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California Energy Commission

Integrated Energy Policy Report, IEPR, Natural Gas Demand Forecast Forms
1516 9th Street
Sacramento, CA 95814

Re: Pacific Gas and Electric Company Comments on IEPR Natural Gas Demand Forms and Instructions

Pacific Gas and Electric Company (PG&E) appreciates the opportunity to provide feedback on the Integrated Energy Policy Report (IEPR) Natural Gas Demand Forms and Instructions.

PG&E supports the collection of information of various aspects of the natural gas demand forecast and understands that the purpose of the forecast forms is to improve the California Energy Commission's (CEC) natural gas demand forecast. PG&E recommends that the timing of this effort be aligned with the timing of the California Gas Report (CGR). Since the majority of the information being requested by the CEC is already provided by the investor owned utilities (IOUs) in the California Gas Report (CGR), to ensure efficiency, PG&E recommends that the CEC utilize the CGR process to validate its collection of IOU natural gas demand forecast data.

The CGR produces demand forecasts in even years along with Work Papers describing the forecasting effort, assumptions, and data. In an odd year, such as 2021, the CGR publishes the previous year historical data.

PG&E recommends that the CEC collect the data on the CGR periodicity of forecasts and historical data. PG&E prefers to file the CEC data forms in the same year as the CGR Work Papers, i.e., after August of every even year.

PG&E provides in this letter its initial comments on the CEC proposed forms. Given the comprehensive nature of the data requested in the CEC forms, PG&E supports the Commission invitation during the meeting on January 12 for the IOUs to continue to provide additional

review to allow for a more comprehensive review of the forms and due diligence to ensure all stakeholders understand data availability and gain alignment in this effort.

General Comments on Forms 1.1 through 1.12

Each of the Natural Gas Demand Forms 1.1 through 1.5 should have consistent definitions provided by the utility in the CGR. For example, the Noncore Electric Generation sector in these forms reported by PG&E in the CGR includes non-market-responsive and market-responsive electric generation natural gas throughput. PG&E will submit information according to and consistently with the definition given in the CGR.

PG&E recommends that each of the Natural Gas Demand Forms 1.1 through 1.5 be consistent with the CGR Work Papers. Additionally, PG&E believes that its Work Papers should be modified to allow for easy submission to the CEC when they are filed with the California Public Utilities Commission (CPUC). To this end, PG&E will change the CGR workpaper submittals to fit the CEC format.

Columns may require clarification of their definitions to be consistent with the CGR and with available data definitions. PG&E will make its best effort to keep definitions consistent with the “Forms and Instructions” and to communicate any data limitations with the CEC and other respondents.

Form-specific Comments on Forms 1.1 through 2.4

Form	Topic	Comment
1.1	Sector/column definitions	Some of the sectors in this form do not apply to PG&E in its CGR forecasts. PG&E recommends that the option be available to supplement the sectors with additional sectors needed or have the flexibility to place a “not-applicable” designation as seen in the CGR and its Work Papers.
	Column T	For PG&E, off-system deliveries are defined as PG&E pipeline deliveries to SoCal Gas at Kern River Station.
1.2	1 in 10 cold year	In the CGR, the utilities produce a 1 in 10 Cold Year/Dry Hydro Scenario. PG&E recommends that this form be understood to conform with this scenario, as presented in the CGR.
	1 in 10 cold year by customer class	PG&E does not project cold-year natural gas demand under 1-in-10 conditions by customer class.

Form	Topic	Comment
1.3	Winter peak day demand by class and hour	PG&E recommends that this form be redefined to allow the use of CGR analysis or to allow PG&E to define an analysis as consistent as possible with the CGR approach. ¹
	Hourly detail	PG&E needs to conduct a more comprehensive analysis on the kind of hourly forecast by sector available to determine to what extent we can provide this data. Currently, PG&E does not produce hourly forecast by these sectors in its standard throughput forecast. PG&E requests additional time to comment on this form.
1.4	Summer peak day demand by class and hour	PG&E recommends that this form be redefined to allow the use of CGR analysis or to allow PG&E to define an analysis as consistent as possible with the CGR approach.
	Hourly detail	PG&E needs to conduct a more comprehensive analysis on the kind of hourly forecast by sector available to determine to what extent we can provide this data. Currently, PG&E does not produce hourly forecast by these sectors in its standard throughput forecast. PG&E requests additional time to comment on this form.
1.5	1 in 10 hot year by customer class	PG&E does not project hot year natural gas demand under 1-in-10 conditions by customer class.
1.6	Availability of gas prices	PG&E can provide the following natural gas price forecast used in the CGR forecasting efforts: <ul style="list-style-type: none"> • Core • Noncore electric generation: burner-tip prices at modeling-specified locations or customers, such as gas-fired electric generation on the PG&E backbone system and local transmission system.
	Availability of substitute fuel prices	PG&E does not have a standard forecast of synthetic gas or hydrogen fuel price. These columns should be eliminated or explicitly note that the methodology and precision are likely to be much more approximate and subject to policy changes than standard commodity prices.
1.7	Temperature zones limited to existing usage	PG&E recommends aligning temperature zones to what is used in forecast. Under its current forecast methodology, PG&E would report a single temperature zone which is comprised of weather stations across PG&E's service territory.

