

**Post-Workshop Comments of the Natural Resources Defense Council (NRDC) on
Energy Efficiency and Forecasting**

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I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these post-workshop comments in response to the California Energy Commission (CEC) Integrated Energy Policy Report (IEPR) Committee Workshop on *Energy Efficiency and Forecasting* held on March 11, 2008. NRDC is a nonprofit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that Californians demand. We focus on representing our more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption.

NRDC commends the Energy Commission for holding the workshop to clarify and quantify the amount of embedded energy efficiency in the demand forecast. We appreciate staff's hard work and initial efforts to provide this clarification as well as providing detailed information at the workshop. We look forward to collaborating on this issue. Our comments are summarized below.

- NRDC suggests that the CEC host a series of working meetings and gather key players including CARB, CPUC, agency modeling consultants, public and investor-owned utilities, and other appropriate stakeholders to identify the technical issues surrounding the amount of energy efficiency embedded in the demand forecast and derive both short term and long term solutions.
- NRDC recommends that the CEC collaborate with key agencies that use the demand forecast to quickly identify a common set of assumptions about embedded energy efficiency to be applied consistently for all analyses currently underway that use the forecast.

- NRDC understands the complexity of this issue and recommends that, as soon as possible, staff develop a proposal including short and long term options to address the demand forecast concerns identified at the March 11, 2008 workshop
- NRDC suggests that future demand forecasts clearly delineate through a line item the estimated impacts of future energy efficiency programs and standards.
- NRDC urges the CEC to include an analysis of the amount of natural gas efficiency impacts embedded in the forecast in the staff proposal of options.

II. Discussion

- A. *NRDC suggests that the CEC host a series of working meetings and gather key players including CARB, CPUC, agency modeling consultants, public and investor-owned utilities, and other appropriate stakeholders to identify the technical issues surrounding the amount of energy efficiency embedded in the demand forecast and derive both short term and long term solutions.***

The recent workshop on March 11, 2008 was an excellent first step for identifying the key issues relating to embedded energy efficiency in the demand forecast. NRDC suggests that, over the next few months, the CEC host a series of working meetings to delve more deeply into these concerns and create solutions to eliminate the uncertainty about the amount of embedded energy efficiency in the demand forecast. In order to adequately address the concerns noted in the workshop as well as in our previous comments submitted on March 6, 2008, NRDC recommends that the CEC explicitly invite key players, such as CARB, CPUC, agency modeling consultants (ICF for CARB and E3 for CPUC/CEC), publicly-owned and investor-owned utilities, and other pertinent stakeholders to be part of the workshop to identify both short term and long term solutions for delineating the amount of energy efficiency embedded in the demand forecast.

B. NRDC recommends that the CEC collaborate with key agencies that use the demand forecast to quickly identify a common set of assumptions about embedded energy efficiency to be applied consistently for all analyses currently underway that use the forecast.

NRDC appreciates the complexity, time requirement, and resources needed to perform a robust analysis of the current demand forecast and offer solutions to address the identified concerns. However, several agency analyses are currently underway that use very different assumptions about the amount of energy efficiency embedded in the demand forecast. We recommend that the CEC quickly and actively collaborate with key agencies such as CARB, CPUC, and other pertinent users of the demand forecast to identify, within the next month, an immediate set of common assumptions about the embedded energy efficiency that can be applied consistently across all analyses currently underway that use the demand forecast. In the longer term, the CEC should work with these agencies to better understand the various needs for and uses of the demand forecast in order to develop a longer term solution.

C. NRDC understands the complexity of this issue and recommends that, as soon as possible, staff develop a proposal including short and long term options to address the demand forecast concerns identified at the March 11, 2008 workshop.

NRDC appreciates the staff's efforts thus far to further delineate the embedded energy efficiency in the demand forecast. As a next step, in the next month, NRDC recommends that the CEC staff develop a proposal outlining short and long term options to address the issues raised at the workshop. Specifically, NRDC suggests that the proposal include (1) an outline of the current demand forecast issues, (2) short and long term solutions to address these issues (or a process to do so), (3) a proposed timeline, and (4) a list of required resources to adequately address these concerns. If the CEC determines internal resources are limited, the CEC could explore partnerships or potential consultants to help with the analysis.

D. NRDC suggests that future demand forecasts clearly delineate through a line item the estimated impacts of future energy efficiency programs and standards.

The PG&E representative at the March 11 workshop stated his desire to have a forecast that completely accounts for all planned energy efficiency programs (i.e., the CPUC-adopted energy savings goals). NRDC recognizes the benefit of having both an all-inclusive forecast as well as a business-as-usual forecast without any impacts from energy efficiency programs or standards. Therefore, NRDC recommends that the updated forecast be designed to include a separate line item that shows the estimated energy saving impacts of future energy efficiency programs and standards. By including energy efficiency impacts as a separate line item, this information can be easily incorporated or removed depending on what the needs are of the party or agency using the demand forecast for their analysis.

In addition, some comments were made at the workshop about the impossibility of accuracy in a forecast. NRDC agrees that forecasting inherently cannot be completely accurate. However, the demand forecast should include the best estimates at a given time of both energy efficiency impacts and demand that will be updated as information improves. It is essential that common assumptions about energy efficiency in the demand forecast are developed to be used uniformly across agencies, and the CEC, as the developer of the demand forecast, is in the appropriate position to shepherd this process. Presenting energy efficiency impacts as a separate line item will make these energy efficiency assumptions explicitly clear.

E. NRDC urges the CEC to include an analysis of the amount of natural gas efficiency impacts embedded in the forecast in the staff proposal of options.

NRDC again urges the Commission to include an analysis of the natural gas efficiency impacts embedded in the forecast. The staff's discussion and assessment of conservation impacts in the demand forecast, as well as the discussions at the March 11 workshop, focused exclusively on electricity energy efficiency. However, it is equally important that the amount of natural gas energy efficiency savings included in the natural gas forecast be clearly identified and delineated as well.

III. Conclusion

NRDC appreciates the opportunity to provide post-workshop comments on the IEPR Committee Workshop on *Energy Efficiency and Forecasting* and looks forward to collaborating with the CEC and other agencies to address these key issues.