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SCE Comments on 2018 IEPR Energy Demand Forecast Update

Please see attached.

Additional submitted attachment is included below.

December 21, 2018

California Energy Commission
Docket Office, MS-4
Re: Docket No. 18-IEPR-04
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.18-IEPR-04: 2018 California Energy Demand Forecast Update

Dear Commissioners:

On December 6, 2018, the California Energy Commission (CEC), the California Public Utilities Commission (CPUC), and the California Independent System Operator (CAISO) held an IEPR Lead Commissioner Workshop ("the Workshop") to discuss the 2018 California Energy Demand Forecast Update (2018 IEPR Forecast Update) as part of the 2018 Integrated Energy Policy Report (IEPR) Update Proceeding. CEC staff reviewed the assumptions and methodological approaches introduced in the 2018 IEPR Forecast Update and noted changes from the 2017 IEPR Forecast at the Workshop. Southern California Edison Company (SCE) also participated and thanks the CEC for the opportunity to provide these written comments.

SCE appreciates the CEC's work in developing a comprehensive, statewide forecast, which demonstrates many significant improvements over previous forecasts, and will help utilities and other stakeholders to plan appropriately for future energy demand. SCE supports the 2018 IEPR Forecast Update and recognizes the CEC for its extensive outreach to stakeholders in the development of these forecasts. As a suggestion for refining the forecast, SCE recommends incorporating SCE's 2018 actual sales data to improve the estimate of future demand. SCE also provides some suggestions for process improvement in 2018 IEPR Forecast Update and/or development in the upcoming 2019 IEPR forecast in these areas: (1) Default Time-of-Use (TOU) impact; (2) Electric Vehicle (EV) growth rates; (3) long-term Resource Adequacy (RA) load forecast; and (4) peak load shapes. SCE expands on these in the following paragraphs.

1. SCE Recommends Updating the Planning Area Forecast for SCE's Managed Sales with Current Available Data

In the staff presentation on the Planning Area Forecast at the Workshop, the projections of SCE's managed sales (at p. 9) show a drop from 2017 to 2018 and then a slight decline over time. Based on the approximately nine months of sales data that SCE has now collected for 2018, however, it appears that the CEC's forecast in 2018 may have underestimated SCE's actual baseline. SCE is interested in coordinating with CEC staff to make an upward adjustment of the managed sales forecast accordingly, using the 2018 data now available.

2. SCE Recommends Incorporating the Results of the Recent 2018 SCE Default TOU Pilot Study through the 2019 IEPR

The CEC has made significant strides in updating the Default TOU impact in the 2018 IEPR Forecast Update. Recognizing that the Investor-Owned Utilities' (IOUs) 2018 Default TOU Pilot Study results were not available at the time that the CEC first developed the forecast, SCE staff informed the CEC about the availability of the pilot results after the Workshop. Of note, SCE's results from its Default TOU Pilot Study found a reduction in peak impact that is projected to be more than 200 MW *less* than the reduction in peak impact estimated in the 2018 IEPR Forecast Update. SCE highly recommends that the CEC take into consideration the latest IOU Default TOU Pilot Study results when developing the 2019 IEPR Forecast, in order to reflect a more realistic impact from the Default TOU program.

SCE has also identified and shared its findings with CEC staff on an area of potential modeling improvement in the hourly shape profiles associated with a Default TOU impact. SCE would like to work closely with the CEC to align the Default TOU impact assumptions and improve the associated hourly shape profiles through the development of the 2019 IEPR Forecast.

3. SCE Anticipates that Growth Rates in the Long-Term EV Forecast May Be Similar or Higher than the Prior Period

SCE appreciates the CEC's updates to the Electric Vehicle (EV) Forecast and especially the CEC's efforts to refresh the major assumptions and gather relevant stakeholder feedback for consideration. In the EV Forecast presentation, the mid-case projections for the 2018-2025 years demonstrate an annual compounded growth rate of 20 percent, whereas the mid-case for the 2025-2030 long-term growth rate reaches a modest 7 percent. However, SCE thinks that the growth rate may be similar or higher in the 2025-2030 period when compared with the 2018-2025 period, especially if new policies and/or legislation demonstrate greater support for, and successfully address, some of the current barriers facing the EV market. SCE staff are interested in coordinating with the CEC to arrive at a shared understanding of the long-term growth rate through the 2019 IEPR forecast development.

4. SCE Recommends More Transparency in the Future Resource Adequacy Load Forecast Development

The CEC's monthly peak modeling efforts in the 2018 IEPR Forecast Update represents a positive change in future Resource Adequacy (RA) load forecasts in that it improves the transparency of future RA load forecast processes (a critical and important element). In the monthly peak forecast at the Transmission Access Control (TAC) level, however, SCE needs

greater clarity around how the TAC-level monthly peak forecast may be broken down to each IOU's bundled customer and the CCA customer load levels. Without a clear understanding of how the future end-to-end RA load forecast process is changing, SCE is unable to determine both the accuracy of the updated IEPR monthly TAC-level peak forecast and if the monthly TAC-level peak forecast would result in reasonable impacts to SCE's future RA load forecast and requirements. SCE strongly recommends that the CEC engage the IOUs and the joint agencies—such as the CPUC and CAISO—in discussions about how the future RA load forecast process is changing and what improvements are being considered in the RA load forecast methodology and assumptions for the 2019 IEPR Forecast.

5. SCE Would Like to Further Its Collaboration with the CEC to Bring Continuous Improvement in Modeling Peak Load Shapes

SCE thinks there may be an opportunity to improve the CEC's peak load shape modeling in the CEC's recently published detailed hourly forecast results, especially in the consumption load shapes associated with future peak load days. For example, SCE anticipates greater potential impact from changing hourly temperature patterns under peak conditions due to climate change. Given the complexity of this discussion in considering how these and other potential impacts will affect the load profile, SCE is very interested in collaborating with the CEC on the IEPR forecasts to bring continuous modeling improvement when estimating future peak changes.

6. Conclusion

SCE appreciates the CEC's consideration of these comments and looks forward to continuing its collaboration with the CEC, the CPUC, CAISO and other relevant stakeholders. Please do not hesitate to contact me at (916) 441-3979 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Catherine Hackney