¹ In the CGR, PG&E provides in the Abnormal Peak Day (APD) chapter, demand conditions for a different reliability and planning standards. The APD projects gas demand conditions for extreme cold conditions. The Cold Winter Day projection estimates gas demand conditions under a 1 in 10 cold weather day conditions.

Form	Topic	Comment
1.8	Categories and granularity of economic	In addition to the existing notes in this form that state “add categories as needed,” PG&E recommends allowing removal of categories that are not used in forecasting. PG&E’s economic inputs are much less granular than suggested by the existing table.
1.9	Lack of end-use data in forecast	PG&E does not use end-use equipment data to produce its gas throughput forecast. Consequently, PG&E will not be able to provide these data.
1.10	Aggregation level of energy efficiency forecast	Forecasts are based on aggregated energy efficiency information; program level disaggregation of this data may be limited.
	Availability of demand response data	Demand response is not directly used in PG&E’s gas throughput forecast.
1.11	Climate change demand effect methodology	PG&E’s forecast includes an adjustment for climate change as the default. An estimate of the impact of climate change in this forecast can be provided but is a side calculation which is not standardized or tracked over time.
	Building electrification impact reporting	PG&E includes in its electric and natural gas forecasts additional electricity sales and associated reduction in gas throughput due to an increase in the rate of building electrification. This includes impacts due to residential and commercial customers who may respond to state or local policy, or market incentives to install electric appliances in new constructions or to retrofit gas-fueled appliances in their buildings, particularly space and water heating. However, these forecasts are performed at an aggregate level and not for each local ordinance or code. PG&E will report natural gas sales reduction disaggregated at a level that its current modeling allows. It should be noted that the impact of building electrification on gas throughput is low in the medium term.
	RNG and hydrogen impact reporting	PG&E’s standard gas throughput forecast is not impacted by direct assumptions around renewable natural gas or hydrogen adoption, so PG&E cannot provide data for this in Form 1.11.
1.12	New business demand is not distinguishable from changes in usage	PG&E’s standard gas throughput forecast does not have the capability to directly differentiate demand changes attributed to new customer growth from demand changes attributed to changes in usage for existing customers. As a result, PG&E currently lacks the ability to provide the data requested in this form.

Form	Topic	Comment
2.1	Contents of column I (“Other”)	PPP Surcharge, balancing accounts and GHG compliance costs will be in this column.
	Customer class clarification	PG&E will identify Core Commercial customers as small/medium customers (Schedule G-NR1, GNGV1, and GNGV2). PG&E will identify Core Industrial customers on schedule G-NR2 in this category. PG&E needs clarification as to what Noncore Non-EG refers to <ul style="list-style-type: none"> • Is this Cogen customers? • Or are these the Larger Industrial customers ones on schedule G-NT Transmission and G-NT Backbone?
	Revenue Requirement of Programs and Other Expenses by Asset Category	PG&E will update the categories of the actual programs to align with the program view that will be included in the upcoming 2023 GRC application to be filed in June 2021. To develop the revenue requirement for capital expenditures, PG&E proposes using the expenditures from 2018, and translating the expenditures cumulative from 2018 to capital additions by the proposed asset category.
	Simple escalator for post-2022 period	PG&E has forecast through 2022; afterward that year, we plan to use an escalator.
2.2	Customer count is not a standard forecast output	Customer count is not produced as part of the CGR forecast.
2.3	Rate base granularity	<ul style="list-style-type: none"> • PG&E does not have rate base broken out by zones. • PG&E does not maintain “customer rate base” as a separate functional category; those costs will be presented within the “other” category.
	Vintage of rate base information	PG&E will be providing rate base balances as of December 31, 2020.
2.4	Miles of BB transmission pipe Miles of LT pipe Miles of high-pressure distribution mains Number of Regulators	<ul style="list-style-type: none"> • Consider aligning this part of the request with the PHMSA 7100 reports that are already filed annually (i.e., make the categories match). • PG&E will need to understand how to define the 16 climate zones because asset statistics are not currently tracked in that manner. • Unclear why “high-pressure” distribution mains are called out – we would propose to report consistent with PHMSA 7100 report on total distribution mains and total distribution services as indicated in #1.

Form	Topic	Comment
	Expected replacement miles	<ul style="list-style-type: none"> • PG&E proposes aligning to what the rate-case adopted/imputed miles are for designated replacement programs as actual planned projects are not scoped out that far. • Even if aligned to rate-case values, PG&E would not have the information by climate zone even if climate zones are defined since planned projects are not scoped out that far. PG&E could potentially apply a pro-rata percentage allocation based on historical activity, but it would not be meaningful (only the totals would be meaningful).
	Number of miles at high-risk of failure or incident	<ul style="list-style-type: none"> • The RAMP report does not address the last question re: number of miles at high-risk of failure or incident, unless the CEC is interested in the probability of the highest-risk exposures. • PG&E needs clarification of the definition CEC is using for “high-risk of failure or incident” (is it number of fatalities or another definition?). • PG&E believes it would be most meaningful to define this in context of RAMP units.

PG&E appreciates the time and effort that the CEC took to organize the IEPR Natural Gas Demand Forms and Instructions, and the opportunity to comment on this. Please do not hesitate to contact me if you have any questions.

Sincerely,

Licha Lopez