

In the Matter of:)	Docket No. 12-IEP-1B
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Preparation of the)	COMMENT ON 2012-2022
2012 Integrated Energy Policy Report)	REVISED STAFF ELECTRICITY AND NATURAL GAS
Update (2012 IEPR Update))	DEMAND FORECAST

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

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 Revised Staff Electricity and Natural Gas Demand Forecast* (demand forecast). The CPUC is pleased to collaborate with our sister agency, the Energy Commission, in the 2012 Integrated Energy Policy Report (IEPR) proceeding.

Forecast Timing

CPUC Staff would like to thank the Energy Commission for its efforts to align timing of the adopted load forecast more closely with the CPUC's Long Term Procurement Plan proceeding (LTPP). Staff believes that the shift in timing will help assuage concerns by parties about the staleness of load forecast data used in the investor-owned utilities' (IOUs') procurement plans and for infrastructure planning. This type of 'syncing up' of the timing and alignment of the agencies' related proceedings and data requirements should be performed periodically by both agencies to make sure that our respective information needs are met. However, we also believe that the California Independent System Operator should be included in timing discussions to better align the LTPP, IEPR demand forecasts, and Transmission Planning Process.

Climate Change

CPUC Staff reiterates our concern that, when assessing a 1-in-10 demand forecast, the Energy Commission should not double-count the impacts of climate change because the forecast is already increased to account for extreme weather conditions. However, staff is also encouraged that the Energy Commission is considering the implications of different climate change scenarios on energy demand in California. CPUC Staff encourages the Energy Commission to continue working with stakeholders to refine the climate scenario methodologies and sources for use in future demand forecasts.

Demand-Side Programs

The Energy Commission's efforts to increase transparency in the IEPR process are evident in the Demand Analysis Working Group's work to quantify energy efficiency impacts on the load forecast. CPUC Staff is also encouraged that efforts are underway to develop better estimates and forecasts of non-IOU energy efficiency programs including timing for receiving this information. As indicated in previous comments to the IEPR, we encourage the Energy Commission to examine the impacts of other IOU- and non-IOU demand-side programs, such as demand response, in the IEPR process. Here we provide two specific areas of demand side programs that our comments are focused on.

Demand Response

CPUC Staff are pleased to see that the Energy Commission is beginning to undertake analysis of non-dispatchable demand response programs in the current demand forecast. While the results have not been included in the forecast, and the measured impacts small to date, we encourage the Energy Commission to continue working with not only the Investor Owned Utilities, but also other load serving entities in California, as well as CPUC staff who work on demand response. CPUC Staff hope that in the future, the savings from these non-dispatchable programs will be included in the IEPR demand forecasts. We expect that these savings will increase, both as programs are better understood, and as programs continue to evolve in the future.

Incremental-Uncommitted Energy Efficiency

CPUC Staff notes that the Energy Commission is not conducting analysis of incremental uncommitted energy efficiency (EE) in the demand forecast. This is a departure from the prior IEPR's scope of analysis, which represented a dramatic leap in progress in calculating energy efficient and proved directly beneficial to the CPUC's 2010 LTPP. The analysis conducted by the Energy Commission in 2009 was utilized in the 2010 LTPP, reducing the forecast energy needs in 2020 by approximately 5,500 MW and 14,000 GWh. Without the analysis conducted by the Energy Commission, parties in the LTPP proceeding would have had to seek alternative sources of information or analyses to determine energy efficiency, such as was done in the 2006 LTPP. Accordingly, excluding this analysis is hindering the progress made by both agencies in quantifying the impacts of energy efficiency beyond those embedded in the demand forecast.

CPUC Staff requests that the Energy Commission conduct an incremental uncommitted EE analysis and provide it in the final demand forecast in a manner similar to that done both in the preliminary forecast and in the final adopted forecast from the 2009 IEPR.¹ These savings do not need to be embedded in the base demand forecasts.

CPUC Staff strongly urges that the analysis of incremental uncommitted energy efficiency remain a part of the IEPR demand forecast process, and suggest the following options as the basis for the forecast:

- 1) The Energy Commission could utilize the same approach as the preliminary demand forecast, where updates were done to the 2009 IEPR analysis. This approach uses the current best available information adopted by the CPUC, based on the 2008 Total Market Gross goals. These were adopted in CPUC Decision 08-07-047.
- 2) The 2011 Potential Study, which aligns with the 2013-2014 portfolios, is the most recent and reliable data available. The study focuses on IOU program savings through 2024 and could be used to refresh the data used in the preliminary demand forecast's assessment of incremental uncommitted EE.

While either alternative would be considered acceptable to the CPUC, the staff recommends that the incremental uncommitted forecast is updated using the 2011 Potential Study, as it is the most recent and reliable available data. The CPUC remains committed to continuing to work with Energy Commission staff through the Demand Analysis Working Group to improve the manner in which existing and future IOU energy efficiency program impacts are addressed in the IEPR load forecasts.

Conclusion

The CPUC Staff thanks the Energy Commission for the opportunity to provide comments on the revised 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. CPUC Staff appreciates the hard work undertaken by the Energy Commission and its staff in compiling the revised forecast and the underlying analysis.

¹ In the 2009 IEPR, the Energy Commission conducted a supplemental analysis that was released as a committee report. <http://www.energy.ca.gov/2010publications/CEC-200-2010-001/index.html>

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Respectfully submitted,

Edward Randolph
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298