

DOCKETED	
Docket Number:	23-IEPR-03
Project Title:	Electricity and Gas Demand Forecast
TN #:	252112
Document Title:	SoCalGas Comments on IEPR Commissioner Workshop on Inputs and Assumptions and Load Modifier Scenario Development
Description:	N/A
Filer:	System
Organization:	Southern California Gas Company
Submitter Role:	Public
Submission Date:	9/1/2023 11:26:09 AM
Docketed Date:	9/1/2023

*Comment Received From: Southern California Gas Company
Submitted On: 9/1/2023
Docket Number: 23-IEPR-03*

SoCalGas Comments on IEPR Commissioner Workshop on Inputs and Assumptions and Load Modifier Scenario Development

Additional submitted attachment is included below.



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September 1, 2023

Vice Chair Siva Gunda
California Energy Commission
Docket Unit, MS-4
Docket No. 23-IEPR-03
715 P Street
Sacramento, CA 95814-5512

Subject: Comments on the 2023 IEPR Workshops on Inputs and Assumptions and Load Modifier Scenario Development

Dear Vice Chair Gunda,

Southern California Gas Company (SoCalGas) appreciates the opportunity to provide comments on the August 15 and 18 California Energy Commission (CEC) 2023 Integrated Energy Policy Report (IEPR) Workshops on Inputs and Assumptions and Load Modifier Scenario Development. Our comments recommend the following: 1) Consider a flexible demand forecast for the electric and gas systems that will aid in more practical long-term planning; 2) Include a forecast range that accounts for relatively more conservative conversion rates than what is currently being contemplated. This will better reflect the inherent uncertainty of pace and penetration in long-term planning; 3) There should be an established methodology to incorporate the impact of potential extended heat events into the demand forecasting process.

1) Consider a flexible demand forecast for the electric and gas systems that will aid in more practical long-term planning

It is in the public interest that the CEC's Energy Demand Forecast be developed with a robust engagement process. Doing so will foster highly valuable information and stakeholder input; this is critical to the process, given the complexities and uncertainties underlying long-term planning and forecasting. The Demand Forecast is a foundational component to electricity and gas procurement and planning. Accordingly, it is critical to have a range of demand values for the electric and gas systems that properly reflects potential respective outcomes across long-term planning scenarios. Demand forecasting processes should not be restricted to one particular set of forecasted conditions, but should instead be more flexible to plan for circumstances that may develop and change over time.

2) Include a forecast range that accounts for relatively more conservative conversion rates than what is currently being contemplated. This will better reflect the inherent uncertainty of the pace and penetration in long-term planning

The forecast methodology should include a range of potential outcomes. Taking such an approach would inform the near-term need for gas system reliability and its support of electric grid reliability while planning for the integrated energy system in the long term. Utilizing policy assumptions for planning can provide directional value and insight, yet such assumptions should be technically sound and realistic. For example, assumptions on the pace and penetration of electrification that are grounded in both policy expectations and evidenced by expected and realized conversion rates are essential to better understand and plan for future integrated system conditions. Incorporating relatively ambitious conversion rate scenarios along with more conservative scenarios can potentially help inform a range of timing, outcomes, and needs from a long-term planning perspective.

For gas system demand, using more conservative conversion rates can better reflect the inherent uncertainty in system planning. Importantly, the CEC's Demand Forecast is used to develop the California Gas Report, which is in turn used to inform gas infrastructure maintenance, contraction, and customer-driven investments that support capacity, reliability and safety needs. The 2023 California Gas Report Supplement included discussion regarding the critical role that the CEC's forecast plays in forecasting and planning for higher levels of expected summer gas demand.¹ Using technically-sound assumptions regarding declining gas demand and infrastructure investments is critical to analyzing and planning for energy system delivery and reliability for the electric and gas systems. This exercise may be particularly challenging when the integrated energy system is under stress from climate change impacts.

