 MMT.[34] As modeled, the Alternative Portfolio therefore satisfies the assigned 2035 benchmark.

D. Local Air Pollutant Minimization and Disadvantaged Communities

i. Local Air Pollutants

SDG&E used the CSP calculator to estimate the NOx, PM2.5, and SO2 emissions associated with its Preferred Conforming Portfolio. Results are reported below:

[34] The CSP tool utilized in this IRP cycle was developed using assumptions consistent with the 2024 IEPR. While the application of a CSP tool updated to reflect the 2025 IEPR may yield different results, SDG&E presents these findings solely for purposes of illustrating the relative differences between the PCP and AP.

Table 8
PCP Local Air Pollutants Results by Benchmark Year (Tons)

Pollutant	2035	2045	% Decrease
NOx	33.63	10.62	-68.4%
PM 2.5	22.67	9.98	-56.0%
SO_2	2.16	0.94	-56.5%

As the table shows, the criteria pollutant emissions associated with SDG&E's PCP decline materially across the planning horizon, with NOx falling by approximately 68%, PM 2.5 by approximately 56%, and SO_2 by approximately 57% between 2035 and 2045, reflecting the displacement of fossil generation by the incremental clean resources that SDG&E's modeling adds. SDG&E's air pollutant outlook is consistent with the statutory direction to minimize localized air pollutants with early priority on DACs.[35] Because SDG&E's contribution to local air pollutants arises from the specified natural gas resources identified below, rather than solely from reliance on unspecified system power, the template's contingent direction to address system power reliance in the Action Plan does not apply. The PCP adds no incremental natural gas capacity, consistent with Table 6. The specified natural gas resources are SDG&E's existing units, and the portfolio's local air pollutant emissions derive from their continued dispatch rather than from any newly added gas resource.

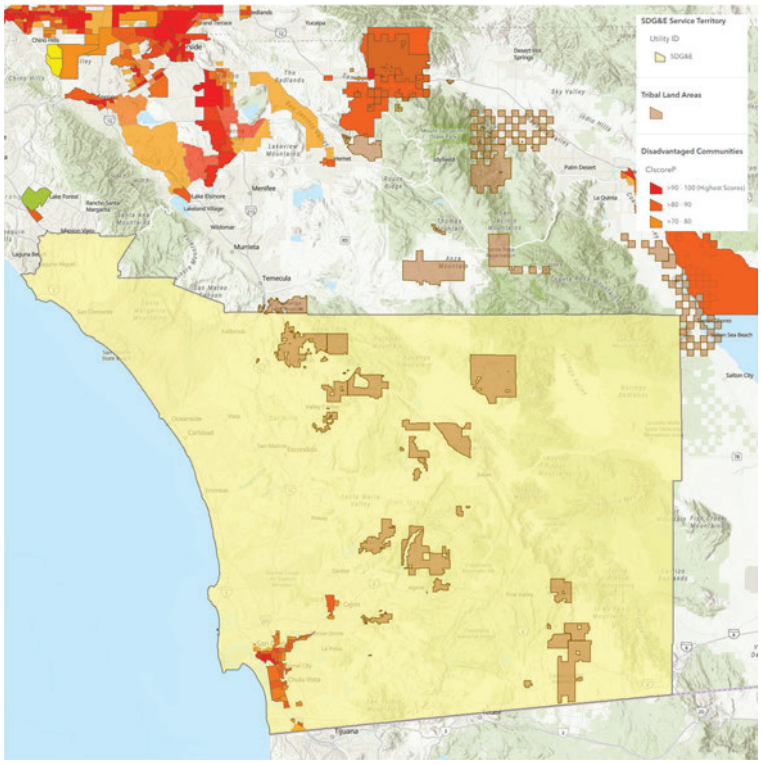
ii. Focus on Disadvantaged Communities

For purposes of this IRP, SDG&E identifies DACs consistent with the California Environmental Protection Agency's ("CalEPA") SB 535 DAC designation, which relies on CalEnviroScreen 4.0 results, certain high-pollution-burden census tracts lacking overall scores, carryover tracts from the prior DAC designation, and lands under the control of federally

[35] Health & Safety Code § 39711.

recognized Tribes.[36] SDG&E's service territory includes 56 DAC census tracts and 18 federally recognized tribal land areas as of July 2026. CalEPA's SB 535 designation is statewide in scope. The operative designation, adopted by CalEPA in May 2022 based on CalEnviroScreen 4.0, identifies DAC census tracts throughout California, and the air quality effects of SDG&E's portfolio are not confined to SDG&E's service territory.[37] The Figure below shows the location of DACs and Tribal Lands, by census tract, located within SDG&E's service territory.

Figure 7
Disadvantaged Communities / Tribal Lands in SDG&E Service Territory



[36] Health & Safety Code § 39711; SB 535, Stats. 2012, ch. 830. Certain clean transportation infrastructure programs use a modified DAC definition. Power Your Drive for Schools (AB 1082), Power Your Drive for Parks & Beaches (AB 1083), and Power Your Drive for Fleets all utilize a service territory specific DAC definition based on CalEnviroScreen 3.0 which was the latest version available at the time these programs were implemented. Under this definition there are 179 census tracts that are considered to be DACs.

[37] CalEPA released CalEnviroScreen 5.0 on July 1, 2026. It is not being used here as CalEnviroScreen 4.0 is indicated for use in this IRP cycle.

Because the non-emitting resources in SDG&E's portfolio are dispatched within the CAISO system, the emitting generation their output displaces is located across the CAISO footprint, and the reductions in NOx, PM2.5, and SO_2 emissions reported in Section III.d.i therefore accrue to communities near displaced units across that footprint, including DACs outside SDG&E's service territory. SDG&E continues to support DAC and low-income customers through a portfolio of programs that includes clean transportation infrastructure, transportation electrification, energy efficiency, distributed solar, energy storage, demand response, the California Alternate Rates for Energy ("CARE") program, the Family Electric Rate Assistance ("FERA") program, and the Energy Savings Assistance ("ESA") program. Table 9 below summarizes the demographic characteristics of the DAC census tracts within SDG&E's service territory

Table 9
SDG&E DAC Demographics

	CalEnviroScreen DACs	Tribal DACs	SDG&E Territory
Gender Identification			
Unknown	33.96%	33.15%	56.24%
Neutral	2.10%	1.59%	2.04%
Male	31.94%	30.48%	22.30%
Female	32.00%	34.78%	19.42%
CARE Customer Breakdown[38]			
Total Customers[39]	117,956	2,862	1,777,830
Total CARE Customers	39,662	545	305,520
CARE Participation Rate	33.60%	19.00%	17.20%
Customer Type %[40]			
Commercial[41]	12.21%	23.25%	9.55%

[38] CARE customers include FERA enrolled customers and sub-metered customers.

[39] Includes sub-metered customers based on the quantity of units listed on the master meter's account.

[40] Customer Type includes sub-metered customers and is based on the account class.

[41] The Commercial category also includes all government and unmetered account classes.

Industrial	0.58%	0.65%	0.40%
Residential	87.21%	76.10%	90.05%

Figures 8 and 9 provide an updated DAC map showing CalEnviroScreen 4.0 DAC census tracts, tribal lands, contracted generation facilities in SDG&E's resource portfolio as of July 2026, and 5-mile radius overlays around each facility.

Figure 8
Disadvantaged Communities / Tribal Lands Proximity to Emitting Resources in SDG&E Service Territory

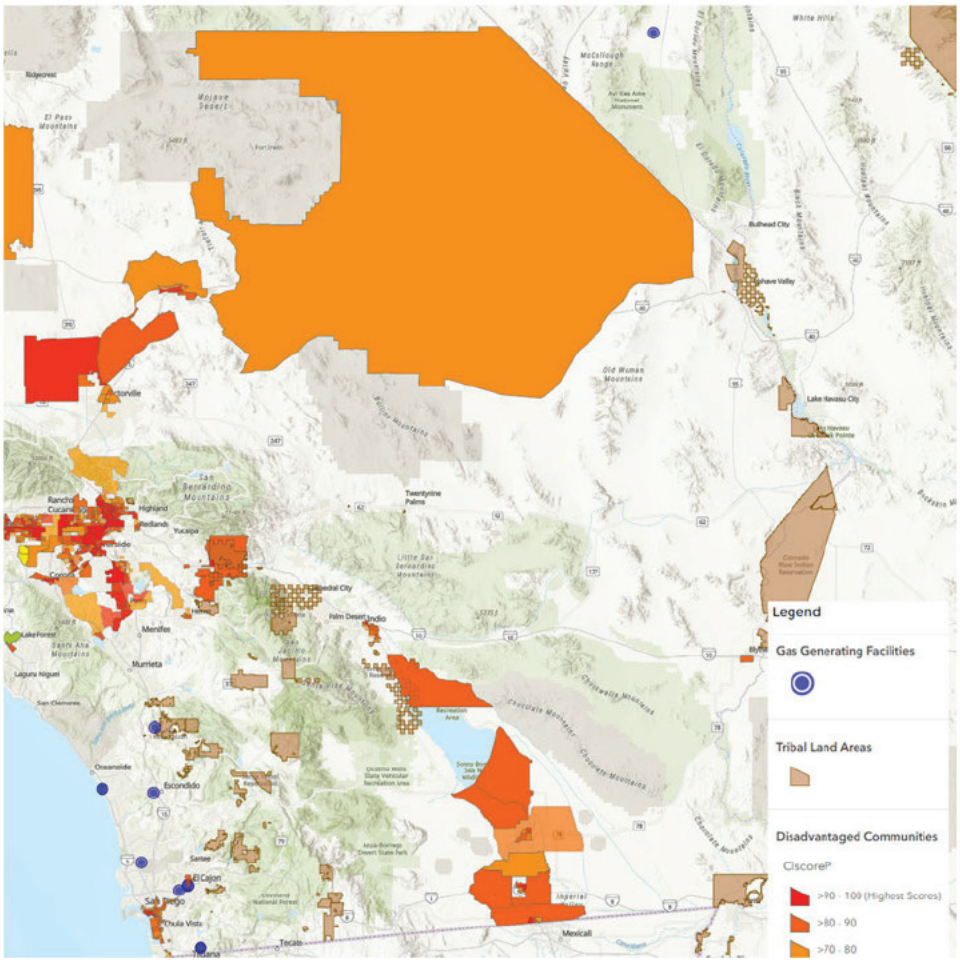
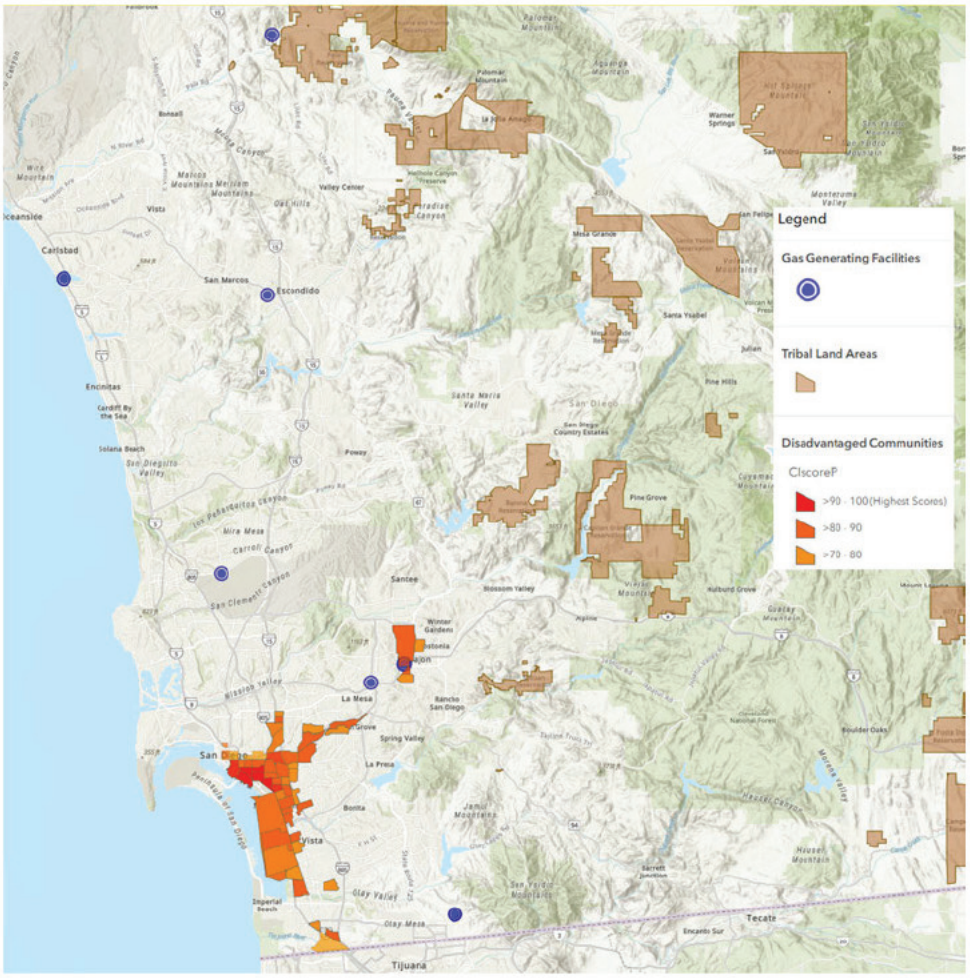


Figure 9
Disadvantaged Communities / Tribal Lands Proximity to Existing Emitting Resources (San Diego Area Detail



In response to the new 5-mile radius analysis requirement, SDG&E conducted a GIS-based review of contracted generation facilities included in its PCP. For each facility, SDG&E developed a 5-mile radius buffer and identified DAC census tracts and tribal land areas intersecting that buffer. The results are provided at the census tract level.

