

DOCKETED	
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Document Title:	Meeting Schedule IEPR Commissioner Workshop on California's Economic Outlook
Description:	Tuesday, January 31, 2023 - 10:00 a.m. –4:30 p.m - Remote Only via Zoom: Remote Access via Zoom.™ For details, go to https://zoom.com and enter the webinar ID and passcode or to participate by telephone call 1-888-475-4499 and follow the prompts. REMOTE ACCESS VIA ZOOM–WEB ID: 811 3631 7597PASSCODE:2023
Filer:	Raquel Kravitz
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Meeting Schedule: **IEPR Commissioner Workshop on
California's Economic Outlook**

Tuesday, January 31, 2023

10:00 a.m. – 4:30 p.m.

Remote Only via Zoom:

Remote Access via **Zoom**.™ For details, go to <https://zoom.com> and enter the webinar ID and passcode or to participate by telephone call 1-888-475-4499 and follow the prompts.

REMOTE ACCESS VIA ZOOM – WEB ID: **811 3631 7597** **PASSCODE: 2023**

(Listed times are a general guideline.)

Introduction (10:00–10:05)

Heather Raitt, California Energy Commission (CEC), IEPR Director

Opening Remarks (10:05–10:20)

Siva Gunda, Vice Chair, CEC

Patty Monahan, Commissioner, CEC

J. Andrew McAllister, Commissioner, CEC

Alice Busching Reynolds, President, CPUC

Genevieve Shiroma, Commissioner, CPUC

John Reynolds, Commissioner, CPUC

1. Purpose of Workshop (10:20–10:25)

Nancy Tran, CEC

2. California's Economic and Demographic Outlook (10:25–12:10)

A. Moderator: Jeffrey Michael, Executive Director of the University of the Pacific's Center for Business and Policy Research

B. Francis Hagarty, Senior Economist at S&P

C. Somjita Mitra, Chief Economist at CA Department of Finance

D. Jerry Nickelsburg, Director of the UCLA Anderson Forecast

E. Walter Schwarm, Chief Demographer at CA Department of Finance

Discussion between commissioners and panelists (time 15 minutes)

Q&A from attendees to panelists Mark Palmere to moderate (time 5 minutes)

Closing Remarks

Break (12:30–1:30)

Welcome Back (1:30–1:35)

Heather Raitt, CEC

Remarks from the Dais (1:35–1:40)

Siva Gunda, Vice Chair, CEC

J. Andrew McAllister, Commissioner, CEC

Alice Busching Reynolds, President, CPUC

Genevieve Shiroma, Commissioner, CPUC

John Reynolds, Commissioner, CPUC

3. California’s Electrification Technology Market Outlook (1:40–3:40)

Moderator: Jill Pestana, Battery Lead North America at Accenture

A. Sara Baldwin, Director of Electrification Policy at Energy Innovation

B. Mike Roeth, Executive Director of the North American Council for Freight Efficiency

C. Mike Sontag, Associate Director at Energy and Environmental Economics, Inc. (E3)

D. Gil Tal, Director at the Electric Vehicle Research Center, Institute of Transportation Studies,
UC Davis

Discussion between commissioners and presenters (3:40–3:55)

Questions from attendees to panelists, Mark Palmere to moderate (3:55–4:00)

Public Comments

Closing Remarks and Adjourn

Proposed Discussion Questions

(Time will not allow for all questions to be asked.)

Panel 1 - California's Economic and Demographic Outlook

1. Economics + Inflation:

2. Which regions within California experienced the greatest growth and decline in the last year?
3. Do you anticipate a recession in California and/or the nation? If so, when will the recession occur and how long do you anticipate it to last? What aspects of the economy will be most impacted by this recession?
4. Is California still experiencing supply chain issues? What is the cause and how can we resolve them? What other supply-side price shocks are Californians vulnerable to?
5. When will inflation level out? Are these current inflated prices for goods/services the new normal? How does inflation affect inequality concerns and the potential growth of Californians' real incomes?
6. What industries are driving growth in our economy and into the foreseeable future, and which industries will slow down or become obsolete? Are there implications for specific regions in California?

2. Buildings/Construction/Housing:

1. Much of the basis of our California energy demand tends to focus on residential housing type (single-family dwellings vs. multi-family dwellings), commercial space, usage, and location. What do you see as the most likely combination of new short- and long-term construction (for example, single-family, multi-family, commercial space, size, type, usage, and location)? Are there any regional differences? (Effects of transit-density, gentrification, urbanization, telework opportunities)
2. What does it mean for the construction industry if we see high levels of vacant office space? How might that space be repurposed?
3. Has the pandemic permanently changed the office environment and need for office space? If so, how has this impacted the transportation sector for both personal and public use?
4. Has the pandemic permanently changed peoples' preferences for the type and location of the housing they require? Is there a shift from coastal to inland or vice versa?
5. During the last year, home prices in California and throughout the nation jumped 30 to 40 percent due to limited stock and increased competition. Do you see affordability issues continuing throughout California? Which regions will experience the most housing affordability issues? Are builders helping to alleviate the housing affordability issues we are currently experiencing?
6. Would a systematic large decrease in rental and real estate prices be a good thing?