3) There should be an established methodology to incorporate the impact of potential extended heat events into the demand forecasting process

California must also develop some means of incorporating the impact of extended heat events spanning several western states in its demand forecasting process. Such events are increasing in frequency and have direct impacts on both the State's gas and electric infrastructure and resources.² Although supply-side resources are not currently part of the electric forecast, it is important to note that technically sound and fact-based supply-side forecasts for electric generation are critical for developing gas demand forecasts.

The gas system balances the impacts of our increased reliance on intermittent renewables to achieve decarbonization goals. The State's current and expected treatment of gas-fired electric demand should therefore consider both annual gas throughput and peak demand in development of supply-side forecasts aligned with each electrification scenario. Even if an overall decrease in gas demand is observed over time, the necessity for gas system infrastructure could increase in certain

¹ See Appendix A and 2023 California Gas Report Supplement, pp.22-24, available at:

https://www.socalgas.com/sites/default/files/Joint_Biennial_California_Gas_Report_2023_Supplement.pdf

² See Protecting Californians From Extreme Heat: A State Action Plan to Build Community Resilience, April 2022, available at: <https://resources.ca.gov/-/media/CNRA-Website/Files/Initiatives/Climate-Resilience/2022-Final-Extreme-Heat-Action-Plan.pdf>

circumstances, such as when meeting ramp up and ramp down requirements of electric generation customers during times of peak electric system demand.

Conclusion

We offer these comments in support and to enable the CEC's efforts in achieving California's decarbonization goals while maintaining reliability and resiliency of our energy system. The Demand Forecast is a crucial component of the State's long-term system planning and benefits from robust stakeholder vetting. Thank you for your consideration.

Respectfully,

/s/ Kevin Barker

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Appendix A: Tables and Graph from 2023 California Gas Report Supplement³

**TABLE 10: 2020 California Gas Report
SUMMER HIGH SENDOUT DAY DEMAND FORECAST (MMcf/d)**

Year	High-Demand Month ⁽¹⁾	SoCalGas Core ⁽²⁾	SDG&E Core ⁽³⁾	Other Core ⁽⁴⁾	Noncore Non-EG ⁽⁵⁾	EG ⁽⁶⁾	Total Demand
2020	Sep	620	94	28	536	1,928	3,206
2021	Sep	613	94	28	531	1,894	3,160
2022	Sep	612	94	28	536	1,936	3,206
2023	Sep	605	94	28	538	1,952	3,217
2024	Sep	598	93	29	540	1,631	2,891
2025	Sep	589	93	29	542	1,646	2,899
2026	Sep	580	92	29	541	1,626	2,868

Notes:

- (1) Month of High Sendout gas demand during summer (July, August, or September).
- (2) Average daily summer SoCalGas core sales and transportation.
- (3) Average daily summer SDG&E core sales and transportation.
- (4) Average daily summer core demand of SWG, City of Long Beach, and City of Vernon.
- (5) Average daily summer Noncore-Non-EG demand. Noncore-Non-EG includes noncore Non-EG end-use customers of SoCalGas, SDG&E, SWG, City of Long Beach, City of Vernon, and all end-use customers of Ecogas.
- (6) Highest demand during the high-demand month under 1-in-10 dry hydro conditions, except year 2020, when the EG highest demand is based on 2020 hydro condition.