Table 10
SDG&E Owned or Contracted Natural Gas Plants Within 5 Miles of DACs/Tribal Areas

Facility	Location	Type	Capacity (Nameplate MW)
Cuyamaca Peak Energy Plant	El Cajon, CA	Natural Gas Fired Peaker	48.7
El Cajon Energy Center	El Cajon, CA	Natural Gas Fired Peaker	49.9
Grossmont Hospital	La Mesa, CA	Natural Gas Fired Peaker	4.6
Orange Grove Peaking Facility	Pala, CA	Natural Gas Fired Peaker	96.0

- **Estimates of annual GHG emissions**

Providing DAC-specific emissions tied to SDG&E's portfolio is not analytically meaningful, because emissions from the relevant plants cannot be attributed exclusively to SDG&E's portfolio or to the energy needs of the DACs in which they are located; these units are dispatched by the CAISO to serve load when needed, not solely the load served by SDG&E or the load within the DAC. Nevertheless, to inform the Commission as to the operation of plants located in DACs in SDG&E's service area, SDG&E provides a list of emitting plants located within five miles of a DAC/Tribal Land Area in the table below.

- **Evaluation criteria for potential procurement in DACs**

SDG&E's PCP minimizes local air pollutants in DACs through three complementary means. First, the portfolio minimizes emissions in DACs through its future composition. Every incremental resource in the PCP and Alternative Portfolio is a clean, non-emitting resource. SDG&E's PCP accordingly does not plan to contract with any new emitting resource located in a DAC, and the portfolio introduces no new source of NOx, PM2.5, or SO_2 emissions into any DAC census tract. Because the incremental resources in the PCP are non-emitting, DAC air quality benefits arise primarily through the displacement of emissions from existing emitting generation rather than from the location of the new resources themselves. Instead, SDG&E's

portfolio provides air quality benefits to DACs because wherever new resources interconnect, they add nothing to the local pollutant burdens and their output displaces emitting generation systemwide.

Second, the portfolio reduces emissions from the existing units located in or near DACs. Currently, there are no plans in this IIRP to change the physical and operating characteristics of the existing emitting facilities in and/or near DACs. The relevant planning question is therefore how quickly their emissions can be displaced, subject to reliability constraints. Because the emissions near DACs associated with SDG&E's portfolio derive from the gas fleet identified above, each increment of non-emitting generation added under the portfolio displaces some measure of emitting generation operating hours. With this operating hour reduction comes a commensurate reduction in the criteria pollutant emissions of those emitting resources. The declining NOx, PM2.5, and SO_2 trajectories reported in Section III.d.i quantify this effect.

Third, SDG&E continues to evaluate opportunities to lower emissions for existing generation units including repowering, efficiency improvements, emissions control upgrades, hybridization, and, where consistent with reliability needs, retirement. For resources whose physical characteristics SDG&E does not control, emissions reductions are achieved primarily through the dispatch displacement described above and, where applicable, through contract expiration and replacement with lower-emitting or non-emitting resources. These measures deliver air quality benefits at the source, including in communities located near existing generation facilities.

Collectively, the three mechanisms described above work to reduce localized air pollutant emissions in disadvantaged communities. First, the portfolio avoids adding new emitting resources and instead relies on non-emitting resource additions. Second, the increasing

deployment of non-emitting resources displaces generation from emitting resources, reducing operating hours and associated emissions. Third, SDG&E continues to evaluate operational and fleet management opportunities to reduce emissions from existing resources where feasible and consistent with reliability needs. Combined, these activities contribute to reductions in NOx, PM2.5, and SO_2, while supporting broader reductions in GHG emissions in disadvantaged communities.

Where SDG&E conducts competitive solicitations, resources are evaluated using a consistent and transparent LCBF methodology designed to identify the best value for ratepayers. SDG&E applies its LCBF methodology through a standardized evaluation model. Market and financial assumptions are refreshed and then locked before the offer submission window closes, all methodological and input changes are documented, and SDG&E performs a series of checks that reconcile the evaluation model against the submitted offer forms and the production cost results before any offer is ranked. An Independent Evaluator reviews SDG&E's methodology and assumptions and audits the results, preserving methodological rigor and providing transparent documentation for any contracts that are submitted for Commission approval. SDG&E has applied this LCBF framework in its past IRP-mandated solicitations, described in Section IV.a.i, and will apply it in the solicitations contemplated by this Plan.

Although SDG&E's LCBF evaluation does not assign a standalone ranking preference to offers based solely on their proximity to a DAC, the resulting portfolio nevertheless minimizes localized air pollutants in DACs through the mechanisms described above. Section 454.52(a)(1)(I) of the Public Utilities Code does not prescribe a particular scoring mechanic; rather it directs a result: the minimization of localized air pollutants, with early priority on DACs identified pursuant to Health & Safety Code § 39711. SDG&E's PCP achieves that result

through the composition and operation of the forecasted portfolio itself. Although SDG&E does not employ DAC locational scoring in the PCP, it evaluates the DAC effects of its forecasted PCP and Alternative Portfolio procurement through the Commission-defined quantitative measures. Those measures are the CSP calculator estimates of portfolio NOx, PM2.5, and SO_2 emissions reported in Section III.d.i; the 5-mile proximity screening of contracted generation facilities against DAC census tracts and tribal lands described in Section III.d.ii; and the dispatch displacement analysis described above, which ties each increment of non-emitting procurement to reduced operating hours at emitting units located in or near DACs. In the IRP-mandated solicitations described in Section IV.a.i, SDG&E applied the LCBF methodology set forth above, with offers valued at their delivery locations through nodal production cost simulation and subject to Independent Evaluator review. SDG&E did not apply DAC locational scoring in those solicitations. SDG&E will continue to assess whether qualitative DAC considerations can be incorporated into future solicitations in a manner that is meaningful, transparent, and consistent with its LCBF obligations, and will report any such enhancements in subsequent IRP filings.

E. Cost and Rate Analysis

SDG&E presents the rate impact of its PCP and its Alternative Portfolio relative to a baseline scenario using the methodology described below. SDG&E reports revenue requirements and bundled system average rates below for the years 2027 through 2035 as well as 2040 and 2045, broken out by Distribution, Transmission, Generation, Demand-Side Programs, and Other, together with bundled sales and the resulting delivery, generation, and bundled system average rates. The baseline scenario applies the same cost assumptions as the PCP and Alternative Portfolios but excludes all incremental procurement and expiration of existing contracts. The analysis likewise assumes that other LSEs procure consistent with the 2025-2026 TPP Portfolio with updates.

Table 11
Illustrative Forecasted Revenue Requirements and System Average Rates for Baseline Scenario (2024 $)

Line	Cost Category	2027	2028	2029	2030	2031	2032	2033	2034	2035	2040	2045
1	Distribution	$2,598,294	$2,758,453	$2,807,070	$2,854,479	$2,926,259	$3,002,148	$3,080,400	$3,160,800	$3,242,471	$3,685,919	$4,191,302
2	Transmission	$893,588	$869,859	$848,032	$827,076	$847,874	$869,863	$892,536	$915,832	$939,496	$1,067,983	$1,214,417
3	Generation (Bundled)	$478,946	$490,982	$497,123	$503,571	$497,841	$492,490	$487,486	$482,801	$478,406	$498,292	$414,518
4	Demand Side Programs	$16,704	$16,337	$4,821	$4,702	$4,820	$4,945	$5,074	$5,206	$5,341	$6,071	$6,904
5	Other	$496,912	$429,729	$421,908	$402,152	$396,560	$391,813	$387,759	$384,356	$381,516	$287,618	$266,320
6 (Σ 1-5)	Baseline Rev. Requirement	$4,484,445	$4,565,360	$4,578,954	$4,591,980	$4,673,355	$4,761,260	$4,853,256	$4,948,995	$5,047,229	$5,545,884	$6,093,460
7	System Sales (GWh)	$18,061	18,944	19,815	20,777	21,681	22,614	23,582	24,621	25,809	29,671	31,840
8	Bundled Sales (GWh)	2,916	3,167	3,345	3,548	3,760	3,979	4,213	4,474	4,847	5,925	6,448
9	System Average Delivery Rate ($/kWh)	$0.222	$0.215	$0.206	$0.197	$0.193	$0.189	$0.185	$0.181	$0.177	$0.170	$0.178
10	Bundled Generation Rate ($/kWh)	$0.164	$0.155	$0.149	$0.142	$0.132	$0.124	$0.116	$0.108	$0.099	$0.084	$0.064
11	Bundled System Average Rate ($/kWh)	$0.386	$0.370	$0.355	$0.339	$0.325	$0.313	$0.301	$0.289	$0.276	$0.254	$0.243

The portfolio scenarios primarily affect the generation revenue requirement; the transmission, demand-side programs, and other revenue requirements are not directly driven by procurement and as a result are held constant across scenarios, except for some contract roll-offs which are captured in the Other category. Consistent with the cost allocation framework, the costs and benefits of resources subject to the Cost Allocation Mechanism ("CAM") and Modified CAM ("MCAM") are reflected in the system average delivery rate rather than in the bundled generation rate.[42] The generation baseline is derived from SDG&E's 2027 Energy Resource Recovery Account ("ERRA") forecast filing. SDG&E performed production cost modeling for the years 2030, 2035, 2040, and 2045. For the intervening years, revenue requirements were estimated using a run-rate interpolation method across the planning horizon using General Rate Case escalation factors. The incremental generation cost of each portfolio reflects two offsetting

[42] *See* Pub. Util. Code § 365.1.

effects; the addition of the new resources identified in Section III, and the expiration of existing contracts. SDG&E accounts for the latter by identifying each expiring resource, its associated balancing account, its 2027 forecasted ERRA cost, and its expiration date, and removing that cost (escalated at the same rate) from the applicable year forward. Bundled system average rate impacts are computed as the forecasted generation revenue requirement in each year divided by forecasted bundled sales in that year for the respective portfolio. The average rates provided in this section are illustrative and prepared for purposes of this IIRP only. They are not representative of SDG&E's future rates and are not indicative of the rates that may result from SDG&E's requests in future ratesetting applications; they are presented for illustrative purposes solely to permit comparison of the portfolio scenarios on a consistent basis.

