

DOCKETED

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SolarCity Comments - Workshop on CA Energy Demand Preliminary Electricity Forecast

Additional submitted attachment is included below.

July 21, 2015

RE: Docket No. 15-IEPR-03

SolarCity respectfully submits the following comments on the Integrated Energy Policy Report (IEPR) Commissioner Workshop on the 2015 California Energy Demand Preliminary Electricity Forecast held July 7, 2015.

Background

SolarCity is a full-service solar power provider for homeowners and businesses – a single source for engineering, design, financing, installation, monitoring, and support. The company provides cost-effective financing that enables customers to go solar without high upfront costs. SolarCity has more than 5,000 California employees based at more than 30 facilities around the state, and, as of March 31, 2015, has provided or contracted to provide clean energy services to more than 217,000 customers nationwide.

Overall Comments

SolarCity commends the leadership of the California Energy Commission (CEC) in developing the 2015 Integrated Energy Policy Report (IEPR) in a timely and efficient manner. We recognize the critical role the electricity demand forecast plays in a variety of planning processes, particularly the Long Term Procurement Plan (LTPP) undertaken by the California Public Utilities Commission (CPUC) and the Transmission Planning Process (TPP) undertaken by the California Independent System Operator (CAISO). Interagency collaboration and stakeholder input are critical to developing a robust 2015 IEPR that will guide policy in California. We therefore appreciate the opportunity to comment on the preliminary electricity demand forecast that was presented at the July 7 workshop.

In order to continue to drive toward more frequent stakeholder input and to ensure the most accurate forecast possible, we offer the following specific comments regarding the electricity demand forecast:

1. ***Increase transparency and provide an earlier opportunity for stakeholder input.*** It is currently difficult for non-utility stakeholders to actively participate in the development of the preliminary electricity demand forecast early on in the process. The failure to engage stakeholders early in the IEPR process misses a valuable opportunity to engage industry experts that frequently conduct demand forecast modeling. These outside experts can provide additional perspective on the modeling process and help reevaluate existing assumptions.
2. ***Develop a well-vetted approach for the PV adoption model.*** The most recent modeling results for PV adoption represent a significant improvement from previous forecasts. In particular, the shift to basing adoption economics on actual rate tariffs (as opposed to average rates) will greatly improve the model's accuracy. However, SolarCity would like to highlight that there are a number of CPUC proceedings that are currently pending or where a decision has recently been issued that will have significant implications for future PV adoption. This includes the recent decision on residential rates (R.12-06-013) and the pending net energy metering (NEM) successor tariff (R.14-07-002). As CEC staff refines this forecast over the next few months, the overall approach to PV adoption modeling warrants vetting by a wider group of industry experts. SolarCity looks forward to engaging with the Demand Analysis Working Group (DAWG) to help determine how best to incorporate these outcomes into the load forecast and the planning processes that depend on it.

3. ***Develop a well-vetted method for establishing the peak load impact for behind-the-meter PV.***

There are a number of ways the peak load impact of behind-the-meter PV could be estimated, and SolarCity appreciates Southern California Edison's (SCE) efforts to offer a fresh perspective on the issue. Determining the appropriate peak load impact is an increasingly important issue going forward, and deserves additional consideration.

In order to bring more clarity to the SCE proposal, SolarCity offers the following comments:

- SCE should clarify how it proposes to calculate "net demand".
- The California Energy Demand (CED) forecast should not take into account any impacts of supply-side resources, and the peak load impact factor for behind the meter (BTM) PV should not be driven by supply-side resources interconnected at the transmission level.
- Net load analysis incorporating supply side resources might be appropriate in different contexts, such as rate design, where there is a desire to define on-peak and off-peak periods. For rates, this view of net load is essentially a rough approximation of the likely periods for when wholesale market prices are high or low, and is meant to incent customers to shift usage accordingly. This type of net load analysis is not appropriate, however, for determining the peak load impact of demand side resources as part of the CED forecasting process.

Conclusion

The CEC's load forecast is the first step in the planning processes that utilities and state agencies use to justify system upgrades and infrastructure expansions. The consequence of an overestimated load forecast is a potential increase in sunk costs and under-utilized infrastructure, which results in higher rates for all ratepayers. Ensuring both affordability and reliability in the future will require a new type of cost discipline made possible by more granular load forecasts and a more transparent planning process. This cost discipline will require an evolution of the utility business model where utilities are encouraged and incentivized to find opportunities for cost savings, rather than simply increasing rate base through capital expenditures.

As regulators try to strike this balance between reliability and affordability, technical support and expertise from a wider group of stakeholders will be critical. Again, SolarCity thanks the Commission for the opportunity to comment on the IEPR preliminary electricity demand forecast workshop and we look forward to being an active participant in the stakeholder process going forward.

Respectfully submitted,

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