BERMAN ECONOMICS
The Berman Group

DOCKET
09-IEP-1N
DATE FEB 05 2010
RECD. FEB 05 2010

February 5, 2010

Comments and Recommendations Regarding IEPR Update Workshop On Incremental Impacts of Energy Policy Initiatives Relative to the Adopted Demand Forecast: February 3, 2010

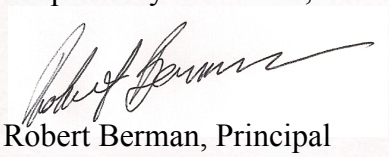
Berman Economics appreciates the opportunity to participate one of California's most important policy initiatives. California has always been a leader in energy policy in general and conservation and efficiency in particular, My concerns relate to the (1) focus on demand reductions alternatives to the exclusion of upstream improvements in efficiency; and (2) what I believe to be an excessive reliance on lighting efficiency for future incremental savings.

There is substantial low-hanging fruit for efficiency savings upstream of consumer demand, as is evidenced by the Federal distribution transformer regulations and the recent legal victory by the California Attorney General in convincing the US Department of Energy to review it regulations with a eye to increasing the savings beyond those beginning in 2010. Berman Economics has estimated that savings of 2 to 3 percent of energy at generation is possible statewide in California. This represents 16 fewer small power plants, using the methodology in California's recent appliance standards. Moreover, these savings are more certain than conservation and demand reduction by the consumer as the upstream efficiency benefits are not dependent on consumer acceptance. Yet, based on the 2009 IEPR, California does not appear to have a policy regarding upstream efficiency, and its demand forecasts do not consider even the savings associated with current Federal regulations, let alone the potential from the Attorney General's recent victory. I recommend that the CEC begin to address this at its February 17, 2010 Workshop.

The assumption that annual, incremental savings attributed to CFLs will continue to grow should be reexamined. Recent sales information seems to suggest that the benefits, while substantial in the past, may have reached a plateau and the future, additional savings may require substantially reenergizing the initiative. I was particularly concerned by the assumption voiced in response to my question that the market will grow indefinitely into the future without reaching saturation. Such an assumption appears counter-intuitive, and addition analytical exegesis and support appears indicated.

I look forward to participating in the February 17, 2010 workshop.

Respectfully Submitted,



Robert Berman, Principal

1915 Grand Court
Vienna, VA 22182

703.281.0490
703.655.8398 (cell)
www.BermanEconomics.com