Table 12
Illustrative Forecasted Revenue Requirements and System Average Rates for 8 MMT PCP
(2024 $)

Line	Cost Category	2027	2028	2029	2030	2031	2032	2033	2034	2035	2040	2045
1	Distribution	$2,598,294	$2,758,453	$2,807,070	$2,854,479	$2,926,259	$3,002,148	$3,080,400	$3,160,800	$3,242,471	$3,685,919	$4,191,302
2	Transmission	$893,588	$869,859	$848,032	$827,076	$847,874	$869,863	$892,536	$915,832	$939,496	$1,067,983	$1,214,417
3	Generation (Bundled)	$478,946	$490,982	$529,373	$653,687	$674,534	$695,760	$717,332	$739,223	$761,405	$926,992	$983,813
4	Demand Side Programs	$16,704	$16,337	$4,821	$4,702	$4,820	$4,945	$5,074	$5,206	$5,341	$6,071	$6,904
5	Other	$496,912	$429,729	$421,908	$402,152	$396,560	$391,813	$387,759	$384,356	$381,516	$287,618	$266,320
6 (Σ 1-5)	PCP Rev. Requirement	$4,484,445	$4,565,360	$4,611,204	$4,742,096	$4,850,048	$4,964,529	$5,083,102	$5,205,418	$5,330,228	$5,974,584	$6,662,755
7	System Sales (GWh)	18,061	18,944	19,815	20,777	21,681	22,614	23,582	24,621	25,809	29,671	31,840
8	Bundled Sales (GWh)	2,916	3,167	3,345	3,548	3,760	3,979	4,213	4,474	4,847	5,925	6,448
9	System Average Delivery Rate ($/kWh)	$0.222	$0.215	$0.206	$0.197	$0.193	$0.189	$0.185	$0.181	$0.177	$0.170	$0.178
10	Bundled Generation Rate ($/kWh)	$0.164	$0.155	$0.158	$0.184	$0.179	$0.175	$0.170	$0.165	$0.157	$0.156	$0.153
11	Bundled System Average Rate ($/kWh)	$0.386	$0.370	$0.364	$0.381	$0.372	$0.364	$0.355	$0.347	$0.334	$0.327	$0.331

Because a number of SDG&E's legacy contracts carry above-market costs and expire over the planning horizon, the cost increase associated with SDG&E's incremental build is less

than proportional to the increase in contracted capacity. While SDG&E's PCP increases by 1,375 MWs, or 34% between 2030 and 2045, the total cost only increases by 19% across those same years. This captures an important nuance in the affordability impacts of new procurement that replaces above-market legacy contracts.

Table 13
Illustrative Forecasted Revenue Requirements and System Average Rates for Alternative Portfolio (2024 $)

Line	Cost Category	2027	2028	2029	2030	2031	2032	2033	2034	2035	2040	2045
1	Distribution	$2,598,294	$2,758,453	$2,807,070	$2,854,479	$2,926,259	$3,002,148	$3,080,400	$3,160,800	$3,242,471	$3,685,919	$4,191,302
2	Transmission	$893,588	$869,859	$848,032	$827,076	$847,874	$869,863	$892,536	$915,832	$939,496	$1,067,983	$1,214,417
3	Generation (Bundled)	$478,946	$474,071	$495,589	$567,096	$574,811	$582,976	$591,559	$600,536	$609,881	$731,542	$826,105
4	Demand Side Programs	$16,704	$16,337	$4,821	$4,702	$4,820	$4,945	$5,074	$5,206	$5,341	$6,071	$6,904
5	Other	$496,912	$418,819	$402,376	$375,918	$370,784	$366,525	$362,982	$360,111	$357,819	$281,581	$270,175
6 (Σ 1-5)	AP Rev. Requirement	$4,484,445	$4,537,540	$4,557,887	$4,629,270	$4,724,550	$4,826,457	$4,932,552	$5,042,485	$5,155,007	$5,773,096	$6,508,904
7	System Sales (GWh)	16,710	17,226	17,682	18,202	18,715	19,253	19,822	20,381	21,108	24,569	27,262
8	Bundled Sales (GWh)	2,326	2,490	2,628	2,785	2,944	3,102	3,271	3,436	3,663	4,690	5,471
9	System Average Delivery Rate ($/kWh)	$0.240	$0.236	$0.230	$0.223	$0.222	$0.220	$0.219	$0.218	$0.215	$0.205	$0.208
10	Bundled Generation Rate ($/kWh)	$0.206	$0.190	$0.189	$0.204	$0.195	$0.188	$0.181	$0.175	$0.167	$0.156	$0.151
11	Bundled System Average Rate ($/kWh)	$0.446	$0.426	$0.418	$0.427	$0.417	$0.408	$0.400	$0.393	$0.382	$0.361	$0.359

The rate results reflect an important mathematical function rather than a cost disadvantage. The Alternative Portfolio carries a lower generation revenue requirement than the PCP because it procures fewer resources; its bundled system average rate is nonetheless modestly higher in the near- to mid-term because a largely fixed revenue requirement is divided by the materially lower forecasted sales of the 2025 IEPR. The comparison that applies to compliance with Pub. Util. Code §454.52(a)(1)(D) is measured in the dollars customers must pay, not in a ratio whose denominator shrinks whenever the forecast becomes more accurate. Under the Alternative Portfolio, bundled service customers fund a smaller total revenue requirement, face reduced exposure to stranded or underutilized capacity should the 2024 IEPR load fail to materialize, and avoid the highest-cost outcome identified in Section III.a.ii, in which

the portfolio is built to the 2024 IEPR while actual sales track the 2025 IEPR. Each rate metric presented here is conditioned on the sales forecast that accompanies its scenario. If actual sales materialize at 2025 IEPR levels, the PCP's reported rates would be understated because its larger revenue requirement would be spread over fewer kilowatt-hours than assumed. Based on these facts, SDG&E requests that the Commission adopt the most current (2025) IEPR load forecast in the PSP.[43]

[43] Pub. Util. Code § 454.52(a)(1)(D).

F. System Reliability Analysis

CONFIDENTIAL Figure 10
SDG&E Capacity by Contract Status Through 2045[44,45]



SDG&E demonstrates that its Conforming Portfolio contributes its fair share to system reliability through the effective capacity accounting in the RDT, which relies on a perfect capacity planning reserve margin ("PRM") and marginal ELCC approach. SDG&E did not perform separate stochastic reliability (loss-of-load-expectation) modeling for its portfolio. Such modeling is unnecessary because SDG&E's portfolio is bound by its GHG benchmark rather than by reliability need. As shown in the least-cost portfolio development, SDG&E's portfolio is over-reliable in the binding years, and SDG&E's incremental build is driven by GHG compliance rather than by any reliability deficit. Based on the RDT accounting, SDG&E's PCP

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[44] Planned Existing refers to planned contracts with resources already online with a valid CAISO ID. Planned New refers to new incremental capacity on the CAISO system.

[45] Information marked confidential pursuant to D.06-06-066.

maintains a surplus reliability position every year through 2045, with total effective supply exceeding total reliability need.

CONFIDENTIAL Table 14
SDG&E PCP Reliability Position Through 2045 (ELCC MW)[46]

ELCC by Contract Status	2027	2028	2029	2030	2031	2032	2033	2034	2035	2040	2045
Online	2,154	2,077	1,836	1,595	1,590	1,540	1,470	1,428	1,333	1,133	976
In Development	59	134	93	52	49	47	44	41	38	39	-
Under Review	[redacted]										
Planned Existing	-	-	-	-	-	-	-	-	-	-	-
Planned New	-	-	-	68	103	128	128	129	194	397	693
BTM PV	31	34	35	35	39	42	46	50	54	75	63
Total Supply	[redacted]										
Total Need											
Surplus/Deficit											

The reliability position reproduced in Table 14, above, confirms this showing. Total effective supply exceeds total reliability need in every study year, producing a positive net capacity position across the 2027 through 2045 horizon. The surplus is largest in the near term, at [redacted] MW in 2027, and compresses to [redacted] MW in 2030, [redacted] MW in 2035, and [redacted] MW in 2045. This narrowing trend tracks both a reliability need that falls to a low of [redacted] MW in 2030 before climbing to [redacted] MW by 2045, and a declining effective supply, which erodes from [redacted] MW in 2027 to [redacted] MW in 2045 as the capacity of existing resources falls from 2,154 MW to 976 MW. Planned new resources, contributing 68 MW of effective capacity beginning in 2030 and growing to 693 MW by 2045, together with behind-the-meter photovoltaic ("BTM PV") resources rising from 31 MW to 63 MW, partially offset that decline. Even at its narrowest, the [redacted] MW surplus in 2045 confirms that the portfolio remains reliable throughout

[46] Information marked confidential pursuant to D.06-06-066.

and that SDG&E's incremental build is governed by the GHG benchmark rather than any reliability deficit.[47]

G. Existing Resource Planning

SDG&E recognizes that overreliance on existing soon-to-expire resources could result in insufficient capacity being contracted and available to the system. Accordingly, SDG&E's modeling and assumptions account for contract expirations, planned retirements, and existing resource availability. SDG&E's PCP includes existing resources that have a contract status of "online" and "planned existing," as reported in the RDT. SDG&E expects these amounts of existing resources to remain available in the market. The basis for this expectation is that SDG&E's bundled need is approximately 2% of system load, and the quantities at issue are small relative to the existing fleet from which all LSEs contract. The principal procurement challenge SDG&E anticipates is competition from other LSEs seeking the same existing capacity as contracts expire, a risk SDG&E manages through the expiring contract inventory described below and through forward solicitation planning. Future compliance flexibility will help SDG&E continue to manage this risk. SDG&E has inventoried its expiring contracts by expiration date through 2045, detailing resource technology, capacity, balancing account, and expiration year. These expirations both inform the existing resource availability analysis and drive the generation-cost offset reflected in the Cost and Rate Analysis in Section III.e.

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[47] Information marked confidential pursuant to D.06-06-066.

Table 15
SDG&E Expiring Contracts through 2045

Resource / Contract	Technology	Capacity (MW)	Balancing Account	Expiration Year
Grossmont Hospital	Natural Gas	4.6	LGBA	2026
Miramar BioGas	BioGas	4.5	PABA	2026
Badger Filtration Plant	Conduit Hydro	0.6	PABA	2027
Maricopa West	Solar PV	20	PABA	2030
Sycamore Landfill 1	BioGas	1.5	PABA	2031
San Marcos Landfill	BioGas	1.5	PABA	2031
Honey Lake Power	Biomass	24	TMNBCBA	2032
Johanna Energy Center	Battery Storage	20	MCAM	2032
Pacific Wind	Wind	140	PABA	2032
Manzana Wind	Wind	100	PABA	2032
Sagebrush Energy Storage	Battery Storage	80	MCAM	2033
Ocotillo Wind	Wind	265	PABA	2033
Olivenhain	Conduit Hydro	0.45	PABA	2033
Rim Rock	Wind	189	N/A	2033
Campo Verde	Solar PV	139	PABA	2033
Los Alamitos 1	Hybrid Solar/Storage	15	MCAM	2033
Los Alamitos 2	Hybrid Solar/Storage	15	MCAM	2033
Cascade Solar	Solar PV	18.5	PABA	2033
Centinela Solar 1	Solar PV	125	PABA	2034
Centinela Solar 2	Solar PV	45	PABA	2034
Edward-Sanborn - 1	Hybrid Solar/Storage	25	MCAM	2034
Energia Sierra Juarez (ESJ)	Wind	151	PABA	2035
Orange Grove	Natural Gas	96	PABA	2035
Ortega Grid	Battery Storage	10	MCAM	2035
Seville - Tallbear	Solar PV	20	PABA	2035
El Cajon Energy Center	Natural Gas	45.72	PABA	2035
Calipatria	Solar PV	19.99	PABA	2036
Gateway Storage	Battery Storage	10	MCAM	2036
Vista Energy Storage 1	Battery Storage	10	MCAM	2036
Cald BESS LLC	Battery Storage	100	PABA	2036
NLP Granger Solar	Solar PV	3	PABA	2036
Valley Center Energy Storage 2	Battery Storage	54	MCAM	2036
Valley Center Solar	Solar PV	2.33	PABA	2036
Valley Center Energy Storage 1	Battery Storage	50	MCAM	2036
Borrego Solar	Solar PV	26	PABA	2038
Edward-Sanborn - 2	Hybrid Solar/Storage	20	PABA	2038
Midway Solar Farm III	Solar PV	20	PABA	2038
Imperial Valley Solar	Solar PV	200	PABA	2038

