SDG&E 2020 IEPR COMMENTS

Additional submitted attachment is included below.

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California Energy Commission
Docket Office
1516 Ninth Street
Sacramento, CA 95814-5512

RE: Workshop on Updates to the California Energy Demand 2019-2030 Forecast

Dear Commissioners:

On December 3, the California Energy Commission ("CEC") held the Integrated Energy Policy Report ("IEPR") Commissioner Workshop on Updates to the California Energy Demand 2019-2030 Forecast as part of the CEC's 2020 IEPR Update proceeding. CEC staff provided an overview of the California Energy Demand 2020 Forecast Update ("Forecast Update"). SDG&E appreciates the work of CEC staff in the development of the Forecast Update and the continued advancements being made to further improve the forecast process. As noted in the CEC Staff presentations, the Forecast Update is intended to provide review of the impact of refreshed inputs and assumptions.

To support the CEC staff in its development of forecasts, SDG&E provides the following comments. SDG&E's comments focus on the overall electricity demand forecast and the forecasted adoption of electric vehicles ("EVs"), and energy storage ("ES"). In addition, SDG&E comments on the migration of communities in 2021 and beyond due to increased participation of Community Choice Aggregation ("CCA").

- COVID-19 impacts on the electricity demand forecast: SDG&E appreciates the work of CEC staff to include refreshed demographic and economic inputs and assumptions with COVID-19 impacts as part of the Forecast Update. Longer lasting impacts from COVID-19, such as remote works impacts on increased residential electricity load and decreased electricity load from the commercial building sector, should be examined and included as part of the forecast process. These longer and more permanent foundational changes to electricity usage and behavior are impactful on the forecast.

  o Since SDG&E's territory is unlike that of other service territories in that it has a higher percentage of residential load and lower commercial and industrial loads, SDG&E recommends that the CEC staff consider this unique load profile. CEC staff should collaborate with SDG&E staff to examine and include longer-term COVID-19 impacts into the forecast process.

- Lighting class sales in the electricity demand forecast: The lighting class electricity demand forecast update has a noticeable increase from the 2019 IEPR forecast. The update shows a forecast range of 83 to 90 GWh and the 2019 IEPR shows a range of 76 to 81 GWh. SDG&E's past 12 months of recorded lighting load totaled 82 GWh.

  o SDG&E recommends that the CEC staff re-examine the magnitude of lighting class sales in the forecast, because the 2019 IEPR seems to be a more accurate reflection of reality than the 2020 IEPR update.

- EV adoption: COVID-19 and a revised EV adoption forecast guidance both lead SDG&E to the conclusion that the macro adoption curves for electric vehicles in 2021 should be lower than

previously forecasted. SDG&E is seeing a reduction in EV charging and EV purchases in our territory as the COVID-19 pandemic unfolds, which points to a need to revise the EV adoption forecast. Additionally, the original CEC guidance for creation of an EV forecast leaned more toward what is reasonable given the best-case situation.

- o SDG&E continues to recommend lowering previously estimated 2021 EV adoption forecasts and adopt an EV adoption forecast that reflects the Low scenario based on the current adoption trajectory, given our understanding the CEC's guidance is to provide an expected EV adoption forecast based on current 2020 trends, rather than the best-case situation.

- 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 89 MW (as of December 2020).

- o Given that the actual value for SDG&E for 2020 is the same value in the Low scenario for 2020, SDG&E recommends adjusting the ES adoption assumptions for future years to incorporate more realistic Low, Mid and High load forecast scenario assumptions.

- ES Peak Load Reduction: 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 2018 Self-Generation Incentive Program ("SGIP") Advanced Energy Storage Impact Evolution identified the system peak demand reduction for the Top 200 Hours has remained at approximately 7%, which is unchanged from the prior report, indicating that the ability of behind-the-meter ES to reduce system peak load is minimal.

- o 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 that will start service in SDG&E's service territory 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 Integrated Resource Plan process. Resource Adequacy and Energy Resources procurement and compliance are also built upon the forecasts. Both CCAs filed their respective implementation plans with the CPUC on December 31, 2019 and continue to revise their implementation schedules to best meet operational and financial needs.

- o SDG&E recommends that the CEC staff continue to engage with the CCAs to update LSE and BA forecasts.

Thank you for your consideration.

Sincerely,

Tom Carmichael