

October 15, 2013

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 13-IEP- 1C
1516 Ninth Street
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Re: Comments of the California Independent System Operator Corporation on the Draft Staff Report of California Energy Demand 2014-2024 Revised Forecast (Workshop October 1, 2013)

To Whom It May Concern:

The California Independent System Operator Corporation (ISO) is pleased to submit these comments on the Draft Staff Report of California Energy Demand 2014-2024 Revised Forecast presented at the California Energy Commission's (CEC) October 1, 2013 workshop. The ISO has been working closely with the CEC and the California Public Utilities Commission (CPUC) to consider energy demand forecast information that can be used consistently across all three agencies for the purpose of informing infrastructure and resource development decisions. The ISO looks forward to continued efforts in this regard as the 2013 Integrated Energy Policy Report (IEPR) is developed and adopted.

The ISO offers the following comments and recommendations:

1) The ISO Supports Including Load Modifier Demand Response in the Demand Forecast

At Volume 1, pages 38-40, the Draft Staff Report describes the distinction between dispatchable demand response programs and those that are event-based and permit the customer to make economic decisions based on certain triggering events. The report notes that traditionally energy saved from dispatchable or event-based demand response programs were treated as resources and not reflected in the demand forecast. However, based on the ISO's concerns about the need for triggering and dispatching resources, the report identified two types of event-based demand response programs – critical peak pricing and peak time rebates – that will be accounted for in the demand forecast and not reflected as resources in the analysis. The ISO supports this approach for all of the reasons noted in the report.

2) There Needs to be a Process for Monitoring Actual Development of Forecasted AAE, Load-Modifier Demand Response and Other Load Modifiers

The ISO encourages the development of energy efficiency and demand response load modifying programs to meet California's energy needs, and supports the use of forecasted levels

of these load-modifying programs in ISO studies that will inform infrastructure and resource decisions. However, as we increase the components of load that have increased uncertainty – committed and AA EE, load modifier demand response, self-generation – we need to assure that these resources are developing in the quantities and locations assumed in the planning and procurement decisions. Such monitoring must take place on a regular basis – the ISO suggests annually – so that development trends can be discerned and, if necessary, resource/infrastructure decisions can be modified with sufficient lead time for infrastructure to be constructed. There also should be monitoring triggers for program funding changes.

The ISO recommends that this monitoring—and any needed load forecast adjustments – be done within the IEPR process, both for the bi-annual IEPR report and for the load update analysis in the off years. The ISO looks forward to working with the CEC and CPUC to develop such a monitoring mechanism.

3) There Needs to be Continued Work to Improve Busbar-Level Disaggregation and Load-Profile Impacts of AAEE and Self-Generation.

Accurate busbar-level disaggregation and load-profile impact estimation of important load-modifier forecast components such as AAEE and behind-the-meter self-generation are needed for local-area studies the ISO performs to determine local capacity requirements and to assess needs for reliability upgrades to the transmission grid. The current methodologies available for these purposes are not yet sufficiently accurate. The ISO looks forward to working with the CPUC and the CEC to improve these aspects of the forecasting methodologies, thus improving load impact forecasts and reducing significant uncertainty associated with including these programs as load modifiers.

4) The Use of Climate Zone Information is Not Clear

The ISO notes that in the Demand Forecast Spreadsheets¹, particularly Forms 1.5 a to e supporting the load forecast development, energy and demand information is broken down by geographic regions within utility service territories. However, it appears that climate zones were also used to develop the forecast, but this information is not included within the detailed information provided within the spreadsheets identified above. The ISO suggests that the forecast results for the climate zones be provided as well as an additional description as to how this information is used.

Sincerely,
/s/ **Judith B. Sanders**
Judith B. Sanders

¹ http://www.energy.ca.gov/2013_energypolicy/documents/2013-10-01_workshop/spreadsheets/