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Standard LSE Plan

San José Clean Energy

2026 INTEGRATED RESOURCE PLAN

August 10, 2026

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I. Executive Summary

Description of San José Clean Energy

San José Clean Energy ("SJCE") is a Community Choice Aggregator ("CCA") administered by the Energy Department at the City of San José. SJCE was formed by the San José City Council ("City Council") in May 2017, pursuant to Title 26 of the San José Municipal Code, to support the City's transition to clean energy and provide its residents and businesses with local control over electricity prices, resources, and quality of service. Since beginning operations in 2019, SJCE has maintained its commitment to clean, reliable energy at fair rates and is a major part of Climate Smart San José, the city's climate action plan. As a load serving entity ("LSE"), SJCE currently serves over 350,000 residential and commercial customer accounts with approximately 4,000 gigawatt-hours of annual retail sales. SJCE is the default generation provider in San José, serving about 97% of customers.

SJCE achieved a 60% renewable portfolio in 2024, six years ahead of the State's deadline for this goal. SJCE's standard service is 62% renewable energy; customers can also receive 100% renewable energy. Customers enrolled in CARE and FERA state discount programs are automatically enrolled in SJ Cares for an additional 10% discount on SJCE charges.

SJCE was awarded an investment grade credit rating in 2024, reflecting strong financial stability and improving SJCE's ability to provide affordable power to its customers. Additionally, SJCE has reduced its power purchase costs through prepayment of energy procured through long-term power purchase agreements ("PPAs") with the issuance of tax-exempt green bonds. In 2024, the City of San José utilized $1.24 billion in tax-exempt Green Bonds, which are expected to save SJCE approximately $66 million through 2032, with savings passed on to customers through lower energy rates.[1] Building on that success, in 2026, the City of San José utilized an additional $1.25 billion in tax-exempt Green Bonds, which are expected to save SJCE approximately $62.6 million through 2036, with savings also passed on to customers through lower energy rates.[1]

SJCE not only provides clean power at competitive rates but also reinvests revenues into San José - specific customer programs that advance greenhouse gas reductions, expand access to clean energy, and deliver tangible, local benefits aligned with San José's climate and community priorities. Programs are developed with equity serving as a foundational principle across all investments. Since launching customer programs in 2020, SJCE has:

- Avoided 46,500 metric tons of CO2, equivalent to removing 10,843 gas cars from the road for one year
- Delivered $29.4 million in estimated customer savings
- Invested $9 million and leveraged $9.4 million in external funding to deliver 16 programs

[1] See San José Clean Energy, "San José Clean Energy Saves on Renewable Energy with Pre-Pay Green Bonds," *San José Clean Energy News*, November 4, 2024, available at San José Clean Energy – Saves on Renewable Energy with Pre-Pay Green Bonds

SJCE's 2026 Integrated Resource Plan

In this Integrated Resource Plan ("IRP"), SJCE presents one Conforming Portfolio and one Alternative Portfolio which meet its share of the 8 million metric ton ("MMT") by 2045 greenhouse gas emission ("GHG") target. SJCE submits the Conforming Portfolio as its 8 MMT by 2045 Preferred Conforming Portfolio ("PCP"). The two portfolios were approved by the City Council on June 23, 2026.[2] In seeking approval from the City Council, SJCE explained that it plans to procure enough resources to comply with the California Public Utilities Commission's ("CPUC") February 2026 procurement mandate. SJCE intends to use the Alternative Portfolio to guide its near- and medium-term procurement and to incorporate resource buildout from the PCP as new electricity demand materializes. SJCE recognizes the risk associated with both over- and under-procurement and will continue balancing long-term procurement with short- and medium-term products where appropriate, particularly to avoid premature procurement that could unnecessarily exacerbate affordability concerns.

SJCE developed its PCP by applying its load ratio share to the CPUC's RESOLVE-modeled least-cost scenario buildout and published on the IRP webpage.[3] As a result, SJCE's PCP is based on the same modeling outputs, inputs, and assumptions used by the CPUC in its 2024-2027 IRP Cycle. In addition, SJCE developed an Alternative Portfolio that uses alternative load forecast assumptions. This portfolio scales the resource buildout by the ratio of the alternative load forecast to the CPUC forecast. Finally, SJCE evaluated the costs of both portfolios and found that **the PCP is 70% higher in cost than that of the Alternative Portfolio**. This significant cost difference illustrates the potential impact of premature procurement and underscores the importance of aligning procurement decisions with confirmed load growth. This is particularly important for large load customers, whose service commitments, service preferences and plans to self-supply resources can significantly affect future procurement needs.

Along with the written narrative, this 2026 IRP is comprised of the following attachments:

1. CPUC Resource Data Template (RDT) – 8 MMT Conforming Portfolio;
2. CPUC Clean System Power (CSP) Tool – 8 MMT Conforming Portfolio;
3. CPUC Resource Data Template (RDT) – 8 MMT Alternative Portfolio;
4. CPUC Clean System Power (CSP) Tool – 8 MMT Alternative Portfolio;
5. Integrated Energy Policy Report Filing Form – 8 MMT Alternative Portfolio

In preparing and communicating this plan, SJCE highlights three points, all critical to the CPUC's procurement consideration and discussed throughout this document: (1) the large load forecasted for the City of San José in the assigned load forecast represents a highly aggressive and improbable scenario, based on project-level city data, which presents a significant and costly risk of over procurement; (2) the cost of the PCP is significantly higher than that of the Alternative Portfolio; and (3)

[2] See City of San José, *2026 San Jose Clean Energy 2026 Integrated Resource Plan Memo*, available at City of San José – Energy Public Meetings and Documents

[3] See California Public Utilities Commission, *2024–2027 Integrated Resource Plan (IRP) Cycle Events and Materials*, available at CPUC – 2024–2027 Integrated Resource Plan (IRP) Cycle Events and Materials

the lack of diverse resource options, particularly the absence of geothermal in the California Independent System Operator ("CAISO") queue, declining effective load carrying capacity ("ELCC") values, and the need for clean overnight supply, forces portfolios to meet reliability needs through an overbuild of solar plus storage resources. If not addressed, all three items will lead to unnecessarily increased ratepayer costs.

Summary of Study Design

To ensure consistent assumptions and techniques across scenarios, both portfolios incorporate SJCE's proportional share of the CPUC's RESOLVE-modeled least-cost scenario buildout. Portfolio production costs were simulated using the Ascend PowerSimm model, which applies a framework to evaluate total costs based on hourly dispatch operations, resource performance, and weather-driven demand volatility. Price curves reflect Ascend's short- and long-term fundamental outlook for the CAISO market as of the first quarter of 2026. Since the forecast was prepared, long-term PPA pricing has continued to face upward pressure from evolving federal tax incentives, the implementation of Foreign Entity of Concern ("FEOC") requirements, increasing interconnection and transmission upgrade costs, study timelines, permitting and development risk, elevated financing and construction costs, and rising land and labor costs.

Long-term price trajectories are derived from a fundamental market model that simulates hourly market operations under evolving assumptions for resource additions and retirements, electricity demand, fuel prices, transmission, and public policy. Market fundamentals reflect structural changes in CAISO price formation driven by increasing renewable penetration, rapid storage deployment, evolving electricity demand, and the gradual retirement of thermal generation, resulting in greater price differentiation between daytime solar hours and higher-priced evening and overnight periods over the long term.

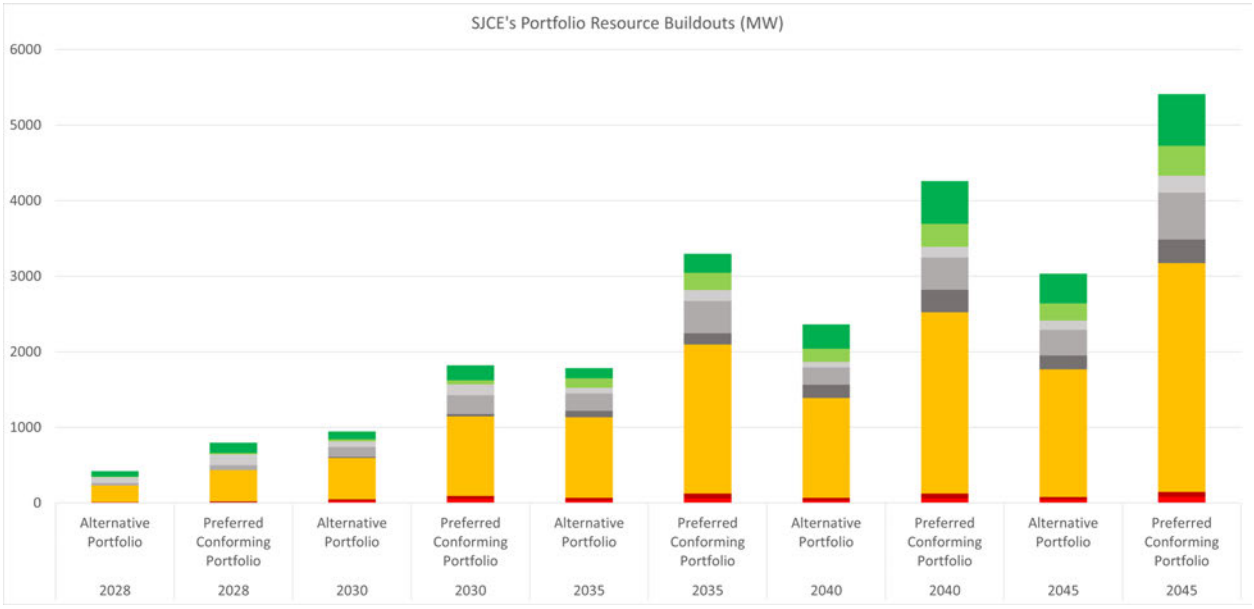
Each portfolio's outcome was tested to ensure they met reliability and GHG emission targets. Emissions were evaluated using the Clean System Power tool to assess each portfolio's ability to meet GHG emission benchmarks, while reliability targets were evaluated using the Resource Data Template to ensure SJCE meets required capacity needs during critical hours.

To comply with CPUC requirements, SJCE developed the PCP using the assigned load forecast. However, because this forecast is subject to significant uncertainty, procuring to meet assigned load before it materializes (or becomes certain) could expose SJCE customers to unnecessary cost increases. To evaluate the implications of the assigned load uncertainty, SJCE developed an Alternative Portfolio using an internally developed load forecast. This portfolio incorporates the same modeling methodology, policy assumptions, and study inputs as the PCP but incorporates alternative assumptions for key load drivers including prospective large load, electric vehicle ("EV") adoption rates, and building electrification. The Alternative Portfolio provides an additional planning scenario to help inform future procurement decisions under conditions of load forecast uncertainty.

Summary of Study Results

Consistent with CPUC requirements, SJCE prepared a Preferred Conforming Portfolio that achieves its GHG reduction targets and reliability targets for its assigned load forecast. **This assigned load forecast results in an almost two-fold increase in SJCE load by 2028 and requires a very aggressive buildout of new resources.** Additionally, SJCE prepared an Alternative Portfolio to compare buildout rates under more conservative load forecast assumptions. Figure 1 shows SJCE's cumulative resource buildout for the PCP and Alternative Portfolio.

Figure 1: SJCE's PCP and Alternative Portfolio Resource Buildout



Summary of Action Plan

SJCE's IRP portfolios incorporate existing contracted resources, procurement required under CPUC decisions, and additional resources needed to maintain reliability and achieve statewide greenhouse gas reduction targets. Since 2019, SJCE has brought online nearly 1 gigawatt ("GW") of new clean energy resources and has additional solar, storage, geothermal, and long-duration storage projects under development. This IRP study indicates that significant additional investments in wind, solar, storage, and geothermal resources are required through 2045 to meet the CPUC's GHG emissions benchmarks and future procurement requirements.

To meet these needs, SJCE plans to continue to issue annual competitive solicitations, pursue bilateral procurement opportunities, and participate in joint procurement efforts. These joint procurement efforts are with other CCAs and or through California Community Power ("CC Power"), a Joint Powers Authority made of nine CCAs to combine their buying power. However, procurement remains challenging due to high costs, project delays, supply chain constraints, permitting obstacles, transmission limitations, and federal policy uncertainty. Given these market conditions and ongoing load

forecast uncertainty – particularly around larger loads such as data centers – SJCE emphasizes the importance of procurement flexibility, recognition of good-faith compliance efforts, and caution regarding additional long-term procurement mandates that could further increase customer costs.

II. Study Design

Load Assignment

SJCE's PCP is based on the CPUC's assigned load forecast, shown in Table 1, which was published in the CPUC's "2026 LSE GHG Emission Benchmarks" file and is based on the California Energy Commission's ("CEC") 2024 Integrated Energy Policy Report ("IEPR") Planning Scenario.

The assigned forecast projects a rapid increase in SJCE retail load, from approximately 3,700 GWh of actual retail sales in 2025 to approximately 7,500 GWh by 2028. Because much of this projected growth depends on large prospective customers and future electrification that remain subject to significant development uncertainty, SJCE developed an Alternative Portfolio using an internally developed load forecast to evaluate procurement needs under a more conservative planning scenario. The differences between the two forecasts are summarized in Table 1 and illustrated in Figure 2: Comparison of SJCE's Assigned Load Forecast and Alternative Portfolio Load Forecast.

SJCE's Alternative Portfolio load forecast incorporates probability-weighted adjustments to major sources of future load growth, including prospective large load, transportation electrification, and building electrification.

For prospective new large loads, SJCE evaluated each project using information from City of San José Planning Building and Code Enforcement Department, Office of Economic Development, and direct engagement with prospective customers. Rather than relying solely on executed interconnection agreements, the forecast considers project permitting status, expected development timelines, customer retention, and the potential for customers to meet a portion of their electricity through behind-the-meter generation. Additionally, SJCE understands that some large load customers arrange their own power purchase agreements, as Google has done for over 15 years.[4] This too, is considered in SJCE's load forecast methodology.

For transportation and building electrification, SJCE applied adjustments to reflect uncertainty associated with customer adoption, equipment costs, supply chain constraints, and evolving state and

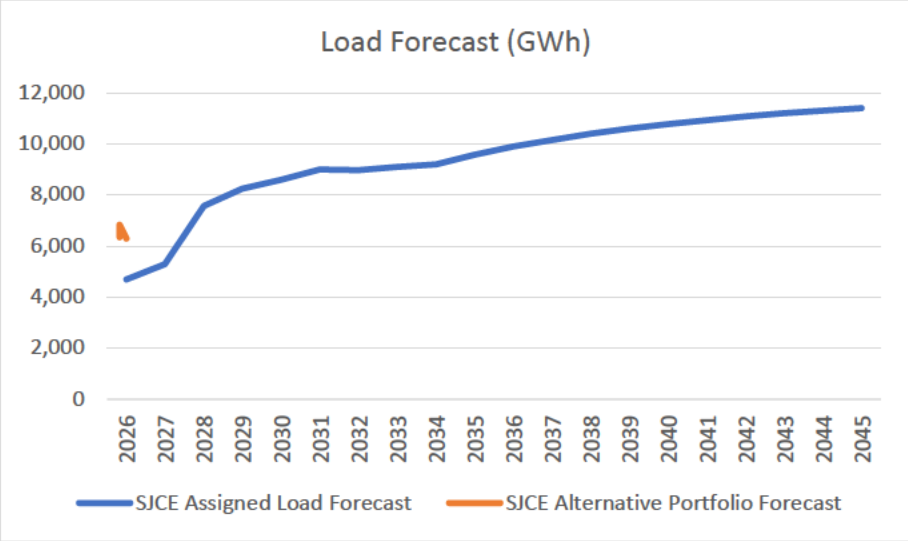
[4] See Amanda Peterson Corio, "A New Clean Energy Purchasing Model to Drive Decarbonization," *Google Cloud Blog*, September 16, 2022, available at Google Cloud Blog – A New Clean Energy Purchasing Model to Drive Decarbonization

federal policy. Additional details regarding the Alternative Portfolio load forecast are described in Section II. Alternative Assumptions.

