

California Energy Commission

DOCKETED

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MAY 30 2013

SCE's Comments on CED 2013 Preliminary Forecast

IEPR Workshop
May 30, 2013

Highlight of Main Drivers for Differences

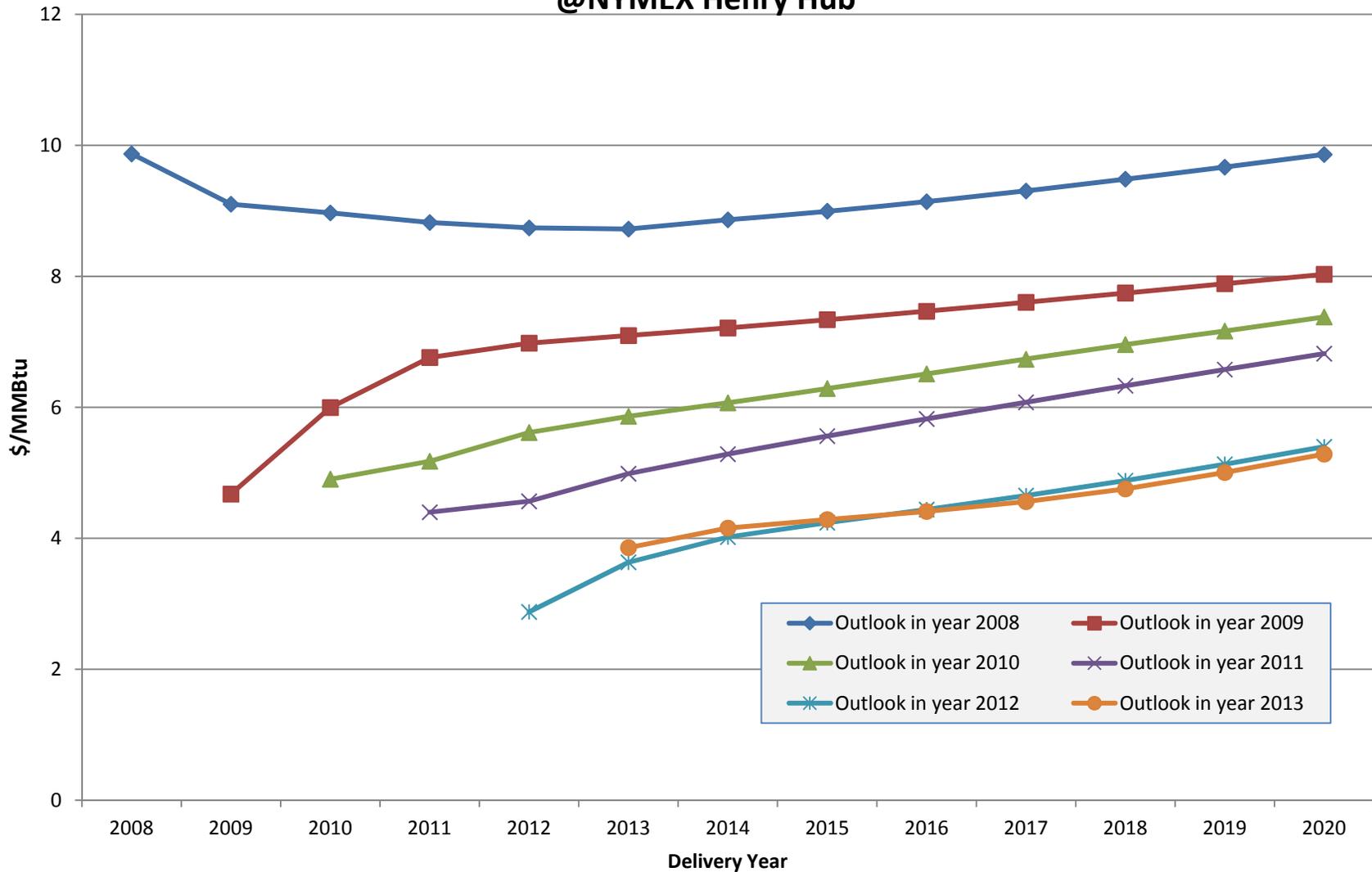
- **Electric rate projection**
 - Natural Gas Price forecast assumption
 - CEC Rate forecast model
 - 2012 actual rate update

- **Household forecast**
 - Household size projection
 - Vendor forecast scenarios

- **Peak temperature estimation**
 - Weather data
 - Weather stations and weights
 - Peak temperature measurement

