



Department of Water and Power
City of Los Angeles

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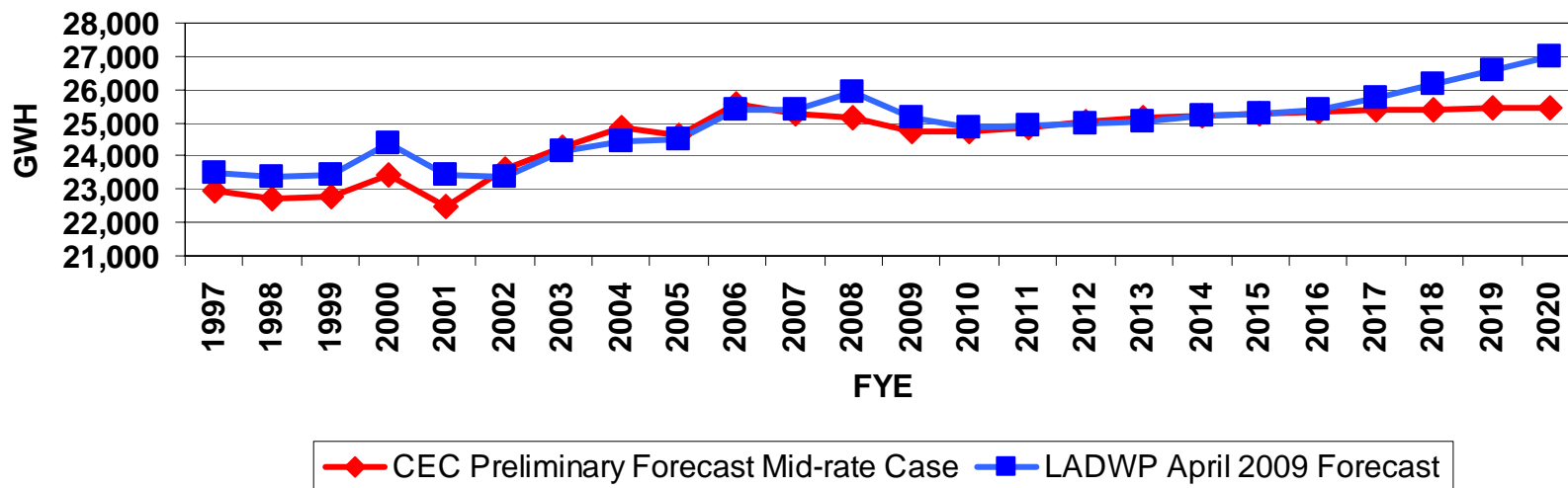


LADWP Comments to CEC IEPR Preliminary Demand Forecast

Michael Cockayne, Supervisor of Load Forecasting

Service Area Consumption

- LADWP recently updated its official retail sales forecast.
 - At first glance, it appears the two Forecasts are reasonably close. However the LADWP Forecast includes the entire AB 2021 goal of 10% energy savings by 2016.
 - There are an additional 336 GWH EE savings in the LADWP Forecast by 2018.
 - Difference potentially can be addressed by calibrating CEC forecast to LADWP actual 2008 consumption.
 - Since the CEC Forecast is stipulated as the forecast of record in California policymaking, LADWP is extremely interested in CEC's forecast of uncommitted energy efficiency.



Differences in Economic Forecasts

- LADWP uses the UCLA Anderson Los Angeles County Forecast as its economic input.
- LADWP adjusts personal income for savings rates and taxes. Both savings and tax rates are forecasted to rise over the next ten years.

SB 375

- SB 375 requires that regions develop a Sustainable Communities Strategy.
- The LADWP Service Area appears to be a likely focus for development under a Sustainable Communities Strategy.
- In the LADWP Forecast, the LA City is growing at a faster rate than LA County as a whole.
- [Southern California Area Governments \(SCAG\) Conceptual Plan](#)



Uncertainty

- Uncertainty of the future currently is at very high level.
- Statistical forecasting relies on ascertaining historical mathematical relationships and projecting those relationships into the future. To the extent the future differs from the past limits our ability to forecast the future.
- The 2008 Financial Crisis has probably set the economy on a new trajectory. Will it be a “V”, “U”, or “W”-shaped recovery?
- Policy and programs enacted to reduce greenhouse emissions will likely be the dominate factor in incremental energy consumption over the next decade.

Areas of Uncertainty for Electric Industry Forecasters

- Demographics
 - New census in April 2010.
 - Current data is stale.
- Energy Efficiency
 - For LADWP to reach 10% savings by 2016, it must capture all of its energy efficiency savings identified in the 2006 Energy Efficiency Potential Study. A new EE Potential study is being conducted.
 - According to the California Long-term Energy Efficiency Strategic plan, a significant amount of the EE savings past 2012 rely on market transformation. Forecasting the amount and timing of market transformation is exceedingly difficult.
- AB 32 impacts on other sectors.
 - Port electrification
 - Plug-in Hybrid Electric Vehicles

Peak Demand

- In LADWP's view, Global Warming's biggest impact is on peak demand. Based on a Scripps Institute of Oceanography finding, more frequent heat storms of longer duration are expected in the future similar to what occurred in summer 2006.
- LADWP expects to approach and perhaps reach the theoretical system peak demand ceiling more frequently. The impact on the forecast is that the difference between our 1-in-10 and 1-in-40 peak demand forecasts has become very compressed.
- LADWP plans its resources based on the 1-in-10 peak demand forecast scenario.