CSOLAR South	Solar PV	130	PABA	2038
Arlington Valley	Solar PV	127	PABA	2038
Catalina Solar	Solar PV	109.44	PABA	2038
Carlsbad	Natural Gas	422	LGBA	2038
Carlsbad 2	Natural Gas	105.5	LGBA	2038
Ramona 1	Solar PV	2	PABA	2038
Ramona 2	Solar PV	5	PABA	2038
Valley Center 1	Solar PV	2.5	PABA	2039
Valley Center 2	Solar PV	5	PABA	2039
Starlight Solar Project	Hybrid Solar/Storage	37.4	PABA	2039
Edwards-Sanborn BESS - 3	Battery Storage	47	PABA	2039
Bottleneck Storage	Battery Storage	80	PABA	2039
SG2 Imperial Valley 1	Solar PV	50	PABA	2039
SG2 Imperial Valley 2	Solar PV	50	PABA	2039
SG2 Imperial Valley 3	Solar PV	50	PABA	2039
Desert Green	Solar PV	6.3	PABA	2039
Escondido Energy Center	Natural Gas	47.84	LGBA	2039
Daggett Storage	Battery Storage	113.5	PABA	2040
Luna Valley Solar	Solar PV	113.5	PABA	2040
Nova Power Bank Storage	Battery Storage	60	PABA	2040
CSOLAR West	Solar PV	150	PABA	2041
Energia Sierra Juarez 2 (ESJ2)	Wind	105.1	PABA	2042
Ramona Solar	Solar PV	4.3	PABA	2042
Pio Pico 1	Natural Gas	111.3	LGBA	2042
Pio Pico 2	Natural Gas	112.7	LGBA	2042
Pio Pico 3	Natural Gas	112	LGBA	2042
Rosamond South II - 4 Hour	Battery Storage	44	PABA	2042
Rosamond South II - 8 Hour	Battery Storage	48	PABA	2042
Wister Solar Project	Solar PV	20	PABA	2042
Yellow Pine III	Solar PV	65	PABA	2043
Yellow Pine III	Battery Storage	50	PABA	2043

H. Hydro Generation Risk Management

Hydroelectric generation is subject to drought-related risk arising primarily from water supply constraints and evaporative losses. SDG&E has significantly fewer hydro resources as a proportion of its bundled portfolio than the PSP, which substantially reduces the associated risk. SDG&E's current bundled energy portfolio contains no large hydroelectric generating resources and therefore, SDG&E's portfolio is subject to minimal in-state drought risk. Although a portion

of SDG&E's energy needs is supplied by the market, which may include hydro from other areas of California, SDG&E's Conforming Portfolio does not add hydroelectric generation between now and 2045. SDG&E's minimal hydro exposure has not changed materially since 2022. As in its 2022 Plan, SDG&E relies on no large hydroelectric generation and plans no hydro additions, so no change in drought risk controls has been necessary. Relative to the 2025-2026 TPP Portfolio with updates, SDG&E's PCP proposes no incremental hydro generation and therefore incurs no incremental drought-related risk, and its expected costs, GHG emissions, and reliability exhibit no material dependence on in-state hydro availability. No hedging strategies or contingency plans beyond SDG&E's ordinary market risk management practices are required.

I. Long-Duration Storage Planning

For purposes of this IRP, long-duration energy storage is defined as a single resource capable of discharging at maximum capacity for at least eight hours.[48] SDG&E's portfolio includes resources meeting this definition in the form of eight-hour battery storage resources selected through the least-cost capacity expansion modeling described in Section II. From a statewide perspective, SDG&E recognizes that LDES represents a significant opportunity to support California's clean energy transition by providing reliable capacity during periods when solar and wind resources are unavailable to serve load, while also helping to address increasing electricity demand associated with transportation and building electrification, data centers, and other large-load developments.

SDG&E's growing portfolio of storage resources demonstrates the important role energy storage already plays in advancing reliability, resilience, affordability, and decarbonization objectives. SDG&E currently has 48 MW of 8-hour storage in development with an expected

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[48] CPUC IRP Inputs & Assumptions at 36.

online date of 2027. Included in its PCP are an additional 400 MW of 8-hour battery storage projects under review, expected to come online before the end of 2030. These resources support summer reliability, reduce dependence on traditional generation during peak demand periods, strengthen resilience in wildfire-prone and Public Safety Power Shutoff ("PSPS")-exposed communities, enhance utilization of renewable generation resources, and improve overall grid flexibility.

Among the candidate resources in the Commission's adopted inputs and assumptions, generic LDES resources are modeled as candidate technologies with 12-hour, 24-hour, and 100-hour durations. SDG&E's least-cost portfolio does not select these generic LDES variants because, under the assumptions modeled in this proceeding, they are not economically competitive relative to available eight-hour storage resources. Instead, the model selects increasing quantities of eight-hour storage, reaching approximately 705 MW by 2045. Relative to SDG&E's 2022 portfolio, key drivers of this outcome include increasing deployment of four-hour storage resources, with the increased saturation leading to a decline in four-hour marginal ELCC values; cost and performance trends affecting eight-hour storage technologies; the introduction of generic LDES candidates in the candidate resource set; and the extension of the planning horizon through 2045.

Although generic LDES resources are not selected in SDG&E's least-cost portfolio in this cycle, SDG&E believes LDES technologies may play an increasingly important role as California moves toward economy-wide carbon neutrality and renewable penetration continues to increase. Depending on technology and configuration, LDES has the potential to shift renewable generation across longer durations, reduce renewable curtailment, provide reliability services during extended periods of limited wind and solar production, and reduce reliance on

peaking resources. In addition, emerging LDES technologies may utilize battery chemistries and storage approaches beyond conventional lithium-ion systems, potentially offering advantages related to storage duration, operational characteristics, safety, and supply-chain diversification.

SDG&E is therefore continuing to evaluate future LDES opportunities, including the potential repurposing or redevelopment of existing generation sites. SDG&E will continue to evaluate LDES procurement opportunities beyond ordered requirements as costs, commercial availability, operational experience, and system needs evolve.

J. Clean Firm Power Planning

The Commission defines clean firm generation as a generating resource with an annual capacity factor of at least 80%, not subject to use limitations, not weather dependent, not storage, able to generate when and for as long as needed, and without onsite emissions, except as qualified under the RPS program. SDG&E's PCP includes 42 MW of geothermal capacity selected to satisfy existing zero-emission firm procurement requirements. Although RESOLVE now models Enhanced Geothermal Systems ("EGS") as a candidate resource, SDG&E's least-cost portfolio does not select incremental geothermal resources beyond the 42 MW required to satisfy current procurement obligations. Geothermal and other clean firm resources continue to face limitations related to resource availability, project development timelines, and cost. In addition, small incremental quantities of geothermal capacity may be difficult to procure through bilateral contracting, highlighting the importance of maintaining flexibility in compliance pathways.

Firm and dispatchable are distinct resource attributes that each play an important role in achieving California's decarbonization objectives. A firm resource can sustain output around the clock, while a dispatchable resource can be committed and ramped when needed to respond to system conditions. SDG&E's Conforming Portfolio combines its 42 MW of firm geothermal

capacity with substantial dispatchable storage resources, allowing the portfolio to provide both attributes without overreliance on either resource type.

While SDG&E's clean firm procurement position has changed little in quantity since the 2022 IRP cycle, the surrounding policy and planning landscape has evolved considerably. SDG&E's 2022 Plan included the same 42 MW of geothermal capacity representing its share of the zero-emission generation procurement ordered in D.21-06-035. Since that time, the planning horizon has extended to 2045, requiring LSEs to plan for meeting 2045 net-zero targets this IRP cycle, candidate technologies have expanded to include resources such as EGS, and the Commission has adopted additional procurement requirements for future online dates. At the same time, the Commission extended the deadline for compliance with existing zero-emission firm procurement obligations, and SDG&E expects to satisfy those requirements through procurement of the 42 MW described above, subject to resource availability. Despite these changes, the Commission's RESOLVE modeling and SDG&E's PLEXOS analysis continue to find that incremental clean firm resources remain relatively expensive compared to other available resource options, and the least-cost portfolio therefore does not select additional geothermal resources beyond ordered requirements.

Looking beyond currently modeled resources, SDG&E views clean fuels, including renewable natural gas ("RNG") and clean hydrogen, as potentially important components of California's long-term decarbonization strategy and future clean firm resource portfolio. Although these technologies currently have limited representation within the IRP modeling framework and continue to face challenges related to cost, fuel availability, infrastructure development, and market maturity, SDG&E expects continued technology advancement and

commercialization as demand grows for low-carbon, reliable energy resources capable of supporting an increasingly electrified economy.

In addition to zero-carbon resource pathways, SDG&E continues to monitor technological advancements that could reduce emissions from existing thermal generation resources. Carbon capture and sequestration ("CCS") technologies may offer a pathway to significantly reduce emissions from natural-gas-fired generation while preserving the reliability and dispatchability attributes that support grid operations. Although current CCS technologies do not eliminate all emissions and generally achieve capture rates below 100 percent, they could provide a means of repurposing existing firm generation assets in a lower-carbon future. As technologies, costs, regulatory frameworks, and market conditions evolve, SDG&E will continue evaluating the potential role of clean fuels, fuel cells, CCS, and other emerging technologies in supporting California's long-term reliability, affordability, resilience, and decarbonization objectives.

K. Non-CAISO, including Out-of-State, Wind Planning

Out-of-state and other non-CAISO wind resources typically provide higher capacity factors and production profiles that differ from California wind, making them attractive despite the additional transmission required. Those transmission requirements present higher costs, longer lead times, and project development risk, and require approvals from multiple state and federal agencies. SDG&E's PCP selects OOS wind only after 2035, reaching 301 MW by 2045. SDG&E's conservative near-term wind position reflects federal policy headwinds and limited

interconnection queue availability.[49] SDG&E will continue to evaluate non-CAISO wind, including resources in Baja California, as conditions evolve and as transmission deliverability is available. The status of the transmission facilities associated with these resources, which are modeled as dedicated lines whose costs are embedded in the resource economics, is discussed in Section III.m. Delivery of these resources to the CAISO border would rely on planned new transmission that is not yet online. However, the dedicated lines are assumed to be constructed and funded as part of the resources themselves, with corresponding increases in restricted import capability as the lines enter service, and no portion of the selected out-of-state wind relies solely on existing transmission. SDG&E's plans have also shifted since 2022, when its 25 MMT portfolio selected out-of-state wind in the mid-2020s (15 MW from Baja California by 2024 and 137 MW from New Mexico or Wyoming by 2026, held at those levels through 2035).[50] This cycle's later but larger selection, with no out-of-state wind until after 2035 and 301 MW by 2045, reflects the extended planning horizon, the tightened 8 MMT by 2045 target, updated resource and transmission cost assumptions, and the federal policy headwinds and queue constraints described above.

L. Offshore Wind Planning

SDG&E's Preferred Conforming Portfolio does not select offshore wind. Although the Commission's 2025-2026 TPP Base Case includes 4.5 GW of offshore wind statewide (see Section III.a), none is mapped to SDG&E's service territory, and SDG&E's least-cost modeling

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[49] California Independent System Operator, *Briefing on the Status of Interconnection Process Enhancements and the Interconnection Queue* (July 23, 2025) at 2 and 5 (available at https://www.caiso.com/documents/briefing-on-the-status-of-interconnection-process-enhancements-and-the-interconnection-queue-jul-2025.pdf.) (reporting 373 and 541 interconnection requests received in the Cluster 14 and Cluster 15 windows, respectively, and 11.6 GW of active wind capacity in the interconnection queue against 227.4 GW total active capacity).

[50] SDG&E 2022 IRP at 58-59.

does not select offshore wind over the planning horizon. Relative to the 2022 cycle, in which SDG&E modeled 116 MW of offshore wind by 2030, the change reflects updated costs, market conditions, and the Commission's portfolio results. Because the portfolio selects no offshore wind, no differentiation between central coast and north coast locations is required. SDG&E will revisit offshore wind as the centralized procurement developments described in Section IV.e unfold.

M. Transmission Planning

The availability of transmission directly affects whether resources identified in SDG&E's IRP can be delivered to the CAISO-controlled grid within the timeline assumed for resource planning, reliability, and GHG compliance. The Commission transmits IRP portfolios to CAISO for use in the TPP. CAISO's annual TPP uses those portfolios to identify transmission needs over a ten-year planning horizon, and, pursuant to SB 887, the base case portfolios the Commission transmits must now cover at least a fifteen-year horizon, with portfolio resources mapped at both the ten-year and fifteen-year marks.[51] Federal requirements lengthen the horizon further still as Federal Energy Regulatory Commission ("FERC") Order 1920 requires transmission providers to conduct long-term regional transmission planning using scenarios that span no less than twenty years.[52] This expanded planning horizon underscores the need for coordination among the IRP, resource procurement, interconnection, and transmission planning processes so that portfolios used for long-term planning reflect commercially reasonable resource development expectations and do not create avoidable cost, deliverability, or timing risks.

