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Witness: ~~R. Fiola~~ M.M. Dandridge
Chapter: 4a

PREPARED DIRECT TESTIMONY OF ~~R. FIOLA~~ M. MICHELLE DANDRIDGE

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

AND SAN DIEGO GAS & ELECTRIC COMPANY

(LARGE ELECTRIC GENERATION/COGEN FORECAST)

September 30, 2025
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CHAPTER 4

PREPARED DIRECT TESTIMONY OF ROBERT FIOLA

(LARGE ELECTRIC GENERATION/COGEN FORECAST)

I. PURPOSE

The purpose of my direct testimony is to present a portion of the forecast of natural gas demand for electric generation (EG) customers for the Cost Allocation Proceeding (CAP) period (2027 - 2029) for Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E). My testimony covers the portion of the EG market comprised of: (1) utility electric generation (UEG) customers; Southern California Edison Company (SCE); SDG&E; the cities of Anaheim, Burbank, Colton, Corona, Glendale, Pasadena, Riverside, and Vernon; the Los Angeles Department of Water and Power (LADWP); and the Imperial Irrigation District (IID); (2) exempt wholesale generation (EWG) customers; and (3) SoCalGas and SDG&E large cogeneration customers with generating capacity greater than 20 megawatts (MW).

II. EG FORECAST METHODOLOGY

Due to the complex interaction of the electric supply and electric demand components, the EG natural gas demand forecast of the UEG, EWG, and large cogeneration customers is based on an analysis of the operation of power plants in the Western United States electric market using a production cost model. This method was used in both the 2024 CAP Application[1] and the 2024 California Gas Report. This forecast uses the PLEXOS model (Model) developed by the software provider Energy Exemplar, Inc. The Model evaluates, in detail, the least-cost dispatch of the electricity supply to meet system demand on an hourly basis

[1] Application (A.) 22-09-015.

and provides results of generation unit output, including fuel burn. The major inputs used in the Model are discussed below.

A. Electricity Demand

The electric demand forecast for California used in the Model is from the California Energy Commission's (CEC) California Energy Demand Forecast Update, 2024 – 2040, adopted January 2025.[2] This energy demand forecast was developed as part of the CEC's Integrated Energy Policy Report process. The mid energy demand forecast with Additional Achievable Energy Efficiency (AAEE) Scenario 3 and Additional Achievable Fuel Substitution (AAFS) Scenario 3 Programmatic was selected as the energy demand forecast. For the remainder of the Western Electricity Coordinating Council (WECC), I used the electric demand forecasts within the PLEXOS database.[3] CEC develops these forecasts by collecting data from various sources including demand forecasts filed by utilities with the Federal Energy Regulatory Commission (FERC).

B. Availability of Hydroelectricity

Limited multi-year water storage in California and the Pacific Northwest (PNW) makes annual hydroelectric generation dependent on each year's snowpack run-off. The PLEXOS database uses the 15-year average hydro conditions. Because the hydroelectric generation

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[2] Refer to the CEC report: CEC, ~~*2021*~~ *2024 Integrated Energy Policy Report, available at:* https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report-iepr/2024-integrated-energy-policy-report-0.

~~https://www.energy.ca.gov/publications/2021/2021-integrated-energy-policy-report~~.

[3] The Model covers the entire WECC region: 14 western states, 2 Canadian provinces, and Northern Baja Mexico. The power simulation encompasses the entire WECC footprint. CEC provided data for all the states and provinces. I updated the electricity demand for California only, with CEC's electricity demand forecast.

exhibits a year-to-year random variability, the forecast assumes that the availability of hydroelectricity generation in California and the PNW will be equal to the 15-year average.

C. Generation Capacity

The generator operating characteristics used in the Model are based on values provided by CEC.

In this forecast, the generating resource additions follow the adopted 2023 Preferred System Plan (PSP), which also assumes compliance with the Mid-Term Reliability (MTR) Decision 21-06-035. The PSP portfolio includes approximately 8,400 MW of new energy storage resources by 2027 and 10,000 MW by 2029. The PSP portfolio also includes approximately 9,600 MW of new renewable resources by 2027 and 17,600 MW by 2029.

