SOUTHERN CALIFORNIA EDISON
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March 4, 2014

California Energy Commission
Docket Office, MS-4
Re: Docket No. 14-IEP-1A
1516 Ninth Street
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Re: Southern California Edison Company's (SCE's) Comments on California Energy Commission Docket No. 14-IEP-1A Draft *2014 IEPR Update* Scoping Order

Dear Commissioner Scott:

On February 18, 2014, the California Energy Commission (Energy Commission) released a Notice of Request for Public Comments on the Draft 2014 Integrated Energy Policy Report (IEPR) Update Scoping Order (Draft Scoping Order), as part of the 2014 IEPR Update process. Southern California Edison (SCE) looks forward to actively participating in the 2014 IEPR Update process and appreciates the opportunity to provide these written comments on the Draft Scoping Order.

The Draft Scoping Order identifies four topics to be addressed by the 2014 IEPR Update: (1) the Alternative and Renewable Fuel and Vehicle Technology Program, (2) Renewable projects in the Desert Renewable Energy Conservation Plan (DRECP), (3) the Energy Efficiency (EE) Program for Existing Buildings, and (4) the Electricity Update. SCE supports the Energy Commission's efforts to undertake the actions identified in the Draft Scoping Order and believes that the IEPR Update will help shape key energy and environmental policy issues that will guide California to a cleaner energy future. As discussed below, SCE also proposes additions to the Draft Scoping Order.

## A. Alternative and Renewable Fuel and Vehicle Technology Program

SCE supports the inclusion of the Alternative and Renewable Fuel and Vehicle Technology Program in the IEPR Update and agrees that it is timely and important for the Energy Commission to "build on the [previous] in-depth assessments of benefits that may be achievable [from alternative fuel transportation] and to develop potential strategies to support transformation of the transportation sector over the next decade." California has invested billions of dollars through various grant programs over the past 30 years to help commercialize alternative fuel vehicles and reduce pollution from traditional vehicles. Recent legislation adds

several billion dollars more in grant programs to help commercialize alternative fuel, low carbon vehicles and infrastructure. Specifically, the recent passage of Assembly Bill (AB) 8 continues funding of two large clean transportation grant programs – the Carl Moyer program and the AB 118 programs at the California Air Resources Control Board (CARB) and the Energy Commission. California's efforts in this area are one of the largest and most sustained of any state or country to commercialize alternative, low-carbon fuels. Because of this background, SCE agrees that this is a good time to determine what the state, air districts and local government have done well over the last 30 years, and how these programs can be improved.

SCE agrees therefore with the recommendations outlined in the Draft Scoping Order, but would also like to provide additional recommendations on further efforts as follows. First, SCE would like the potential funding of any update to the State Alternative Fuel Plan to be included in scope.

Second, SCE would like to expand the scope of the policy scenario to include using scenarios for alternative options. Examples of different 2050 scenarios that could be examined include hydrogen fuel cell transportation, advanced biofuels transportation, plug-in hybrid electric transportation with advanced biofuels for the dual fuel, and electric transportation that mostly relies on home-based charging and (a) well-placed DC fast charging for away-from-home charging; (b) large amounts of level 2 charging for away-from-home charging; and (c) large amounts of level 1 charging and limited DC charging for away-from-home charging.

Third, SCE recommends that the scope include developing a benchmarking exercise for best practices, a gap analysis and a set of guiding principles for different aspects of alternative fuel commercialization including grant programs, market education, cost issues, trade-offs, etc. SCE believes that the Energy Commission can play a leadership role with in-depth analysis and in determining best practices with grant programs for commercialization of alternative fuels that, in turn, will influence similar programs at air districts and local government and even efforts in other states.

SCE looks forward to using our long experience with electric transportation programs, trade associations and market evolution to help the Energy Commission in the 2014 IEPR update.

**B. Renewable Projects in the Desert Renewable Energy Conservation Plan (DRECP)**

SCE has been an active participant in the development of the DRECP and is pleased to see "Renewable Projects in the DRECP" included in the 2014 IEPR Update. SCE believes that the DRECP, when complete, will provide the regulatory framework necessary to support investment in renewable energy resources and associated electrical transmission facilities, while ensuring effective protection and conservation of the state's native wildlife and plant species, as well as the natural communities that they support.

