



DOCKET

11-IEP-1C

DATE Jun 08 2011

RECD. Jun 08 2011

California Energy Commission
Docket Office, MS-4
Re: Docket #11-IEP-1C Demand
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: California Energy Commission Docket #11-IEP-1C Demand: Comments Related to Staff Workshop on Historical Energy Efficiency Estimates and Updates to the 2009 California Energy Demand Forecast

To Whom It May Concern:

On May 25, 2011, the California Energy Commission (CEC) held a Staff Workshop on Historical Energy Efficiency Estimates and Updates to the 2009 California Energy Demand Forecast (the Workshop) in connection with the 2011 Integrated Energy Policy Report (2011 IEPR). Southern California Edison Company (SCE), Pacific Gas & Electric Company (PG&E) and San Diego Gas and Electric Company (SDG&E, and together with SCE and PG&E, the IOUs) appreciate the opportunity to comment on the Workshop. Accordingly, the IOUs provide the following comments and recommendation for the CEC's consideration.

Demand Analysis Working Group and Commissioner Guidance

Both the California Public Utilities Commission (CPUC) and CEC Staff recognize the importance of energy and demand forecasting for long-term planning and have led a major effort to improve the measurement and attribution of efficiency impacts within the energy demand forecast. These efforts started in the 2009 Integrated Energy Policy Report (2009 IEPR) proceeding and ongoing efforts continue to this day. Current efforts through the Demand Analysis Working Group (DAWG) are focused on issues and analyses associated with the IEPR demand forecast, which is used as the basis for long-term procurement. This work is consistent with some of the major objectives of the DAWG, which include:

1. **Ensure Transparency and Consensus** - Provide a forum for sharing information pertinent to demand forecasting in California, including inputs to and development of forecasts; model assumptions and techniques used to produce the forecasts; and, uses for demand forecast results.

2. **Ensure Appropriate Comparisons for Decisions** - Work to ensure that complete, accurate, and comparable information on the impacts of the items below are collected and provided for demand forecasting purposes.
 - a. Drivers of energy demand
 - b. Programs, initiatives and policies designed to modify energy demand

The Joint IOUs have found participation in the DAWG to be very informative and useful in fostering communication, understanding, and in defining our differences. That being said, not all differences are able to be resolved within the working group, and the resolution of these differences requires guidance from the Commissioners to assure that the working group efforts can continue to progress.

Staff depiction of historical energy efficiency savings should be consistent with prior depictions by the CEC, CPUC, and other State and Federal Agencies

While the DAWG has been successful in providing clarity regarding the positions of CEC Staff, the IOUs, and other stakeholders and in gaining consensus around many technical issues regarding modeling techniques, some assumptions, and a variety of model inputs, there are issues that have not been resolved. The DAWG has not been able to achieve consensus on the treatment and attribution of historic and forecast energy efficiency savings and whether or not it is appropriate for CEC Staff to re-estimate historic energy efficiency savings as Staff has done in the 2009 IEPR, California Energy Demand (CED) publications, and as it proposes to do in the 2011 CED/IEPR publications.

In the 2009 CED/IEPR, energy efficiency graphics were produced to explain the inputs and outputs of the forecasting models. However, these graphics lacked a thorough explanation of how total estimated energy efficiency savings were allocated across categories for modeling purposes and therefore should not be interpreted as a policy stance on the historical energy efficiency savings attributable to particular categories, such as IOU programs. Therefore, the IOUs jointly request that the Commissioners advise Staff that depictions of historic aggregate energy efficiency savings be consistent with those that have been filed, reported and depicted previously by the CEC, CPUC, and other State and Federal agencies in which IOU building

standards, appliance standards, and IOU program savings are all shown on a consistent ex-ante modeled and reported basis.

Historic Energy Efficiency savings should not be estimated via the use of a regression model that has not been properly vetted with the IOUs and key stakeholders

At the workshop, the CEC Staff presented preliminary results from two regression analyses using claimed EE savings and EE expenditures, among other variables to estimate their influence on electricity consumption. The results were interesting, suggestive, but not conclusive. The IOUs see value conceptually in this analysis and would like to work collaboratively with the CEC staff in further developing a vetted analysis. However, the IOUs do not feel that Staff's proposal to estimate historic energy efficiency savings through the use of a regression model is appropriate at this time. The regression method needs vetting by key stakeholders outside of CEC Staff.

Update to California Energy Demand Electricity Forecast Adopted in the 2009 IEPR should be vetted with the IOUs and key stakeholders

At the Workshop, the CEC Staff presented an update to the California Energy Demand electricity forecast adopted in the 2009 IEPR. Developed using the CEC Staff's econometric models only, this updated load forecast is to serve as input for work within the CEC only. The CEC developed three scenarios: a low, mid, and high case.

For utility-specific planning area, the CEC Staff presented a comparison of the mid case forecast with the forecasts furnished by the utilities in the 2011 IEPR proceeding. While some of the CEC forecasts were very close to the IOUs forecasts, SCE is concerned that, for the SCE planning area, the CEC updated energy and peak load forecasts are considerably lower than SCE's own forecast furnished in the 2011 IEPR proceeding. The CEC Staff noted that one significant reason for the difference is that the CEC's updated load forecast did not incorporate the forecast load growth associated with increased transportation electrification at ports.

The IOUs are currently not in a position to provide detailed comments on the CEC's updated forecast because they have not reviewed the data underlying the CEC model and the alternative model specifications that the CEC has tried. During the presentation, the CPUC Staff proposed that the Demand Forecasting subgroup of the DAWG meet and discuss assumptions differences between the CEC's interim forecast and the IOUs' own forecast. The IOUs support the CEC Staff proposal to meet and review the model specifications and underlying input data. Such meetings and reviews will enable the IOUs to understand the CEC's models in enough detail to be able to compare the inputs and results with their own inputs and results.

If you have any questions or need additional information about these written comments, please contact Manuel Alvarez at (916) 441-2369, Mark Krausse at (916) 386-5709 or Tamara Rasberry at (916) 492-4252.

Very truly yours,

/s/ Manuel Alvarez

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