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PGE Comments Revised Forecast 2019 IEPR

Additional submitted attachment is included below.

December 16, 2019

VIA ELECTRONIC FILING

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

Re: 2019 Integrated Energy Policy Report: Comments of Pacific Gas and Electric Company on IEPR California Energy Demand 2019 Revised Forecast

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to submit these comments on the December 2, 2019 Forecasting Workshop 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 IEPR and an essential tool for planning future energy policies across numerous agencies. PG&E appreciates the continued efforts of CEC staff to continue discussions and refine components of the Forecast and looks forward to future conversations.

PG&E's comments focus on two areas: Behind the Meter Energy Storage and Building Electrification.

1. Behind the Meter Energy Storage

During future forecasting cycles PG&E recommends the following methodology modifications:

- 1) **Adoption Forecast.** For the adoption forecast, incorporate economic- and market-based analysis that considers projected changes in battery costs, energy rates, incentives, and addressable markets, with incremental adoption following a Bass diffusion process. Incorporating these factors would more realistically represent the value proposition of storage systems for prospective adopters and, consequently, would improve the accuracy of the forecast.
- 2) **Hourly Forecast.** For the hourly forecast, consider how customers may change their battery discharge patterns in response to present or future alternative rate structures. Incorporating these factors would likely change customers' hourly storage dispatch, especially in the residential sector. Rather than subscribe to an existing conventional Time of Use (TOU) rate, residential storage customers are more likely to subscribe to a rate with a larger time-based pricing differential, which could make it economical to operate the battery year-round. As an example, the EV2A rate schedule is open to up to 30,000 storage-only customers on a pilot basis, along with an uncapped number of customers

that have both a storage system and an electric vehicle. Due to the higher differential between peak and off-peak rates, this rate schedule is more attractive to storage customers, thus is a more indicative rate schedule to use when modeling the future behavior of storage customers.

2. Building Electrification

PG&E appreciates that the CEC has conducted an exploratory study to quantify the potential impacts of fuel substitution in the building sector. Although the CEC has not included these results in its 2019 Revised forecast, PG&E encourages the CEC to include building electrification in its future energy demand forecast. PG&E looks forward to collaborating in CEC activities furthering developments in this area.

Thank you for the opportunity to comment on the 2019 Revised Forecast. PG&E looks forward to continued participation in the CEC's IEPR process.

Sincerely,

Jessica M Melton