During the May 7, 2013 IEPR Workshop on Transmission Planning and Permitting Issues, SCE expressed its commitment to investing in the transmission infrastructure necessary

to support the state's renewable energy goals. In spite of these efforts, however, planning for renewable generation and associated transmission has remained a challenge. In a May 7, 2013 comment letter on the IEPR Workshop, SCE noted that a more comprehensive, long-term land-use planning strategy, as provided by the DRECP could improve the synchronization of renewable generation and transmission permitting.[1]

Despite aggressive procurement of renewable resources, challenges to meeting the state's renewable energy goals remain. These challenges include two areas that the DRECP will address: permitting and siting renewable energy projects and related transmission facilities. Transmission planning efforts have identified upgrades and additions needed to meet today's renewable energy goals. Uncertainty nevertheless remains as to the location, amount, and type of renewable energy resources that will be developed today and into the future.

SCE believes that the integration of land-use and transmission planning efforts, informed by the DRECP, will provide greater certainty, resulting in a more orderly, rational, timely, and cost-effective state and regional planning and permitting process for renewable energy projects and electrical infrastructure.

SCE looks forward to continuing its involvement in the DRECP, and to discussing this topic further throughout the 2014 IEPR Update process.

## C. Energy Efficiency Program for Existing Buildings

SCE supports further discussion on the Energy Efficiency Program for Existing Buildings pursuant to Assembly Bill 758. SCE has been coordinating closely with the Energy Commission and utilities on energy efficiency (EE) standards, and looks forward to continuing its collaboration with stakeholders as the development and implementation of EE in existing buildings progresses.

## D. Electricity Update

SCE supports the inclusion of updates to the economic and demographic outlooks, actual 2014 peak load, and the addition of another year of actual energy consumption data in the 2014 IEPR Update.

In the 2013 IEPR, SCE raised concerns over the weather normalization factors influencing the Energy Commission's Peak Demand Forecast. SCE understands that the Energy Commission will be engaging industry experts and stakeholders to inform the forecasting process with industry best practices. SCE supports this effort and believes that applying the appropriate weather normalization to the forecast will vastly improve the Energy Commission's peak demand forecast in the 2014 IEPR Update. SCE encourages the Energy Commission to also consider incorporating these and other updates in the areas of energy efficiency and transportation electrification.

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[1] *See* SCE Comments on May 7, 2013 IEPR Workshop for Transmission Planning and Permitting Issues.

## E. Additional Achievable Energy Efficiency

The 2013 California Energy Demand (CED) base forecast incorporates savings from past and currently funded EE programs up to and including savings estimates from the 2013-2014 EE Program cycle. As part of the 2013 CED, the California Energy Commission separately forecasted future EE savings for 2015 and beyond in a forecast called Additional Achievable Energy Efficiency (AA-EE) forecast. In the spring of 2013, the immediate need for a AA-EE forecast dictated the use of draft results from 2013 California Energy Efficiency Potential and Goals Study (Potential Study), which were months away from finalization.

In the months following the creation of the current AA-EE forecast, The CPUC Energy Division (ED), Navigant Consulting as well as a broad array of Stakeholders' continued to work on modeling of EE Potential. Some of the proposed changes to the Potential Study could have significant impact the amount of EE savings contained in the forecast. SCE expects the Potential Study to be finalized in the very near future, and encourages the Energy Commission to update the AA-EE forecast using the finalized 2013 Potential Study results.

## F. Disaggregated Forecast Concerns

As discussed in the 2013 IEPR, the Energy Commission is following up on a recommendation from the 2012 IEPR Update to further disaggregate the demand forecast at a finer geographic resolution. The 2014 Scoping Order notes that the California Energy Demand Forecast will include updates to economic and demographic projections, the addition of another year of historical peak and consumption data.

SCE recognizes that there is an increased need for a detailed understanding of the drivers of the Demand Forecast, including a desire for disaggregated forecasts in future IEPR cycles.[2] SCE is seeking to undertake these forecasting challenges but questions the amount of progress that will be feasible for Demand Forecast updates in the future. SCE currently develops its system level demand forecasts using economic and demographic projections at an aggregated level. Current disaggregated forecasts performed within SCE are performed at a circuit level, and will not reconcile with SCE's aggregate system level demand forecasts because of differences in the forecast methodologies and the non-coincident peak nature of circuit-level forecasts. Developing disaggregated forecasts from the Energy Commission's Demand Forecasts will thus be a significant challenge. SCE asks that the Energy Commission recognize that additional time and effort is required from the utilities, CPUC, and Energy Commission staffs to fully support a move to disaggregated demand forecasts that can be reconciled with the current system level demand forecasts provided to the Energy Commission by the utilities.

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[2] *See* 2013 IEPR, *Forecast of California Energy Demand*, at p.114.

In conclusion, SCE appreciates the Energy Commission's consideration of these comments and looks forward to its continuing collaboration with the Energy Commission. Please do not hesitate to contact me at (916) 441-2369 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

*/s/ Manuel Alvarez*

Manuel Alvarez