Natural Gas Price Forecast Assumption and Impact

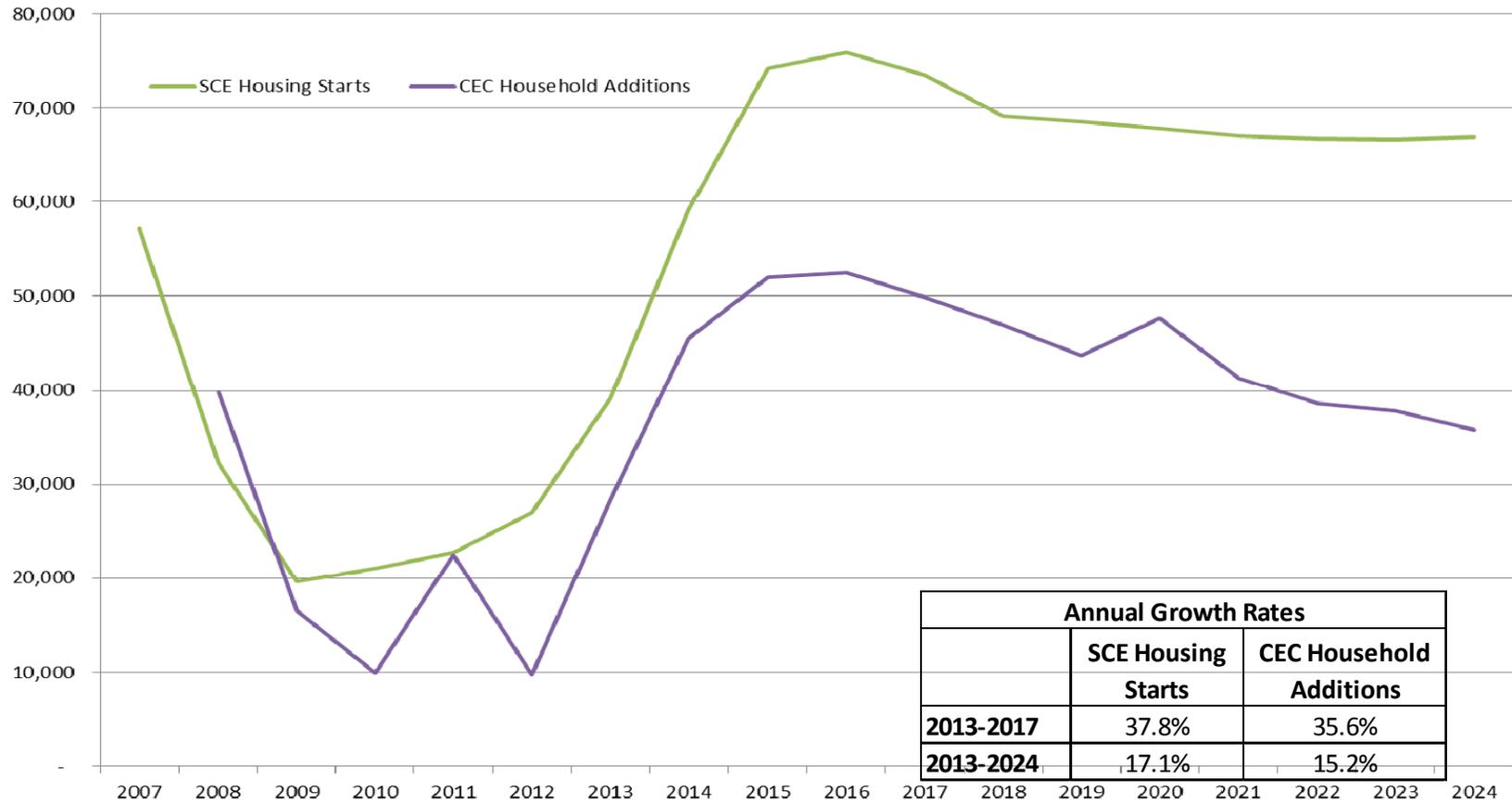
Forward Natural Gas Price Curve Changes Over Time
@NYMEX Henry Hub



CEC Rate Forecast Model and Assumptions

- SCE recognized that CEC's projected rate growth over 2013 to 2024 are significantly higher than SCE's
- SCE also recognized that major input assumptions such as natural gas price forecast do matter for the rate projections
- SCE would like to recommend further stakeholder review of CEC rate forecast model and assumptions to ensure the reasonableness of CEC's rate forecast
- In addition, SCE would recommend CEC obtain the updated actual 2012 rates from utilities as they should be available now and they may affect the future rate forecast

