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California Energy Commission
Dockets Office, MS-4
RE: Docket No. 09-IEP-1C
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket Number 09-IEP-1C:
2009 Integrated Energy Policy Report (IEPR) Electricity Demand Forecast

To Whom It May Concern:

Southern California Edison (SCE) appreciates the opportunity to provide comments on the February 3rd California Energy Commission (Energy Commission) Staff Workshop and associated Report on Incremental Impacts of Energy Policy Initiatives Relative to the Adopted Demand Forecast. SCE would like to thank the Energy Commission Staff, the California Public Utilities Commission (CPUC) Staff, and the stakeholders in the Demand Forecast Energy Efficiency Quantification Project (DFEEQP) Working Group for their efforts in this study. SCE would also like to recognize Itron for their significant efforts to calibrate baselines to minimize double counting and for providing detail on the caveats necessary for properly understanding the analysis results.

SCE does, however, have two remaining concerns with the results of the analysis. First and foremost, the mid-case scenario demand savings are inconsistent with the current CPUC goals for the investor-owned utilities. Second, the chosen scenarios do not reflect the full level of uncertainty in the achievement of energy savings from the programs and strategies included in the Total Market Gross (TMG) goals. As a result, if the current incremental Energy Efficiency (EE) mid-case scenario is deducted from the adopted 2010 – 2020 California demand forecast, it will be 2,000-3,000 Megawatts (MW) lower than if TMG goals were used, as was the project intent. SCE urges Energy Commission Staff, the CPUC Staff and the DFEEQP Working Group to continue work to develop more appropriate scenarios to develop a managed forecast suitable for long-term planning.

To assure consistency with the CPUC energy and demand savings goals adopted in D.08-07-047 the mid-case scenario needs recalibration.. As noted in the Executive Summary of Attachment A: Technical Report of Incremental Impacts of the Energy Efficiency Policy Initiatives Relative to the 2009 IEPR Adopted Demand Forecast (Technical Report):

> …to transform the Energy Commission's estimates of savings from each of the delivery mechanisms modeled in the 2009 IEPR forecast into quantities that could be used as scenario inputs into Itron's SESAT model that were **comparable** to the scenario inputs developed for the 2008 CPUC Goals Study."[1]

[1] Attachment A: Technical Report, Executive Summary, p.v.

According to the Technical Report[2], 2006 was established as the base year of the analysis. Itron and the Energy Commission Staff felt that 2006 was an unusually hot year and considered the peak to energy ratio as inappropriate for use. Instead, the peak to energy ratio for 2009,a year they considered "normal", was substituted. Table 2-4 shows the differences in the forecast demand using the adjusted peak to energy values. For SCE the difference is 4.3%. If this difference is accumulated over 10 years the result is 150% change. Changing the peak-to-energy ratio assumption to 2009 not only significantly increases the peak demand; it makes the forecast demand savings inconsistent with the CPUC Goals that must be achieved by the IOUs. SCE recommends that the mid case scenario be recalibrated by using the original TMG peak to energy ratio and use that as the basis for the high and low scenarios.

Second, the high and low scenario cases should reflect the full level of uncertainty in the potential for success of the different energy efficiency programs and strategies included in the TMG goals. In the Technical Report, Itron documents significant uncertainties in their analysis of the programs including:

- Big, Bold Energy Efficiency Strategies (BBEES)
- AB 1109 (the Huffman Bill)
- Codes & Standards

In the case of the BBEES, the Technical Report says:

> …regardless of the assumed delivery mechanism, achieving the specific market penetration rates for Zero Net Energy (ZNE) new construction reflected in the BBEES targets requires, by the CPUC's own characterization, "an aggressive and creative action plan" . Relative to IOUs programs, Title 24, the AB 1009 lighting standards, and federal appliance standards, therefore, it is reasonable to describe the outcomes associated with the BBEES initiatives for ZNE homes and building as highly uncertain.[3]

A better reflection of the full range of uncertainty in this case would be 100% achievement for the mid case scenario, reflecting the TMG goals, with the low case at possibly 30% achievement, and the high case reflecting more aggressive EE assumptions. This wider span of evaluation better estimates the risks by bounding the results and better reflects what is more "likely to occur".

The assumptions concerning compliance with the Huffman Bill, AB 1109, are speculative as the Technical Report admits:

> "Currently, sufficient market data is not readily available that allows the residential and commercial lighting market to be reasonably segmented according to lumen output. As such, Itron was not able to directly estimate the expected temporal dynamics associated with the new lighting standards, particularly over the period covered by the interim standards, and relied on indirect proxies and simplifying assumptions.[4]"

Without the proper inputs the results are questionable. The low case should reflect this uncertainty.

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2 Id, at p.14.
3 Id, at p.68.
4 Id, at p.66.

Finally, the savings attributed to Building Codes and Appliance Standards includes savings from "IOU code compliance programs". These programs are supposed to minimize noncompliance with Title 24 in the residential new construction segment. The incremental EE analysis performed by Itron includes scenarios which estimate energy savings from these IOU programs. The Technical Report correctly identifiesthat "IOU's currently do not administer any programs focused on increasing compliance with Title 24 in the new construction segment.[5]" In addition, no comprehensive approach to increase codes and standards compliance rates exists in the state of California. Noncompliance rates for existing buildings (retrofit) and new construction are suspected to be fairly high. Quantec's report "Statewide Codes and Standards Market Adoption and Noncompliance Rates" notes "we found noncompliance values varied widely by measure, ranging from 21% for hardwired lighting to 100% for nonresidential ducts (both new and retrofit).[6]" Absent a program, any savings estimates for these programs should be very conservative. It is unclear what savings level has been included in the TMG goals for these programs. SCE recommends clarifying the level of savings attributed to IOU Code Compliance Programs that is included in the TMG goals and use it for the mid case scenario. The level of savings for the low case scenario should reflect moderation as appropriate for new programs.

In summary, SCE strongly recommends that the stakeholders in the DFEEQP and the CPUC Staff participate with Itron and the Energy Commission Staff in establishing the appropriate assumptions for this study. Given the decisions to be made with this forecast as the basis, it is prudent to vet assumptions to eliminate any concerns before adoption. SCE looks forward to working cooperatively with the Energy Commission Staff on developing such assumptions.

Should you have any questions or need additional information about these written comments, please contact me at 916-441-2369.

Very truly yours,

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5 Id, at p. 29

6 Statewide Codes and Standards Market Adoption and Noncompliance Rates p.6, Quantec, May 10, 2007