Table 1: SJCE's Load Assignment in the CPUC's "2026 LSE GHG Emission Benchmarks" file based on the CEC's 2024 IEPR Planning Scenario Load Forecast Side-by-Side with SJCE's Internal Load Forecast

SJCE Managed Retail Sales Forecast			
Year	CPUC Load Forecast for PCP (GWh)	SJCE Load Forecast for Alternative Portfolio (GWh)	Difference between Load Forecasts for PCP and Alternative Portfolio (GWh)
2026	4,692	3,788	904
2027	5,279	3,858	1,421
2028	7,582	4,017	3,565
2029	8,260	4,223	4,037
2030	8,594	4,409	4,185
2031	8,989	4,646	4,343
2032	8,975	4,926	4,049
2033	9,106	5,217	3,889
2034	9,203	5,504	3,699
2035	9,578	5,759	3,819
2036	9,894	5,967	3,927
2037	10,161	6,142	4,019
2038	10,395	6,260	4,135
2039	10,615	6,335	4,280
2040	10,777	6,396	4,381
2041	10,924	6,440	4,484
2042	11,071	6,474	4,597
2043	11,204	6,508	4,696
2044	11,310	6,544	4,766
2045	11,404	6,565	4,839

Figure 2: Comparison of SJCE's Assigned Load forecast and Alternative Portfolio Load Forecast



SJCE's PCP also incorporated the peak demand forecast and corresponding behind-the-meter photovoltaic data provided by CPUC staff to individual LSEs. Additionally, SJCE incorporated the default hourly shapes from the CSP calculator for both the PCP and the Alternative Portfolio.

Required and Optional Portfolios

SJCE is submitting two portfolios: a Conforming Portfolio as its PCP and an Alternative Portfolio that is non-conforming due to its use of an internally developed load forecast. While the PCP is based on the CPUC-assigned load forecast, the Alternative Portfolio features a buildout scaled down to match SJCE's internally developed load forecast. Both portfolios meet all applicable GHG emissions benchmarks and system reliability requirements, and each represents a proportional share of the CPUC's RESOLVE-modeled least-cost scenario buildout. For the cost and risk distribution analysis of each portfolio, SJCE replaced the NREL 2024 ATB cost assumptions used by the CPUC with forecasted new resource and market prices developed by its IRP modeling consultant, Ascend Analytics LLC ("Ascend"). These resource costs were taken from Ascend resource cost forecasts, which are based on detailed analysis of technology costs in CAISO. Near-term PPA prices (first 2–3 years) are indexed to regional market prices by technology, drawing from RFPs, publicly available filings, news sources, and consultation with technology-specific experts. Ascend uses Bloomberg data to inform storage component cost breakdowns. Beyond the near term, cost evolution follows NREL-ATB-sourced CAPEX trajectories and implied learning curves, but faces sustained upward pressure from tax credit roll-offs and rising land and labor costs through 2050. Compared to CPUC I&A mid-scenario assumptions from the 2026–27 TPP cycle, Ascend's forecasts are generally higher.

Using market-informed costs enables SJCE's modeling to better reflect actual prices encountered in RFOs and resource procurement, resulting in more realistic buildout selections and cost projections.

Technology costs remain subject to rapid changes driven by policy, geopolitical, supply-chain, and technological developments. These forecasts represent informed projections based on information available at the start of 2026.

GHG Emissions Benchmark

SJCE's 2026 PCP and Alternative Portfolio incorporated the GHG emission benchmarks assigned in the January 16, 2026 ALJ Ruling.[5] Utilizing the CSP calculator to project emissions across the planning horizon, SJCE verified both portfolios achieve emission reductions that meet SJCE's assigned GHG emission benchmarks for the CPUC's 8 MMT by 2045 IRP scenario.

As a reference, the assigned benchmarks are presented in Table 2 below.

Table 2: CPUC's Assigned SJCE GHG Benchmarks

CPUC's Assigned SJCE GHG Benchmarks				
	2030	2035	2040	2045
System GHG Emissions Benchmark (MMT)	30	25	16.8	8.68
SJCE GHG Emissions Benchmark (MMT)	0.69	0.49	0.47	0.26

a. Objectives

SJCE's primary objectives in developing its IRP were to meet the CPUC requirements and identify a robust, least-cost portfolio that satisfies state emission and reliability mandates. As described below, SJCE applied standard state renewable and clean energy targets within its 2026 PCP and Alternative Portfolio. These state-level targets were kept consistent across both the 2026 PCP and Alternative Portfolio to enable a precise apples-to-apples comparison between the two portfolios. Furthermore, because modeling inputs and assumptions outside of the load forecast were kept consistent, SJCE was able to evaluate impacts and risks associated with costs, stranded assets and affordability.

Specifically, the objectives are to:

- Develop a PCP that achieves the CPUC assigned reliability targets and GHG benchmarks associated with SJCE's proportional share of the statewide electric sector emissions targets of 25 MMT by 2035 and 8 MMT by 2045.

[5] California Public Utilities Commission, *Administrative Law Judge's Ruling Setting Requirements for Individual Integrated Resource Plans Due June 1, 2026, available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M595/K085/595085015.PDF

- Develop an Alternative Portfolio using anticipated load growth based on probability-weighted adjustments and project-level data, as described above. This Alternative Portfolio evaluates procurement needs under conditions of load uncertainty while still meeting the CPUC assigned reliability targets and GHG emission benchmarks associated with SJCE's proportional share statewide electric sector emissions targets.
- Identify conforming and alternative portfolios that are consistent with reliability, and environmental requirements, while identifying the cost and risk distribution of portfolios based on different load forecasts, consistent with the objectives set forth in Public Utilities Code Section 454.52(a)(1)(A–I).
- Ensure the portfolios meet applicable Resource Adequacy ("RA") requirements pursuant to Public Utilities Code Section 380 and contribute to statewide system reliability and renewable energy integration needs.
- Ensure the portfolios maintain compliance with the state's Renewables Portfolio Standard ("RPS") and achieve California's statutory goal requiring 100% zero carbon retail electricity sales by 2045 under Senate Bills 100 and 1020.

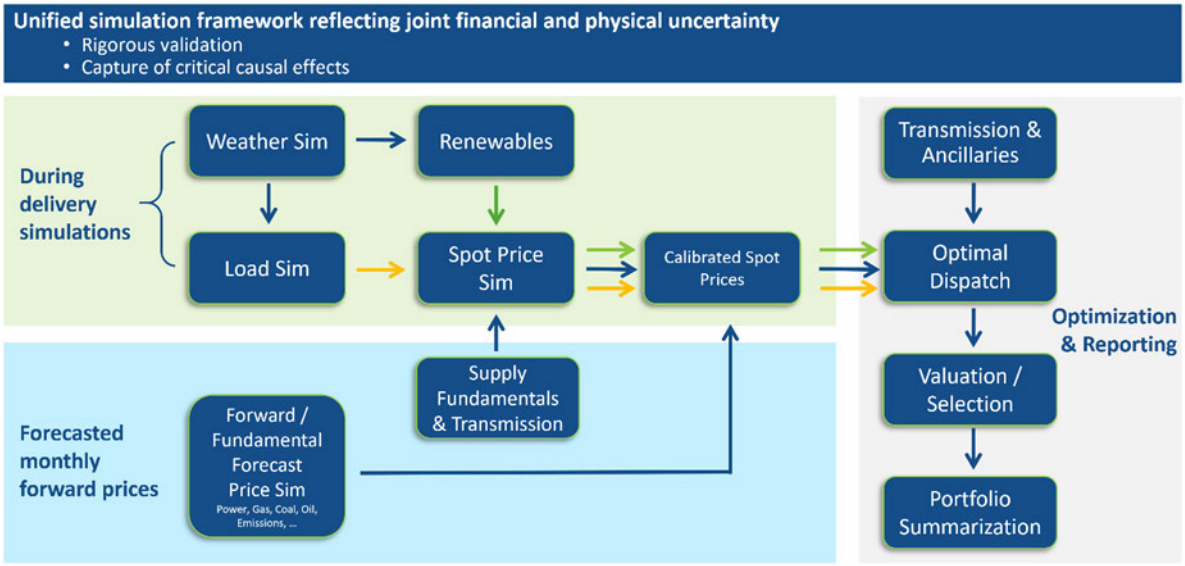
b. Methodology

i. Modeling Tool(s)

For its IRP capacity expansion plan, SJCE identified its proportional share of the CPUC's RESOLVE-modeled least-cost scenario buildout. SJCE then undertook a production cost modeling exercise using the Ascend software platform, PowerSIMM, to estimate a distribution of portfolio costs. This model utilizes a stochastic production cost analysis to estimate total portfolio costs based on hourly operations, dispatch, and system variability such as weather, demand variability, and resource performance.

By leveraging Monte Carlo simulations, PowerSIMM utilizes statistical distributions and randomized draws to simulate key input variables. Foremost among these is weather which is modeled using over 30 years of historical data. These stochastic weather variables act as the foundational drivers for load, renewable generation, and market prices, ultimately dictating the physical and economic dynamics of the energy system. The PowerSIMM framework is illustrated in Figure 3 below.

Figure 3: PowerSIMM Model Diagram



PowerSIMM simulates hourly spot price conditions as a function of weather, system load, and renewables, scaling the outputs so the average of on- and off-peak spot prices equal the simulated monthly forward price. These forward prices blend near-term market data (1-5 years) with Ascend's long-term fundamental forecasts of power prices. PowerSIMM's hybrid approach captures the uncertainty in the factors that create price risk in power markets and trading hubs, including variability in weather, load, renewable output, congestion risk, LMPs, and forward prices volatility. Additionally, Ascend simulated Renewable Energy Credit ("REC") and RA prices that were correlated with the renewable generation and load in each simulation. Specifically, the model maintains an inverse correlation between REC prices and renewable generation, and a positive correlation between RA prices and system load.

To achieve this, PowerSIMM trains its econometric "sim-engine" using extensive historical weather data to estimate the impact weather has on load and renewable production, ensuring extreme events are captured. Ascend parameterizes weather uncertainty using both time (month, day, hour) and autoregressive terms to create discrete chronological weather simulations. These simulations model system loads for both SJCE and CAISO alongside renewable generation. PowerSIMM simulates fifty different future scenarios with varied market prices, weather patterns, renewable generation, water availability, and load profiles. Finally, results are summarized across these simreps to capture the full distribution of outcomes, including the mean, median, fifth percentile, and 95th percentile estimates.

ii. Modeling Approach

Previously, SJCE utilized Ascend PowerSimm software platform for capacity expansion modeling to identify a least-cost portfolio. However, due to significant uncertainties in price assumptions, resource availability, and load forecasting, SJCE instead utilized the CPUC's capacity expansion modeling using

RESOLVE to develop its capacity expansion modeling results. To develop its PCP, SJCE applied its load share of the system to the CPUC's new resource buildout, sourced from the "Resolve RV – Least_Cost – 2025-07-14-18-13-48" file in the Case Results Viewer on the CPUC's IRP webpage.[6]

Using this data, SJCE calculated the incremental new build for milestone years 2028, 2030, 2035, 2040, and 2045. SJCE assumed it could not procure new resources by 2026 and assigned any resource additions from 2026 and 2027 to 2028. With the incremental total system buildout, SJCE then found its own portfolio share by multiplying the incremental build for those key years by its load share, which the CPUC provided through the Load Forecasts + GHG Emissions file. To smooth the buildout between the milestone years, SJCE assumed equal resource additions in all years that preceded the assigned buildout. For example, the resulting buildout showed SJCE needing 17.4 MW of 8-hour storage by 2030, so SJCE attributed 8.7 MW of the buildout to 2029 and the other 8.7 MW to 2030. The resulting portfolio maintains resource diversification and ensures SJCE is contributing its load share to the required buildout.

For the Alternative Portfolio, SJCE took the ratio of its annual internal load forecast to its CPUC-assigned load forecast and applied that to its 2026 PCP, scaling its supply buildout to match the adjusted load while maintaining the resource diversification of the CPUC's buildout.

Ascend then evaluated both portfolios using an hourly dispatch model to generate statistical results for portfolio costs, carbon emission, net position, and market purchases. To capture the uncertainty in future conditions, a stochastic framework enabled Ascend to simulate fifty different future conditions, varying market prices, weather patterns, renewable generation, and load. The primary evaluation metrics used to score the two portfolios include:

- **Cost to serve load:** Market purchases to serve SJCE load minus the net wholesale market revenues from contracted resources.
- **Risk Premium:** Since PowerSIMM simulates resource and market conditions, the resulting production cost is also a distribution with a mean and P95 tail risk. The risk premium is an actuarial calculation of the portfolio cost risk between the mean and the P95 of portfolio cost, quantifying portfolio robustness against weather volatility, power prices and renewable intermittency.
- **Resource Adequacy Position:** Forecasted system RA requirement (IEPR load forecast plus a planning reserve margin) compared against the Net Qualifying Capacity ("NQC") of SJCE contracted resources.

The portfolios were required to satisfy the various targets given by the CPUC:

- **Renewable energy targets:** from SB 100, renewable generation calculated as a percentage of retail load, with 60% required by 2030.

[6] See California Public Utilities Commission, *2024–2027 Integrated Resource Plan (IRP) Cycle Events and Materials*, available at CPUC – 2024–2027 Integrated Resource Plan (IRP) Cycle Events and Materials

- **GHG-free energy targets:** from SB 1020, GHG-free generation calculated as a percentage of retail load, with 90% clean electricity by 2035, 90% by 2040 and 100% by 2045.
- **CSP emissions targets:** portfolio required to achieve emissions that are equal to or less than SJCE's proportional share of an 8 MMT by 2045 GHG target as set forth in the January 16th 2026 Ruling.
- **Resource Adequacy Position:** SJCE's Reliability Procurement Requirement compared with the Net Qualifying Capacity of SJCE's contracted resources.

iii. Alternative Assumptions

By taking its load share of the CPUC's RESOLVE-modeled least-cost scenario resource buildout, SJCE utilized the CPUC's inputs and assumptions to develop its PCP buildout. However, for production cost modeling, SJCE used Ascend's PPA prices, fundamental market price forecasts, and resource generation profiles rather than the CPUC's 2025 Inputs and Assumptions.

For production cost modeling, SJCE reviewed both CPUC and Ascend cost assumptions and compared them against pricing observed through competitive solicitations, bilateral negotiations, CC Power procurements, broker quotes, and industry literature. SJCE ultimately used Ascend's market and PPA price assumptions.

While both the CPUC and Ascend assumptions appear lower than current market conditions, the CPUC assumptions are substantially understated. CPUC data indicates that PPA prices doubled between 2021 and 2024.[7] Recent bid data indicates a similar trajectory with prices doubling again between 2024 and 2026 as federal tax incentives become unavailable. For example, without considering prices for projects no longer eligible for federal tax incentives, for 2030, Ascend's forecasts of prices for in-state wind and solar were about **80% and 100% higher than the CPUC's forecasted prices for these resources**, respectively. The recent bids for these resources received by SJCE are about 140% higher than the CPUC's assumptions. The forecasts for out of state geothermal prices in 2030 were much closer between the CPUC, Ascend and recent bids, varying by no more than 35%, with Ascend's price forecasts being the highest. SJCE has not received recent bids for in-state geothermal or out-of-state wind.

Furthermore, bid prices typically represent a floor rather than the final contract price. Driven by strong demand and limited supply, including growing competition from hyperscalers, developers frequently seek price increases before and sometimes after contract execution. This sellers-favorable market limits buyers' leverage to demand strong provisions such as increased development security.

Suppliers are also increasingly seeking contractual provisions that allow price adjustments to address risks associated with obtaining tax incentive eligibility, interconnection or permitting delays, and federal

[7] See California Public Utilities Commission, *2025 Padilla Report: Costs and Cost Savings for the Renewables Portfolio Standard*, p. 22, available at CPUC – 2025 Padilla Report: Costs and Cost Savings for the Renewables Portfolio Standard

tariff changes. If exercised, these provisions will drive PPA prices even higher. Consequently, SJCE utilized Ascend PPA prices assumptions as they 1) preserve the relationship between Ascend's hourly electricity and long-term agreement price assumptions and 2) better reflect rapidly changing renewable project prices. Together, these assumptions anchor the analysis to a consistent set of assumptions at a specific point in time.

Alternative Portfolio Assumptions

In its Alternative scenario, SJCE assumed a load forecast distinct from its CPUC assignment. If future load growth projected in the PCP is delayed or fails to fully materialize, the Alternative Portfolio evaluates conditions associated with buildout, cost projections, along with reliability and emission targets. While SJCE's historical load has remained stable, anticipated growth within the City of San José service territory heavily depends on proposed large-load facilities such as data centers, advanced manufacturing, and aggressive transportation and building electrification.

