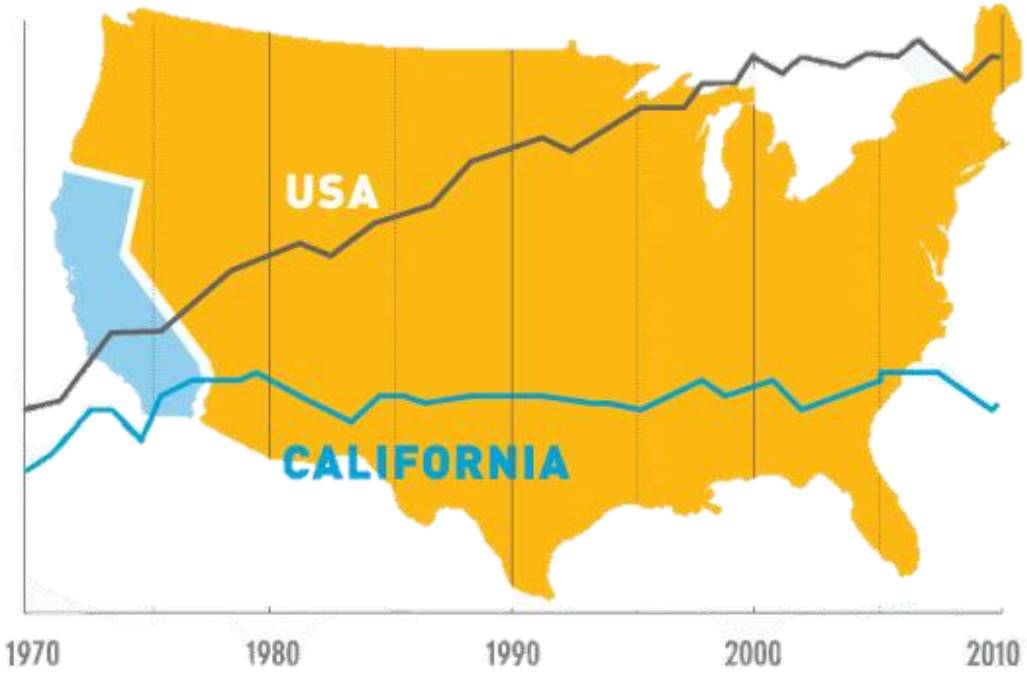
Rate Reducing Load Growth

Unlocking an Affordable & Sustainable Future

Assembly Joint Utilities & Energy and Privacy
Informational Hearing: “AI’s Energy Impacts”
January 28, 2026

Electric load is growing for the first time in fifty years

Due to energy efficiency, rooftop solar, and growth of a service economy, California electric load has been relatively flat for past 50 years.



"Building advanced artificial-intelligence systems will take city-sized amounts of power, which has turbocharged electricity demand projections for the first time this century."