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[51] SB 887 (Becker), Stats. 2022, ch. 358, codified at Pub. Util. Code § 454.57.

[52] Order No. 1920, 187 FERC ¶ 61,068 (2024).

SDG&E's assessment of its transmission outlook is informed by current CAISO and Commission transmission planning materials, including CAISO's most recent Transmission Capability Estimates White Paper, the 2024-2025 CAISO Transmission Plan, CAISO interconnection information such as the Data Transparency Matrix and Points of Interconnection heat map, Commission busbar mapping materials for the 2025-2026 TPP base case and long lead-time resource sensitivity portfolio, CAISO Transmission Development Forum materials, Commission Transmission Project Review Process materials, and other relevant available information. SDG&E's planning approach places significant emphasis on ensuring that resource portfolios are not evaluated in isolation from the transmission and interconnection infrastructure needed to make those resources deliverable. SDG&E's selection of mainly solar and 8-hour storage results in a portfolio that is not dependent on transmission upgrades or new transmission lines beyond what is already planned, as described below, as these resource types have flexible siting.

Because transmission needs identified through the TPP to accommodate planned resources may ultimately be approved by the CAISO Board of Governors, it is important that the Commission and CAISO use all reasonably available information when mapping resources in the base case and sensitivity portfolios. This includes LSE plan information, contracted resource status, interconnection queue information, CAISO deliverability information, commercial interest indicators, and resource location information provided in the RDT. SDG&E supports continued coordination among the Commission, CAISO, CEC, LSEs, and transmission owners to ensure that the resource locations used for busbar mapping are grounded in actionable planning information and do not unintentionally misstate the transmission needed to support the preferred portfolio.

- **Planned Resources**

The resources in SDG&E's PCP are sited consistent with the Commission's adopted transmission planning assumptions. SDG&E did not select any resource that lies outside the Commission's transmission upgrade and expansion assumptions reflected in the 2025 IRP inputs and assumptions and the underlying TPP. Therefore, SDG&E's portfolio does not depend on transmission additions beyond those the Commission has already studied.

With the exception of 301 MW of out-of-state wind selected between 2035 and 2045, none of the resources selected in SDG&E's PCP requires additional transmission buildout. While SDG&E's 2026 IIRP does select out-of-state solar resources, the apparent change in solar siting from the 2022 IIRP is explained by the I&A reclassification of Arizona solar resources that are interconnected to the CAISO system and therefore no longer treated as out-of-state resources. As a result, the portfolio does not require additional Import Allocation Rights ("IAR") into the CAISO to support deliverability.

The out-of-state wind resources are modeled with dedicated transmission facilities whose costs are embedded in this resource type's I&A costs, and SDG&E assumes that the addition of new resources, together with the transmission infrastructure necessary to deliver their output, results in corresponding increases in import capability into the SDG&E service area. Accordingly, the portfolio does not rely upon transmission enhancements beyond those directly associated with the selected resources themselves, with the associated costs already incorporated.

- **Transmission Planning Priorities**

The feasibility of resources and geographic diversity are core resource and transmission planning considerations for the 2026 IIRP. Geographically diverse portfolios support system reliability, can help stabilize the aggregate renewable production profile, and reduce the risk that transmission constraints will impair the deliverability of the resource portfolio. SDG&E is

concerned that a resource portfolio clustered too heavily in a single geographic area may increase exposure to localized transmission constraints, curtailment, outage risk, and/or transmission development delays.

SDG&E submits that its PCP is consistent with this priority. SDG&E developed its portfolio by taking a uniform load share allocation, equal to its approximately 2% share of system load of the resource potential available in every resource zone, rather than by overweighting resources local to its service territory. This methodology, which is consistent with the approach used by other large LSEs, inherently produces a geographically diverse selection that draws a proportional slice from each available area rather than concentrating procurement in any single location. The resulting portfolio through 2035 is composed predominantly of solar and lithium-ion battery storage, resources that offer locational flexibility and are not tied to a single constrained location, which further supports geographic diversity and deliverability.

SDG&E's procurement strategy is driven by market-based, LCBF factors, and SDG&E does not select resources that fall outside the Commission's prescribed transmission upgrade and expansion assumptions. Because SDG&E's selected resources are confined to the locations and quantities the Commission has already studied, its portfolio does not introduce siting selections that would create new, unstudied transmission constraints or congestion. SDG&E's portfolio thus does not rely on speculative transmission development. The only selected resource category delivered over new dedicated transmission, out-of-state wind, is selected only with the associated transmission cost embedded in the resource cost.

The Commission's IRP and transmission planning frameworks are specifically designed to evaluate resource diversity across the aggregate statewide portfolio. Through the busbar

mapping process, potential resource capacity is assigned to specific substations and transmission zones using assumptions that incorporate the CEC's Land Use Screens, including considerations such as landscape intactness, critical habitat, agricultural lands, and protected areas.

As a result, geographic and environmental diversity are embedded in the Commission's planning methodology and assessed across the combined procurement portfolios of all LSEs. The effectiveness of that framework should therefore be measured based on the resulting statewide resource mix and transmission plan, rather than the resource distribution within any individual LSE portfolio.

Against that backdrop, SDG&E submits that its PCP is consistent with the Commission's geographic diversity objectives.

IV. ACTION PLAN

A. Proposed Procurement Activities and Potential Barriers

SDG&E describes below the activities it proposes to undertake to implement its PCP, together with the market, regulatory, financial, and resource viability barriers associated with each resource category. SDG&E's procurement activities are designed to deliver the incremental capacity identified in Section III on a schedule consistent with reliability, GHG compliance, and deliverability requirements.

i. Resources to meet IRP mandated procurement requirements, including D.21-06-035 and D.23-02-040:

Except for the ordered procurement of firm, zero-emitting ("FZE") capacity under D.21-06-035 and prospective procurement under D.26-02-057, SDG&E has secured the capacity needed to satisfy its current IRP-ordered procurement requirements. SDG&E's IRP-ordered procurement obligations for D.19-11-016, D.21-06-035, D.23-02-040 and D.26-02-057 are summarized in the table below.

Table 16
SDG&E IRP-Ordered Procurement Obligations

Authority	Obligation	Online Deadline	SDG&E Share (MW NQC)
D.19-11-016	Near-term reliability – Tranche 1	August 1, 2021	150.6
D.19-11-016	Near-term reliability – Tranche 2	August 1, 2022	75.3
D.19-11-016	Near-term reliability – Tranche 3	August 1, 2023	75.3
D.21-06-035	Mid-term reliability — Tranche 1	August 1, 2023	82.7*
D.21-06-035	Mid-term reliability — Tranche 2	June 1, 2024	247.6*
D.21-06-035	Mid-term reliability — Tranche 3	June 1, 2025	62.3*
D.23-02-040	Supplemental mid-term reliability increment 1	June 1, 2026	72
D.23-02-040	Supplemental mid-term reliability increment 2	June 1, 2027	72
D.21-06-035 (LLT)	Firm zero-emitting generation (≥80% capacity factor)	June 1, 2028[53]	41.4*
D.21-06-035 (LLT)	Long-duration storage (8+ hours at maximum capacity)	June 1, 2028[54]	41.4*
Subtotal — MTR/SMTR	—	2023-2028	619.4
D.26-02-057	2030–2032 reliability procurement	June 1, 2030 / June 1, 2031 / June 1, 2032	43.0 per year (129.0 total)
Total	—	2023-2032	748.4

**Denotes obligations reflecting the reallocation of SDG&E's D.21-06-035 procurement requirements by mutual agreement with San Diego Community Power.*[55]

SDG&E has conducted successive solicitations to meet these obligations, including its mid-term reliability Request for Offers ("RFO") solicitation (launched September 2021), its 2028–2031 Firm Zero-Emitting RFO (reissued July 1, 2025 on a rolling basis), and its 2027-2032 Reliability RFO. Approved contracts include the four agreements approved in Resolution E-5283 (379.5 to 402 MW in aggregate, with commercial operation dates from June 1, 2025

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[53] Extended from June 1, 2026 by D.23-02-040; optional extension to 2031 per D.24-02-047.

[54] *See* FN 55, supra.

[55] AL 3967-E.

through April 1, 2026), including the Daggett Solar Power I hybrid tolling agreement (as amended, Resolution E-5317), and the two Golden Fields Solar VI battery storage tolling agreements approved in Resolution E-5446 (February 26, 2026) toward the 2027 and 2028 requirements. Per the Commission staff's July 2025 compliance review, the investor-owned utilities as a group showed no deficiency at the 2023 and 2024 milestones.[56] Table 17 summarizes SDG&E's current IRP-mandated procurement obligations and remaining requirements.

Table 17
Status of IRP-Ordered Procurement

CPUC Order	Total Ordered (MW NQC)	SDG&E Share (MW NQC)	SDG&E MW Procured[57]	SDG&E MW Remaining	Compliance Status
D.19-11-016	3,300	301.3	301.3	0.0	Completed
D.21-06-035 Tranche 1	2,000	82.7	82.7	0.0	Completed
D.21-06-035 Tranche 2	6,000	247.6	247.6	0.0	Completed
D.21-06-035 Tranche 3	1,500	62.3	62.3	0.0	Completed
D.21-06-035 FZE Resources	1,000	41.4	0.0	41.4	In Progress
D.21-06-035 LDES Resources	1,000	41.4	41.4	0.0	Completed
D.23-02-040	4,000	144.0	144.0	0.0	Completed
D.26-02-057 Tranche 1 (2030)	2,000	43.0	0.0	43.0	In Progress
D.26-02-057 Tranche 2 (2031)	2,000	43.0	0.0	43.0	In Progress
D.26-02-057 Tranche 3 (2032)	2,000	43.0	0.0	43.0	In Progress
Total	24,800	1049.4	879.0	170.4	N/A

[56] California Public Utilities Commission, Energy Division, Staff Review of Load-Serving Entities' Compliance with the Mid-Term Reliability (MTR) and Supplemental MTR (SMTR) Decisions (July 2025).

[57] As of SDG&E's June 1, 2026 Compliance Filing.

SDG&E will further evaluate opportunities to procure incremental new capacity to satisfy the Commission's 2030-2032 reliability procurement order, D.26-02-057, consistent with LCBF principles and a technology-agnostic approach, subject to the Commission's requirements for 25% of this order to be firm zero-emitting and/or LDES.[58] Should the final RCPPP establish additional procurement requirements, SDG&E will procure resources as directed therein.

ii. Plans for resources that are currently non-candidate in CPUC's IRPs not described above

SDG&E recognizes that certain resources not currently modeled as candidate resources in the Commission's IRP process may play an important role in achieving the State's long-term decarbonization goals. Among these are clean hydrogen, compressed air energy storage ("CAES"), linear generators, and CCS, whose technologies are currently being researched and are less, not yet, or only minimally commercially available. SDG&E did not include any non-candidate resources in its Conforming Portfolio. SDG&E will continue to assess clean hydrogen applications as well as other non-candidate resources as the technology, infrastructure, and policy frameworks mature.

iii. Other renewable and/or zero carbon resources not described above

SDG&E continues to monitor emerging clean-firm and zero-carbon technologies that are not yet candidate resources in the Commission's IRP modeling but may contribute to the State's long-term decarbonization and reliability goals.

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[58] D.26-02-057, OP 2. Decision 26-02-057 is currently subject to an Application for Rehearing filed by The Alliance for Retail Energy Markets, California Coalition of Large Energy Users, The Regents of the University of California, and Shell Energy North America (US), L.P. This Application for Rehearing remains pending as of the time of drafting this narrative.

- **Small Modular Nuclear Reactors ("SMRs")**

SMRs represent a potentially viable clean, firm generation technology that, unlike geothermal, hydroelectric, and certain other firm resources, is not constrained by site-specific geological or resource limitations. SMRs could be deployed at centralized locations to provide regional-scale generation or distributed more broadly to support local load centers, microgrids, and resilience objectives. Interest in SMRs has increased in recent years as utilities, policymakers, and developers evaluate clean, firm resources capable of supporting growing electricity demand, including from data centers and other large-load developments, while complementing increasing levels of renewable generation. Emerging development activity in other states may provide operational, regulatory, and commercial experience that informs future assessments of SMR feasibility and deployment.