3. Demographics:

1. We heard a lot about the amounts of people moving out of California and within California due to the flexibility to telework during the pandemic (for example, Bay Area residents moving out-of-state). These people are in search of cheaper housing and a lower cost of living. The U.S. Census stated in their December population release that California's population keeps shrinking declining by 113,000 people since July 2021 and more than half a million since July 2020. Which regions were the most impacted by this decrease and do you think we will ever see higher population growth

- (more than 1 percent annually) in the near future? What is driving the differences among regions?
2. What do you expect California's population growth to be in the future? (Example over the next 5, 10, and 20 years)
 3. How do you see California's average household size changing over the next decade and why? Are there any important regional differences or challenges?
 4. What do you think is the major demographic trend in California that most people are unaware of? For example, do we expect to see new trends in living situations like more multigenerational households or for younger generations to live in more dormitory group-type living situations?
 5. What demographic trends (alternatively, economic sectors) are likely to be impacted by California's increasing frequency and magnitude of wildfires?
 6. What expectations would you give to a current high schooler for what their living situation and expenses would be like in California when they are in their 20s?
 7. Are California's major urban centers like San Francisco and Los Angeles past their prime?
 8. We heard a lot about the growth of "Zoom Towns" during the pandemic. How has this geographical shift in living situations to more rural and mountainous areas affected local infrastructure capacity planning and risks from wildfires?

Panel 2 - Electrification Technology Market Outlook

- 1. Telecommuting:** Pre-pandemic, about 5% of the California workforce telecommuted. What has changed and what do you anticipate in the short term and long term?
 - a. Do we expect new telecommuters to have similar travel patterns as those who telecommuted pre-pandemic? Will they, for instance, have different occupations, (avoided) commute distances, or amounts of driving required during the workday? What sorts of rebound effects might there be associated with increased telework?
 - b. Has the pandemic permanently changed the office environment and need for office space? If so, how has this impacted the transportation sector for both personal and public use?
- 2. Transit:** Public transit use is down because of the pandemic, though strategies for reducing emissions include increasing public transit use as a way to reduce vehicles' miles traveled (VMT).
 - a. What is the future of public transit?
 - b. What plans do transportation network companies (TNCs) have for collaborating with transit agencies post-pandemic?
 - c. Will more public transit be developed that can be used in place of the "shorter road trips" mentioned above? Or will these remain the domain of personal vehicles?
- 3. Affordability:** Affordability has become a hot topic as we approached historically low housing supply, higher interest rates, and higher rent costs, causing an even wider affordability gap for households. Inflation has also caused goods and services to increase substantially, creating further affordability obstacles for consumers.
 - a. Will it be more difficult to be a new homebuyer in California? Will this obstacle be short-term or long-term? What demographic is most likely to demand and be able to afford electric technologies?
 - b. How will current economic trends and energy prices impact peoples' willingness to adopt electrification technologies such as heat pumps and electric vehicles?

4. **Rail:** How much of a transit game changer will the California High-Speed Rail project and the proposed Brightline West project (the high-speed rail line connecting Los Angeles and Las Vegas) be when they are completed?
5. **Freight & Delivery:** Online shopping, e-commerce, dramatically increased during the pandemic and continues to be a more frequently used option for consumers.
 - a. Has this caused a net increase or decrease in vehicle miles traveled (VMT)? For example, many people go to the store and purchase many items and combine their errands to several stores. By contrast, Amazon deliveries may sometimes be smaller and more frequent. However, these deliveries potentially tied to routes that involve less overall back-and-forth.
 - b. What is the status of supply chains for freight and delivery?
 - c. Are manufacturers seeing a decrease in demand for their products? If so, is the weakening in demand alleviating the upward price pressures we've been experiencing across the board?
6. **Electric Vehicles (EVs):** There are concerns with charging infrastructure, charging costs, range anxiety of EVs, uncertainty about federal incentive applicability, etc.
 - a. Where are we in terms of overall EV adoption and consumer interest in EVs?
 - b. Are the incentives from the Inflation Reduction Act encouraging at all for consumers?
 - c. How likely is it that people will use EVs as bi-directional energy resources, such as those with the Ford F150 Lightning?
7. **Building Electrification:** Given the recent experience of the SB1477 TECH/BUILD programs, are you aware of any underrated issues that may hinder the scaling of building electrification efforts to meet California's clean energy goals? What are possible remedies?
8. **Solar and Battery Storage:** In December 2022, The CA Public Utilities Commission voted to approve the NEM 3.0, a new net metering policy that will ultimately reduce the monthly energy bill savings for new solar owners.
 - a. What effect (if any) do you think the adoption of NEM 3.0 will have on future statewide solar adoption?
 - b. Based on the Inflation Reduction Act, would this increase the adoption of solar rooftop adoption for consumers?
 - c. Will low-income incentives drive adoption of rooftop solar?
 - d. How big is the energy storage market in California?
 - e. What is the main issue with battery storage in California today? How do we resolve this issue?
9. **Carbon Capture:**
 - a. There are beginning to be announcements of specific industrial facilities that would use carbon capture and sequestration (CCS) to reduce net GHG emissions. Trade newsletters suggest the incentives offered by the federal Inflation Reduction Act are responsible for industry consideration of such projects. Are there other unique factors specific to California? What is your outlook for CCS implementation in California industrial facilities?
 - b. Implementation of CCS requires both carbon capture and sequestration. Carbon capture may be more readily accomplished than sequestration unless there are nearby uses for carbon dioxide (CO₂) or means to inject CO₂ in appropriate geologic formations. Given the nature and location of industrial sources of GHG emissions in California is carbon capture or sequestration likely to influence the extent and pace of implementation?