Although demand for Artificial Intelligence accelerates interest in new data center capacity, actual development timelines remain highly uncertain due a wide variety of factors. These include evolving chip and cooling technology, supply chain bottlenecks, labor shortages, community opposition, permitting challenges, tariff uncertainty, customer procurement decisions, financing risks, and interconnection delays. Furthermore, the load modifications in Additional Achievable Transportation Electrification ("AATE") and Fuel Substitution ("AAFS") introduce significant forecast risks driven by shifting federal regulatory policies, tax incentives, volatile macroeconomic indicators and unpredictable consumer adoption curves.

Alternative Portfolio: Data Center load forecast methodology

To reflect this uncertainty, SJCE developed a data center load forecast by incorporating project specific confidence levels based on: (1) development and permitting status with the City of San José (2) customer retention risk due to customer choice, and (3) the potential for customers to arrange their own power purchase agreements. These risk factors are commonly reflected in historical data and industry trends across the U.S. data center market. Specifically, SJCE's operational data confirms that most **existing data center customers exhibit a low utilization factor, with peak usage tracking at just [redacted] of nameplate capacity**. Furthermore, some developers have canceled planned projects; while that capacity may eventually be replaced, any substitute load will face a significantly delayed interconnection schedule.

Unless more conservative estimates were provided directly by the customer, SJCE applied the following baseline assumptions to develop its data center load forecast. Note, that while certain metrics, such as operational lag, customer retention, and customer arranged power purchase agreements, may have limited relevance for transmission and distribution planning, they remain critical variables for generation planning.

Capacity and Utilization assumptions

1. Load Factor: 90%
2. Utilization Factor: Peak load estimate at 67% of project's nameplate capacity
3. Ramping Schedule: Linear 7-year ramp-up to reach full capacity
4. Operational-lag: A 0-3 month delay is added to interconnection completion date to account for the typical 3-6 month onsite setup period after the facility is power-ready.

Confidence Levels

Project-specific confidence levels were applied to expected data center projects based on a combination of three risk factors: development status, customer retention and behind-the-meter generation or customer-arranged power purchase agreements.

i. Development Status: Based on the information from City of San José Planning, Building and Code Enforcement Department and the Office of Economic Development, a probability is assigned to each project based on its progress through the City of San José development pipeline milestones. Incorporating this confidence level ensures that the load forecast remains aligned with City of San José's broader development goals and infrastructure timelines.

    - Constructed/Under construction: 100%
    - Building Application submitted: 90%
    - Planning Application submitted: 50%
    - Pre-Application with City: 33%
    - Inquiry/application on hold: 0%

ii. Customer retention: This confidence level is critical to avoid stranded assets and cost shifts in a multi-provider market.
    - 90% is assigned to existing customers.
    - 75% is assigned for new customers.
    - 0% confidence level is assigned to confirmed Direct Access customers.

iii. Bring Your Own Generation / Customer Power Purchase Agreements:
    - 100% confidence level is assigned to projects where the customers are not expected to bring their own generation or power purchase agreements.
    - 75% confidence level is assigned for projects where customers are expected to bring their own generation or power purchase agreements.

Alternative Portfolio: Transportation and Building Electrification Load forecast methodology

SJCE incorporated additional achievable light-duty EV ("LDEV") demand based on the CEC's 2024 IEPR Update baseline LDEV stock forecast for the Greater Bay Area. The forecast was downscaled to the SJCE service area using historical zip code level LDEV ownership data from the CEC's most recent publication of *Light-Duty Electric Vehicle Population for California*. To reflect current uncertainty in state and federal policy that could reduce customer adoption, SJCE applied a 20% plausibility factor to the downscaled forecast. Total energy demand from LDEVs was then calculated based on the CEC assumptions for energy demand per vehicle and the adjusted LDEV stock forecast. The CEC's hourly forecast for the PG&E planning area was then used to derive hourly shapes for hourly and peak demand forecasts.

SJCE included additional incremental building electrification and energy efficiency impact into its demand forecast based on the CEC's demand forecast for AAEE and AAFS from the 2024 IEPR Update. Building electrification and energy efficiency impacts representative of the SJCE service area were developed using AAEE and AAFS Scenario 2 impact estimates for Forecast Zone 1 (Greater Bay Area) which were then downscaled based on the historical proportion of SJCE service area sales relative to total sales for the Greater Bay Area. A plausibility adjustment of 50% was applied to account for the current uncertainty in state and federal standards; program and equipment costs; and overall program impacts. The CEC's hourly forecast for the PG&E planning area was then used to derive hourly shapes for hourly and peak demand forecasts.

SJCE's Alternative load forecast and load modifier assumptions are provided as part of this IRP filing using the IEPR forecast template as instructed in the 2026 Narrative template.

III. Study Results

a. Conforming and Alternative Portfolios

SJCE submits one conforming portfolio for this IRP, which is designed to satisfy all the requirements of the filing and fulfil state RPS and GHG emission reduction targets.

SJCE also submits one Alternative Portfolio to demonstrate the much smaller, but still significant scale of procurement needed to meet a more conservative, risk- adjusted internal load forecast. The internal load forecast optimizes risk management by adjusting load modifiers for data centers, transportation electrification, building electrification and energy efficiency. Unlike the CEC's projections, the data center modifier directly incorporates permitting and development milestones from the City of San José's Planning, Building and Code Enforcement Department and Office of Economic Development, alongside direct customer engagement data. By indexing load growth to concrete metrics like permitting milestones and customer choices, this methodology delivers a more rigorous, risk-adjusted outlook than the CEC forecast. The scale and schedule of data center expansion remain dynamic and are being updated in real-time as more information becomes available. Furthermore, while the electrification and energy efficiency modifiers are based on CEC data, they are carefully adjusted to account for volatile external variables, including shifting federal policies, state regulations, and EV adoption rates.

Existing Resources under Contract

SJCE's portfolios and resource data templates include online and in development resources from current contracts. These include long-term power purchase agreements, renewable energy resources contracted from the Voluntary Allocation Market Offer ("VAMO"), existing and planned RA contracts, and SJCE's expected GHG-free large hydro allocations from PG&E through the full planning horizon. SJCE's portfolios exclude all Diablo Canyon Power Plant allocations, per statutory requirements. SJCE also procures short-term contracts for RA, renewable energy or carbon-free energy from existing resources, which are included in the RDT.[8]

Since beginning operations in 2019, SJCE has contracted more than 1 GW of new long-term resources, including geothermal and long-duration storage resources through California Community Power.

SJCE has long-term contracts with the following resources that are online or in development:

- Clines Corner, Wind, COD 12/2021 (in operation)
- Edwards IV, Defined Delivery Solar, COD 12/21 (in operation)
- Edwards IV, 4-hr Storage, COD 3/22 (in operation)
- TGEM, Defined Delivery Solar, COD 7/23 (in operation)
- EDPR Solar Park VI, Solar + Storage, COD 4/23 (in operation)
- Yellow Pine Solar II, Solar + Storage, COD 7/2024 (in operation)
- West Tambo LCC, Solar, COD 4/22 (in operation)
- EDPR Scarlet 2 LLC, 4-hr Storage, COD 12/24 (in operation)
- BCE Seal Beach, Solar + Storage, COD 11/25 (in operation)
- Sun Pond, Solar + Storage, COD 4/26 (in operation)
- MRP Pacifica Marketing, 1-hr Storage, COD 6/26 (in operation)
- Alpaugh BESS, 4-hr Storage, COD 5/26 (in operation)
- Tumbleweed, 8-hr Storage, COD 6/26 (in operation)
- Ormat Portfolio, Geothermal, multiple CODs (in development)
- Fish Lake, Geothermal, COD 6/24 (in development)
- Zeta, Solar + Storage, COD 7/27 (in development)
- MRP Pacifica Marketing, 8-hr Storage, COD 6/27 (in development)
- Yellow Pine Solar III, 4-hr Storage, COD 6/28 (in development)
- San Diego Community Power, 4-hr Storage, COD 6/27 (in development)
- Hydrostor, Compressed Air Battery, 8-hr Storage, COD 7/30, (in development)

Planned Existing Resources

SJCE plans to contract with existing resources in the future to help meet annual compliance requirements. These include short-term carbon free energy contracts and short-term RPS contracts to

[8] SJCE applied the original June 1 cutoff date provided in IRP guidance materials to meet its internal IRP preparation schedule.

meet compliance with annual internal clean energy goals, short-term RA contracts to meet reliability requirements, SJCE's share of Cost Allocation Mechanism resources, and allocations of GHG-free resources from PG&E's large hydro portfolio, if offered.

New Resources

SJCE's PCP includes a massive buildout of new clean energy resources by 2045. **This buildout results in nearly sevenfold increase** in cumulative new resource procurement over the planning horizon, growing from approximately 800 MW in 2028 to approximately 5.4 GW by 2045. Figure 4 depicts a chart of SJCE's cumulative planned new resource buildout for modeled years whereas Table 3 presents the cumulative new resource additions on an annual basis.

Figure 4: SJCE Planned New Resources in Preferred Conforming Portfolio

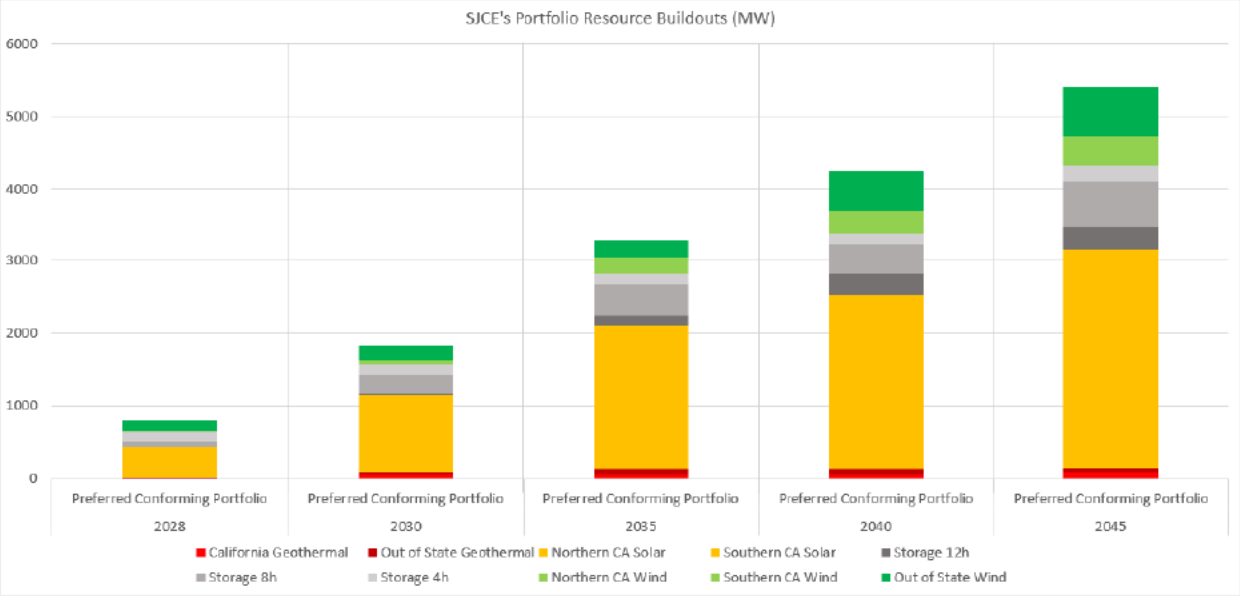


Table 3: SJCE Planned New Resources in Preferred Conforming Portfolio

Preferred Conforming Planned Resources in Nameplate Capacity (MW)																			
Resource Type	**Status**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**	**2041**	**2042**	**2043**	**2044**	**2045**
Geysers/Salton Sea Geothermal	Planned New	4	28	52	53	54	56	57	58	58	58	58	58	58	58	58	58	58	80
NV/UT Geothermal	Planned New	16	30	43	47	52	56	61	65	65	65	65	65	65	65	65	65	65	67
Northern California Solar	Planned New	189	320	452	526	600	674	748	822	839	857	874	892	909	957	1004	1051	1099	1146
Southern California Solar	Planned New	224	411	598	708	818	929	1039	1150	1218	1285	1353	1421	1489	1567	1646	1724	1803	1881
Storage 12h	Planned New		15	30	54	78	101	125	149	178	208	237	267	296	300	303	306	310	313
Storage 8h	Planned New	64	158	252	287	322	358	393	428	428	428	428	428	428	466	504	542	580	618
Storage 4h	Planned New	140	140	140	140	140	140	140	140	140	140	140	140	140	157	173	190	207	224
Northern California Wind	Planned New		9	18	39	60	80	101	122	133	144	155	166	177	178	181	1183	185	187
Southern California Wind	Planned New	17	26	36	50	64	78	92	106	110	115	119	123	127	144	160	177	194	211
Out of State Wind	Planned New	139	169	198	209	220	231	241	252	315	378	441	504	567	590	614	638	661	685

The PCP relies on a diverse mix of new renewable generation, energy storage, and geothermal resources to meet forecasted load growth and reliability needs. Solar represents the largest resource addition, growing to approximately 3,000 MW by 2045 across Northern and Southern California. The portfolio also includes increasing amounts of energy storage, reaching 224 MW of four-hour storage, 618 MW of eight-hour storage, and 313 MW of twelve-hour storage by 2045, reflecting the growing need for longer-duration reliability resources to support periods beyond net load peak. Wind resources are added across Northern California, Southern California, and out-of-state regions, totaling approximately 1,083 MW by 2045 and providing geographic and production diversity. The portfolio also includes 147 MW of geothermal resources from California, Nevada, and Utah, which provide firm, carbon-free generation to complement variable renewable resources. Overall, the portfolio emphasizes a balanced mix of geographically diverse solar and wind resources, increasing amounts of long-duration storage, and firm geothermal generation to support reliability and greenhouse gas reduction goals.

SJCE's Alternative Portfolio follows a similar resource strategy as the PCP but reflects the lower forecasted load growth, resulting in a smaller, yet significant, overall resource buildout. Figure 5 depicts a chart of SJCE's cumulative planned new resource buildout for modeled years whereas Table 4 presents the cumulative new resource additions on an annual basis.

