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PG&E Comments Topics in Energy Demand

Additional submitted attachment is included below.

October 10, 2019

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 19-IEPR-03
1516 Ninth Street
Sacramento, California 95814-5512

Re: Pacific Gas and Electric Company Comments on the Emerging Trends for the California Energy Demand Forecast

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to submit these comments on the September 26, 2019 Workshop on Emerging Trends for the California Energy Demand Forecast held by the California Energy Commission (CEC) as part of the 2019 Integrated Energy Policy Report (IEPR). The California Energy Demand Forecast is a critical component of the Integrated Energy Policy Report and an essential tool for planning future energy policies across numerous agencies. PG&E appreciates the continued efforts of CEC staff to initiate discussions and refine components of the Forecast, especially the emerging trends, and PG&E looks forward to future conversations.

PG&E's comments focus on two areas: Fuel Substitution and Community Choice Aggregation.

1. Fuel Substitution

PG&E greatly appreciates the CEC's Exploratory Study on Fuel Substitution Impacts. PG&E supports continued refinement of the preliminary analysis, as well as the future development of a fuel substitution forecast, as part of the CEC's California Energy Demand Forecast.

In future iterations of the fuel substitution forecast, PG&E highly encourages the CEC to consider how the forecast will be used by stakeholders when determining the scenarios and parameters used in the forecast. California's energy agencies, and utilities like PG&E, will want to use the fuel substitution forecast for planning purposes, including determining where the installation of new or upgrade of existing gas infrastructure might be avoided and where upgrades to electric infrastructure to accommodate incremental electric load may be needed. Ideally, the CEC's fuel substitution forecast will evolve to provide the geographic granularity necessary to support these critical infrastructure decisions.

Similarly, PG&E would like to see the fuel substitution scenarios designed to help answer the key questions that decisionmakers may be asking. For example:

- What are the impacts of an all-electric neighborhood or city? How does this compare to dispersed electrification where homes and buildings have some electric appliances, but continue to use the gas delivery system for some of their energy needs?

PG&E understands that this is currently a high-level assessment and this level of granularity is not included in this preliminary forecast. However, we encourage the CEC to prioritize refinements that support important planning decisions, such as geographic granularity and planning scenarios, when developing the fuel substitution forecast in the future.

PG&E looks forward to working with the CEC to continue to refine and improve its fuel-switching forecast. As the CEC seeks to address uncertainties and fill in data gaps, we encourage increased collaboration with the utility electric planning teams. It is in all parties' best interest to understand the impacts of fuel switching, and PG&E is eager to support the CEC's forecast.

2. Community Choice Aggregation

PG&E appreciates the CEC's proposal to improve its mid- and long-term Community Choice Aggregation (CCA) forecast, as well as the opportunity to discuss the improvements in the Demand Analysis Working Group (DAWG) workshops. PG&E strongly encourages the CEC to transition to a probabilistic forecasting framework.

This echoes PG&E's joint recommendation developed with CalCCA in Working Group 1 of Phase 2 of the California Public Utilities Commission's Power Charge Indifference Adjustment (PCIA) Order Instituting Rulemaking (OIR) earlier this year. In the report filed on July 1, 2019, PG&E and CalCCA recommend that for its long-term CCA forecast, the "CEC adopt a probabilistic approach supplemented with scenarios and account for prospective departing load. The CEC's DAWG should be used as a forum for coordinating and improving departing load forecasting assumptions and data sources."¹ The report also acknowledges that the California Energy Demand forecast is central to long-term planning decisions, but it does not currently account for prospective departing load. Given recent history, we know how rapidly the proliferation of CCAs can occur, and it would not be prudent to assume no new CCAs will form and no existing CCAs will expand. A probabilistic forecast that includes prospective departing load will help mitigate risks, such as overprocurement.

PG&E looks forward to discussing the probabilistic departing load modeling with the CEC staff and other stakeholders in future DAWG meetings, and greatly appreciates the CEC's willingness to explore this topic.

Sincerely,

Jessica M Melton

¹ R.17-06-026, filed July 1, 2019, titled: PACIFIC GAS AND ELECTRIC COMPANY (U 39-E) AND CALIFORNIA COMMUNITY CHOICE ASSOCIATION WORKING GROUP ONE REPORT ON ISSUES 8-12 Available here: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M311/K114/311114308.PDF>