In both SoCalGas and SDG&E service areas, there are no additional gas-fired generating resources. The once through cooling (OTC) plants with total capacity of 2,905MW are expected to retire by 12/31/2026. They are the Alamitos, Huntington Beach, and Ormond Beach plants. The Redondo Beach plant retired in 2023. California has adopted an aggressive PSP to meet a stringent greenhouse gas (GHG) target of 30 million metric ton (MMT) by 2030. While California load-serving entities (LSEs) are working to meet their GHG goals, there are uncertainties as to how much renewable power and energy storage resources will be added specifically during the CAP period. The current supply chain constraints and increased raw material costs may delay certain projects.

D. Electric Transmission

The addition of large transmission projects, especially ones that interconnect Southern California with other regions and states, can have an impact on UEG and EWG demand in the service territories of both SoCalGas and SDG&E. There is no new major transmission line

added in this forecast as there are no known projects expected to come online during the CAP period.

E. Greenhouse Gas (GHG) Cap-and-Trade Program Costs

In response to Assembly Bill 32, the California Air Resources Board (ARB) implemented a Cap-and-Trade program for GHG emissions beginning in 2013. The forecast of natural gas demand for UEG and EWG customers assumes GHG compliance costs based on recent futures market prices of $50-100 per metric ton of carbon dioxide equivalent (MTCO2e).

III. UEG, EWG, AND LARGE COGENERATION FORECAST

The UEG, EWG, and large cogeneration forecast, based on the above discussed assumptions for the years 2027 through 2029, is shown in Table 1.

Table RF-1: Annual EG and Large Cogeneration Forecast (MMDth)

Year	*SDG&E*	*SoCalGas*	*Total*
2027	26	176	202
2028	27	184	211
2029	27	189	216
Average	27	183	210

IV. WINTER PEAK FORECAST

To establish the marginal demand measures presented in the direct testimony of Eduardo Martinez (Chapter 5), a winter peak day[4] forecast was developed for UEG, EWG, and large cogeneration natural gas demand. The winter peak demand is the coincidental peak day of the total SoCalGas and SDG&E system. The result is shown in Table RF-2.

[4] Winter peak day is the day in December which has the highest EG throughput of the combined SDG&E and SoCalGas system.

Table RF-2: Winter Coincidental Peak Day Demand (MDth/day)

Year	*SDG&E*	*SoCalGas*	*Total*
2027	200	749	949
2028	195	757	952
2029	216	761	977

This concludes my prepared direct testimony.

V. QUALIFICATIONS

~~My name is Robert Fiola. My business address is 555 West Fifth Street, Los Angeles, California, 90013. I am employed by SoCalGas as Senior Energy Markets & Trading Financial Analyst in the Strategic Planning & Infrastructure Group. My responsibilities include the development of natural gas demand forecasts for EGs in the service areas of both SoCalGas and SDG&E and evaluating various EG related projects.~~

~~I have a Bachelors of Science degree in Mechanical Engineering from California Polytechnic University, Pomona. I am a registered Professional Mechanical Engineer in California since 1995. I have previously worked in Gas Supply, Operations Control, Engineering, Transmission and Distribution Planning departments. I have been employed by SoCalGas since 1989.~~

~~I have previously testified before the Commission.~~

My name is M. Michelle Dandridge. I am employed by SoCalGas as the Senior Manager Strategic Planning, ~~of~~ Transmission and Storage Strategy. My business address is 555 West Fifth Street, Los Angeles, California, 90013-1011. I received a Bachelor of Business Administration with concentrations in Finance and in Accounting from Simon Fraser University, British Columbia, Canada.

Prior to joining SoCalGas, I held finance, accounting, natural gas scheduling, and natural gas trading positions at various oil and natural gas companies in British Columbia and Alberta, Canada. At SoCalGas, I have worked in the Gas Acquisition, Gas Scheduling and Major Markets Credit and Compliance departments. As of June 2017, I have been in the role of Manager, Transmission and Storage Strategy. In this position, I manage the unbundled storage program and the California Energy Hub, oversee minimum flowing supply and maintenance related supply purchases, and am involved in various regulatory issues

providing analytical and compliance subject matter expertise. I have previously testified before the Commission.