

In the matter of:) Docket No. 13-IEP-1A
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 Preparation of the) RE: Notice of Request for Public
 2013 Integrated Energy Policy Report) Comments on Draft 2013
) Integrated Energy Policy Report
) Scoping Order

California Energy Commission DOCKETED 13-IEP-1A
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**Comments of the California Public Utilities Commission’s Energy Division
 on the Draft 2013 Integrated Energy Policy Report Scoping Order**

The California Public Utilities Commission’s (CPUC’s) Energy Division respectfully submits these comments to the California State Energy Resource Conservation and Development Commission (CEC or Energy Commission) in regards to the *Draft 2013 Integrated Energy Policy Report Scoping Order (Draft Scoping Order)*. The CPUC is pleased to collaborate with our sister agency, the Energy Commission, in the 2013 Integrated Energy Policy Report (IEPR) proceeding. Below the Energy Division provides comment on a few select areas from the Draft Scoping Order.

Energy Efficiency

Since 2005, the Energy Commission demand forecast has not included future energy savings from energy efficiency programs beyond the current EE portfolio cycle. Instead, the Energy Commission has prepared the Incremental Uncommitted EE forecast (in 2010 and 2012) as a separate memo for the CPUC to adjust the IEPR base forecast to produce a “managed forecast” for use in resource planning and authorization decisions in the Long-Term Procurement Planning proceeding (LTPP). These memos have been used in the 2010 and 2012 LTPPs.

Due in part to the Energy Commission’s treatment of future EE savings in its demand forecast, the CAISO also excludes savings from future CPUC EE portfolios in transmission and resource adequacy (RA) planning. The omission of future energy savings in the Energy Commission demand forecast, and in turn the CAISO’s studies and planning processes (including the power flow models that the CAISO produces for the CPUC’s LTPP proceeding), implies that there will be no future savings from future EE program budget cycles, beyond any naturally occurring EE already embedded in the forecast. CPUC Staff estimates that this will lead to a 1,900-5,300 MW higher forecast demand by 2022 than would be the case if the forecast assumed that future CPUC EE programs were authorized and implemented.

As a consequence, for instance, the CAISO’s 2013 planning forecast will not include the forecast 2013-2014 EE program savings of over 720 MW at their peak in 2014 since the portfolio applications had not

been adopted at the time of the forecast. Disregarding energy efficiency impacts in the demand forecast effectively significantly diminishes the CPUC's ability to meet the requirement in PU Code 454.5, which states that the utilities must first meet unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. In consideration of these factors, we request that the Energy Commission incorporate the following recommendations into the development of the 2013 IEPR demand forecast:

1. Remove the term "uncommitted" from the "Incremental Uncommitted Energy Efficiency Forecast." The CPUC's commitment to fund all available, cost-effective energy efficiency is legislatively mandated and supersedes the short term nature of budget cycles, and therefore the funding commitment is not a source of actual uncertainty in the forecast; and
2. Integrate the Incremental Energy Efficiency Forecast into the official demand forecast, rather than issuing it as a later separate memo in the IEPR proceeding (the omission of incremental energy efficiency from the official forecast implies that the likelihood that the EE savings will occur is closer to zero than to our current rate of additional annual savings, which is approximately 360 MW per year).

In 2012, the Incremental Energy Efficiency savings estimates were based on CPUC Staff's *Analysis to Update Energy Efficiency Potential, Goals, and Targets for 2013 and Beyond: Track 1 Statewide Investor-Owned Utility Energy Efficiency Potential Study* (2012 Potential Study). CPUC Staff recommends the Energy Commission continue to use the current methodology, and that the EE forecast is based on the forthcoming 2013 Goals Study. The study focuses on potential savings from IOU programs during post-2014 EE portfolio planning cycles through 2024. 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.

Other Energy Efficiency issues within scope of IEPR demand forecast:

- Clarify what is in scope for addressing and evaluating EE in existing buildings and the "definition and pathway to ZNE homes" (i.e., how will ZNE be defined in Codes and Standards and how will it interact with IOU and POU program potential?);
- Develop low, mid and high case scenarios for the Incremental Energy Efficiency forecast;
- Develop methods for allocating forecasted EE savings to granular locations; and
- Review CPUC and CEC definitions of "naturally occurring" savings.

Demand Response

CPUC Staff are pleased to see that the Energy Commission is continuing to undertake analysis of demand response programs in the 2013 IEPR. However, we would encourage the Energy Commission in continuing and improving the assessment of non-dispatchable demand response programs, as was undertaken in the 2011 IEPR. This collaborative effort should also include the Investor Owned Utilities and 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. This effort, CPUC Staff believes would bolster the analysis of demand response focused on renewable integration and reducing peak demand already contemplated in the Draft Scoping Order.

Electricity

CPUC Staff commends the ongoing work to continue developing demand forecasts at both the statewide and regional levels. The Long Term Procurement Planning effort undertaken biennially by the CPUC is a core consumer of this information, along with the California Independent System Operator (ISO). In particular, more granular information from the demand forecasts are critical for forecasting demand in California's local areas, a need heightened by the State's Policy on Cooling Water Intake Structures and the potential retirement and replacement of thousands of megawatts of capacity in Southern California. This issue is currently being examined in the Demand Analysis Working Group, but CPUC Staff would appreciate clarification in the final Scoping Order to confirm this as a core issue for 2013.

CPUC Staff encourages the Energy Commission to align their long-term (2030) efforts with those adopted in the CPUC's 2012 Long Term Procurement Plan adopted in December 2012. These types of long range forecasts can help the State better understand needs beyond those typically assessed in procurement processes looking out ten years into the future. Lastly, we encourage the Energy Commission to work with CPUC staff when updating their new generation cost forecasts.

Climate Change

CPUC Staff is encouraged to see that the Energy Commission is continuing to assess the implications of climate change. However, we are also concerned that some impacts, such as higher temperatures and extreme heat wave events, need to be assessed within the underlying peak (1-in-10, 1-in-2) and energy forecasts to ensure that these impacts are not double-counted. Within these assessments, initial efforts

to explore the role of climate change on other programs embedded in the IEPR demand forecast, or incremental to it, should be considered as well.

Nuclear Power Plants

CPUC Staff would like to encourage the Energy Commission to work with other agencies considering the reliability implications for California of outages at the nuclear Power Plants. For example, the California ISO is currently undertaking preliminary studies on the impacts of the San Onofre Nuclear Generating Station remaining offline. In the recently adopted Decision 12-12-010, Long Term Procurement Plans Track 2 Assumptions and Scenarios, the CPUC has included both a case with the San Onofre Nuclear Generating Station offline in the long-term, and adopted a set of assumptions where both the San Onofre Nuclear Generating Station and the Diablo Canyon Power Plant are not relicensed.

Conclusion

The CPUC Staff thanks the Energy Commission for the opportunity to provide comments on the Draft 2013 IEPR Scoping Order 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 IEPR and the underlying analysis.

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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