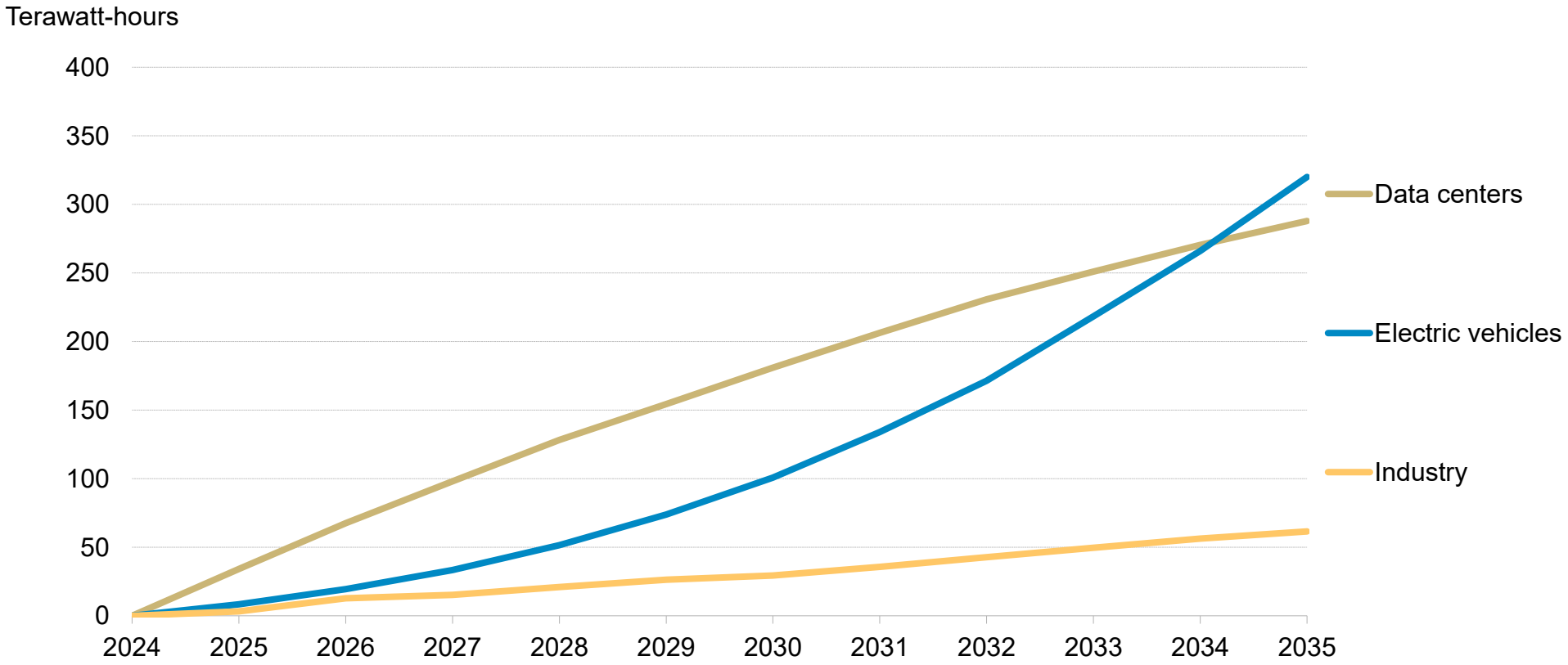
— WALL STREET JOURNAL

"We expect peak demand to double"

