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SDG&E 2019 IEPR Comments - December 2, 2019 CEC Workshop

Additional submitted attachment is included below.



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California Energy Commission
1516 9th Street
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RE: CEC 2019 Integrated Energy Policy Report Workshop Comments

Dear Commissioners:

On December 2, the California Energy Commission (“CEC”) held the Integrated Energy Policy Report (“IEPR”) Commissioner Workshop on 2019 Revised Electricity and Natural Gas Demand Forecast (“Workshop”) as part of the CEC’s 2019 IEPR proceeding. CEC staff provided an overview of the California Energy Demand Revised 2019 Forecast (“Revised Forecast”). SDG&E appreciates the work of CEC staff in the development of the Revised Forecast and the continued advancements being made to further improve the forecast process. As noted in the CEC Staff presentations, the Revised Forecast is intended to provide a final look at the impact of refreshed inputs, assumptions and modeling changes. Overall, the development of the forecast is an iterative process which includes, among other things, a comparison to most recent utility forecasts.

To support the CEC staff in its development of forecasts, SDG&E provides the following comments. SDG&E’s comments focus on the forecasted adoption of advanced technology, specifically, photovoltaics (“PVs”), electric vehicles (“EVs”), and energy storage (“ES”), as well as the ability of energy storage to actually reduce system peak. In addition, SDG&E comments on the likely migration of communities in 2021 and beyond due to increased participation of Community Choice Aggregation (“CCA”).

- PV generation capacity factors: PV generation capacity factors in SDG&E’s service territory have consistently been higher for forecasted PV generation than has historically been included in the CEC Forecast. The revised forecast appears to continue to use higher than expected generation capacity factors.

- SDG&E recommends that the CEC staff investigate the use of lower PV generation capacity factors for PV generation in SDG&E's service territory.
- EV adoption: Forecasted EV adoption in the revised forecast was reduced in the near-term to better reflect current EV adoption levels in SDG&E's service territory versus the CEC's preliminary forecast. SDG&E believes that this downward adjustment was an improvement, but the adjusted adoption is still 20% too high for 2019. In addition, SDG&E believes the outer-year forecast for the CEC revised forecast is comparable with the CEC's preliminary forecast and should reflect the high scenario forecast for EV adoption, rather than the mid-scenario, given the policy direction of the State.
 - SDG&E continues to recommend an EV adoption forecast that reflects low adoption in the near-term years, that compare with recent adoption, and higher adoption in the outer years that are better reflected in the high scenario. These recommendations are designed to better capture current EV adoption rates and expected future EV adoption rates that are the result of alignment with the State's EV policy direction.
- ES adoption: While SDG&E recognizes that ES has only recently been included in the CEC forecast and adoption continues to be in the early stages, SDG&E believes (based on historic adoption in its service territory) that the ES adoption forecast provided in the CEC's revised forecast may be too low. Recent actuals of installed battery storage capacity are 65 MW (as of November 2019) and it is expected that SDG&E will have 75 MW of installed battery storage capacity by year-end.
 - SDG&E continues to recommend the use of an SDG&E allocation of ES adoption in California from Bloomberg's 2018 Long-Term Energy Storage Outlook, published on November 15, 2018. Recent year-end actuals are aligning closely with the SDG&E forecast in 2019; and SDG&E believes the CEC revised forecast should take this into account.
- ES Peak Load Reduction: The revised forecast reduced the impact to a 20% reduction (of installed capacity) in system peak load versus the 2018 California Energy Demand Updated ("CEDU") forecast. While SDG&E recognizes that we are still in the early stages of the development of ES, given the implications this will have on planning needs for system reliability, SDG&E is concerned that the ability of behind-the-meter ES to reduce system peak load is overstated. Other sources of information need to be considered. For example, the 2017 Self-Generation Incentive Program ("SGIP") Advanced Energy Storage Impact Evolution identified system peak demand reduction of approximately 7%.
 - SDG&E continues to recommend a more conservative assumption for system peak load reduction.

- CCA Adoption: SDG&E would like to make the CEC aware that there are two Community Choice Aggregators: 1) San Diego Community Power and 2) Clean Energy Alliance, representing 7 communities likely to start service in SDG&E's service territory starting in 2021. The combined loads of these communities represent over 50% of SDG&E's current load and would dramatically impact the accuracy of the Load-Serving Entity and Balancing Authority ("LSE" and "BA") forecasts. The LSE and BA forecasts are used as planning assumptions for use in the CPUC's 2020 Integrated Resource Plan. Resource Adequacy and Energy Resources procurement and compliance are also built upon the forecasts. Both CCAs are planning to file an implementation plan with the CPUC by December 31, 2019 to start service in 2021.
 - SDG&E recommends that the CEC staff include these additional CCAs in the LSE and BA forecasts.
- Normalized 2019 System Peak. SDGE would like to put forth information regarding its 2019 normalized peak. SDGE has witnessed a decrease in system peak over the past five years. This is evident on an actual and normalized basis. In 2014, SDGE hit its all-time actual system peak of 4,890 MW, which was 4,360 MW on a normalized basis. In 2019, SDGE's actual system peak was 4,175 MW which was 4,029 MW on a normalized basis.

Thank you for your consideration.

Yours Sincerely,



Kenneth Schiermeyer
San Diego Gas & Electric Company

cc: