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11-IEP-1A	
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February 2, 2011

California Energy Commission
Docket Office, MS-4
Re: Docket No. 11-IEP-1A
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.state.ca.us

Re: California Energy Commission (“Energy Commission”) Docket No.
11-IEP-1A: Staff Workshop on California Economic Outlook

To Whom It May Concern:

Southern California Edison Company (“SCE”) appreciates the opportunity to participate in the Energy Commission workshop on the Economic Outlook in California and to provide comments on the topics discussed there. The objective of the workshop was to convene panels of economists, forecasters and business representatives to discuss California’s current uncertain economic climate. The panelists conveyed many broad economic themes affecting California.

SCE agrees with many of the themes conveyed at the workshop. In its own forecasts, SCE utilizes the forecasts of several consulting companies who participated in the workshop thereby incorporating many of these themes. SCE agrees that California continues to be in a recovery stage and the maturation of the California economy will limit the type of high growth experienced prior to the recession. For instance, jobs have been slow to recover and will not likely return to pre-recession levels for several years. In addition, the housing market continues to be a large factor in California’s economy and its growth will likely be slow in the near term (approximately 1-3 years). There is also the issue of translating these and other macroeconomic matters that were discussed at the workshop into specific assumptions for a demand forecast. While we know that impacts from issues like federal and local politics and climate change are real, it is extremely difficult to value these and other specific assumptions in the development of a demand forecast.

While SCE agrees with the general comments made at the workshop concerning the California economy and support its use in the Energy Commission Demand Forecast, other assumptions also play an important role in calculating the annual energy demand. For example, incorporating the ever increasing energy efficiency goals¹ will have a drastic effect on the resulting

¹ Investor Owned Utility goals set by the CPUC and Publicly Owned Utility goals established by AB 2021.

energy demand. The design and implementation of programs to address the achievement of savings related to “Big, Bold Energy Efficiency Strategies” and the role of energy savings decay are equally as important as the economic assumptions with respect to their impact on the resulting demand. We reserve the right to comment on the use and values of the specific assumptions used by the Energy Commission in developing the forthcoming 2011 California Peak Demand & Energy Forecast.

SCE appreciates the Energy Commission for its willingness to accept SCE as a collaborative partner in developing state energy policy. We hope to continue to be an active part of the IEPR process.

Sincerely,

/s/ Manuel Alvarez

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