— **California Energy Commission**

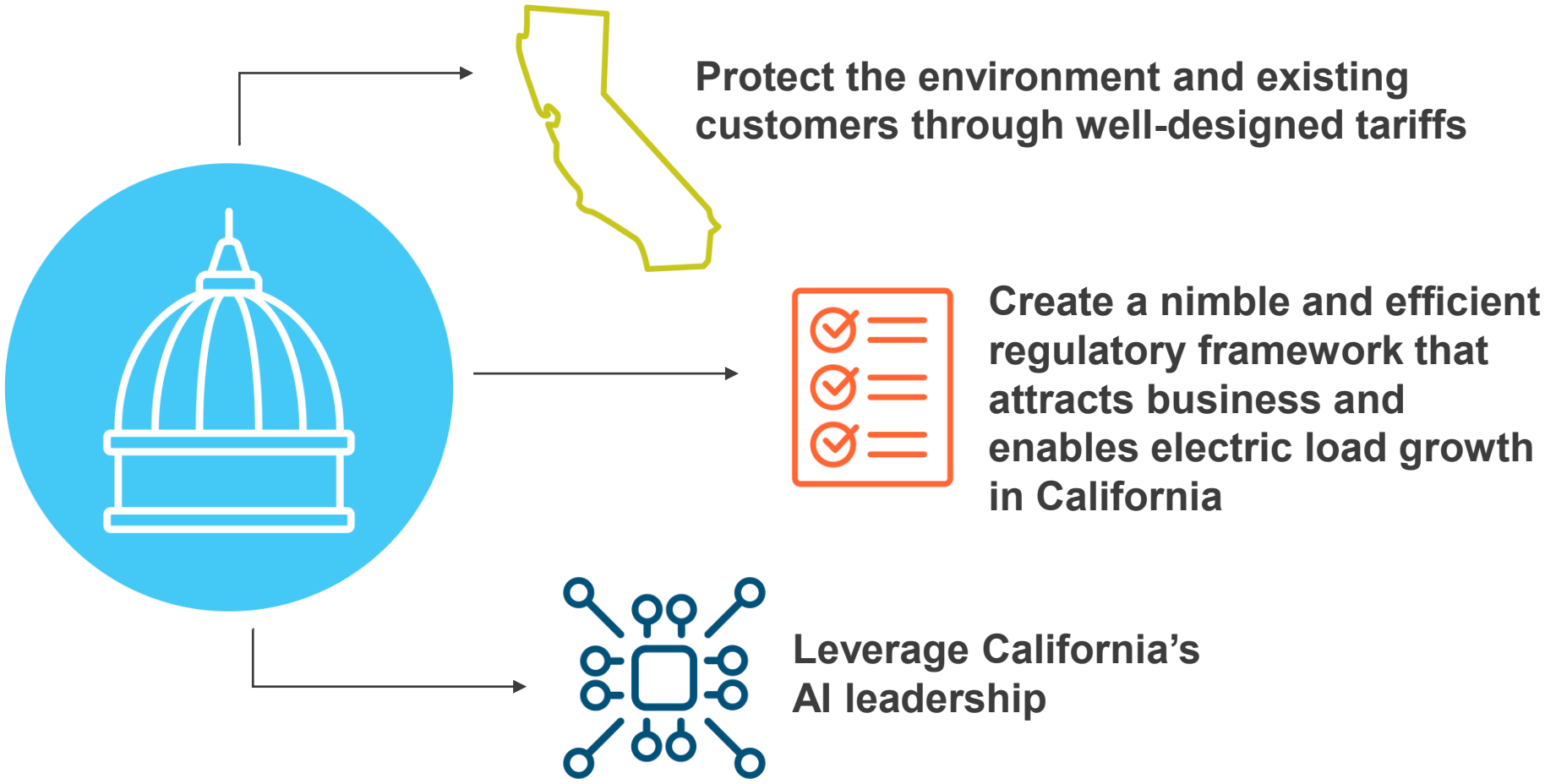
New Electricity Demand

US Data Center Market - Economic Transition



Source: BloombergNEF. Note: Data-center demand refers to total energy demand. BNEF's Economic Transition Scenario combines near-term market analysis, least-cost modeling, consumer adoption trends, and historical patterns to project how commercially available technologies are likely to scale. It assumes no new policy interventions and is designed to reveal the economic fundamentals driving the energy transition.

Smart policies grow the economy, lower rates, and further our climate goals



Protect the environment and existing customers through well-designed tariffs

Create a nimble and efficient regulatory framework that attracts business and enables electric load growth in California

Leverage California's AI leadership

Enabling Load Growth Through Timely and Smart Policy

PG&E estimates that for every 1 Gigawatt (GW) of new demand we serve, all customers could save 1% or more on their monthly electric bill, under the right conditions.

- Timely regulatory and policy decisions to deliver fast connection with clear customer and utility expectations
- Large load customers should pay for initial interconnection costs attributed to their load and should be directed to manage their load
- California must focus on building new clean energy generation and transmission to meet data center, electric vehicle, building electrification, and more future load
  - *(Note: Approximately half of PG&E's service territory load is served by a CCA today)*
  - Require long term customer contracts to match generation needs
- Leverage California's clean energy grid and commitment to communities
- Some large load customers like Microsoft have committed to paying its share of costs and be water/energy neutral.

Regulatory Landscape

- **FERC: ANOPR on Network Transmission Costs**
  - Retail vs. Wholesale jurisdiction, Cost Allocation/Cost Causation principles, Reliability, Process Reform, Regional Flexibility.
- **IEPR and IRP: Grid Planning for Transmission and Generation**
  - Collaboration of utilities, CAISO, CEC, and CPUC.
- **PG&E's Rule 30 application pending at CPUC**
  - Transmission Interconnection Cost Allocation. Existing Rules 15/16 for Distribution.
- **Future CPUC & FERC Rate Design proceedings**
  - Transmission Owner Rate Case.
  - CPUC General Rate Case or standalone proceedings.
- **Future CPUC Large Load OIR and/or SB 57 (Padilla) Study**
  - Broader policy deliberations (i.e. generation, impact on other load serving entities).
- **CAISO: Transmission Planning Process (TPP)**
  - Review and approval of infrastructure projects.