Figure 5: SJCE Planned New Resources in Alternative Portfolio

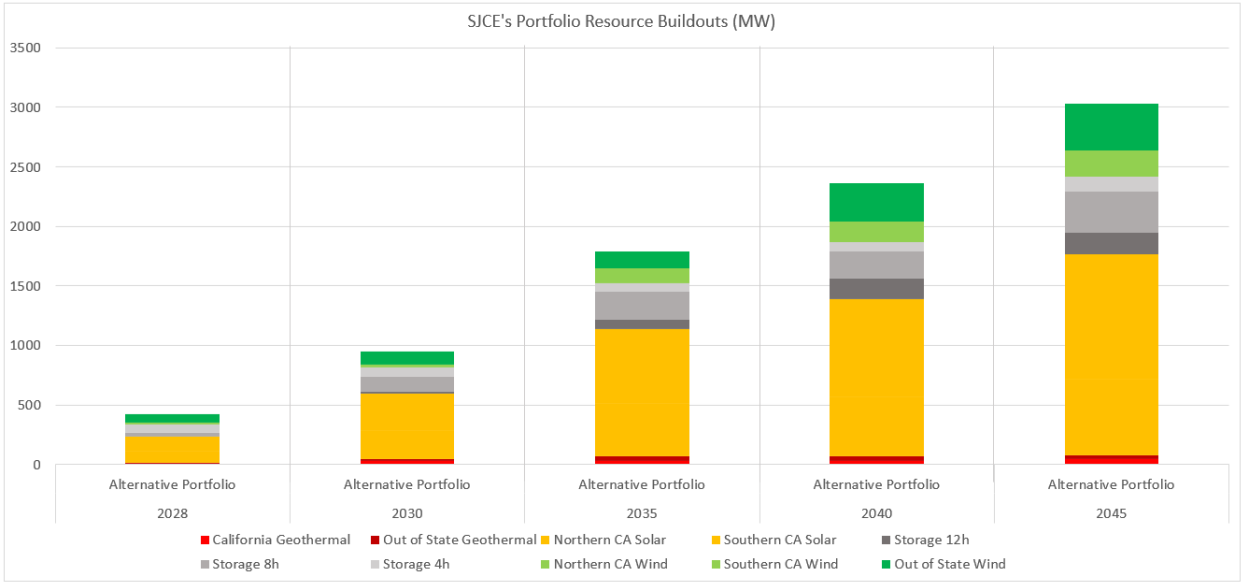


Table 4: SJCE Planned New Resources in Alternative Portfolio

Alternative Planned Resources in Nameplate Capacity (MW)																			
Resource Type	Status	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Geysers/Salton Sea Geothermal	Planned New	3	16	28	29	30	31	31	32	32	32	32	32	32	32	32	32	32	46
NV/UT Geothermal	Planned New	9	17	24	26	29	32	34	37	37	37	37	37	37	37	37	37	37	38
Northern California Solar	Planned New	107	178	249	290	333	378	424	471	482	493	504	515	526	555	585	613	642	671
Southern California Solar	Planned New	126	228	329	389	453	520	589	659	702	745	788	831	873	922	970	1018	1065	1113
Storage 12h	Planned New		9	17	30	43	58	73	88	106	125	144	162	181	183	185	187	189	191
Storage 8h	Planned New	36	87	138	157	178	199	221	244	244	244	244	244	244	267	291	314	337	360
Storage 4h	Planned New	79	79	79	79	79	79	79	79	79	79	79	79	79	90	100	110	121	131
Northern California Wind	Planned New		5	10	21	34	46	59	72	79	86	93	100	107	108	109	111	112	113
Southern California Wind	Planned New	10	15	20	28	36	44	53	62	65	67	70	73	75	85	96	106	116	126
Out of State Wind	Planned New	79	95	111	116	123	129	136	143	183	223	263	302	341	356	370	385	399	413

By 2045, the Alternative Portfolio includes:

- Approximately 1,784 MW of solar capacity, consisting of 671 MW of Northern California solar and 1,113 MW of Southern California solar.
- Wind resources totaling 652 MW, including 113 MW of Northern California wind, 126 MW of Southern California wind, and 413 MW of out-of-state wind, providing geographic and temporal diversity.
- Increasing amounts of short and long-duration storage to support reliability, reaching 131 MW of four-hour storage, 360 MW of eight-hour storage, and 191 MW of twelve-hour storage by 2045.
- Firm geothermal resources totaling 84 MW by 2045, including 46 MW from the Geysers/Salton Sea region and 38 MW from Nevada and Utah.

Overall, the Alternative Portfolio maintains a mix of renewable generation, long-duration storage, and firm clean resources while requiring substantially less new capacity due to its lower load forecast.

Comparison to 2025-2026 TPP Portfolio with Updates

SJCE's PCP and Alternative Portfolio each represent SJCE's proportional share of the new resources identified in the CPUC's RESOLVE-modeled least-cost scenario buildout, also referred to as CPUC's 2025-2026 Transmission Planning Process ("TPP") Portfolio with updates.[9] Accordingly, both portfolios maintain the same resource mix with the resource quantities scaled according to SJCE's applicable load ratio share. Table 5 compares SJCE's PCP to its Alternative Portfolio.

[9] The CPUC's guidance materials use different terms for the same portfolio. The January 16, 2026 Administrative Law Judge Ruling refers to the "CPUC's RESOLVE-modeled least-cost scenario buildout," while the 2026 IRP Narrative Template refers to the "2025-2026 TPP with updates."

Table 5: SJCE's PCP (Proportional Share) Comparison to SJCE's Alternative Portfolio in 2045

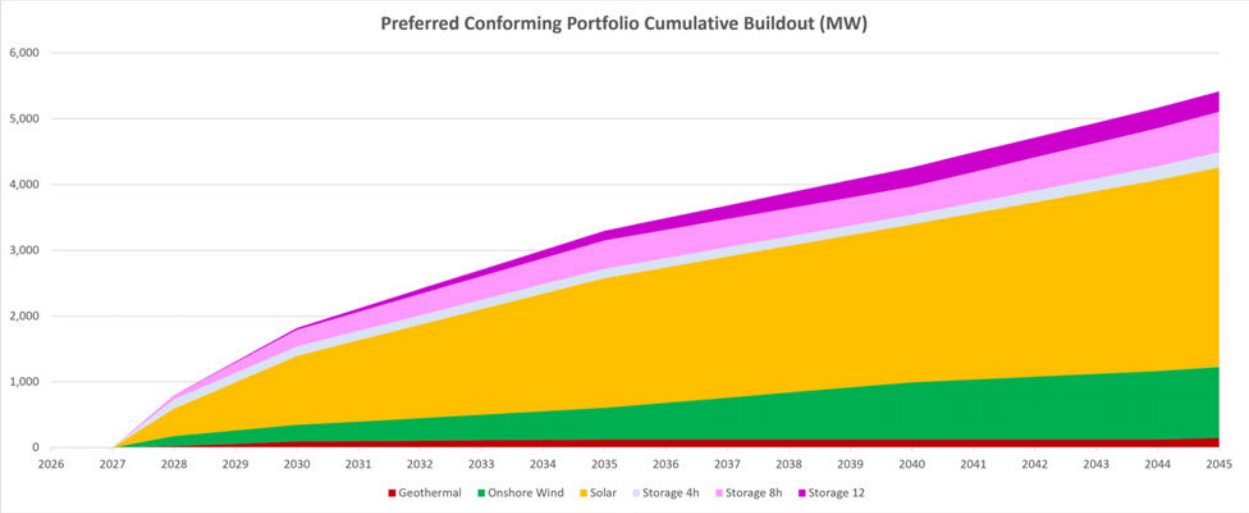
Selected Resource (MW)	RESOLVE 8 MMT System Buildout – 2045	SJCE Preferred Conforming Portfolio - 2045	SJCE Alternative Portfolio – 2045	PCP and Alternative Portfolio Difference
Geysers/Salton Sea Geothermal	2,122	80	46	-34
NV/UT Geothermal	1,783	67	38	-29
Northern California Solar	30,883	1,147	671	-476
Southern California Solar	51,850	1,881	1,113	-768
Storage 12h	8,500	313	191	-122
Storage 8h	21,102	617	360	-258
Storage 4h	6,758	225	131	-94
Northern California Wind	5,225	187	113	-74
Southern California Wind	5,725	211	126	-84
Out of State Wind	19,036	685	413	-271
Total Resources	**152,991**	**5,410**	**3,272**	**-2,139**

The large difference in the scale of the buildout between SJCE's PCP and Alternative Portfolio is driven by SJCE's proportional share methodology and the difference in the load forecast assumptions. For the PCP buildout, SJCE took its proportional share of the CPUC buildout which, on average, was approximately 3.7% of the total system. To arrive at its Alternative Portfolio buildout, SJCE then scaled down the proportional share of its buildout by the relationship between its CPUC-assigned load forecast and SJCE's internal load forecast. The Alternative Portfolio also shows substantial resource buildout but substantially less than SJCE's PCP. The difference between these planning scenarios highlights the potential risks of over-building and creating stranded assets if the assigned load does not materialize.

b. Preferred Conforming Portfolio

SJCE prepared a PCP that achieves the GHG reduction and reliability targets using the CPUC assigned load forecast. **This assigned load forecast results in an almost two-fold increase in SJCE load by 2028, an increase that will not occur** based on the lack of City permitting and plans submissions by developers. It simply is not possible for most of SJCE's incremental assigned load to materialize by 2028. Additionally, this "phantom forecast" requires a significant build out of new resources to meet clean energy and reliability targets. Figure 6 below depicts the cumulative buildout required in the PCP.

Figure 6: SJCE's PCP Cumulative New Resource Buildout by Technology



SJCE's Preferred Conforming Portfolio is consistent with relevant statutory and administrative requirements in Public Utilities Code Section 4.54.52(a)(1) as described below:

A. Meets greenhouse gas emission reduction targets

SJCE's PCP meets the greenhouse gas emissions reduction targets established by the California Air Resources Board (and in coordination with the CPUC and the Energy CPUC) by achieving less than its LSE specific share of the electricity sector's percentage in achieving the economywide greenhouse gas emissions reductions of 40 percent from 1990 levels by 2030. As shown in Table 6, SJCE's portfolio meets its assigned emission benchmarks from the January 16, 2026 ALJ Ruling.

Table 6: SJCE's Preferred Conforming Portfolio GHG Emissions Results

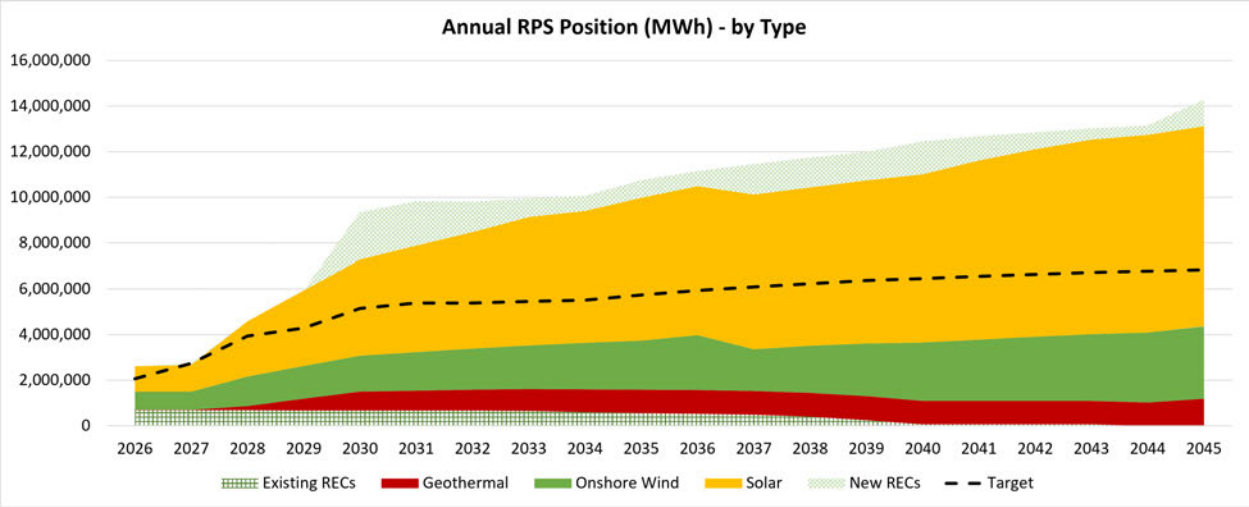
8 MMT by 2045 Portfolio GHG Emissions	***2030***	***2035***	***2040***	***2045***
SJCE Assigned GHG Benchmarks	*0.69*	*0.49*	*0.47*	*0.26*
SJCE PCP Emissions Results of CSP	*0.69*	*0.49*	*0.47*	*0.26*

(B) 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.

To comply with SB 350, SB 100, SB 1020 and to meet San José's climate goals, SJCE has adopted higher internal annual renewable procurement percentage targets than required by state law and has formulated its procurement strategies based on those higher percentages. SJCE achieved a 60 percent renewable portfolio in 2024, six years ahead of the statutory deadline. SJCE's resource mix is currently 62% renewable and it plans to gradually increase that percentage to a minimum of 70% renewable by 2035.

SJCE's PCP and Alternative Portfolios build sufficient RPS-eligible resources to meet and maintain the 60% renewable energy procurement requirement by 2030 given their assumptions with respect to load. In Figure 7 below, the PCP buildout is driven by SJCE's GHG emission reduction benchmark targets. Due to the hourly emission profiles in the CSP, renewable energy resources are built to meet emission goals and thus far surpass annual state RPS targets.

Figure 7: PCP Annual RPS Position



(C) Enable each electrical corporation to fulfill its obligation to serve its customers at just and reasonable rates.

SJCE is not an electrical corporation and therefore this section does not apply.

(D) Minimize impacts on ratepayers' bills.

Maintaining affordable electric service is a core objective of SJCE resource planning. Accordingly, SJCE developed both its PCP and Alternative Portfolio using the CPUC's preferred system portfolio, which sought to identify a least-cost statewide capacity expansion plan. SJCE believes current market prices for new resources exceed the cost assumptions used in the CPUC's modeling. However, SJCE agrees that the model appropriately captures the relative costs among technologies. As a result, despite differences in absolute costs, the modeled resource mix remains an appropriate basis for evaluating a least-cost portfolio composition.

Section III.E, Cost and Rate Analysis, provides additional information on SJCE's efforts to minimize ratepayer bill impacts. In addition, SJCE developed the Alternative Portfolio scenario to reflect the reality of incoming large load in San José. As noted, SJCE has access to city project-level data, and real-time visibility into any status changes conveyed to the city. This information allows SJCE to more accurately anticipate the timing of new large load development within its service territory. The Alternative Portfolio also reduces the risk of stranded assets associated with procuring for uncertain load growth and helps to avoid unnecessary rate increases.

*(***E) Ensure system and local reliability on both a near-term and long-term basis, including meeting near-term and forecast long-term resource adequacy requirements of Section 380***.

SJCE's PCP and Alternative Portfolio are designed to support near-term and long-term system reliability while advancing the state's clean energy goals. The portfolios are based on the CPUC's planning assumptions and represent SJCE's proportional share of the statewide resource buildout identified in the RESOLVE modeling for the 2025-2026 TPP with updates. The PCP and Alternative Portfolio provide sufficient system RA to meet the assigned peak load requirements.

The PCP and Alternative Portfolio both include procurement of diverse technologies such as geothermal for clean firm baseload, 4-hour storage and long duration energy storage. SJCE will continue to review and update its planned procurement efforts to more accurately reflect market conditions (e.g., curtailment of solar due to congestion and oversupply), potential accelerated load growth from electrification and data centers, regulatory changes, the impact of changing tax incentives and tariffs, and affordability.

SJCE's efforts to continue to diversify its portfolio will be affected by whether projects other than solar and storage are developed in California, and whether projects from out-of-state can be delivered into California in a manner that provides reliability. SJCE will also continue to explore opportunities to reduce the need for short-term RA market purchases, such as demand response programs, virtual power plants, and/or contracts that help SJCE to meet its load in the forward market during hours when supply is constrained.

(F) 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).

SJCE has 13 long-term contracts for renewable energy resources.[10] These contracts ensure that SJCE meets the 65% long-term contracting requirement through 2033 with SJCE's internal forecast while maintaining a diversified portfolio with staggered contract term lengths and structures that enhance reliability.

Even if the forecasted load in the PCP materializes, SJCE expects to exceed the 65% long-term agreement requirement through 2030 based on the expected (rather than risk-adjusted) output of its existing contracts. However, if load grows as projected in the PCP, SJCE would need to procure RPS-eligible resources under long-term contracts to maintain compliance beyond 2030.

SJCE plans to secure long-term contracts to serve projected data center load only after customer enrollment is finalized and customers provide forecasts, including expected energization, ramp-up schedules, and planned self-supplied resources. This approach reduces the risk of stranded assets,

[10] This excludes two long term agreements for resources that will not be built.

protects existing customers from unnecessary rate impacts, and ensures procurement is aligned with actual customer needs. Coordination of service, information sharing, procurement, cost allocation, and large load tariffs are being addressed in multiple regulatory proceedings and in the state legislature.[11]

(G) Strengthen the diversity, sustainability, and resilience of the bulk transmission and distribution systems, and local communities.

SJCE does not own or manage bulk transmission or distribution systems. However, SJCE supports the diversity, sustainability and resilience of the electric grid by maintaining a diverse resource portfolio, meeting reliability requirements, and supporting investments in local behind-the-meter solar, energy storage and energy efficiency.

In 2025 the City of San José and PG&E signed an Implementation Agreement to help fast track infrastructure to deliver 2,000 MW of new transmission capacity and prepare to deliver the local infrastructure upgrades needed to serve new large load customers.[12]

(H) Enhance distribution systems and demand-side energy management.

As a CCA, SJCE is not responsible for distribution system enhancements. However, SJCE helps support the distribution grid through its demand side energy management programs. SJCE intends to work with industry partners to learn more about developing and deploying Distributed Energy Resource ("DER") programs that could reduce peak demand and improve reliability and resiliency in San José.

SJCE's current demand-side energy management effort centers on Peak Rewards, a virtual power plant operated in partnership with Uplight that combines behavioral demand response (Peak Rewards for All) with automated dispatch through smart thermostats, EV chargers, and home batteries (Peak Rewards for Smart Homes). As of the end of 2025, the program has approximately 4,000 smart thermostats, 1,700 behavioral DR residential customers, and 42 commercial customers enrolled. For FY2026-27, Peak Rewards is targeting 8.5 MW of flexible load, with heat pump water heaters added as a new controllable device class. SJCE's goal is to continue to grow the Peak Rewards resource to 25 MW by 2028.

