

DATE AUG 09 2011RECD. SEP 20 2011

In the Matter of:) Docket No. 11-IEP-1C

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Preparation of the) COMMENT ON 2012-2022 PRELIMINARY STAFF
2011 Integrated Energy Policy Report) ELECTRICITY AND NATURAL GAS DEMAND FORECAST

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**Comments of the California Public Utilities Commission's Energy Division
on the *2012-2022 Preliminary Staff Electricity and Natural Gas Demand Forecast in the 2011 IEPR***

The California Public Utilities Commission's (CPUC) Energy Division respectfully submits these comments to the California State Energy Resource Conservation and Development Commission (CEC or Energy Commission) in regards to the *2012-2022 Preliminary Staff Electricity and Natural Gas Demand Forecast* (Preliminary Forecast). The CPUC is pleased to collaborate with our sister agency, the Energy Commission, in the 2011 Integrated Energy Policy Report (IEPR) proceeding (proceeding). Energy Division provides the following comments regarding the Preliminary Forecast. The CPUC has been an active participant in the current and past IEPs, collaborating on issues ranging from demand forecasting and energy efficiency quantification to a joint proposal on implementation of once-through-cooling (OTC) replacement infrastructure in support of the State Water Resources Control Board's draft OTC policy. Likewise, Energy Commission Staff has collaborated with CPUC Staff in developing assumptions for proceedings at the CPUC, including development of the 2010 Long Term Procurement Plan (LTPP).

Forecast Timing

CPUC staff would like to thank the Energy Commission for its efforts to align timing more closely with that of the Long Term Procurement Plan. Staff believes that the shift in timing will help assuage concerns by parties about the staleness of forecasting data.

In oral comments, on August 29th, a party mentioned a memo from the California Independent System Operator (CAISO) regarding needs under the 2010 LTPP's high load trajectory scenario. CPUC staff note that numerous parties to the LTPP, including the CAISO, signed a settlement indicating that there was no critical urgency in resolving system need, including renewables integration, or local needs for Pacific Gas and Electric and Southern California Edison. The recommended timing for a decision, according to the

settlement, was December 2012. Having an adopted forecast early in 2012 will allow the most current information to either inform an extension in the 2010 LTPP or the successor to the 2010 LTPP.

Climate Change

CPUC staff encourages the Energy Commission to engage stakeholders on the impacts of climate change, and in particular the interaction between the increase in peak energy demand and the 1-in-2 and 1-in-10 demand forecasts. CPUC staff is concerned that when assessing a 1-in-10 demand forecast that there is not double counting between the impacts of climate change and the already increased forecast associated with extreme weather. However, staff is also encouraged that the Energy Commission is considering the implications of different climate change scenarios on energy demand in California.

Demand Side Programs

The ongoing work and commitment to improved transparency in the IEPR process is evident through the ongoing work in quantifying energy efficiency associated with the Demand Analysis Working Group. As indicated in previous comments to the IEPR, we encourage the Energy Commission to examine also the impacts of other demand-side programs, such as demand response, in the IEPR process.

CPUC staff is encouraged to see the incremental changes associated with calculating the impacts of incremental uncommitted energy efficiency, as well as the orderly progression of programs from uncommitted to committed impacts. Staff also appreciates the alignment of the mid-case scenario to align with the adjustments made in the 2010 LTPP's standardized planning assumptions. Staff believes that as part of this process, a clear comparison between the incremental uncommitted energy efficiency impacts between the 2009 and 2011 IEPR demand forecasts would be beneficial to all parties. This analysis would also indicate which savings have moved from uncommitted to committed.

CPUC is also committed to working with Energy Commission staff in determining the best path forward in updating energy efficiency goals assumptions.

"No Regrets" Demand Side Management

CPUC staff encourages the Energy Commission to begin a stakeholder process to identify “no regrets” amounts of demand side programs to serve as a minimum level for planning efforts across agencies. Currently, a variety of planning efforts, including the California Clean Energy Future, have a broad range of managed demand forecasts. CPUC staff believes that planning efforts would be improved by adjusting the lower bound of demand side programs from the unmanaged forecast to a “no regrets” lower bound. This lower bound should assume that there will be at least a “reasonably expected to occur” managed forecast rather than no demand side management as exists in the status quo.

Conclusion

The CPUC Staff thanks the Energy Commission for the opportunity to provide comments on the Preliminary Forecast and looks forward to continued collaboration with the Energy Commission and its Staff to help address the myriad challenges and opportunities facing California’s energy sector today.

Dated August 9, 2011

Respectfully submitted,

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