Certain locations, including military installations, may offer unique opportunities for future SMR deployment due to the availability of suitable land, energy security considerations, and existing federal regulatory authorities. Deployment in California, however, faces a significant legal barrier. Existing law prohibits certification of new nuclear generating facilities until the CEC determines that the federal government has approved and demonstrated a technology or means for the permanent disposal of high-level nuclear waste.[59] SDG&E will continue to monitor legislative, regulatory, and technological developments, including proposals to modify or exempt certain advanced reactor technologies from the statutory moratorium, as well as broader developments that may affect the feasibility, cost, and role of SMRs in California's future resource mix.

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[59] Pub. Res. Code § 25524.2.

- **Enhanced Geothermal Systems ("EGS")**

EGS offers potential to expand firm, zero-emission geothermal capacity within SDG&E's service territory and across the State beyond conventional hydrothermal resources. Commercial deployment, however, presents challenges, including the potential for induced seismicity and other environmental impacts associated with reservoir stimulation, and costs that remain high relative to other clean, firm options. SDG&E will continue to evaluate EGS as the technology matures and its cost and permitting pathways become clearer.

iv. Other energy storage not described above

Energy storage resources provide a unique set of attributes to the grid, including the ability to use abundant (potentially otherwise curtailed) renewable energy during peak demand hours and to provide ancillary services to the grid. SDG&E will continue to monitor developments and emerging technologies to be assessed in future IRP cycles.

v. Other demand response not described above

SDG&E does not propose incremental demand response (“DR”) procurement in this Plan beyond the demand side resources already embedded in the Commission's adopted load forecast and PSP. SDG&E recognizes, however, that DR is an evolving resource including emerging load flexibility, automated DR, and customer-sited approaches whose role in RA, reliability, and affordability continues to develop. SDG&E supports the Commission's continued consideration of DR and other emerging demand side resources, and will continue to evaluate incremental DR opportunities as program designs, market structures, and the regulatory and legislative framework evolve, including in future procurement and IRP cycles.

vi. Other energy efficiency not described above

Consistent with its 2022 Plan, SDG&E does not propose incremental energy efficiency (“EE”) procurement in this Plan beyond the EE savings already embedded in the Commission's

adopted load forecast and PSP. SDG&E recognizes, however, that energy efficiency has the potential to be a low-cost demand side resource whose role continues to evolve alongside building and transportation electrification, load flexibility, and changing customer usage patterns. SDG&E supports the Commission's continued consideration of EE and other emerging demand side resources and will continue to evaluate incremental EE opportunities as program designs, market structures, and the regulatory and legislative framework evolve, including in future IRP cycles.

vii. Other distributed generation not described above

Consistent with its 2022 Plan, SDG&E does not propose incremental distributed generation procurement in this Plan beyond the demand side resources already embedded in the Commission's adopted forecast and PSP. SDG&E notes, however, that emerging policy may create future opportunities to recognize aggregated distributed capacity as a planning and reliability asset. Should such a framework be adopted, SDG&E sees value in evaluating aggregated distributed energy resources, including customer-sited batteries, managed electric vehicle charging, flexible demand, and community microgrids, as planning-grade capacity capable of reducing peak demand, deferring or avoiding infrastructure costs, and contributing to Resource Adequacy. SDG&E will continue to assess how these resources could participate as market structures and regulatory frameworks evolve.

viii. Transportation Electrification

SDG&E does not propose transportation electrification investments at levels different from those embedded in the adopted load forecast. The 2024 IEPR Demand Forecast underlying SDG&E's Conforming Portfolio embeds substantial electric vehicle-driven load growth, and SDG&E's authorized transportation electrification programs are inputs consistent with, rather than additive to, those IEPR assumptions.

SDG&E supports transportation electrification through its authorized program portfolio, described further in Section IV.b. This portfolio includes the Power Your Drive programs for multi-unit dwellings and workplaces, for fleets, and for schools, parks, and beaches; Transportation Electrification Advisory Services for fleet customers; residential electric vehicle time-of-use rates and managed charging participation; a pre-owned electric vehicle rebate with an income-qualified adder; and the region's first vehicle-to-grid project, the electric school bus pilot with the Cajon Valley Union School District authorized under D.19-08-026, whose buses may export energy to the grid through the Emergency Load Reduction Program. Under the Commission's long-term transportation electrification framework, SDG&E will implement programs as directed.

SDG&E further observes that developments since the 2024 IEPR was adopted bear directly on the transportation electrification trajectory embedded in the adopted forecast. Most significantly, CARB withdrew its request for an EPA waiver for the Advanced Clean Fleets regulation, removing a major regulatory driver that had been expected to accelerate medium- and heavy-duty fleet electrification. In SDG&E's Clean Transportation planning, ACF electrification requirements for large fleets were treated as a primary driver of faster fleet electrification because they would have required certain fleet operators to transition to zero-emission vehicles more quickly than they otherwise would have absent the regulation. Additional developments, including the termination of federal clean vehicle credits for vehicles acquired after September 30, 2025; the June 12, 2025 Congressional Review Act resolutions rescinding the Advanced Clean Cars II and related waivers, now the subject of pending litigation; and the observed decline in California's zero-emission vehicle share of new sales from 29.1% in the third quarter of 2025 to below 20% in the two quarters following also support use of the more current 2025 IEPR

demand forecast.[60] The CEC's 2025 IEPR demand forecast, adopted January 21, 2026, reflects these developments. This divergence between the 2024 IEPR's embedded transportation electrification growth and observed adoption is among the reasons SDG&E's Alternative Portfolio substitutes the 2025 IEPR forecast, as described in Sections II.b and III.a.ii.

ix. Building Electrification, including any investments that correspond to different levels than what is included in the Integrated Energy Policy Report (IEPR)

SDG&E likewise does not propose building electrification investments at levels different from those embedded in the adopted load forecast. SDG&E supports customer building electrification through its Customer Home Electrification Readiness Program, on-bill and GoGreen financing for electrification upgrades, and customer access to the statewide TECH Clean California heat pump initiative and related statewide rebate programs. The Commission's building decarbonization framework further supports electrification in SDG&E's service territory, including the elimination of gas line extension allowances for applications on or after July 1, 2023, and the 2025 Building Energy Efficiency Standards' heat pump baseline for new residential construction, effective January 1, 2026.[61]

SDG&E notes countervailing developments relevant to the pace of building electrification embedded in the 2024 IEPR, including the termination of the federal residential energy credits for property placed in service after December 31, 2025, the statewide reservation of incentive funds, and the State's heat pump deployment trajectory, which, as of the end of 2024, stands at approximately 1.9 million units installed against the State's goal of six million by

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[60] *See* FN 18, supra.

[61] D.22-09-026; California Energy Commission, 2025 Building Energy Efficiency Standards for Residential and Nonresidential Buildings: Title 24, Part 6, and Associated Administrative Regulations in Part 1, CEC-400-2025-010 (effective Jan. 1, 2026).

2030.[62] As with transportation electrification, these considerations support the more realistic demand trajectory reflected in SDG&E's Alternative Portfolio.

x. Potential AB 1373 Centralized Procurement

SDG&E's PCP reflects utility procurement of the resources identified in Section III. To the extent the California DWR successfully conducts centralized procurement of long-lead-time resources under AB 1373 and D.24-08-064, SDG&E's contracting strategy would adjust as appropriate. D.24-08-064 determined an initial need for up to 10.6 GW of centralized long-lead-time procurement, consisting of up to 7.6 GW of offshore wind, up to 1 GW of geothermal, up to 1 GW of multi-day LDES, and up to 1 GW of LDES with a discharge period of at least twelve hours, with sequenced solicitations contemplated over the 2026-2030 period and costs and benefits allocated across all jurisdictional LSEs.[63]

Because SDG&E's least-cost portfolio does not select offshore wind, and selects only the geothermal required for compliance and no long-duration storage beyond 8-hour batteries, centralized procurement of these long-lead-time categories would substitute for, and reduce, the resources SDG&E would otherwise need to procure, while contributing to portfolio diversity. The IRP Ruling does not require LSEs to include a portfolio reflecting the long-lead-time resources identified in D.24-08-064, but Commission staff have posted an allocation methodology and indicative individual LSE allocations using the maximum quantities considered in that decision. SDG&E's treatment described above is consistent with that guidance.

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[62] California Heat Pump Partnership, *Scaling California's Heat Pump Market: The Path to Six Million* (Mar. 2025) (reporting that approximately 1.9 million heat pumps had been installed statewide as of the end of 2024 and identifying California's goal of 6 million heat pumps by 2030).

[63] D.24-08-064 at 64-66.

xi. Other

SDG&E does not identify additional procurement activities beyond those described above.

B. Disadvantaged Communities (DACs)

SDG&E designed its IIRP to ensure sufficient resource capacity for its bundled service customers while expanding access to cleaner power for DACs and is engaged in a broad set of activities benefiting low-income and DAC customers.

- **Activities and Programs to Address DACs**

Environmental and Social Justice ("ESJ") considerations are imperative to support a just and equitable energy transition in California's DACs. SDG&E's actions are guided by that principle and have continued to evolve to maximize SDG&E's contribution to ESJ initiatives.

Table 18
SDG&E Programs to Address DACs and Vulnerable Communities

Program	Description	Focus	Status
California Alternate Rates for Energy (CARE)	Monthly bill discount for income-qualified customers (30–35% electric discount for households at or below 200% of federal poverty guidelines, with Tribal categorical eligibility pathways; Pub. Util. Code § 739.1)	Low Income	Existing
Family Electric Rate Assistance (FERA)	Bill discount for households modestly above CARE limits (18% electric discount at 200–250% of federal poverty guidelines; Pub. Util. Code § 739.12)	Low Income	Existing
Energy Savings Assistance (ESA)	No-cost energy-efficiency upgrades for income-qualified customers (current authorized cycle 2021–2026, D.21-06-015; SDG&E application for the post-2026 cycle pending, A.25-06-022)	Low Income / DAC	Existing (post-2026 cycle pending)

Disadvantaged Communities – Single-family Solar Homes (DAC-SASH)	Rooftop-solar incentives for low-income households in DACs (no-cost solar for CARE/FERA-qualified homeowners in the top 25% CalEnviroScreen census tracts; $8.5 million per year through 2030; administered by GRID Alternatives; D.18-06-027)	DAC	Existing
Solar on Multifamily Affordable Housing (SOMAH)	Solar for qualifying multifamily affordable housing (tenant bill credits; statutory target of 300 MW by December 31, 2032; AB 693; D.17-12-022)	Low Income / DAC	Pending Closure; Incentives Continue Until Funds Exhausted
DAC Green Tariff / Community Solar Green Tariff (DAC-GT / CSGT)	20% bill discount for CARE/FERA-eligible DAC customers subscribing to utility-scale renewable energy (D.18-06-027); CSGT discontinued by D.24-05-065 except legacy projects; DAC-GT funding transitions to Public Purpose Program surcharges effective July 1, 2026 (AB 1207, Stats. 2025, ch. 117)	DAC	Modified / transitioning (see CREP below)
Power Your Drive Extension (multi-unit dwellings, workplaces)	EV charging infrastructure with DAC siting priority (Level 2 charging at multi-unit dwellings and workplaces; $43.5 million extension targeting more than 2,000 chargers with 50% of sites in underserved communities; D.16-01-045 and 2021 extension)	DAC / TE	Fully subscribed; closed to new applications
Power Your Drive for Fleets / Schools & Parks	Medium-/heavy-duty and community EV charging (make-ready infrastructure for at least 300 sites and 3,000 vehicles with at least 30% of the infrastructure budget serving DACs, D.19-08-026; school, park, and beach charging pilots, D.19-11-017)	DAC / TE	Fully subscribed; closed to new applications
Community Resiliency / Microgrids	Resiliency and backup power in vulnerable and Tribal communities (Borrego Springs community	DAC / Tribal	Existing

	microgrid, with a 100% renewable upgrade in progress; Ramona Air Attack Base microgrid; four high fire threat district microgrids, including Cameron Corners and Boulevard, serving the Campo Tribal Office and the Campo Kumeyaay Nation Medical Center)		
Community Renewable Energy Program ("CREP") (AB 2316)	Community solar successor framework to CSGT with tenant/subscriber bill credits built on ReMAT pricing; implementation decision (D.26-06-006) adopted June 11, 2026 in A.22-05-022	Low Income / DAC	Pending
Arrearage Management Plan (AMP)	Forgives up to $8,000 of past-due balances for CARE/FERA customers, with one-twelfth of eligible debt forgiven for each on-time payment over 12 months (D.20-06-003)	Low Income	Existing
Percentage of Income Payment Plan (PIPP) Pilot	Caps monthly bills for current charges at 4% of household income for CARE customers in high-disconnection ZIP codes; 48-month pilot with an SDG&E participation cap of 1,000 customers (D.21-10-012)	Low Income	Existing (pilot at capacity; waitlist)
Medical Baseline Allowance Program	Additional 16.5 kWh per day at the lowest baseline rate and/or line-item discount, and enhanced Public Safety Power Shutoff notification for customers with qualifying medical needs (Pub. Util. Code § 739(c))	Vulnerable Customers	Existing
SGIP Equity, Equity Resiliency, and Residential Solar and Storage Equity Budgets	Enhanced battery storage incentives for low-income, DAC, Tribal, and Medical Baseline customers, including the $280 million residential solar and storage equity budget (Pub. Util. Code § 379.6; AB 209)	Low Income / DAC / Tribal	Existing (budgets fully reserved; waitlists)
Generator Grant and Generator	No-cost backup power for Medical Baseline and access-and-functional-	Vulnerable / HFTD	Existing