Battery storage is a core Virtual Power Plant resource under this structure: rebates through SJCE's EcoHome program are conditioned on mandatory Peak Rewards enrollment, giving SJCE dispatch rights over enrolled capacity. The program supported 137 battery installations by end of 2025.

SJCE is exploring the potential to shift EV charging load to the middle of the day (9am-2pm) when solar energy is abundant, and the grid has less constraints. A rate-based load shaping pilot (E-ELEC-SJ/Midday

[11] Regulatory proceedings include the PG&E Rule 30 Application (A.24-11-007) and California Advanced Electric Rate Design (R.26-04-009) and Legislation includes AB 886 (Padilla) and AB 2383 (Zbur).

[12] See City of San José, "City of San José Announces Historic Agreement with PG&E, Positioning San José as West Coast's Premier Data Center Hub," *City of San José News Release*, July 25, 2025, available at City of San José – City of San José Announces Historic Agreement with PG&E, Positioning San José as West Coast's Premier Data Center Hub

Super Saver Rate) concluded in September 2025 after studying load shift and revenue impacts. Customers received a discount rate (as much as 76% cheaper) during the new super off-peak period (9am-2pm). In June 2026, SJCE launched the Midday Charging Bonus, part of the Peak Rewards managed charging offering, where customers will have the opportunity to earn credits on their bill for every kWh charged during the hours of 9am-2pm.

Lastly, SJCE is actively working with public and private partners to explore how a large-scale DER program could reliably and cost-effectively reduce San José's peak demand. As part of this effort, SJCE is evaluating pathways to sustainably deploy more than 100 MW of aggregated residential and commercial DERs and, importantly, how verifiable and ongoing peak demand reductions could be recognized in RA requirements and other procurement obligations. With high solar and battery adoption and 47,000 existing solar systems, residential batteries are an important DER for peak demand reduction. Initial research demonstrates that if SJCE mobilized just 30 MW of residential behind-the-meter batteries for daily four-hour peak dispatch (approximately 20,000 batteries) those customers could save $11.6 M collectively per year on their electricity bills.

This effort aligns with SB 913 (Becker), which would direct the CPUC, in coordination with other state agencies, to expand market-integrated pathways for aggregated DERs to qualify as RA capacity. SJCE supports the bill's objective of unlocking the full grid value of customer-sited resources, including batteries, electric vehicles, and flexible building technologies, while reducing system costs and making better use of infrastructure that customers have already invested in. SJCE is also closely monitoring the Demand Response proceeding R. 25-09-004, in which the CPUC is developing updated guiding principles for demand response and evaluating how to improve the consistency, predictability, reliability, and cost-effectiveness of these resources.

SJCE encourages the CPUC to adopt the guiding principles identified in the Scoping Ruling as an opportunity to look beyond traditional demand response programs and evaluate the broader role that DERs can play in delivering dependable demand flexibility. The distinction between demand response and DERs continues to narrow, as technologies such as battery storage, managed electric vehicle charging, smart thermostats, and intelligent building controls increasingly provide the same peak reduction and reliability services historically associated with demand response programs. Evaluating these resources together will help establish a technology-neutral framework that recognizes customer-side flexibility wherever it originates and creates a clear pathway for verified demand reductions to reduce future procurement needs. Such a framework would strengthen grid reliability while advancing California's affordability, decarbonization, and clean energy objectives.

(I) 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.

The PCP and Alternative Portfolio build on SJCE’s significant investments in renewable energy and energy storage resources, which reduce reliance of fossil fuel- generation and lower greenhouse gas emissions. SJCE also supports low-income and disadvantaged community customers through its Solar

Access program, a CPUC-funded community solar initiative that provides approximately 915 income-qualified customers with a 20% bill discount. The program is supported by a 2 MW solar facility located in a disadvantaged community in Merced County.

SJCE has two long-term RA agreements with existing natural gas resources that are expected to remain available to support system reliability. These agreements were executed to cost effectively secure 24/7 capacity while facilitating the addition of new co-located battery energy storage systems at the facilities. The addition of co-located storage increases the utilization of the existing interconnection while simultaneously reducing the reliance on natural gas generation. By shifting a portion of the reliability obligation to a zero-emission resource, the project reduces reliance on natural gas generation resulting in lower emission benefits for nearby disadvantaged communities.

Additionally, San José's building and transportation electrification goals (further described in Section II. B. ii Alternative Assumptions) help to reduce localized air pollution that disproportionately and significantly affects disadvantaged communities. SJCE advances building and transportation electrification as part of the Climate Smart San José plan SJCE's programs prioritize reducing transportation emissions by increasing EV adoption and reducing vehicle miles traveled, ensuring equitable access to public charging infrastructure and affordable charging, and encouraging EV charging during midday hours to lower grid impacts, reduce costs, and maximize the use of clean solar energy. SJCE's building electrification programs assist emissions reductions through the replacement of natural gas appliances and equipment with efficient electric alternatives, such as heat pump water heaters, heat pump space heaters, electric dryers, and induction stoves. Programs are developed with an equity-centered approach and prioritize investments in environmental justice communities, as described in SJCE's current Programs Roadmap.[13]

(J) Maintain a diverse portfolio of energy resources, which may include eligible energy resources procured by the Department of Water Resources.

SJCE's existing resource portfolio is comprised of long-term PPAs with diverse technologies, geography, and operational characteristics. These include solar plus battery storage, natural gas-fired plants hybridized with battery storage, out-of-state wind, stand-alone four- and eight-hour battery storage, compressed air storage, firm-delivery solar, and geothermal resources. This technical and geographic diversity actively mitigates risk and supports grid reliability.

Furthermore, SJCE has entered into agreements for long lead time technologies, including long duration storage and geothermal resources, which may be procured in the future by the Department of Water Resources ("DWR"). Because SJCE excluded potential allocations of DWR procurement from its modeling assumptions, it will evaluate the implications of any DWR procurement with its on-going procurement strategy and during the next IRP cycle.

[13] See City of San José, *2026–2031 SJCE Programs Roadmap*, City Council Memorandum, available at City of San José – 2026–2031 SJCE Programs Roadmap (City Council Memorandum)

However, the CPUC's least-cost scenario resource buildout, and consequently, SJCE's PCP and Alternative Portfolio, indicates a significant dependency on solar and storage procurement. SJCE is concerned that a procurement mandate to secure substantial new capacity over the next several years will limit alternatives to solar plus storage resource procurement and result in less technology diversity than otherwise preferred. As demonstrated over the last several years, despite extensive efforts to procure geothermal and wind through competitive solicitations, bilateral outreach, and targeted initiatives such as the CC Power Request for Information for firm clean resources, the availability of these resources remains extremely limited.

SJCE will continue to seek to develop a technologically diverse portfolio while evaluating long-term financial risks, contributions toward reliability, emissions reductions and resource feasibility.

Comparison to SJCE's 2022 IRP

To compare SJCE's current 8 MMT by 2045 PCP with its 2022 25 MMT by 2035 PCP, Table 7 below illustrates the differences between the SJCE's 2022 PCP and 2026 PCP and Alternative Portoflio in the year 2035. The differences in portfolio buildout are driven by several factors, including significant increases in projected load, procurement requirements from Mid-Term Reliability ("MTR") and Supplemental MTR orders, and updates to candidate resource assumptions including resource costs, availability, and changes in technology development timelines (e.g. offshore wind).

Table 7: Comparison of SJCE's 2022 and 2026 PCP Resource Buildouts Through 2035

Selected Candidate Resource	2022 SJCE PCP – 2035 (MW)	2026 SJCE PCP - 2035 (MW)	2026 SJCE Alternative Portfolio – 2035 (MW)
Geysers/Salton Sea Geothermal	0	80	46
NV/UT Geothermal	59	67	38
Northern California Solar	50	1,147	671
Southern California Solar	194	1,881	1,113
Storage 12h	0	313	191
Storage 8h	0	617	360
Storage 4h	672	225	131
Northern California Wind	30	187	113
Southern California Wind	75	211	126
Out of State Wind	75	685	413
Offshore Wind	15	0	0
Natural gas paired with 1 hour storage	200	0	0
Total Resources	**1,370**	**5,413**	**3,202**

c. GHG Emissions Results

SJCE used the CSP calculator to estimate the GHG emissions associated with its PCP. SJCE is submitting a Conforming Portfolio and Alternative Portfolio that achieves emissions reductions that meet its CPUC-assigned emission benchmarks. Table 8 shows SJCE's assigned emission benchmarks and the emissions results for SJCE's PCP and Alternative portfolio using the CSP calculator.

Table 8: 8 MMT by 2045 CSP GHG Emissions

Scenario	Emissions	2030	2035	2040	2045
Benchmark	CO2 (MMT/yr)	0.69	0.49	0.47	0.26
PCP	CO2 (MMT/yr)	0.69	0.49	0.47	0.26
Alternative	CO2 (MMT/yr)	0.12	0.14	0.18	0.05

d. Local Air Pollutant Minimization and Disadvantaged Communities

i. Local Air Pollutants

Table 9 identifies the estimated local air pollutant emissions in tons per year associated with SJCE's PCP and Alternative Portfolio based on the calculations from the CSP tool.

Table 9: Local Air Pollutants

Portfolio	Pollutant	2028	2030	2035	2040	2045
PCP	PM2.5 (tonnes/yr)	101	62	49	34	21
	SO2 (tonnes/yr)	17	13	10	4	2
	NOx (tonnes/yr)	155	105	89	41	23
Alternative Portfolio	PM2.5 (tonnes/yr)	36	25	23	14	4
	SO2 (tonnes/yr)	11	9	8	2	0
	NOx (tonnes/yr)	81	67	59	21	4

ii. Focus on Disadvantaged Communities

Portfolio Approach to Minimizing Air Pollution Impacts in Disadvantaged Communities

SJCE recognizes the importance of reducing air pollution in communities that are disproportionately impacted by pollution burden from existing generation. San José, a large and diverse city, has eighteen census tracts designated as disadvantaged communities ("DACs") in CalEnviroScreen, with an

approximately 27,000 SJCE customer accounts and representing 7.7% of total customers SJCE serves. There are approximately 60 census tracts that are designated as low income in San José.[14]

SJCE's resource portfolio seeks to reduce greenhouse gas emissions and minimize other criteria air pollutants in disadvantaged communities through procurement of new renewable and zero emission resources and energy storage that ultimately reduced the grid's reliance on fossil-fuel based generation. San José's priorities for its disadvantaged communities are to keep the cost of electricity affordable and to offer targeted programs to increase access to clean energy, lower energy use, reduce emissions, and lower energy bills.

SJCE has executed long-term agreements with four new renewable energy and energy storage resources located in disadvantaged communities. These projects deliver clean energy to SJCE customers while minimizing local air pollutants and increasing economic benefits in disadvantaged communities. SJCE contracted for a solar facility to be built in a disadvantaged community in Merced County that provides solar energy at a discounted rate to low-income customers in disadvantaged communities in San Jose.

Additionally, SJCE has contracted for capacity at sites that pair new energy storage with existing gas resources which can reduce the operational emissions of the gas plant.

Procurement practices to minimize local air pollution in DACs - Project Selection Criteria

For resource procurement, San Jose's project selection criteria are intended to target value without undue risk, a reasonable likelihood that a project will be built and operated successfully, sound counterparties, and policy goals such as fair labor practices, environmental stewardship, and community engagement.

In 2025, SJCE updated its project selection criteria for long term agreements to prioritize environmental stewardship, project labor and community benefits.[15] The community engagement metric prioritizes projects that are committed to defined financial investments in low income and environmental justice communities. For example, the City has received community benefits funds used to invest in electrification workforce development. Workforce training and incentive programs meet multiple objectives of supporting the local workforce, rapidly reducing greenhouse gas emissions, lowering costs for ratepayers, and promoting equity.

As SJCE continues to power San José with clean electricity, electrifying transportation and buildings is one of the most effective ways to reduce greenhouse gas emissions. Accordingly, SJCE programs focus on accelerating adoption of electric, clean energy technologies that are more efficient and lower in price for customers while reducing air pollution. SJCE's programs roadmap follows the five guiding principles approved by the City's Transportation and Environment Committee on June 3, 2019:

1. Maximize greenhouse gas reduction opportunities
2. Align with Climate Smart San José, the City's climate action plan

[14] See California Air Resources Board, *California Climate Investments Priority Populations Mapping Tool*, available at California Climate Investments Priority Populations Mapping Tool

[15] See City of San José, *2026–2031 SJCE Programs Roadmap*, City Council Memorandum, available at City of San José – 2026–2031 SJCE Programs Roadmap (City Council Memorandum)

3. Promote equity and affordability and support disadvantaged communities
4. Produce customer and community benefits
5. Maintain or improve the financial status of SJCE

SJCE's programs staff utilize a scoring framework to evaluate the effectiveness of current and future energy programs. To develop a score for each program, staff calculates five metrics that are tied to City Council-approved SJCE program guiding principles (weighted from highest to lowest): 1. Greenhouse gas emissions reductions; 2. Prioritizing electrification in communities where incentives will have the most impact; 3. Customer savings; 4. Peak demand reductions; 5. Fiscal impact for SJCE.

SJCE Contracted Generation Facilities Located in or Near Disadvantaged Communities

Several of SJCE's contracted renewable and storage resources in California are located within or in proximity to CalEPA-designated DACs. These resources are primarily concentrated in the San Joaquin Valley, with additional projects located in coastal Southern California and the Antelope Valley. These resources are described below.

BCE Seal Beach – Solar plus storage project in coastal Orange County (ZIP code 90740). The resource is not located within a DAC but is within five miles of DAC census tracts in the Westminster, Garden Grove, and northern Huntington Beach areas, where multiple qualifying tracts form a dense urban cluster.

West Tambo II – Solar project in Merced County, located within DAC census tract 06047000900. The resource lies within a large, contiguous DAC region spanning Livingston, Winton, Atwater, and Merced. The project serves as the dedicated resource for SJCE's Solar Access program, which provides discounted solar energy to income-qualified customers.

Alpaugh – Located in Tulare County within DAC census tract 06107004300. The energy storage project sits within a broader contiguous DAC region that includes Pixley, Delano, and Corcoran in the southern San Joaquin Valley.

Scarlet II – Solar plus storage project in the Antelope Valley (ZIP code 93501). The resource is not located within a DAC but is within five miles of DAC census tracts in the Mojave, Boron, and Rosamond areas, where DACs occur in more dispersed clusters across nearby communities.

Zeta – Solar plus storage project in Merced County, located within DAC census tract 06047010201 near Los Banos and the San Luis Reservoir. The resource is part of the broader San Joaquin Valley DAC corridor, characterized by large contiguous areas of qualifying tracts.

MRP Tracy – Long-duration energy storage project co-located with a combined cycle gas resource in San Joaquin County. The resource is not located within a DAC but is within five miles of DAC census tract 06077005206, located north of the project site along the Tracy urban boundary.

Henrietta Energy Storage – 1-hour energy storage paired with existing natural gas plant located within DAC census track 6031001200 in Kings County.