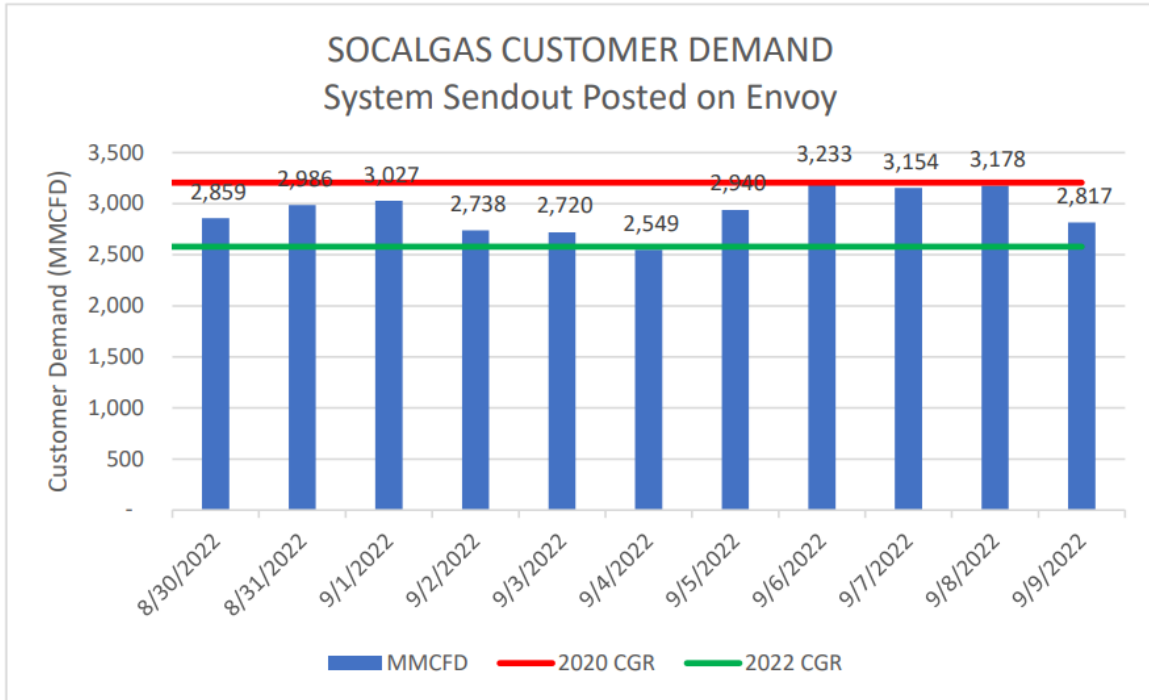
**TABLE 11: 2022 California Gas Report
Summer High Sendout Day Demand Forecast (MMcf/d)**

Year	High Demand Month ⁽¹⁾	SoCalGas Core ⁽²⁾	SDG&E Core ⁽³⁾	Other Core ⁽⁴⁾	Noncore NonEG ⁽⁵⁾	Electric Generation ⁽⁶⁾	Total Demand
2022	Sep	607	87	57	587	1,241	2,579
2023	Sep	599	87	57	589	1,180	2,513
2024	Sep	591	87	57	590	981	2,306
2025	Sep	582	86	58	590	1,031	2,347
2026	Sep	575	86	58	589	1,080	2,387
2027	Sep	567	85	58	589	1,104	2,403
2028	Sep	558	84	59	588	1,022	2,312

Notes:

- (1) Month of High Sendout gas demand during summer (July, August or September).
- (2) Average daily summer SoCalGas core sales and transportation.
- (3) Average daily summer SDG&E core sales and transportation.
- (4) Average daily summer core demand of Southwest Gas Corporation, City of Long Beach, City of Vernon, and Ecogas.
- (5) Noncore-Non-EG includes noncore non-EG end-use customers of SoCalGas, SDG&E, Southwest Gas Corporation, City of Long Beach, City of Vernon, and Ecogas. Average daily September Noncore-Non-EG demand for all noncore market segments except Refinery; Refinery is at connected load.
- (6) Highest demand during the high demand month under 1-in-10 dry hydro conditions except year 2022, when the Electric Generation highest demand is based on 2022 hydro condition.

FIGURE 2:



³ See 2023 California Gas Report Supplement, pp.22-24, available at: https://www.socalgas.com/sites/default/files/Joint_Biennial_California_Gas_Report_2023_Supplement.pdf