| DOCKETED | |
|---|---|
| **Docket Number:** | 22-IEPR-03 |
| **Project Title:** | Electricity Forecast |
| **TN #:** | 242746 |
| **Document Title:** | Southern California Edison Company's Comments on Demand Scenarios Workshop |
| **Description:** | N/A |
| **Filer:** | System |
| **Organization:** | Southern California Edison Company |
| **Submitter Role:** | Public |
| **Submission Date:** | 4/21/2022 5:18:09 PM |
| **Docketed Date:** | 4/22/2022 |

*Comment Received From: Southern California Edison Company*
*Submitted On: 4/21/2022*
*Docket Number: 22-IEPR-03*

## Southern California Edison Company's Comments on Demand Scenarios Workshop

*Additional submitted attachment is included below.*

SOUTHERN CALIFORNIA EDISON
An EDISON INTERNATIONAL Company

**Dawn Anaiscourt**
Director, Regulatory Affairs

1201 K Street, Suite 1810
Sacramento, CA 95814
T. 626-302-0905

April 21, 2022

California Energy Commission
Docket Office, MS-4
Re: Docket No. 19-SB-100
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission's Integrated Energy Policy Report (IEPR) Staff Workshop on Demand Scenarios

Dear Commissioners:

On April 7, 2022, the California Energy Commission (CEC) hosted an IEPR staff workshop on demand scenarios previously discussed in the 2021 IEPR. The workshop also included a status report on the parallel inter-agency effort to develop forecasts for the California Public Utilities Commission (CPUC) and the California Independent System Operator (CAISO) to use in their resource planning and transmission system planning processes. Southern California Edison Company (SCE) applauds the CEC for providing a comprehensive and insightful workshop and appreciates the extra efforts made to incorporate state policy considerations into demand scenario forecasts. SCE has advocated for reflecting the state's long-term clean energy goals within IEPR forecasts and acknowledges the CEC's efforts to do so in this workshop. SCE supports expeditious approval of the presented demand scenarios so that they can be incorporated into utilities' long-term planning process. SCE appreciates the opportunity to provide comments on the demand scenarios presented at the workshop.

## I. SCE Supports the CEC Demand Scenarios and Requests Their Consideration for Approval for Planning

The development of the CEC demand scenarios is of paramount importance to the state's planning efforts. SCE sees the importance for agencies with planning responsibilities to use load forecasts that reflect the needs from upcoming developing policies such as the Advanced Clean Cars II and Advanced Clean Fleet rules that will drive increased electrification and support the state's decarbonization goals.

SCE also sees the importance of load assessments reflecting the needs and impacts on a path for long-term decarbonization so that the state can be well prepared for the grid needs and proactively plan-ahead. If the forecasts that the utilities are required to use do not reflect the impacts of these policies, the risk and uncertainty grow regarding whether sufficient grid infrastructure can be planned for and deployed in time to support reasonably expected policy objectives, market transformation, and long-term decarbonization needs.

SCE supports the important development of the demand scenarios and requests that the Commission actively consider them for timely approval so that the inputs, assumptions, and assessments of future potential impacts can be made actionable within the various planning processes that govern how utilities plan for future system needs.

## II. SCE Supports Earlier Adoption of Scenarios or Transportation Electrification (TE) Forecasts from Scenarios That Include Policy Impacts So That Utilities Can Actively Incorporate Them into System Planning

SCE supports approval of the demand scenarios as soon as reasonably possible so that – like the demand forecasts – the demand scenarios are actionable in planning processes. SCE particularly supports earlier adoption of scenarios such as the Policy/Compliance Scenario or the Inter-Agency Working Group High Electrification Scenario (IAWG) or their respective embedded TE forecast components that incorporate the expected impacts from the reasonably anticipated key CARB policies that will have significant electrification impacts. SCE is concerned that the increased electrification driven by the CARB policy impacts – especially in the late 2020s when the policy requirements accelerate – may require large, long-lead time projects. Utilities must start the planning and licensing process for these larger, long-lead time projects soon. It is critical for utilities to leverage actionable policy-based forecasts (such as the Policy/Compliance scenario or IAWG scenario) in upcoming long-term planning activities, including the 2022-2023 distribution planning effort, to address grid needs well in advance to support these policies and long-term decarbonization.

Given the long lead time for large projects, SCE sees the urgency for the Commission to adopt or make actionable for official planning purposes the Policy/Compliance or IAWG scenario or their respective TE forecasts by early June. CEC adoption by early June will facilitate allowing the utilities to incorporate this important data into the upcoming long-term planning activities. SCE also recommends that the CEC work closely with stakeholders, including utilities, to refine the scenarios before finalizing them for Commission adoption by early June.