SJCE's existing portfolio includes agreements for bundled or portfolio-based energy and RA products. For these agreements, the counterparty has discretion to determine which resource provides the energy or RA deliveries. As a result, specific generating facilities are not known in advance and may depend on

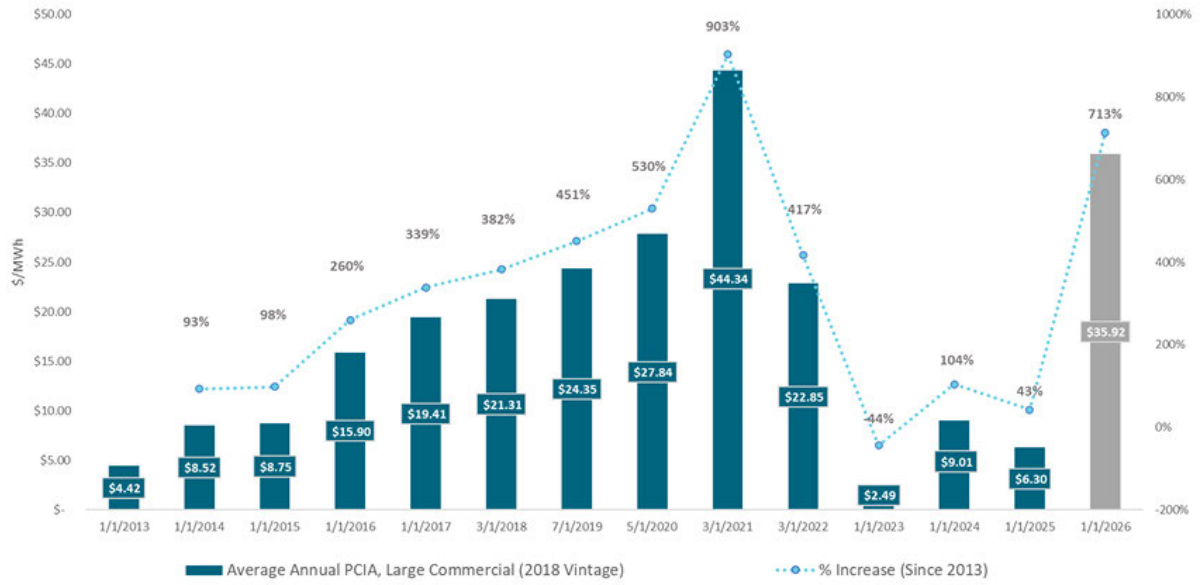
the resources scheduled; deliveries under these contracts may be associated with resources located within or near DACs.

e. Cost and Rate Analysis

SJCE's procurement and rates are overseen and approved by City Management and the City Council, the body elected by the customers SJCE serves. Since 2022, SJCE has used a cost-of-service model for rate setting. SJCE seeks to set rates that are competitive and equitable. All costs and contributions to reserves that need to be recovered from customers determine the projected SJCE revenue requirement. Power supply costs make up approximately 90% of SJCE's costs. In addition to cost-of-service, SJCE's rate-setting process also considers PG&E's generation rates and fees, including the Power Charge Indifference Adjustment ("PCIA").

The PCIA has historically been volatile, rising 713% between 2013 and 2026, as shown in Figure 8 below. The PCIA has undergone six methodological overhauls in the last seven years, including the most recent changes in 2025. The regulatory changes, combined with a lack of transparency for CCAs to access the underlying data, have long been central issues raised by SJCE at the CPUC. In 2026, the PCIA is approximately $0.036 per kWh, and as a result, SJCE customers will pay $132 million to PG&E. This is 470% higher than 2025, when the PCIA was $0.006 per kWh and SJCE customers paid $23 million.

Figure 8: PG&E's Average Annual PCIA 2013 through 2026



SJCE's IRP portfolio buildouts are based on the CPUC's RESOLVE-modeled least-cost scenario buildout. After developing its PCP and Alternative Portfolio, SJCE evaluated potential cost and rate impacts of each portfolio using production cost modeling. Portfolio costs were estimated by calculating the cost of market purchases to serve SJCE load, net of wholesale market revenues from SJCE's contracted resources. SJCE also evaluated each portfolio's risk premium, defined as the probability-weighted average of costs exceeding the mean, to measure exposure to market price volatility. Figure 9 presents the estimated annual portfolio costs, expressed as net present value.

Figure 9: Net Present Value of Total Portfolio Costs



Figure 10: Annual Portfolio Costs



The importance of procuring in accordance with the timing of actual load growth is highlighted by the difference in estimated costs among the portfolios modeled. **The costs of the PCP with its assigned load forecast are 70% higher than the Alternative Portfolio**. If actual load growth through 2035 aligns more closely with the assumptions reflected in the Alternative Portfolio, procuring to the PCP trajectory will leave SJCE with an **excess long position and stranded assets**. **This exposure forces a significant portion of portfolio cost recovery onto the wholesale market, putting upward pressure on retail rates**.

This risk is amplified because near-term procurement would happen during a period of historically elevated PPA pricing. Generally, SJCE observes that the cost of new long-term PPAs has risen substantially over the past several years and those excessive costs would directly impact retail rates. For example, solar PPAs tracked in the mid-twenty dollars per MWh at the beginning of the decade, and current bids are two to three times higher.[16] Additional upward pricing pressure exists due to the phase-out of federal tax incentives, evolving FEOC requirements, increasing interconnection and transmission upgrade costs, permitting and development risk, elevated financing and construction costs, and rising land and labor costs.

A measured procurement strategy driven by load forecasts with high degrees of confidence is critical to avoid expensive excess procurement. Because the assigned load forecast carries high uncertainty, SJCE strongly encourages the CPUC to maintain procurement flexibility and avoid issuing procurement mandates that outpace actual load materialization.

f. System Reliability Analysis

SJCE's PCP and Alternative Portfolio are designed to meet the assigned reliability and peak demand requirements that contribute SJCE's fair share to system reliability. SJCE's PCP "Load and Resource Table by Contract Status" from the RDT Reliability - Planning tab is presented below in both table and chart form. Figure 11 also illustrates the reliability of the PCP by resource type.

[16] Based on recent bids. See also California Public Utilities Commission, *2026 Padilla Report: Costs and Cost Savings for the Renewables Portfolio Standard (RPS) Program*, available at CPUC – 2026 Padilla Report: Costs and Cost Savings for the Renewables Portfolio Standard Program, Figure 4. Note that SJCE has not observed the reduction in long-term PPA price bids between 2024 and 2025 reflected in that report.

Table 10: PCP Load and Resource Table by Contract Status

[redacted]

Figure 11: Chart of PCP Load and Resource Table by Contract Status


[redacted]

Figure 12: PCP Capacity Contribution by Resource Type



Table 11 presents the Load and Resource Table by Contract Status for the Alternative Portfolio and shows that the lower load forecast results in a stronger net position for SJCE.

Table 11: Alternative Portfolio Load and Resource Table by Contract Status



g. Existing Resource Planning

The 2026 PCP and Alternative portfolios include SJCE's executed long-term agreements as of June 1, 2026. All these agreements are fully executed and either in operation or in development. In addition,

any short- and medium-term contracts signed since the previous IRP cycle are integrated into the existing portfolio baseline for the 2026 IRP portfolios.

Going forward, SJCE assumes it will maintain market access to procure its share of the existing system resources. These may include firm resources of varying technologies such as renewable and carbon-free resources. By leveraging competitive solicitations and bilateral trades SJCE can utilize these market resources to fulfill short- and medium-term energy and capacity requirements. Strategically balancing its portfolio with a mix of short-, medium- and long-term contracts helps minimize compliance exposure and cost volatility. Furthermore, because these positions may include out-of-state assets, SJCE recognizes that certain resources remain constrained due to limited import allocation rights and physical transmission limitations.

In comparison to the 2022 PCP, the 2026 PCP relies on fewer existing resources. While the 2022 PCP assumed annual procurement of short-term RA contracts to meet reliability requirements, the 2026 PCP instead relies primarily on existing RPS-eligible and carbon free resources to help achieve the GHG emission reduction targets in the 8 MMT by 2045.

h. Hydro Generation Risk Management

SJCE's PCP and Alternative Portfolio is based on the CPUC modeled resource buildout and thus incorporates the CPUC's assumptions about in state and out of state hydro availability. SJCE's portfolios are largely comprised of new solar, wind, geothermal, and battery storage to meet SJCE's load and achieve carbon emission reductions. Thus, in the event of drought, there would be limited reliability impacts to SJCE's portfolio. SJCE's portfolios include SJCE's proportional share of PG&E's PCIA large hydro allocations through the full planning horizon. Any reduction in these GHG-free hydroelectric allocations would make achieving SJCE's emissions reduction goals more challenging and would impact portfolio costs.

In addition, hydro conditions within the state and the broader Pacific Northwest can have a significant influence on CAISO market prices and, consequently, SJCE's costs to serve its load. In the last few years, abundant hydropower has helped moderate peak summer energy prices during periods of high demand. Conversely, future potential drought conditions could reduce hydroelectric generation and increase wholesale market prices. While the impacts of a dry West would be unavoidable, expanded regional market integration could improve access to hydropower and other diverse resources. SJCE believes the greater regional market integration will help maximize the benefits of resource diversification across the West.

i. Long-Duration Storage Planning

SJCE's PCP identifies a need for 931 MW of long duration energy storage by 2045. This includes 313 MW of 12-hour duration and 618 MW 8-hour duration energy storage. SJCE's Alternative Portfolio identifies

551 MW of long duration storage, consisting of 191 MW of 12-hour duration and 360 MW of 8-hour duration energy storage.

SJCE's 2022 IRP did not select long-duration energy storage beyond what was included as part of the MTR procurement requirements. SJCE's existing portfolio includes [redacted] of long-duration energy storage. Assuming these projects achieve commercial operation on schedule, SJCE expects to satisfy the requirements established in D.21-06-035 and D. 23-02-040. However, project development risk remains a significant consideration and has increased because of escalating project costs, supply chain constraints and development challenges. For example, one long-duration energy storage project procured through CC Power's joint solicitation was terminated before reaching commercial operation despite efforts to negotiate a path forward.

In addition to existing commitments, D.26-02-057 requires SJCE to procure an additional 32 MW of NQC from long duration storage or firm clean resources by 2032. SJCE has successfully contracted for several solar-plus-storage projects that provide co-located charging capability. However, stand-alone storage remains less attractive under the current RA Slice-of-Day framework because LSEs must demonstrate sufficient excess deliverable capacity to charge these resources, reducing their value. SJCE will continue to advocate for improvements to these market rules in the appropriate regulatory proceedings.

SJCE intends to continue to issue annual solicitations either individually or jointly with other CCAs, on a resource neutral basis. Long-duration storage proposals will be evaluated alongside other resources based on cost-effectiveness, portfolio fit, counter-party risk and project risk, compliance requirements, and RA program rules. SJCE will consider the resource's RA value, availability of co-located generation, applicable CPUC RA program rules, and the availability of excess portfolio RA to charge the storage resource.

j. Clean Firm Power Planning

SJCE's PCP includes 147 MW of new geothermal resources by 2045, while its Alternative Portfolio includes 84 MW. While firm clean resources are an important component to both portfolios, SJCE is concerned that substantially less geothermal capacity may be commercially available for procurement than assumed in modeled portfolios.

The availability of additional geothermal resources remains uncertain. There are currently no geothermal projects in the CAISO interconnection queue, and while some projects may enter Cluster 16, both their timing and scale remain uncertain. In addition, the timeline for significant, cost-effective geothermal development in California remains highly uncertain, due to permitting, interconnection, and transmission challenges. Despite these challenges, SJCE has continued to pursue firm clean resources. SJCE's 2022 IRP identified a need for approximately 35 MW of firm clean resources by 2030 and SJCE has sufficient contracted capacity to comply with the requirements established in D. 21-06-035. In addition, SJCE is in advanced negotiations and expects to execute a long-term agreement for additional geothermal supply to come online in 2026. However, until these projects achieve commercial operation, some risk remains regarding developers' ability to fully deliver the contracted capacity.

Accordingly, SJCE will continue to pursue geothermal resources through annual solicitations and ongoing bilateral outreach to geothermal developers, both independently and through CC Power. These efforts include participation in several innovative geothermal development initiatives intended to expand the future supply of commercially viable firm clean resources.

CC Power recently entered into Geothermal Exploration, Offtake and Development Engagement ("GEODE") agreements on behalf of some of its members, including SJCE, with three geothermal developers, Atlantica, XGS and Zanskar.[17] The agreements are intended to reduce commercial and infrastructure challenges faced by these promising in-state geothermal opportunities and give CC Power members rights of first refusal for related projects.

CC Power GEODE Agreement Capacity

The CC Power's GEODE agreements are expected to deliver [redacted] of total capacity in the early 2030s; SJCE's proportional share would be approximately 12%. These agreements are focused on development opportunities in Northern California that avoid the need for import capability. While SJCE is part of these GEODEs agreements, because the development of the resources is still uncertain, SJCE did not include them in its RDT.

Two developers, Atlantica and XGS, are planning to deploy advanced closed-loop technology, which both enables development beyond the geologic constraints of conventional hydrothermal development and minimizes water requirements. Closed-loop technology has been demonstrated in the field and recently through commercial development in Germany.[18] Both Atlantica and XGS have site control for projects subject to their GEODE agreements.

Zanskar is using artificial intelligence and modeling to more efficiently and inexpensively identify hydrothermal systems that can be developed commercially. The Zanskar GEODE targets [redacted]

CC Power also has an exclusivity agreement with [redacted] on behalf of its some of its members, including SJCE, for a [redacted] enhanced geothermal system (EGS) project [redacted]. [redacted] has site control for the project which also has an online date in the early 2030s. SJCE understands that this in service date could be accelerated if transmission is made readily available.

[17] See "CC Power Signs 3 GEODE Agreements to Incentivize California Geothermal Development" (April 13, 2026) at https://cacommunitypower.org/cc-power-signs-3-geode-agreements-to-incentivize-california-geothermal-development/

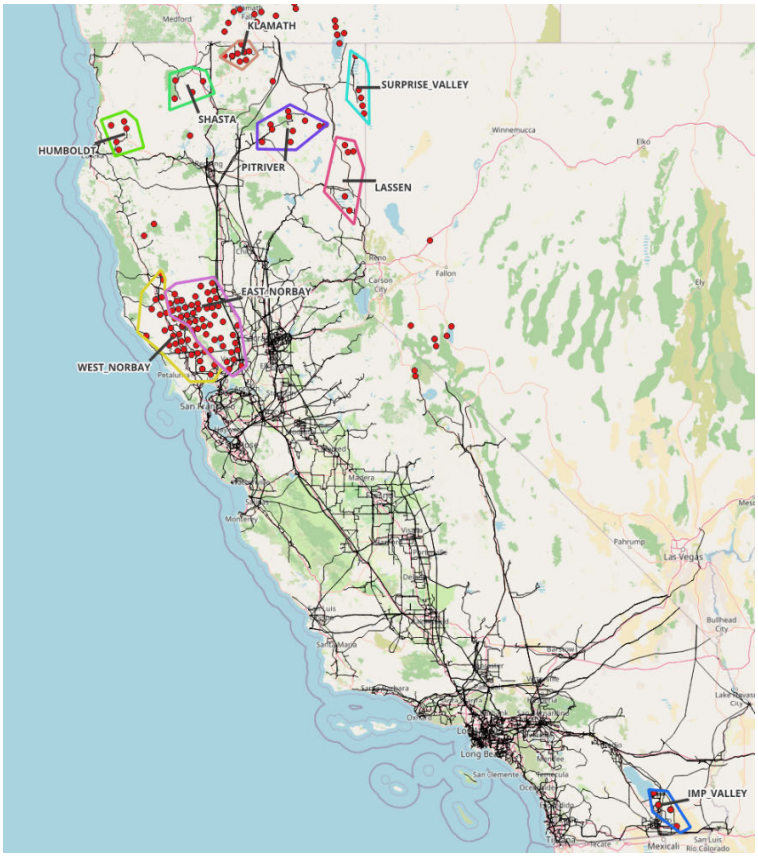
[18] See "Eavor's First-of-Its-Kind Closed-Loop Geothermal Project Produces Grid Power in Germany," *POWER Magazine*, January 8, 2026, available at POWER Magazine – Eavor's First-of-Its-Kind Closed-Loop Geothermal Project Produces Grid Power in Germany

CC Power Strategic Geothermal Capacity Coordination

CC Power has also synthesized information on the location of promising geothermal opportunities in California on behalf of its members. CC Power's work relies primarily on supply curves from Wilson Ricks and Jesse Jenkins' May 2025 study on national-scale adoption of EGS.[19] The Ricks & Jenkins study leverages the recent Stanford thermal modeling already used by the CPUC, but also specifically characterizes near-field EGS resources—which are likely to be the first and most economical projects to be developed. CC Power applied both technological and economic filters to the supply curve data (depth <= 4.5 km, temperature <= 275C, inferred LCOE <= $100/MWh, project capacity > 50 MW). Data points that met CC Power's filter criteria are represented as the red dots in Figure 12.
Using the filtered data, CC Power identified clusters of geothermal development opportunities with distinct transmission needs: West North Bay, East North Bay, Humboldt, Shasta, Klamath, Pit River, Surprise Valley, Lassen, and Imperial Valley. (see colored polygons in Figure 13).

Based on the supply curve filtering, CC Power identified six areas of interest individually each representing 0.8 to 13.5 GW potential capacity as follows: East North Bay and West North Bay could have up to 10+ GW of capacity each, and Humboldt, Pit River, Surprise Valley, and Lassen could have between 0.8 to 1.6 GW of capacity each.