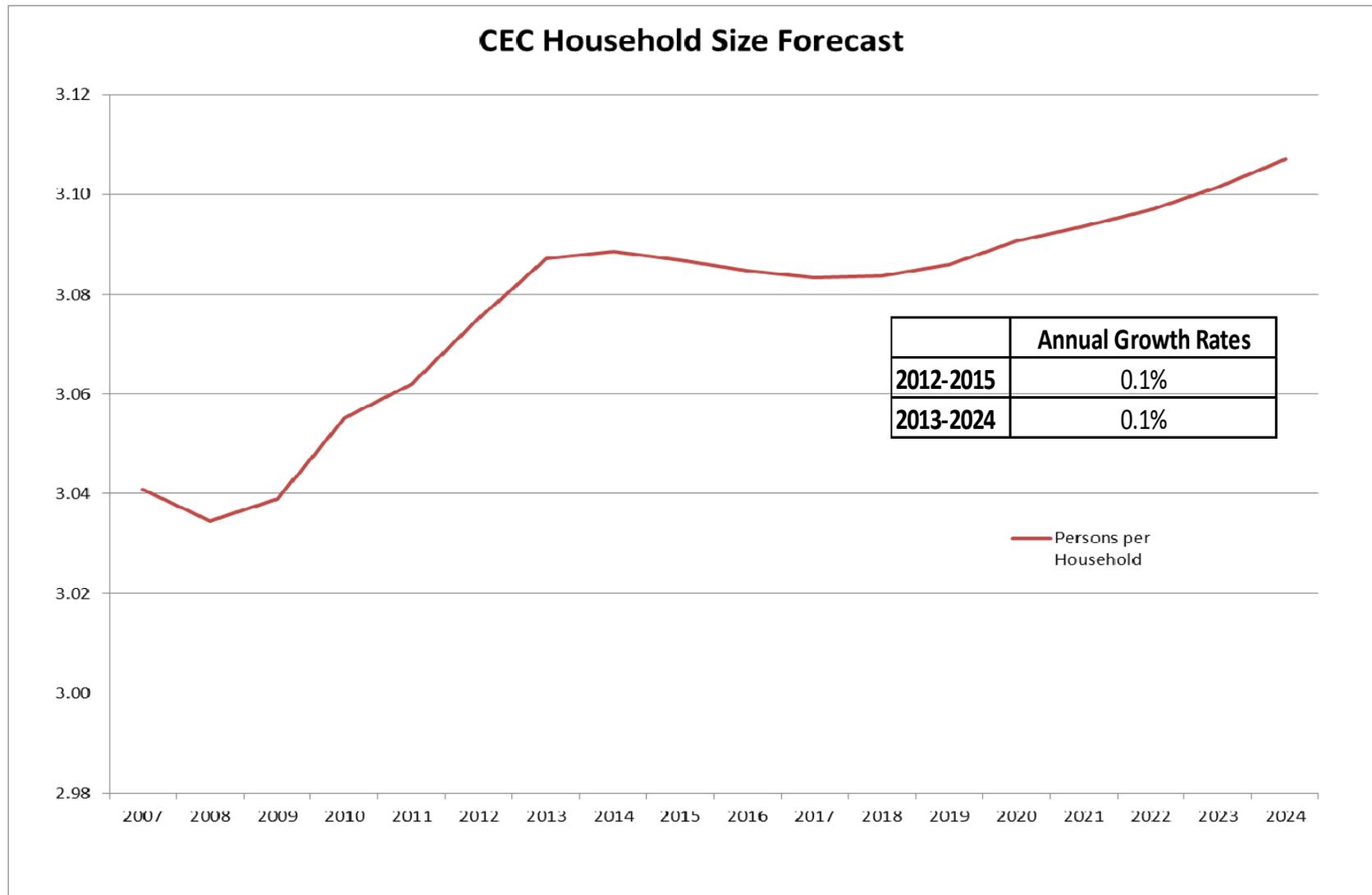
CEC's Household* Projection Versus SCE's Housing Starts Forecast



Annual Growth Rates		
	SCE Housing Starts	CEC Household Additions
2013-2017	37.8%	35.6%
2013-2024	17.1%	15.2%

* Incremental household forecast from CEC's Mid Case forecast

CEC Household Size Projection



Peak Demand and Peak Temperature Estimation

- CEC's 2013 SCE planning area peak demand forecast is lower than that of 2012 (189MW lower).
- The lower starting point of 2013 peak demand forecast have an impact of raising the average annual peak demand growth rate over the period of 2013 to 2024.
- Preliminary findings show that
 - CEC defines 2012 peak temperature as being "above normal"
 - SCE defines 2012 peak temperature as being "below normal"
- SCE would like to work with CEC closely to investigate:
 - Use of weather data
 - Use of weather stations and weights
 - Calculation methods of peak day temperatures

Next Steps

- Utilize DAWG meeting forum to continue working with CEC and other stakeholders in reconciling the forecast differences, address forecast issues, and ensure the reasonableness of input and output assumptions
 - Review CEC rate forecast model and assumptions
 - Reconcile CEC household forecast and assumptions
 - Reconcile peak temperature estimation and peak demand forecast
 - Assess the further impact from incorporating uncommitted EE