## III. SCE Appreciates Analysis of GHG Reduction Goals with the Modeled Demand Scenarios

SCE recognizes the importance of demand scenarios reflecting the state's long-term GHG policy so that the state can identify potential gaps and proactively strategize on how to address them. SCE is concerned that none of the presented demand scenarios demonstrate achievement of the state's 2050 GHG reduction goals. SCE strongly recommends that the Commission consider including in the next IEPR update at least one scenario that is reflective of how the state can achieve these goals and believes that such a scenario forecast will provide a meaningful range of outcomes for the state's various long-term planning purposes.

## IV. The Electric Vehicle (EV) Forecast in the Inter-Agency High Electrification Scenario Should Be Modified to Reflect Actual Market Advances over the Short-Term

In the Inter-Agency Working Group High Electrification Scenario, estimated EV adoption levels are lower compared to the adopted mid-case 2021 IEPR forecast in the early years. This occurs because only the Advanced Clean Cars I policy impacts are included, while the market is developing and advancing further than the Advanced Clean Cars (ACC) I policy projected. To make the scenario forecast more realistic in reflecting the most recent EV market data, SCE recommends modifying the EV forecasts in the Inter-Agency Scenario to incorporate market advancements as well as policy impacts in this timeframe in the early years, in addition to assessing the later incremental impacts from the developing Advanced Clean Cars II policy. Specifically, SCE urges the CEC to consider adopting a forecast that is at least as high as the mid-case 2021 IEPR EV load forecast for years 2023 to 2027, which reflects more realistic EV adoption levels in the short-term.

## V. Additional Comments

The CEC Demand Scenarios, particularly the Policy/Compliance Scenario, provide an important look at the impacts of significant policy drivers of electrification such as the Advanced Clean Cars II and Advanced Clean Fleet rules. In future iterations, SCE recommends also including the impacts of policies impacting the growth of off-road equipment electrification. The Governor's Executive Order (N-79-20) calls for achieving 100% zero-emissions from off-road vehicles and equipment operations in the state by 2035. CARB is developing important significant regulations to support this target, including a Zero-Emission Cargo Handling Equipment regulation and a second Transport Refrigeration Unit (TRU) rule that focuses on trailer TRUs - the larger segment of the TRU equipment market than the TRU rule that was adopted in 2021 focusing on truck TRUs.

In addition, SCE acknowledges that it is important for the state to pursue higher energy efficiency savings to support the decarbonization pathway as discussed at the workshop. However, SCE sees a greater uncertainty from the increasing levels of additional achievable (AA) energy efficiency (EE) savings assumed in the demand scenario forecast that is much higher than the mid-AAEE savings forecast of the adopted 2021 IEPR. SCE believes that the mid-high AAEE forecast assumed in the Policy/Compliance Demand Scenario forecast is unattainable without significant policy changes around future IOU and non-IOU EE programs. SCE recommends that the CEC works closely with key stakeholders in developing appropriate AAEE forecast assumptions for future demand scenario forecasts that are better reflective of the likely EE policy development and impacts in the short term as well as in the long term. At this time, SCE believes that it is more appropriate for the CEC to consider using the mid AAEE forecast from the adopted 2021 IEPR as part of the demand scenario forecast assumption.

Lastly, SCE commends the CEC on developing the demand scenarios that include the adoption of building electrification (BE) technologies. This is much needed as the CEC AB3232 Building Decarbonization Assessment concluded that reducing direct emissions in buildings requires a shift toward electric end uses and that electrification must be a major component of any decarbonization plan. The current demand scenario trajectory shows little BE load growth prior to 2030 but a big jump thereafter. This implies little market transformation occurring before the state's implementation of significant BE policies such as CARB's zero emission water and heating appliances in 2030. This seems unrealistic given similar technology adoption and market

development patterns in the past. SCE recommends a ramp up in the forecast to reflect a reasonable technology adoption curve, and to reflect the Commission's recommended goal of installing at least 6 million electric heat pumps statewide by 2030 in the final 2021 IEPR report.

## VI. Conclusion

SCE thanks the CEC for consideration of the above comments and, again, commends the CEC for its significant efforts in developing comprehensive, progressive demand scenarios that track the latest policy development in the state and can therefore benefit utility planning processes. Please do not hesitate to contact me at (626) 302-0905 with any questions or comments you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt