

DOCKETED

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Comments of SCE on IEPR Workshop Held 9-30-15 re Forecast of Vehicle Attributes

Additional submitted attachment is included below.

October 14, 2015

California Energy Commission
Docket Office, MS-4
Re: Docket No. 15-IEPR-10
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission Docket No. 15-IEPR-10: Staff Workshop on Energy Demand Cases and Forecast of Vehicle Attributes for 2015 Transportation Energy Demand

Dear Commissioner McAllister:

On September 30, 2015, the California Energy Commission (Energy Commission) held a Staff Workshop ("Workshop") on the Energy Demand Cases and Forecast of Vehicle Attributes as part of the 2015 Integrated Energy Policy Report Update (2015 IEPR Update) process. Southern California Edison (SCE) participated in the Workshop and appreciates the opportunity to provide these additional written comments.

SCE's comments reiterate SCE's recommendation that the Energy Commission adopt two transportation electrification scenarios – a mid- and high-case – to produce a reasonable forecast. In addition, SCE recommends that the Energy Commission revisit certain assumptions about electric vehicle technology, costs, and market structures.

A. The Energy Commission Should Use Different Scenarios for Its Forecast

As stated in previous workshop comments, the Energy Commission's consumer choice model forecast is overly complicated and will not produce reasonable results for the IEPR's purposes. SCE recommends at least two transportation electrification scenarios be conducted for both on-road / train and off-road segments. The first and primary scenario should be a mid-case that incorporates existing and planned governmental regulations/incentives, including but not limited to, existing and planned ARB regulations, newly passed state legislation as well as federal, state and local incentives. The second should be a high-case scenarios that assumes achievement of Governor Brown's long-term state climate goals and federal air quality requirements under a variety of fuel and technology mixes including a high electrification case in most market segments.

B. The Energy Commission Should Revisit Certain Assumptions

SCE recommends that the Energy Commission revisit and revise assumptions that parties advanced at the Workshop regarding electric vehicle pricing, range, and leasing.

1. Price Assumptions

At the Workshop, Sierra Research presented charts of adjusted electric vehicle (EV) prices that were lower than the original National Academy of Sciences (NAS) assumptions to achieve ZEV population mandates. Even though the prices were lower than NAS, both Plug-in Hybrid EV (PHEV) and Battery EV (BEV) prices are assumed to rise between 2016 and 2025. That price increase is not only contrary to other existing EV and battery price forecasts available in the market, but also inconsistent with the economic theory that as products achieve scale and technology improves, prices fall. Accordingly, the Energy Commission should assume that PHEV and BEV production costs and consumer prices should decrease over time.

2. Electric Vehicle Range Assumptions

The Energy Commission should revisit the assumption that PHEV and BEV range will remain flat through 2026. The market trend is toward higher range PHEVs and BEVs.¹ The Energy Commission should therefore assume that electric vehicle range will increase over time.

3. Assumptions About Leasing and Sales

The Energy Commission's model assumes all EVs are purchased, but the majority of customers lease EVs because Original Equipment Manufacturers (OEMs) offer extremely attractive EV lease rates.² The Energy Commission should account for this phenomenon in its modeling and forecasting of consumer choices.

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

¹ The Nissan Leaf and the Chevy Volt are examples. See plugincars.com/nissan-boosts-range-2016-leaf-models-107-miles-131017.html; latimes.com/business/autos/la-fi-hy-2016-volt-extends-range-20150803-story.html.

² Experian Automotive data estimates that up to 87% of EVs are leased. See nytimes.com/2014/04/24/automobiles/experian-study-highlights-differences-between-hybrid-and-ev-owners.html