Current Application Process vs. Rule 30

PG&E has seen a dramatic increase in requests for load interconnections to the transmission system, leading to PG&E's Rule 30 application, filed November 2024. The proceeding has been delayed with a new goal of resolution no later than Q3 of 2026.

- **Exceptional Case Filings**
  - Currently when interconnecting a new customer directly to the transmission system, PG&E must file exceptional case advice letters, delineating amendments to Electric Rules 15 &16, which were intended for distribution service, then receive individual CPUC approval
- **Proposed Rule 30 – Establish a transmission level interconnection tariff**
  - Improves PG&E's ability to meet customer in-service date requests while protecting existing customers from stranded assets
  - Provides clear and transparent interconnection and cost allocation rules and requirements
  - Reduces the administrative burden on customers and the CPUC of negotiating unique, one-off agreements and preparing and processing tier 3 advice letters
    - Elimination of 12+ months (negotiation + 9-12 months for tier 3 advice letter and CPUC approval)
  - Next Steps: limited additional testimony will be filed by all parties on 2/18/2026

Notice of Proposed Rulemaking (NOPR) at FERC

On October 23, 2025, Secretary of Energy Chris Wright proposed that FERC issue an Advanced NOPR regarding large load interconnections. Key points:

- Secretary Wright believes that FERC should exercise jurisdiction over large load interconnections
- The notice requests FERC start a process referred to as a "Advanced Notice of Proposed Rulemaking" (ANOPR) to develop and finalize large load interconnection rules that will interconnect data centers and other transmission loads in a fair and expeditious manner
- Secretary Wright has expressed his desire that the new rules be finalized no later than April 30, 2026

On October 27th, FERC issued a Notice Inviting Comments. PG&E drafted comments and solicited feedback from SCE, SDG&E, and CAISO. PG&E's comments include:

- Comments on the principles outlined in Secretary Wright's directive
- An overview of PG&E's proposed Rule 30 Tariff and the CPUC's jurisdictional authority over the Rule 30 provisions
- The need to grandfather in any retail transmission applications submitted prior to January 1, 2027 so as not to change rules midstream for customers
- PG&E filed comments on November 21, 2025

Upcoming Dates: FERC Issuance likely March or April 2026

PG&E Load Growth Trends

Data Center Pipeline

MWs	June 2025	September 2025
Total	**10,000**	**9,600**
Application & Preliminary Engineering	8,450	7,950
Final Engineering	1,500	1,600
Construction	50	50

Estimated Long-Term Customer Savings:
1 GW = 1% or more Electric Bill Reduction

Working with our largest customers and data center developers to find the most economical build out, accelerate interconnection timelines, and deliver optimal reliability

Final Engineering

- 18 total projects
- Increased by 100 MWs during Q3
- Expect several projects in-service during 2026
- Load ramps over time, 95% of MWs estimated to be available by 2030

Facilitating Economic Prosperity

Surging data center growth in California lowers energy costs for customers

When large energy users pay their fair share, they help cover the costs of the grid, which helps lower rates for all customers.

Creates thousands of new jobs – helping secure the future of tech in California for decades to come[2]

Every 1 GW of new data center load is expected to create:

5,000
construction jobs

11,500
construction support / associated jobs

500
permanent tech jobs

2,850
permanent support / associated jobs

Generates billions of dollars in annual revenue for the state[2]

Economic impacts from planned data center projects include:

$125 – $175 Million
in increased property taxes

$250 – $300 Million
in additional sales taxes

* Factors that may cause the Utility's actual results to differ materially from its forecasts include the Utility's interconnection costs, the amount of power used by customers, the price of power, the amount of cost recovery approved in the Utility's ratemaking proceedings, and with respect to data centers, the extent to which power supply costs are passed through to other customers.