Assistance Programs	needs customers in High Fire Threat District Tiers 2–3 affected by PSPS events; generator and portable power station rebates with an enhanced CARE/FERA pathway		
Community Resource Centers	Staffed centers providing device charging, water, and information to affected communities during PSPS events	Vulnerable / HFTD	Existing
Transportation Electrification Advisory Services (TEAS)	No-cost fleet electrification advisory services (planning, infrastructure coordination, rate and load management), including for DAC-located fleets	TE / DAC	Existing

Since its 2022 Plan, SDG&E has prioritized transportation electrification ("TE") investments that deliver targeted benefits to DACs, Tribal communities, and other underserved customers, consistent with the State's ESJ objectives. SDG&E has expanded its Clean Transportation portfolio, including its Power Your Drive programs for multi-unit dwellings, schools, parks, and fleets, and its Transportation Electrification Advisory Services ("TEAS"), to accelerate deployment of electric vehicle charging infrastructure in underserved areas. While the Power Your Drive extension for multi-unit dwellings and workplaces is now fully subscribed and closed to new applications, its installed infrastructure continues to serve underserved communities, and the Power Your Drive for Fleets program recently closed to new applications on June 30, 2026. These programs emphasize siting in DACs and incorporate enhanced incentive structures that reduce upfront infrastructure costs and improve participation among hard-to-reach customers, while supporting electrification of light-, medium-, and heavy-duty vehicles serving community needs.

SDG&E's service territory includes 56 SB 535 DAC census tracts and 18 Tribal Reservations, and SDG&E engages directly with Tribal Nations and community-based organizations to support equitable access to TE programs and infrastructure. SDG&E has strengthened its use of DAC-focused eligibility criteria and program design to achieve targeted deployment outcomes, including increasing the share of investments and installations located in DACs and underserved communities. These efforts are supported by targeted outreach and multi-channel communications campaigns (email, mailers, digital advertising, dedicated webpages, and automated phone outreach), coordination with low-income programs, and streamlined participation pathways. Collectively, these activities are intended to maximize local air quality benefits and reduce reliance on higher emitting transportation fuels in frontline communities. Section III.d.ii identifies the DAC census tracts and tribal land areas located within a 5-mile radius of the contracted generation facilities in the Preferred Conforming Portfolio and provides the quantitative evidence supporting these emission minimization efforts.

Beyond transportation electrification, SDG&E's DAC and low-income support includes shared renewables and bill assistance programs. Pursuant to D.26-06-006, SDG&E is implementing the customer Community Renewable Energy Tariff adopted in D.24-05-065, a modified Green Tariff, and the Disadvantaged Communities Green Tariff ("DAC-GT"), with associated program oversight, reporting, and cost recovery. SDG&E notes the constrained external-funding environment following the U.S. EPA's August 2025 termination of California's Solar for All award. Under the June 11, 2026, implementation decision, SDG&E will file its Community Renewable Energy Program tariff by Tier 2 advice letter, and pursuant to AB 1207 the DAC-GT program's funding transitions to Public Purpose Program surcharges effective July 1, 2026; multistate litigation challenging the Solar for All termination remains pending. SDG&E

also serves income-qualified customers through CARE, FERA, ESA, DAC-SASH, and SOMAH, and stabilizes bills for its most vulnerable customers through the Arrearage Management Plan (forgiving up to $8,000 of past-due balances), the Percentage of Income Payment Plan pilot (capping monthly bills at 4% of household income), and the Medical Baseline Allowance Program. SDG&E further supports resiliency in disadvantaged, Tribal, and high fire threat district communities through its community microgrids (including Borrego Springs and the microgrids serving the Campo Tribal Office and the Campo Kumeyaay Nation Medical Center), its Generator Grant and Generator Assistance Programs, its Community Resource Centers during Public Safety Power Shutoff events, and enhanced battery storage incentives under the Self-Generation Incentive Program's equity and equity resiliency budgets.

In DACs, as well as wildfire- and PSPS-prone communities such as Cameron Corners, Shelter Valley, and Butterfield Ranch, microgrids provide critical resilience during Public Safety Power Shutoff and outage events while also creating opportunities for blue-sky grid services and value stacking. These microgrids strengthen reliability in communities disproportionately affected by wildfire risk and grid de-energizations, and they enhance public safety and the continuity of essential services during de-energization events. By combining local solar generation, battery storage, and advanced controls, they deliver both resilience and operational value, supporting renewable integration, reducing peak demand, improving utilization of existing infrastructure, and potentially deferring future system upgrade costs such as undergrounding. As climate-related reliability challenges increase, community microgrids offer a scalable solution that advances resilience, affordability, equity, and the State's broader clean energy objectives.

- **Current and planned outreach efforts**

SDG&E conducts year-round, targeted outreach to DAC and Tribal customers through multiple channels and partnerships. In 2026, SDG&E's outreach team conducted a growing

number of income qualified program events, presentations, trainings, and workshops: at least 15 in January (reaching approximately 2,200 customers), at least 30 in March (approximately 2,900 customers), at least 55 in April (approximately 5,700 customers), and at least 45 in May (approximately 3,300 customers).[64] These activities addressed CARE, FERA, ESA, Medical Baseline, emergency and wildfire preparedness, and Community Resource Centers, and included Tribe-hosted events such as the Senior Shenanigans event hosted by the Campo Band of Mission Indians (March) and the Intertribal Earth Day event hosted by the La Jolla Band of Luiseño Indians (April). SDG&E's outreach includes its Path to Net Zero engagement, Community Advisory Councils, participation in AB 617 community-emissions-reduction processes, dedicated Tribal outreach such as the annual Tribal Leaders Energy and Safety Summit, and emergency preparedness and resiliency engagement.

For transportation electrification, SDG&E works closely with local community-based organizations to promote EV advisory services for commercial customers and small businesses seeking support in transitioning their fleets to EVs. Five community groups representing local chambers of commerce and economic development councils operating in DAC and low-income communities have signed agreements with SDG&E to promote and expand outreach in these regions through workshops, webinars, email campaigns, social media, newsletters, videos, ride and drive events, and other channels, addressing the distinct needs of underserved communities. SDG&E's own advertising and outreach efforts likewise focus on DACs through targeted messaging directed to fleet owners and operators in these regions, addressing the complexity of

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[64] A.19-11-003, Monthly Report of San Diego Gas & Electric Company (U 902 M) on Low-Income Assistance Programs ("Low Income Monthly Reports") (filed monthly with the Commission's Energy Division) (refer to the January-May 2026 editions, Customer Assistance Program Outreach Events appendix).

transitioning to EVs and the support SDG&E can provide to plan for medium- and heavy-duty EV fleets.

These efforts also include DAC materials in industry partner meetings with charging providers, software companies, consulting agencies, and other professionals, and information on DAC support in statewide webinars with Pacific Gas and Electric Company ("PG&E") and Southern California Edison Company ("SCE"). SDG&E's EV Customer Solutions team has directed meetings toward organizations operating within DACs, including presentations to the Maritime Stakeholder Forum, local chambers of commerce, and planning commissions; discussions of cross-border collaboration; participation in media events and ride and drive events in coordination with CALSTART and other organizations; and internal trainings for account executives and other customer-facing teams.

C. LSEs' Tribal Customers

SDG&E's service territory includes 17 federally recognized Tribal Nations exercising jurisdiction over 18 reservations, representing four cultural and linguistic groups (Kumeyaay/Diegueño, Luiseño, Cupeño, and Cahuilla), with tribal land areas located predominantly in High Fire Threat Districts ("HFTDs"). SDG&E serves approximately 26,000 tribal customers. SDG&E engages with tribal customers and Tribal Governments utilizing culturally appropriate communication from a dedicated Tribal Liaison addressing tribal priorities, including infrastructure planning, cultural resource protection, wildfire safety and Public Safety Power Shutoff coordination, and access to income-qualified and resiliency programs (CARE, FERA, ESA, Medical Baseline, and the Generator Grant and Generator Assistance Programs). SDG&E also serves non-federally recognized tribes, including the Juaneño Band of Mission Indians (Acjachemen Nation) in southern Orange County, the San Luis Rey Band of Mission Indians, and the Kwaaymii Laguna Band of Mission Indians.

Table 19
Federally Recognized Tribal Nations in SDG&E's Service Territory

Tribal Nation	People	Reservation (Established)	Location
Barona Band of Mission Indians	Kumeyaay/Diegueño (Iipay)	Barona (1932)	Lakeside / San Vicente
Viejas Band of Kumeyaay Indians	Kumeyaay/Diegueño	Viejas (1934)	Alpine
Sycuan Band of the Kumeyaay Nation	Kumeyaay/Diegueño	Sycuan (1875)	Dehesa Valley, near El Cajon
Campo Band of Diegueño Mission Indians (Campo Kumeyaay Nation)	Kumeyaay/Diegueño	Campo (1893)	Southeastern county, near Boulevard
Manzanita Band of the Kumeyaay Nation	Kumeyaay/Diegueño	Manzanita (1893)	McCain Valley area
La Posta Band of Diegueño Mission Indians	Kumeyaay/Diegueño	La Posta (1893)	Near Boulevard
Jamul Indian Village of California	Kumeyaay/Diegueño	Jamul Indian Village (community est. 1912; federally recognized 1981)	Jamul
Ewiiaapaayp Band of Kumeyaay Indians	Kumeyaay/Diegueño	Ewiiaapaayp (1891)	Laguna Mountains; tribal office in Alpine
Inaja-Cosmit Band of Indians	Kumeyaay/Diegueño	Inaja and Cosmit (1875)	Near Julian
Mesa Grande Band of Diegueño Mission Indians	Kumeyaay/Diegueño (Iipay)	Mesa Grande (1875)	North-central mountains
Iipay Nation of Santa Ysabel	Kumeyaay/Diegueño (Iipay)	Santa Ysabel (1875)	Santa Ysabel
San Pasqual Band of Diegueño Mission Indians	Kumeyaay/Diegueño (Iipay)	San Pasqual (1910)	Valley Center
La Jolla Band of Luiseño Indians	Luiseño (Payómkawichum)	La Jolla (1875)	Palomar Mountain, SR-76 corridor
Pala Band of Mission Indians	Cupeño and Luiseño	Pala (1875)	Pala, San Luis Rey Valley

Pauma Band of Luiseño Indians	Luiseño (Payómkawichum)	Pauma and Yuima (1893)	Pauma Valley
Rincon Band of Luiseño Indians	Luiseño (Payómkawichum)	Rincon (1875)	Valley Center
Los Coyotes Band of Cahuilla and Cupeño Indians	Cahuilla and Cupeño	Los Coyotes (1889)	Warner Springs area

SDG&E conducts year-round listening sessions with each tribe and provides briefings to the Southern California Tribal Chairmen's Association as needed. Based on tribal government priorities and tribal gathering opportunities, tribe-focused transportation electrification partnerships are explored. At the most recent California Tribal Leaders Energy and Safety Summit, held at Viejas on May 17, 2026, SDG&E engaged close to 50 Tribal Nations. The event content addressed emergency preparedness, Public Safety Power Shutoff coordination, microgrids, battery storage, resilient energy infrastructure, energy sovereignty, funding and development opportunities, and tribal ecological knowledge. The summit opened with a traditional welcome and blessing from the host Tribe, the Viejas Band of Kumeyaay Indians, convened tribal leaders with representatives of the DOE, CPUC, CEC, CAISO, and Governor's Tribal Affairs Secretary, and featured a tour of a tribal microgrid in operation. SDG&E in partnership with several Tribal Nations and tribally run organizations will provide the annual emergency preparedness workshops in July and August 2026 offering onsite program and resource registration support to address the limited broadband and technology access in remote tribal communities.