Figure 13. CC Power Strategic Geothermal Mapping



Shasta, Klamath and Imperial Valley also have potential geothermal capacity but since these require import capability for use in CAISO, CC Power did not include these areas further in its analysis. Although Surprise Valley and Lassen are also currently outside the CAISO, CC Power included these areas in its assessment given the focus in 2026-2027 on adding import capacity to the Hilltop substation in Northeastern California. There are many advantages to creating better transmission access

[19] See Jesse Ricks et al., "Pathways to National-Scale Adoption of Enhanced Geothermal," *Joule*, 2025, available at Princeton ZERO Lab – Pathways to National-Scale Adoption of Enhanced Geothermal; supporting datasets available at Zenodo – Leveraged Datasets for "Pathways to National-Scale Adoption of Enhanced Geothermal"

from Northern California to Northern Nevada as a path to substantial additional geothermal generation in Nevada and Utah and potentially also to out-of-state wind in Idaho and Wyoming.

Transmission and Deliverability Considerations

SJCE believes that its Import Allocation is an important consideration when evaluating out-of-state resources and believes its position is generally representative to that of other LSEs. SJCE's existing contracts with a large out-of-state wind project and a recently operational out-of-state solar-plus-storage project utilize most of the Import Allocation Rights allocated through CAISOs standard processes, leaving limited import capability available for future resources. Because import capability is allocated relative to an LSE's load ratio share, this constraint is likely shared by many LSEs and highlights the need for additional import capability.

Additional transmission access will also be required if geothermal resources are developed at scale in the IID and Salton Sea region. Although geothermal potential in the region is significant, progress has been slower than anticipated, and meaningful development will require additional transmission and import capability. Between 2024 and 2026, the remaining import capability available after Step 4 of CAISO's MIC allocation process declined by 31% (112 MW to 77 MW) on the southern path from IID and by 16% (319 MW to 269 MW) on the northern path.

Similarly, development of geothermal resources in Nevada and Utah will depend on timely transmission expansion, including projects such as SWIP North and ON Line. Because transmission into Northern California is limited these resources are generally expected to deliver into Southern California through Palo Verde and adjacent import locations where MIC is becoming increasingly constrained. Between 2024 and 2026, the amount import capability available after Step 4 in CAISO's MIC allocation process decreased by 47% (1572 to 839 MW) at Palo Verde.

SJCE encourages the State to consider this information in the IRP and TPP processes and to consider adding cost-effective transmission in coordination with development of geothermal opportunities. Without a more deliberate approach to developing commercially viable firm clean resources, including transmission development coordinated with the development of generation, the State will likely continue to see development primarily of solar plus storage projects. Any further procurement orders should also consider the timing of the availability of more diverse resource types.

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

SJCE's Preferred Conforming Portfolio includes 685 MW of out-of-state wind resources by 2045 and 413 MW of out-of-state wind resources by 2045 in its Alternative portfolio. Although out-of-state wind would provide reliability and emission reduction benefits, current market conditions have severely limited procurement opportunities.

Neither SJCE's Summer 2025 long-term solicitation nor CC Power's Q3 2025 long-term solicitation received viable offers for out-of-state wind resources. Based on discussions with developers, SJCE

understands that several projects that were offered into earlier solicitations are no longer sufficiently advanced to support contract, primarily because of increased federal policy uncertainty.

If commercially viable out-of-state projects emerge, transmission availability will remain a key consideration. Previously proposed projects in Wyoming and Idaho relied on the SWIP North transmission project or other complex transmission arrangements. In addition, out-of-state wind is subject to the same MIC requirements as out-of-state geothermal. Expanding CAISO import capability and allocating associated MIC rights to LSE will be important to enabling cost-effective procurement. Without additional import capability, LSEs may incur incremental transmission and import rights costs that could further reduce the competitiveness of out-of-state wind resources.

l. Offshore Wind Planning

Given the significant uncertainty surrounding offshore wind development, including changes in federal policy and permitting, SJCE is not currently relying on access to offshore wind to meet load. Although the CPUC modeling included 28.9 GW of offshore wind as a candidate resource available between 2032 and 2040, no offshore wind was selected in the buildouts. Consistent with those results and the current development outlook, SJCE did not include DWR offshore wind procurement allocations in either its PCP or Alternative Portfolio, including the State's planned 3 GW of offshore wind procurement.[20]

m. Transmission Planning

Transmission upgrades for contracted resources

SJCE has several contracted resources that are impacted by known transmission upgrades and delays. These projects are listed below:

Yellow Pine Solar III: While the completion of the Lugo – Victorville 500 kV Transmission Line Upgrade is not required for the interconnection of this standalone storage project, CAISO has determined this upgrade is needed for the project to achieve deliverability, which impacts it counting for RA and eligibility under CPUC Decision D.21-06-035. While previous forecasts indicated potential delays extending to January 2029, the latest information estimates the Lugo-Victorville upgrade could be completed as early as March 2027. This accelerated timeline would allow Yellow Pine III to be deliverable from day one with an expected to commercial operations of 6/1/2027.



[20] California Public Utilities Commission, *Characterizing AB 1373 Allocations in LSE Preferred Conforming Portfolios for 2024–2026 Cycle Filing Requirements* (Mar. 19, 2026), Characterizing AB 1373 Allocations in LSE Preferred Conforming Portfolios for 2024–2026 Cycle Filing Requirements (PDF)



Planned resources with their locations specified in the RDT

Because the IRP modeling selected resources based on geographic regions rather than specific locations, the baseline reflects regional cost differences. To the extent these IRP cost estimates align with actual bids received during solicitations, SJCE should ultimately contract resources from locations similar to those identified in the IRP. However, final procurement will depend on critical factors such as resource availability, qualitative and quantitative evaluation results, and final contract terms.

As discussed in earlier subsections related to firm clean and out-of-state resources, to enable procurement of substantial amounts of out-of-state resources, certain important transmission lines will have to be developed along with any internal upgrades required within California. Important paths include:

- Transmission from IID to the CAISO to bring geothermal and solar plus storage from IID.
- Transmission to bring out-of-state wind from Wyoming, Idaho, and New Mexico.
- Transmission to bring out-of-state geothermal from Nevada and Utah.

In addition, the State and CAISO should explore opportunities to increase transmission from Southern California, where large amounts of solar plus storage are available, to Northern California. Additionally, the State and CAISO should explore opportunities to avoid routing large volumes of out-of-state resources through Palo Verde and neighboring import points.

SJCE's 2026 PCP generally aligns with previously submitted 25 MMT by 2035 resource plan. Furthermore, SJCE does not include any planned, uncontracted resources that deviate from the locations studied in the 2025-2026 TPP. This alignment exists because the portfolios represent a proportional share of the CPUC RESOLVE modeled buildout. However, as noted in the offshore wind section, the specific dates and amounts of offshore wind procurement will vary due to on-going industry headwinds.

IV. Action Plan

a. Proposed Procurement Activities and Potential Barriers

SJCE's PCP and Alternative Portfolio are proportional shares of the CPUC modeled statewide resource buildout. Both portfolios identify a need for substantial additional procurement to meet long-term reliability and GHG emission reduction targets.

Since beginning operations in 2019, SJCE has brought online approximately 1 GW of new, diverse resources including solar, co-located solar and storage, and long duration energy storage. SJCE has contracted for ~200 MW of additional solar paired with storage, stand-alone storage, geothermal, and long duration energy storage resources that are currently progressing through pre-commercial operation activities with developers. These resources contribute to meeting SJCE's procurement obligations associated with CPUC procurement decisions D. 21-06-035, D. 23-02-040 and other state procurement requirements.

SJCE must undertake additional procurement to comply with D.26-02-057, which requires SJCE to procure 149 MW of NQC from eligible long-term resources between 2030 and 2032. While the ELCC values for these resources have not yet been finalized, current estimates indicate that the buildout will require large amounts of solar plus storage resulting in nameplate capacity several times greater than the target NQC. Greater availability of higher-ELCC resources, such as firm clean generation, could substantially reduce the amount of installed capacity needed. However, meeting this requirement is further complicated by the limited commercial availability of firm clean resources, transmission constraints affecting in- and out-of-state resources, and increasing competition for these technologies from both LSEs and large, private off-takers. Beyond these procurement requirements, both the PCP and Alternative Portfolio identify a need for substantial additional clean resource procurement through 2045 to achieve the statewide GHG emission reduction target of 25 MMT by 2035 and 8 MMT by 2045.

A key component of SJCE's forecasting process is determining both the near- and long-term need for new procurement. With significant large-load development proposed in San José, the cost of over-procurement to ratepayers makes accurate forecasting essential. To that end, SJCE works closely with other City departments to monitor the status, trajectory, and expected timing of every major large-load project, beginning when a customer first inquires about service. SJCE and City departments track whether individual projects advance, stall, or are put on hold, monitors whether key development milestones are achieved, and maintains ongoing communication with incoming customers throughout the process. This provides SJCE with a detailed, real-time understanding of the large loads that are likely to materialize and when they are expected to do so.

This on-the-ground intelligence tells a different story than the state's forecasts. Based on direct engagement with City departments and customers, SJCE's assessment of future large-load growth is **materially lower** than the levels currently reflected in statewide planning, underscoring the importance of relying on localized information when determining procurement needs.

SJCE also supplements project-specific data by monitoring broader trends that influence whether large-load development ultimately occurs. These include technological developments, such as increasingly efficient computing hardware; financial factors, including changes in tariffs and project economics. Shifting local developments also present challenges: In California one city has prohibited new data centers, and a second may do so in a matter of months; three others have adopted temporary moratoriums.[21] These actions and the ongoing community pushback to data centers increase the likelihood that proposed projects will relocate outside California, further increasing forecasting uncertainty and the risk of unnecessary procurement.[22]

Consequently, SJCE is concerned that procurement orders based on aggressive near-to-mid-term load growth assumptions could expose existing customers to unnecessary costs if projected load does not materialize as anticipated. For example, the data center load forecast underlying the need in D.26-02-057 has already been revised downward in the near-term years. In addition, local data available to the City of San José indicates that only a portion of projects with executed interconnection agreements have advanced to planning or building permit stage. Together, these observations suggest that statewide forecasting assumptions may overstate the pace of near-term load growth. SJCE will continue to work with the CEC and advocate for refinements to further improve forecasting methodologies.

Further procurement order decisions would benefit from incorporating additional indicators of project readiness beyond executed interconnection agreements. These indicators could include demonstrated progress through local planning approvals, permitting status, and financing and other development milestones. Other relevant information may be gleaned from LSEs who communicate with incoming load, city governments, the state's own resources such as The Tracking Energy Development Task Force and CEQAnet and public information from sources such as the U.S. Data Centers Tracker.[23] Finally, while CPUC directed procurement orders do create a pathway to contract for new resources they alone cannot ensure timely commercial operations. Resource development also depends on coordinated action by the CPUC, CAISO, IOU, transmission developers, permitting, construction and regulatory coordination to ensure resources can achieve commercial operation on schedule. Delays in these areas

[21] See Lynn La, "Monterey Park Banned Data Centers," *CalMatters*, June 17, 2026, available at CalMatters – Monterey Park Banned Data Centers; *Colorado Boulevard* News Desk, "Alhambra City Council Advances Ballot Measure to Permanently Ban Data Centers," *Colorado Boulevard*, July 14, 2026, available at Colorado Boulevard – Alhambra City Council Advances Ballot Measure to Permanently Ban Data Centers. Montebello, El Monte, and Baldwin Park have also adopted temporary bans.

Additionally, developers have stopped projects in other California cities due to public backlash. See Steve Scauzillo, "Can AI Data Centers Be Built Without Burdening Communities?" *Industry Insider*, July 20, 2026, available at Industry Insider – Can AI Data Centers Be Built Without Burdening Communities?

[22] See Lynn La, "Survey: Californians Overwhelmingly Opposed to New Data Centers," *CalMatters*, July 16, 2026, available at CalMatters – Survey: Californians Overwhelmingly Opposed to New Data Centers; John Ramos, "Planned Data Center in Pittsburg Brings Residents Out in Force in Opposition," *CBS News*, July 20, 2026, available at CBS News – Planned Data Center in Pittsburg Brings Residents Out in Force in Opposition

[23] See CEQAnet Web Portal search results for San Jose; and FracTracker Alliance's U.S. Data Centers Tracker which provides information about data centers in various stages of development and cites the source of its information.

are often outside the control of LSEs but can materially affect their ability to comply with procurement obligations.

SJCE has experienced these challenges firsthand. For example, project commercial operation dates have been delayed by transmission upgrades, resource accreditation issues, and requests to modify existing CAISO interconnection agreements. These experiences demonstrate that successful resource procurement depends not only on timely contracting by LSEs, but also on coordinated execution across the broader industry.

Proposed Procurement Activities

As a result of the 2025 competitive solicitations and ongoing bilateral engagement, SJCE is currently negotiating with several suppliers for new resources. SJCE also has a right of first offer with NextEra for a large solar-plus-storage project pursuant to an Interconnection Process Enhancement Offtake Agreement ("IPEOA"). The agreement includes enhanced developer security provisions and provides incentives for the developer to submit offers aligned with market conditions. SJCE may exercise its right of first offer when the project receives deliverability from CAISO. Under a memorandum of understanding with Ava Energy, SJCE and Ava Energy may share and evaluate IPEOA-related procurement opportunities, including SJCE's opportunity with NextEra and Ava Energy's similar agreement with Intersect Power.

SJCE also jointly issued a long-term 2026 long-term solicitation with Ava Energy seeking competitive proposals for renewable or low carbon energy resources, energy storage systems, and related technologies. The solicitation includes potential opportunities for additional IPEOAs associated with Cluster 16. In addition, CC Power, along with its members, is currently evaluating opportunities submitted into its Winter 2025 solicitation.

Beyond 2026, SJCE intends to continue issuing annual solicitations for long-term resources, both independently and jointly with other CCAs, including as a member of CC Power. In addition, SJCE will continue to engage developers through bilateral discussions to help maintain awareness of available projects and emerging procurement opportunities. Proposals will be evaluated based on qualitative and quantitative factors, including counterparty execution risk, offer competitiveness, portfolio fit, development status and compliance value. Consistent with its 2025 procurement framework, SJCE will also apply its Power Workforce and Environmental Stewardship Project Selection Criteria.

SJCE intends to continue to participate with CC Power in efforts to promote in-state geothermal development through the GEODE Agreements and to collaborate with other stakeholder, including Sonoma Clean Power, to advocate for legislative and regulatory changes that will facilitate the development of in-state geothermal resources.

Finally, SJCE intends to participate in regulatory proceedings before the CEC, CPUC and CAISO to monitor market conditions, inform procurement decisions and provide perspectives on policies and processes that impact resource development, reliability, affordability and load growth.

Potential Barriers

SJCE believes that addressing affordability concerns requires pragmatic policies that support supply competition and expand access to cost-effective clean resource development. Current market conditions indicate that demand for new clean resources is outpacing available supply, continuing to create competition among buyers for a limited number of projects. [24] Expanding transmission capacity can help address some of these challenges by increasing competition and enabling access to a broader geographic pool of resources.

In addition to evaluating future procurement needs, SJCE must also continue monitoring the performance of executed agreements. Pre-commercial operation projects face a range of challenges which could threaten timely delivery. These risks can generally be categorized into four main categories: financial, supply chain, permitting, and interconnection/transmission deliverability.

- Financial: Since the passage of the "One Big Beautiful Bill", "Liberation Day" and guidance related to Foreign Entities of Concern, project developers have sought to renegotiate key contract provisions, including but not limited to increased prices, security and guaranteed commercial operation dates. In extreme instances, developers have defaulted on agreements for economic reasons. SJCE's procurement includes projects SJCE secured to replace these defaulted projects. SJCE notes the importance of policies that maintain buyer-side negotiating leverage to ensure buyers can structure agreements that discourage default for economic reasons.
- Supply chain considerations remain a concern to achieving timely CODs as some projects have experienced delays associated with importing key equipment such as solar panels, battery modules and balance of plant equipment.
- Permitting, particularly wind, has been challenged through Executive Order and limited project availability.
- Interconnection and transmission upgrades remain areas of significant risk, particularly given the need to achieve construction milestones to qualify for tax incentives. There are few if any penalties for utilities for delays in interconnection even where there are signed interconnection agreements.

