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| <b>Project Title:</b>   | Electricity and Natural Gas Demand Forecast   |
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| <b>Description:</b>     | For IEPR Modeling and Forecasting Activities  |
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*Comment Received From: Manuel Alvarez*

*Submitted On: 3/11/2015*

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**15-IEPR-03: Lead Commissioner Workshop on Economic, Demographic, and Other Assumptions for IEPR Modeling and Forecasting Activities**

*Additional submitted attachment is included below.*

March 11, 2015

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 15-IEPR-03  
1516 Ninth Street  
Sacramento, CA 95814-5512

Re: *Southern California Edison Company's Comments on the California Energy Commission Docket No. 15-IEPR-03: Lead Commissioner Workshop on Economic, Demographic, and Other Assumptions for IEPR Modeling and Forecasting Activities*

Dear Commissioner McAllister:

On February 26, 2015, the California Energy Commission ("Energy Commission") held a Lead Commissioner Workshop on Economic, Demographic, and Other Assumptions for the Integrated Energy Policy Report ("IEPR") Modeling and Forecasting Activities ("the Workshop"). Southern California Edison ("SCE") participated in the Workshop and appreciates the opportunity to provide these written comments. SCE's comments:

1. Commend the Energy Commission's efforts to incorporate changing demographics into the demand forecast;
2. Recommend that the Energy Commission strive to incorporate more integration into its modeling efforts to produce the most realistic scenarios for the demand forecast;
3. Recommend that the demand forecast instructions clearly state data requirements so that the Energy Commission receives accurate and comprehensive data submissions;
4. Recommend that the Energy Commission ensure greater transparency in the development and incorporation of Additional Achievable Energy Efficiency (AAEE) in the demand forecast through the Demand Analysis Working Group (DAWG) and other stakeholder involvement; and
5. Encourage the Energy Commission, other agencies, and stakeholders to continue to coordinate and explore different methodologies to capture locational impacts at more granular levels in its demand forecasting efforts.

**A. SCE Commends the Energy Commission’s Efforts to Incorporate the Impact of Changing Demographics into the IEPR Demand Forecast**

SCE appreciates the Energy Commission’s effort to model economic and demographic impacts, such as the special study of changes in household size, in the electricity demand forecast. SCE agrees that the accuracy of the demand forecast depends upon the establishment of reasonable assumptions regarding future demographic changes. SCE looks forward to supporting the Energy Commission in this endeavor and encourages the Energy Commission to continue its engagement with industry experts and stakeholders to develop the most reasonable assumptions for future energy demand.

**B. The Energy Commission Should Strive to Incorporate Greater Integration in its Modeling Efforts**

As noted during the workshop, the common case scenarios for the demand forecast do not represent an “integrated approach,” but rather a combination of various assumptions to arrive at high-, mid-, and low-Energy demand cases, which are deemed to be within a “reasonable range” and “are NOT most extreme possible” cases. SCE cautions, however, that by not using an integrated approach in its scenario development (i.e., one that considers the interactions and correlations among variables), the Energy Commission may not, in fact, be arriving at a “reasonable range” of outcomes, which could be problematic for long-term demand forecast planning purposes. For instance, a potential high case might combine assumptions, such as (1) higher projections for economic growth and (2) lower projections for solar photovoltaic (PV) penetration, to arrive at the “High Energy Demand Case.” But by neglecting to take into consideration the interaction/correlation between these two variables, the Energy Commission may unintentionally arrive at a more extreme case (rather than a “reasonable” case).

SCE understands the challenges and limitations to developing realistic scenarios (e.g., currently limited data on interaction of variables, including plug-in electric vehicles, solar penetration, other emerging technologies, and the need for funding to perform more integrated analyses). SCE nevertheless recommends that as resources become available, the Energy Commission strive to incorporate more integration into its modeling to produce the most realistic scenarios for the demand forecast.

**C. The Demand Forecast Instructions Should Clearly State the Data Requirements so that the Energy Commission Receives an Accurate and Comprehensive Data**

SCE understands that the Energy Commission is concerned about the comprehensiveness of data submitted in response to the data requested in the demand forecast forms, particularly with regard to Form 1.8. SCE recommends that, going forward, the Energy Commission clearly state the required data elements in the demand forecast forms and instructions. SCE is currently in the process of completing its demand forecast forms for 2015, and looks forward to continued coordination with Energy Commission on this issue in this and future IEPR cycles.

**D. The Energy Commission Should Ensure Transparency for Developing and Incorporating AAEE into the Demand Forecast through DAWG**

SCE believes that the results of the CPUC's 2013-2014 EMV Potential Study will make a substantial contribution to the demand forecast's assessment of AAEE. To appropriately incorporate this study into the IEPR Demand Forecast analysis, SCE recommends greater transparency about how AAEE is developed and incorporated, and that stakeholders have the opportunity to vet ideas and proposals through the DAWG before adjustments are made to the demand forecast.

**E. The Energy Commission Should Coordinate with Stakeholders to Explore Methods for Disaggregating the Demand Forecast.**

SCE looks forward to its continued coordination with stakeholders and the Energy Commission to determine methodologies for capturing specific locational impacts in the demand forecast at a more granular level. SCE understands that the current IEPR forecast is developed utilizing the California Independent System Operator (CAISO) system peak time. This is a coincident system forecast and, as such, the adjustments to the forecast are also coincident with the CAISO peak time. SCE also understands the Energy Commission's increasing interest in capturing locational impacts to the forecast at a more granular level. To more accurately reflect the forecast at granular levels, it is important to understand how the forecast and adjustments to the forecast (such as AAEE, PEV, etc.) vary over time. If the profile of the forecast is not completely understood, then broad assumptions have to be drawn to formulate a granular disaggregation or comparison at the distribution level. Bottom up forecasts are typically non-coincident in order to accurately capture the specific locational impacts at a more granular level.

In conclusion, SCE appreciates the Energy Commission's consideration of these comments and looks forward to its continuing collaboration with the Energy Commission. Please do not hesitate to contact me at (916) 441-2369 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

*/s/ Manuel Alvarez*

Manuel Alvarez