

**Comments of the Natural Resources Defense Council (NRDC)
on the 2011 IEPR:**

***Proposed Method to Calculate the Amount of New Renewable Generation Required to Meet
Policy Targets***

Docket Number 11-IEP-1D Reliability

March 18, 2011

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I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer these comments on the California Energy Commission's (CEC) "Proposed Method to Calculate the Amount of New Renewable Generation Required to Meet Policy Targets" (Draft Report) for the 2011 Integrated Energy Policy Report (IEPR). NRDC is a non-profit 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. Our comments are summarized below:

- We commend the staff for including uncommitted energy efficiency through 2020 in the demand forecast as a supplement to the 2009 IEPR demand forecast.
- Because the Incremental Impact Report¹, used by the Draft Report, does not account for a number of federal and state standards that are currently in rulemakings or in effect, we recommend that the uncommitted efficiency estimates include these significant savings in the Net Short calculation.
- The 2011 IEPR demand forecast will not include a number of likely POU energy efficiency savings, and the Net Short calculation should ensure they are accounted for.

¹ *Incremental Impacts of Energy Efficiency Policy Initiatives Relative to the 2009 Integrated Energy Policy Report Adopted Demand Forecast*, California Energy Commission Committee Report, May 2010. Available at: <http://www.energy.ca.gov/2010publications/CEC-200-2010-001/CEC-200-2010-001-CTF.PDF>

II. Discussion

NRDC acknowledges the challenging task determining the state's renewable net short position. We commend the staff on its work to develop a *Proposed Method to Calculate the Amount of New Renewable Generation Required to Meet Policy Targets*, and offer a few suggestions to ensure and increase the accuracy of the methodology.

1. We commend the staff for including uncommitted energy efficiency through 2020 in the demand forecast as a supplement to the 2009 IEPR demand forecast.

The 2009 IEPR demand forecast did not intend to account for uncommitted energy efficiency, which at that time, constituted most efficiency measures beyond 2012. The Draft Report proposes to supplement the 2009 demand forecast with the uncommitted energy efficiency measures through 2020. It is critical to include these estimates of the state's planned load reduction measures through to 2020, in order to be most accurate. The Draft Report proposes to use the most recent IEPR demand forecast's uncommitted energy efficiency estimates for calculating the renewable net short. We support this methodological decision to include the uncommitted energy efficiency.

2. Because the Incremental Impact Report, used by the Draft Report, does not account for a number of federal and state standards that are currently in rulemakings or in effect, we recommend that the uncommitted efficiency estimates include these significant savings in the Net Short calculation.

The Incremental Impact Report does not include the state 2009 TV efficiency standard² which went into effect in 2011. The California Energy Commission estimates the standard will reduce demand by 6,500 GWh in 2020.³ At the March 8th, 2011 "Staff Workshop on the Proposed Method to Calculate the Amount of New Renewable Generation Required to Meet Policy Targets", staff stated that the 2011 IEPR demand

² California Energy Commissions Staff Report, publication # CEC-400-2009-024. Posted: September 18, 2009. <http://www.energy.ca.gov/2009publications/CEC-400-2009-024/CEC-400-2009-024.PDF>

³ California Energy Commission website, "FAQs - Energy Efficiency Standards for Televisions". http://www.energy.ca.gov/appliances/tv_faqs.html

forecast will include the TV standard as committed savings. We commend the staff for including the TV standard in the 2011 demand forecast and recommend that the Draft Report include these savings.

The Incremental Impact Report does not include savings from a number of federal appliance standards that are presently in DOE rulemakings and are estimated to take effect before 2020. The Incremental Impact Report estimates 411 GWh of savings from non-lighting federal standards⁴, while ACEEE estimates nearly 4,000 GWh of non-lighting and non-EPS savings from federal standards.⁵ We recommend that the demand forecast include updated estimates of federal appliance standards in order to accurately predict consumption levels in 2020.

3. Because the 2011 demand forecast does not presently include a significant portion of the POU's energy efficiency savings, we recommend that the demand forecast and the Net Short calculation include savings from all POU's through 2020.

The 2011 IEPR demand forecast will include estimates of uncommitted energy efficiency savings for POU's. We commend the Commission staff for including this important and significant portion of energy efficiency. However, the IEPR presently only includes projections for LADWP and SMUD, California's two largest POU's. In 2010, LADWP and SMUD accounted for 58% of POU savings (and 67% in 2009).⁶ As an example, including the additional POU savings would result in calculations (for present years) that

⁴ 1,304 GWh are estimated to all Title 24 and Federal Standards, in the mid-case scenario. From phone communication with CEC staff, Nick Fugate, NRDC understands that 411 GWh are due purely to federal standards. NRDC also understands there is interaction between T24 and appliance standards in the CEC's estimates and the need to avoid double-counting. Incremental Impacts Report, p. 44. Assumptions show that the last update to federal appliance standards were in 2006 and 2008. "We defined the 'Federal Appliance Standards' scenario as the implementation of revised minimum energy standards following the rulemaking schedule listed in the Five-Year Schedule of Issuance of Appliance Rulemakings (USDOE, 2006)." Attachment A of the Incremental Impact Report, p.32. <http://www.energy.ca.gov/2010publications/CEC-200-2010-001/index.html>

⁵ 3,872 GWh in 2020 due to non-lighting non-EPS appliance standards. ACEEE/ASAP, State Level Benefits From Potential Federal Appliance Standards (July 2009). We exclude lighting standards to be conservative in our estimates and to avoid any duplication with the Huffman Bill savings in the Incremental Impacts Report. The ACEEE/ASAP estimates there will be 4,432 GWh of savings in 2020 due to lighting-related standards; whereas Huffman Bill estimates from the CEC are at 1,628 GWh. Thus, our estimates are conservative.

⁶ In 2010, LADWP and SMUD saved 303 GWh out of 523 GWh total for POU's, or 58%. In 2009, LADWP and SMUD saved 436 GWh out of 644 GWh total, 67%. CMUA, NCPA, SCPPA, Energy Efficiency in California's Public Power Sector, A Status Report (March 2010, March 2011).

would be roughly 50-70% higher than the proposed method. We recommend this additional 50-70% of POU savings be included in projections, whether estimated from ratios,⁷ from utility-specific estimates, or from another method that comprehensively estimates POU efficiency savings for the Net Short calculation.

Additionally, LADWP has projected zero incremental energy efficiency savings beyond 2016, in its Final Draft IRP.⁸ In estimating LADWP's energy efficiency savings, it would be inaccurate to project savings only until 2016. Thus, we recommend that the Draft Report include projected efficiency savings for LADWP through 2020.

III. Conclusion

We appreciate the opportunity to submit comments for the IEPR. It is crucial that the CEC fully incorporate the planned savings from energy efficiency in order to accurately estimate the state's renewable net short position. We thank the Commission and its staff for considering our recommendations.

⁷ If using ratios, we recommend using ratios based on *savings*, not *sales*. I.e., future projections should be high for a utility that has and projects high savings, despite the fact that its sales level might be small.

⁸ Cumulative savings level off at 2016, which implies zero additional savings, assuming 100% persistence between now and 2016. Appendix B, section B-4, Los Angeles Department of Water and Power 2010 Power Integrated Resources Plan. http://www.lapowerplan.org/documents/final_draft/IRP_Final_Draft_Appendix_B.pdf