SJCE encourages the CPUC to continue to recognize good-faith procurement efforts when evaluating compliance, particularly in light of these challenges. SJCE further recommends that the CPUC refrain from issuing additional long-term procurement mandates, as such requirements could pull forward uncertain demand that compels LSEs to enter into long-term contracts during a period of significant load uncertainty and elevated costs.

[24] Emma Penrod, "Solar and Wind PPA Prices Up 9% in 2025, Set to Continue Rising with Energy Demand," *Utility Dive*, February 25, 2026, available at Utility Dive – Solar and Wind PPA Prices Up 9% in 2025, Set to Continue Rising with Energy Demand

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

SJCE has conducted thorough and ongoing procurement activities related to meeting MTR requirements including issuing solicitations independently and jointly with CC Power and other CCAs, as well as bilateral outreach with potential suppliers. SJCE typically issues one long-term renewable energy and capacity solicitation per year. The existing resources listed in Section III. Study Results are expected to count toward D.21-06-035 and D.23-02-040 and may also contribute to D. 26-02-057 procurement requirements if all projects adhere to their schedules and achieve commercial operations.

Regarding procurement timing, bilateral outreach is ongoing throughout the year, and formal solicitations are most often issued mid-calendar year. Unless pre-commercial operations projects are delayed or fail, SJCE expects to meet the requirements of D.21-06-035 and D.23-02-040 and is seeking and negotiating projects with online dates in 2030, 2031, and 2032 to meet the requirements of D. 26-02-057.

As noted above, procuring a balanced portfolio of resources to meet the requirements of D.21-06-035 and D.23-02-040 has been extremely challenging due to a combination of elevated market prices, project delays, development risk, deliverability risks, uncertainty associated with tax and tariff policies, federal actions affecting wind and solar development, and the limited availability of firm clean resources in CAISO interconnection queue. While some wind resources remain in the CAISO interconnection queue, many are currently not being actively marketed.

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

SJCE's portfolios represent a proportional share of the RESOLVE- modeled buildout, therefore no non-candidate resources are selected. However, SJCE is interested in enhanced geothermal resources and would procure these resources in advance of 2045 resource selection if pricing and availability are conducive. SJCE is open to contracting for new technologies as they become commercially and economically viable.

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

SJCE's portfolio includes substantial amounts of solar, wind, geothermal and energy storage resources beyond the procurement required under the MTR, Supplemental MTR and D. 26-02-057 procurement orders. The PCP and Alternative Portfolios continue to add renewable and zero carbon resources throughout the 2032-2045 planning horizon to support long-term reliability and achieve GHG emissions reduction targets. As the IEPR methodology for forecasting large loads continues to evolve, future load forecast updates and IRP planning cycles will be important to ensure procurement decisions remain aligned with actual load growth. Successfully deploying these planned resource additions at a reasonable cost will depend on continued collaboration among regulators and other stakeholders to address transmission, interconnection, and broader market constraints.

iii. Other energy storage not described above

SJCE plans to procure new resources, which may include energy storage and long-duration energy storage, to meet its obligations under D. 26-02-057. The quantity and type of storage ultimately procured will depend on portfolio needs, market responses, and the ELCC value assigned to storage resource under the procurement order.

iv. Other demand response not described above

SJCE's demand-side energy management effort centers on Peak Rewards, a virtual power plant operated in partnership with Uplight that combines behavioral demand response (Peak Rewards for All) with automated dispatch through smart thermostats, EV chargers, and home batteries (Peak Rewards for Smart Homes). As of end of 2025, the program has approximately 4,000 smart thermostats, 1,700 behavioral DR residential customers, and 42 commercial customers enrolled. For Fiscal Year 2026-27, Peak Rewards is targeting 8.5 MW of flexible load, with heat pump water heaters added as a new controllable device class. SJCE's goal is to continue to grow the Peak Rewards resource to 25 MW by 2028.

In June 2026, SJCE launched the Midday Charging Bonus, part of the Peak Rewards managed charging offering, where customers will have the opportunity to earn credits on their bill for every kWh charged during the hours of 9am-2pm.

v. Other energy efficiency not described above

SJCE has no additional energy efficiency investments outside of what is included in the IEPR forecast assumptions.

vi. Other distributed generation not described above

SJCE currently offers incentives for home battery storage through the EcoHome Rebate program, launched in May 2025, which helps reduce upfront equipment and installation costs, particularly for customers with existing solar. Customers can also receive zero-interest on-bill financing through EcoHome Payment Plan. After installation, customers enroll their new battery in Peak Rewards, allowing SJCE to leverage a portion of enrolled batteries as a virtual power plant resource during peak hours to support grid reliability, reduce power procurement costs, and provide bill savings. However, due to changes in tax credits, SJCE expects to redesign this program to align with third party ownership models.

vii. Transportation electrification, including any investments that correspond to different levels than what is included in Integrated Energy Policy Report (IEPR)

SJCE includes expected impacts from transportation electrification programs in its IEPR filings which help inform IEPR forecasts. In its most recent filing for the 2025 IEPR, SJCE did not include a transportation electrification load modifier because the programs are still under development. Since the time of the filing, SJCE's 2026-2032 Programs Roadmap was approved by City Council, and includes a direct current

fast charging hub pilot to expand access in low-income and disadvantaged communities, and an EV incentive program to increase adoption among low- and moderate- income residents.

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

In its 2025 IEPR filing, SJCE submitted expected impacts from its building electrification programs. Other building electrification installations in San José are assumed to be already captured in SJCE's load forecast. SJCE provides a rebate program and zero interest loan program to support the adoption of heat pump water heaters and HVAC systems. The programs aim to install 750 heat pumps per year through 2028. For years 2025 and 2026 it is assumed 65% of heat pumps installed through the program are HVAC systems and for years 2027 and 2028 it is assumed all heat pumps installed through the program are HVAC systems. Per unit heat pump electricity usage and peak demand for San José's climate zone were collected from the California Energy CPUC's Single Family Heat Pump Documentation for the 2022 Energy Code Update Rulemaking.

ix. Potential Centralized Procurement, pursuant to AB-1373

While the CPUC modeling assumes procurement through the centralized procurement framework established under AB 1373, SJCE excluded Department of Water Resources ("DWR") procurement allocations when determining its proportional share of the CPUC's portfolio and instead retained the associated resource needs as generic planned procurement. Under D.24-08-064, DWR is directed to procure long lead time resources – including long duration energy storage, geothermal, and offshore wind -- starting in 2032. SJCE will monitor DWR's solicitation process and implementation schedule. If DWR successfully procures these resources and the resulting allocations count toward SJCE's procurement requirements, SJCE would defer, reduce, or modify its own procurement and may rely on short-term contracts until the centrally procured resources become available.

x. Other

Periodically throughout the year, SJCE will solicit offers for short and medium-term renewable energy, resource adequacy, system energy, and other products needed to balance the portfolio and adhere to position limits established through SJCE's Energy Risk Management Policy and Regulations.

b. Disadvantaged Communities (DACs)

Disadvantaged Communities, Emissions Reductions, and Outreach

SJCE integrates equity, affordability, and emissions reductions into its customer program strategy, with a sustained focus on serving disadvantaged communities within its service territory.

Current and Ongoing Activities to Serve Disadvantaged Communities

SJCE's approach centers on pairing a clean electricity supply portfolio with targeted, community-based programs designed to reduce greenhouse gas emissions, lower energy costs, and improve local air

quality—particularly for environmental justice communities and households facing the highest barriers to participation.

Since launching customer programs in 2020, SJCE has:

- Avoided approximately 46,478 metric tons of CO_2 emissions
- Delivered an estimated $29.4 million in customer savings
- Invested $9 million in ratepayer funds and leveraged $9.4 million in external funding

Current programs prioritize DACs through targeted design, eligibility criteria, and delivery mechanisms:

- Solar Access (SJCE's DAC-Green Tariff program) provides low-income customers in DACs with 100% renewable energy and bill discounts.
- Affordability programs such as Electricity Bill Relief and SJ Cares provide direct financial assistance and ongoing bill discounts to income-qualified households, helping prevent disconnections and reduce energy burden.
- EV Instant Rebates provide point-of-sale discounts for income-qualified customers, reducing upfront cost barriers to EV adoption.
- Charging infrastructure investments prioritize "charging deserts" and multifamily housing, areas disproportionately represented in DACs.

These programs collectively reduce GHG and criteria air pollutant emissions in DACs by:

- Accelerating electrification of transportation and buildings
- Expanding access to renewable energy and demand-side resources

Evolution of SJCE's Approach Over Time

Since its previous IRP, SJCE's engagement with and investment in DACs has evolved in several key ways:

- From general outreach to targeted program design: Earlier efforts focused on broad outreach and education; SJCE now embeds equity into program eligibility, incentive levels, and delivery (e.g., higher incentives, renter-focused pilots, and partnerships with trusted organizations).
- Expanded affordability focus: Community feedback has led to increased emphasis on direct bill relief, financing, and programs that deliver immediate, tangible savings.
- Increased investment scale and diversity of programs: SJCE has expanded from early program offerings to a comprehensive portfolio across transportation, buildings, DERs, and affordability.
- Data-driven prioritization: SJCE now uses a formal Program Prioritization Framework that weights equity impact alongside GHG reductions, customer savings, grid benefits, and fiscal impact to the organization.

Current Outreach and Engagement with Disadvantaged Communities

SJCE conducts ongoing, multi-channel outreach and engagement to ensure DAC communities are informed, represented, and able to participate in program design and implementation.

Key activities include:

- Community-based partnerships: SJCE partners with trusted community-based organizations (CBOs) to support program delivery, conduct culturally competent outreach, and connect with customers, particularly those facing structural or financial barriers, leveraging CBOs' deep community relationships and expertise to improve access, participation, and program effectiveness.

- Robust community engagement processes that consist of multilingual customer survey and listening sessions, stakeholder interviews, and needs assessments. Findings from engaging customers, particularly around affordability, renter barriers, and structural constraints, directly inform program design and prioritization.
- Outreach, education materials, and services are provided in English, Spanish, Vietnamese, and increasingly, Chinese, reflecting the linguistic diversity of San José.
- Go Electric Advisor service: Provides free, personalized support (including virtual energy audits and electrification planning) to help customers navigate technologies and incentives.

Forward-Looking Activities (Proposed in 2026–2031 Programs Roadmap)

The following activities are forward-looking and represent proposed directions within SJCE's 5-year strategic framework; they are subject to future evaluation, design, and San José City Council approval. SJCE is proposing to further expand its impact in DACs through:

c. A direct-to-renter pilot and potential expansion into broader renter electrification offerings
d. Expanded multifamily and affordable housing programs, including technical assistance and incentives for electrification
e. Enhanced affordability solutions, such as low-interest EV financing and expanded bill support mechanisms
f. Community-based delivery models, including CBO-supported energy audits and program enrollment
g. Integrated clean energy offerings, combining solar, storage, and electrification with financing solutions tailored to low-income households
h. Continued expansion of EV infrastructure in underserved areas, including future phases of fast charging hubs

These proposed efforts aim to deepen SJCE's ability to reduce emissions, improve air quality, and deliver economic benefits in DACs while addressing persistent structural barriers to participation.

Emission Reduction Opportunities

SJCE's PCP and Alternative Portfolio identify the need for substantial new clean energy resources to reduce the state's reliance on fossil fueled power plants. SJCE's portfolios include capacity contracts with existing natural gas facilities to meet SJCE's reliability requirements. To the extent SJCE enters long term contracts with natural gas resources, SJCE intends to pursue opportunities to reduce associated emissions such as integrating energy storage to reduce plant operations, enable the use of lower carbon fuels (e.g. hydrogen-natural gas blends), or implement carbon capture technologies where feasible.

c. LSEs' Tribal Customers

SJCE has not identified any customers representing Tribal communities and, therefore, has not conducted targeted Tribal engagement.

d. Procurement Products

SJCE's PCP and Alternative Portfolios build out a significant amount of bundled long-term contracts. In the early years of the planning horizon, given the lead time for long-term contracts to come into service, the portfolios utilize some short and medium-term capacity products to meet resource adequacy obligations, however, much less so beyond 2028. SJCE's PCP and Alternative Portfolios also rely on the short and medium-term market for environmental attributes to achieve its CPUC-assigned emissions reductions goals where SJCE's proportional share of the CPUC's plan did not provide compliance. In its PCP and Alternative Portfolio, SJCE uses short-term PCC1 contracts, assumed to be composed of 90% solar and 10% wind, to continue to reduce its emissions beyond the impact of long-term contracts. Buying and selling of environmental attributes is used to balance internal goals and deliverables for its customers.

SJCE also issues solicitations for and contracts firm energy hedges through inter-scheduling coordinator trades ("IST"). The purpose of these products is to reduce SJCE's exposure to volatile energy prices and support rate stability. As additional PPA and ESSA contracts come online, SJCEs reliance on these products has declined; however, SJCE anticipates retaining some need for these products to manage future portfolio risks.

SJCE continues to evaluate additional hedging strategies and products that may complement its portfolio and appropriately manage market risks. This evaluation includes consideration of risks associated with the PCIA, which may increase the risk of over-hedging through firm IST products and requires careful assessment of future hedging needs.

e. CPUC Direction of Actions

SJCE requests that the CPUC continue to refine the IRP framework to improve the alignment between procurement requirements, demonstrated load growth, and evolving market conditions. First, SJCE encourages continued coordination between the CPUC and the CEC to improve large-load forecasting and ensure future procurement need determinations are based on the best available information. As discussed throughout this filing, uncertainty associated with large-load development presents a significant risk of premature procurement and unnecessary customer costs.

Second, SJCE recommends that the CPUC avoid issuing additional ad hoc procurement orders and instead continue development of the Reliable Clean Power Procurement Program. A programmatic procurement framework would provide greater regulatory certainty and improve long-term procurement planning for load-serving entities. However, any long-term procurement framework should preserve sufficient procurement flexibility to accommodate evolving load forecasts, changing market conditions, and differences in LSE portfolios while maintaining reliability and supporting the State's clean energy goals.

SJCE also encourages the CPUC to continue working with the CEC, CAISO, load-serving entities, developers, and local governments to address barriers to the timely development of diverse clean resources. Continued interagency coordination to improve forecasting, facilitate transmission development, and expand resource availability will help maintain reliability while minimizing customer costs.

Lastly, SJCE recommends the CPUC work towards establishing a pathway for verified, ongoing DER-driven reductions in peak demand that will reduce the amount of capacity an LSE is required to procure, whether through RA allocation, load forecasting, or IRP procurement determination. While R.25-09-004, provides a natural and current mechanism for such an analysis, the CPUC may determine a new Order Instituting Rulemaking and/or staff workshop might better meet this recommendation. The CPUC should continue coordinating the IRP, RA, and High DER proceedings with CAISO market reforms to ensure DER aggregations and virtual power plants are appropriately valued for the reliability, capacity, flexibility, and distribution system benefits they provide. Improving DER valuation would accelerate deployment, reduce peak demand, and provide a cost-effective alternative to some traditional infrastructure investments.

V. Lessons Learned

As described in this plan, SJCE's PCP and Alternative Portfolio demonstrate a substantial difference in total portfolio buildouts. This is primarily driven by adoption curves, ramps and other observed factors related to load modifiers. Given the uncertainties in load forecasting, it is imperative that procurement be done in-line with local data to inform load forecast accuracy to protect customer affordability while maintaining reliability.

Procurement decisions should continue to support a diverse resource portfolio, including diversity across technologies and geographic locations. Establishing procurement requirements too far in advance of demonstrated needs could reduce portfolio flexibility and limit opportunities to optimize resource selection as market conditions, resource availably and customer needs evolve.

SJCE appreciates the continued efforts of CEC and CPUC staff to refine load forecasting methodologies, as demonstrated by the short-term alignment found in the 2025 IEPR load forecast and SJCE's Alternative case. As a single jurisdiction LSE, SJCE is uniquely positioned to evaluate conditions including local application status, permitting progress, and related key development milestones to further validate the feasibility and timing of projected load growth. SJCE will continue to monitor customer usage trends associated with electrification and EV adoption rates and remain engaged with large customers.

SJCE looks forward to continued collaboration with the CEC, CPUC, CAISO, and other stakeholders to ensure that future procurement decisions are based on the best available information and appropriately balance reliability, clean energy objectives, and customer affordability.