D. Procurement Products

SDG&E intends to utilize a range of physical and financial procurement products to implement its PCP, including power-purchase agreements, tolling agreements, and resource

ownership, RA products, renewable-energy-credit and GHG-allowance products, and credit products and exchanges. Per the current cycle's narrative template instructions, SDG&E is permitted to reference its Bundled Procurement Plan ("BPP") to the extent it has previously submitted information regarding these products to the Commission. SDG&E recently submitted an updated BPP for Commission review and approval within this rulemaking. This BPP update contains a comprehensive and up-to-date list of all procurement products and their descriptions.

E. Commission Direction of Actions

SDG&E seeks Commission direction on the following matters:

i. Adopt the Most Current IEPR Load Forecast

The Commission should, in developing the PSP and in establishing LSE level need determinations and procurement obligations going forward, adopt the most current IEPR demand forecast. Adoption of the most current forecast is SDG&E's foremost request, because the level of the load forecast is a principal determinant of the magnitude and pace of required procurement, and a plan premised on a superseded and overstated forecast would obligate ratepayers to fund capacity that the system is not expected to need. The overstatement also flows downstream as the base case portfolios premised on inflated demand are transmitted to CAISO for transmission planning, where they can commit ratepayers to grid investments sized for load that never arrives. The legislative and regulatory record supports this request. For example, the CEC adopted its 2025 IEPR demand forecast on January 21, 2026, days after the January 16, 2026 ALJ Ruling finalized load assignments based on the 2024 IEPR, and the newer forecast reflects materially lower near-term growth (approximately 2.3% annual growth through 2030, against 2.9% under the 2024 IEPR). Modeling of SDG&E's Alternative Portfolio indicates that the updated forecast alone reduces required build by approximately 737 MW by 2035 and approximately 839 MW by 2045. As detailed in Sections III.a.ii and III.e, the smaller build

reduces the total revenue requirement bundled service customers must fund and their risk of exposure to stranded costs. This request also aligns with the State's affordability directives, including Executive Order N-5-24 (October 30 2024) and the September 2025 affordability legislation, SB 254.[65] The request likewise heeds the Commission's own admonition against failing to engage in economically efficient decision making that could needlessly add ratepayer costs.[66]

ii. Adopt realistic assumptions for AB 1373 centralized procurement

To the extent the Commission relies on DWR centralized procurement of long-lead-time resources under AB 1373 and D.24-08-064 to satisfy portfolio needs, SDG&E respectfully requests that the Commission ground that reliance in realistic assumptions regarding the availability, timing, and deliverability of centrally procured resources, particularly offshore wind, which faces significant legislative, regulatory, permitting, supply chain, and transmission lead time risk.

Recent developments underscore the need for realism. No DWR solicitation has yet been issued or noticed, with the first requested to open in late 2026. Federal actions in 2025 and 2026, including the January 20, 2025 offshore wind memorandum, the April 2026 termination of the Golden State Wind lease, and the relinquishment of the Morro Bay area leases, have materially set back California offshore wind. Also, the Commission's own 2026-2027 TPP base case defers Central Coast offshore wind to 2032-2036 and directs a Limited Wind Development Sensitivity assuming no offshore wind.

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[65] SB 254, Stats. 2025, ch. 119.

[66] D.15-07-001, Decision on Residential Rate Reform for PG&E, SCE, and SDG&E and Transition to Time-of-Use Rates at 28 (Rate Design Principle 9 provides that "Rates should encourage economically efficient decision-making").

iii. Preserve Compliance Flexibility in Procurement Mandates

Where the Commission imposes resource-specific procurement requirements, it should preserve reasonable compliance flexibility, consistent with SDG&E's 2022 recommendation, so that where a mandated resource type (for example, small incremental quantities of geothermal) proves difficult to contract despite good-faith solicitation efforts, an LSE may satisfy the requirement with a resource of comparable attributes. Section III.j describes the contracting difficulties that small incremental quantities of geothermal may present.

V. LESSONS LEARNED

SDG&E's experience this cycle can be summarized concisely. The portfolio presented in this IIRP is GHG constrained, not reliability constrained, and nearly every material outcome turns on the planning assumptions that the Commission supplied, most notably the vintage of the load forecast. The IRP Ruling assigned load and GHG benchmarks premised on the 2024 IEPR just days before the CEC adopted the 2025 IEPR demand forecast. That sequencing, more so than any modeling decisions made by SDG&E, fixed the size and pace of the resource expansion build presented in this plan, and is why SDG&E's central recommendation, presented throughout this document is that the Commission plan to the most current adopted forecast. The lessons learned discussed below reflect this same dynamic; each identifies a point in this IRP cycle where the sequencing or stability of planning inputs, rather than the merits of any resource choice, drove the result, and proposes a correction that the Commission can adopt in the development of the PSP or, at minimum, before the next IRP cycle.

A. Allow Adequate Time and a Programmatic Cadence to Develop Conforming Plans

The IRP best serves the State's objectives when it is the forum that sets procurement direction rather than existing as one input among multiple competing proceedings. SDG&E

supports the RCPPP as the vehicle for providing LSEs with earlier and more predictable notice of their procurement obligations, in place of the ad hoc procurement orders that have marked recent cycles.[67] The ultimate success of a programmatic cadence also depends on adequate drafting time for conforming plans. Even with the filing deadline extended to August 10, 2026, the interval between the finalization of methodology and benchmark inputs and the conforming plans' due date was insufficient for the iterative modeling warranted by a plan of this consequence. SDG&E recommends that the Commission fix the IRP calendar so that LSEs receive an adequate period to build conforming plans after all binding inputs are set.

B. Finalize Modeling Inputs and Assumptions Before IIRPs Are Due

A conforming portfolio is only as sound as the inputs and assumptions upon which it is based. In this IRP cycle several inputs central to portfolio development were unsettled when plans were due, including final ELCC values. The inputs and assumptions posted only after the January 16, 2026 ALJ Ruling issued, and staff's updated marginal ELCC analysis was not due until July 31, 2026, a deadline since extended to August 31, 2026, with indicative 2032 values due September 15, 2026, well after a realistic window for LSE IRP development had closed. Mandating new procurement in the near term of the planning horizon without providing ELCCs so that LSEs can understand the magnitude of their procurement obligation impedes efficient planning by LSEs. When assumptions around near-term procurement obligations change, it can materially impact the composition of an LSE's conforming portfolio. SDG&E recommends that staff work to refine and finalize the IRP development tools, and that the load forecast, GHG benchmarks, ELCC values, and resource cost and performance assumptions be finalized and held

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[67] *See, e.g.,* R.20-05-003, Administrative Law Judge's Ruling Seeking Comments on Additional Proposal for a Reliable and Clean Power Procurement Program (June 23, 2026).

stable before conforming plans are due, with any mid-cycle revision to a material input accompanied by a commensurate extension of the filing deadline.

C. Reconcile Procurement Obligations Imposed Outside the IRP

The Commission continues to impose procurement obligations through separate reliability proceedings on schedules and metrics that do not always track the IRP's portfolio analysis. D.26-02-057 illustrates this disconnect: the Commission ordered 6,000 MW of net qualifying capacity for 2030 through 2032 online dates in February 2026, notwithstanding IRP analyses, including SDG&E's, showing portfolios constrained by the GHG benchmark rather than by any reliability deficit. When a standalone order is not reconciled with the IRP, an LSE may be directed to procure in quantities or on a schedule its LCBF analysis would not independently select, raising cost without a commensurate reliability benefit. A procurement order calibrated to the IRP need showing protects ratepayers twice. It avoids procurement the planning record does not support, and it preserves the IRP's credibility as the Commission's integrating analysis. SDG&E recommends that the Commission treat the IRP as that integrating framework and credit reliability directives issued elsewhere against the need identified through portfolio analysis.

D. Enable Reconciliation of Assigned Load Forecasts with the Most Current Adopted Forecast

No lesson from this cycle is more apparent than the treatment of the load forecast. The forecast assignments made by the January 16, 2026 ALJ Ruling require the use of the 2024 IEPR reference case. Days later the CEC adopted the 2025 IEPR demand forecast, which reflects materially lower near-term growth. A forecast that drives multibillion-dollar procurement should not bind an entire planning cycle when it is superseded within days of adoption. SDG&E recommends that the Commission establish a mechanism to update assigned forecasts, or to

permit an LSE to demonstrate conformance against the most recent CEC adopted forecast, before binding procurement obligations attach. This is the relief sought in Sections I.b, III.a, and IV.e, carried into the process reform that would keep the problem from recurring.

E. Expand Load Serving Entity Participation in the Development of Modeling Inputs and Assumptions

The quality of a conforming portfolio is determined well before any LSE opens a modeling tool. The ultimate quality is determined when the load forecast, resource cost and availability assumptions, ELCC values, and the other portfolio inputs are developed. In this cycle those inputs were largely settled through staff processes in which LSEs participated late and at the margin. The consequences are cataloged in Sections V.a and V.b: benchmark inputs finalized on a compressed schedule, standardized tools that required reconciliation under time pressure, and ELCC values posted only after the realistic development window had closed. LSEs hold operational knowledge that bears directly on the credibility of these inputs. Engaging that knowledge earlier and more substantively, through working sessions and a genuine opportunity to test draft inputs, would improve the accuracy and transparency of the assumptions and would build the shared understanding that leads to better outputs. Simply put, inputs developed with more LSE and other party participation are more likely to be accurate and true to life than those that are not. SDG&E recommends that the Commission formalize an earlier and more substantive role for parties in the development of IRP I&A, encompassing the load forecast, resource cost, and performance assumptions, ELCC values, and the standardized modeling tools, so that each input is tested against operational reality before it binds a planning cycle.

F. Adopt a Four-Year IRP Cycle with Lightweight Interim Updates

The lessons above share the common root of compression of a consequential planning exercise into a biennial cadence that leaves too little time to set inputs, build conforming plans, and observe the results of one cycle before the next begins. SDG&E recommends that the Commission lengthen the interval between full IRP cycles from two years to four. A four-year cycle would reduce the recurring administrative and filing burden that the current cadence imposes on LSEs and Energy Division alike and would redirect that effort from a perpetual planning scramble toward allowing the analytical rigor this critical exercise warrants. It would furnish more stable procurement signals, better aligned with the multiyear lead times of the resources the plans direct, from long-duration storage to the transmission-dependent and offshore wind resources that cannot be planned, permitted, and constructed within a two-year window. And it would allow the Commission and LSEs to implement a plan and observe its outcomes before revisiting its premises, rather than reopening assumptions that the prior cycle has not yet had time to test. Higher quality results will inevitably follow as the time that a longer cycle frees is the same time that SDG&E identifies in Sections V.a and V.b as missing.

The concern might be that a four-year cycle risks binding the system to stale assumptions in a grid that is changing quickly, as load forecasts, resource costs, and reliability metrics continue to move. This concern is valid, but the answer lies in calibration rather than returning to a biennial planning schedule. SDG&E recommends that the Commission pair the four-year cycle with an interim update at the two-year midpoint, at which time LSEs could identify and adapt to conditions that have changed in the interim. While this process will need to be more fully designed and optimized for the ultimate RCPPP construct, it could be used to respond to new items and emerging issues that impact the electric sector. So structured, the longer cycle

captures the stability and administrative relief of four-year planning while preserving a defined mechanism to absorb material change, consistent with the relief SDG&E seeks in Section V.d.

Attachment A

Preferred Conforming Portfolio Resource Data Template

PUBLIC VERSION

Due to the large file size of this attachment, the document will be provided to Energy Division staff through the Commission's FTP site and sent to the Commission's Docket Office via CD ROM.

Attachment B

Alternative Portfolio Resource Data Template

PUBLIC VERSION

Due to the large file size of this attachment, the document will be provided to Energy Division staff through the Commission's FTP site and sent to the Commission's Docket Office via CD ROM.

Attachment C

Preferred Conforming Portfolio Clean System Power Tool

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Attachment D

Alternative Portfolio Clean System Power Tool

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