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I. Introduction and Summary

Sierra Club California appreciates the opportunity to comment on the California Energy Commission's (CEC) forecasts of energy efficiency in the *2012-2022 Preliminary Staff Electricity and Natural Gas Demand Forecast* ("Preliminary Forecast"). Sierra Club California is a non-profit membership organization with a long-standing interest in minimizing the societal and environmental costs of reliable energy services to Californians. We represent our nearly 170,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption. Our comments provide recommendations based on the preliminary forecast presented at the August 30th, 2011 Committee Workshop.¹

Sierra Club California fully supports the following comments and recommendations presented by the Natural Resources Defense Council (NRDC) on September 15, 2011, and requests the CEC to implement them in the next version.

1. NRDC commends the CEC for the improved graphical representation of energy savings, which more accurately represents California's long history of successfully integrating cost-effective energy efficiency investments and standards.
2. NRDC supports the CEC fully account for significant savings from the TV standards that are currently in effect.
3. NRDC recommends that the CEC apply a range of estimates for the 2006-2009 efficiency savings from IOU programs which better reflects the continued uncertainty of those impacts.
4. NRDC recommends that the CEC fully incorporate the incremental uncommitted energy efficiency into the statewide electricity consumption forecast, as doing so improves the accuracy of forecasting energy growth by 48%.

¹ Kavalec, Chris, et al., *Preliminary California Energy Demand Forecast 2012-2022*, Draft Staff Report, CEC-200-2011-011- SD, (August 26, 2011). [Hereinafter "Preliminary Forecast."] Available at: <http://www.energy.ca.gov/2011publications/CEC-200-2011-011/CEC-200-2011-011-SD.pdf>.

Our additional recommendations are:

1. Sierra Club California requests the CEC publish an analysis of the reasons for discrepancy between the CEC Table 2-1 (p. 42)¹ mid-case forecast for PG&E of 1.3% annual growth rate for 2011-20 for consumption and 1.2% annual growth rate for peak, compared to PG&E's own numbers on their slide 4² of 0.7% annual growth rate for consumption and 0.9% annual growth rate for peak. We ask the CEC to publicly present an analysis of the assumptions, methodologies, and data used by both the CEC and PG&E to calculate their respective numbers. We are concerned that the discrepancy could indicate potential errors in the approaches by both CEC and PG&E.
2. Sierra Club California is concerned about the potentially high forecasts for the residential and commercial demand, based on optimistic economic scenarios. We especially recommend that the low forecast be revised to reflect the potential for a "double-dip" recession, collapse of the Euro and other negative economic factors. Although we are hopeful for a full and rapid recovery, it is important to base forecasts on a reasonable range of scenarios. The CEC 2020 forecasts for a million more households¹ (p. 26) and a million more square feet commercial floor space¹ (p. 27) need to be based on realistic estimates of new residential and commercial construction. We request the CEC publish a comparison of the current residential and commercial construction permits with their forecasts, and explain the rationales for high, mid and low projections.
3. We recommend the CEC conduct and publish a sensitivity analysis for all the factors going into the calculation of demand, including: economic activity, population, households, new building construction), energy efficiency, conservation, and other factors. A publicly available sensitivity analysis allows all stakeholders to comment more accurately on the forecasts, as well as making the updates clearer.

In conclusion, Sierra Club California commends the staff for the impressive accomplishment of compiling and presenting in such a clear way a vast amount of data from many sources. It was this clear and comprehensive presentation that allowed us and others to be able to make comments for even more improvements. We look forward to your consideration of our recommendations in the next draft.

² PG&E, Workshop Comments (For Discussion Purposes Only), presented at the August 30th, 2011 Committee Workshop. Available at: http://www.energy.ca.gov/2011_energypolicy/documents/2011-08-30_workshop/presentations/06a_PGE_Workshop_Comments.pdf