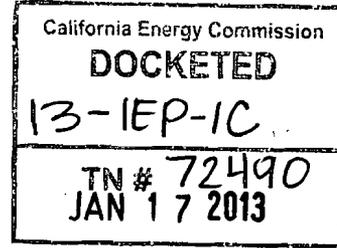






# San Mateo County Association of REALTORS®



January 3, 2014

California Energy Commission  
Docket Office, MS-4  
Re: Docket No. 13-IEP-1C  
1516 Ninth Street  
Sacramento, CA 95814-5512

*Re: San Mateo County Association of REALTORS® (SAMCAR) Comments on California Energy Commission Docket No. 13-IEP-1C California Energy Demand 2014-2024 Final Forecast*

To Whom It May Concern:

Thank you for the opportunity to provide recommendations regarding the California Energy Commission's 2013 Integrated Energy Policy Report (2013 IEPR) and the California Energy Demand 2014-2024 Final Forecast/Final Staff Report ("the Demand Forecast"). We appreciate the opportunity to provide these written comments.

Perhaps first and foremost, the shortcomings of the Demand Forecast need to be addressed given the importance of the Demand Forecast and its implications for long-term resource and transmission planning activities. In particular, the Energy Commission's Final Forecast will be used by the California Public Utilities Commission (CPUC) and the California Independent System Operator (CAISO) for resource planning and commitment decisions. Accordingly, the Energy Commission's Demand Forecast must either be fully supported by all impacted parties, or, be the product of a process in which the concerns of all parties are fully vetted and addressed.

There are problematic changes to the Weather Normalization Methodology. Although the Energy Commission staff uses 2013 actual peak load data in the Demand Forecast, the Energy Commission's changes to its weather normalization modeling methodology for calculating peak load are stand-alone prognostications needing review by all stakeholders. In previous comments, SCE identified several Given the significant differences stakeholder and Energy Commission methodologies and weather normalized results, it may be best for the Energy Commission to reevaluate its current weather normalization modeling methodology and fully vet it with all interested stakeholders to ensure the practicality of its adjusted peak Demand Forecast. Given the importance of the Demand Forecast, it is also incumbent that the Energy Commission provide adequate time to fully review and address all identified concerns with the new weather normalization.

We would echo the comments of others that there are two major and specific concerns with the Energy Commission's weather normalization modeling:

1. The changes to the Energy Commission's Weather Normalization modeling methodology produce abnormal and unrepresentative peak temperatures for certain service areas. The temperature ranges therein set the wrong basis for weather normalization and peak adjustment.
2. The Energy Commission's Weather Normalization modeling methodology is based on regression data that does not reflect the relationship between weather and load. The Energy Commission's methodology attempts to simulate the 54-year peak load by using 54 years of historical temperatures and then applying an econometric model fitted exclusively with 2013 summer data. The weather and load relationship established by the Energy Commission's regression model, however, is not sufficiently representative to produce a reasonable series of simulated peak loads. Thus, the weather adjusted 2013 peak would be more than 700 MW higher than the actual 2013 peak in certain service areas. The Energy Commission should establish the "normal peak" temperature using an alternative approach based on more recent (e.g. most recent 30-year) weather history itself rather than the simulated peak load. This approach would not only simplify the Energy Commission's weather normalization process, but also provide more intuitive and reasonable results.

#### **--Problematic Forecast Inputs--**

In addition to the issues previously identified with the Energy Commission's changes to its weather normalization modeling methodology, there are also the following issues which need resolution:

3. We recommend the Energy Commission use the most recent 30 years rather than a 54-year historical period when attempting to capture the impacts of climate change. Relying on data more than 30 years old may introduce bias into the Energy Commission's weather normalized results because relatively recent weather patterns are more indicative of future weather compared to the 1960s and 1970s given observed rising global temperatures due to climate change.
4. The Energy Commission's choices of weather stations and station weights may not accurately represent conditions in certain service areas and can significantly affect weather normalization results of historical loads. Such results impact future peak demand forecast results, particularly on the relationship between weather and load.
5. The weather station data relied upon by the Energy Commission does not accurately represent the climatology of various service areas. For instance, inland station data (for SCE and PG&E) does not accurately reflect coastal service territory conditions. Accordingly, strategic selection and weighting of weather station data is critical for accurate results.
6. In order to more reasonably model the peak weather-to-load relationship, the Energy Commission should reconsider how it weighs daily maximum and minimum temperatures and how to account for the "heat carry over" effect in the summer. It has been recommended and we concur that the Energy Commission utilize its previous 60-30-10 methodology with daily effective temperatures (which is weighted daily maximum and minimum temperatures) as being more representative than what appears to be used in the current Demand Forecast. The method used to define peak temperatures significantly influences peak weather condition assessments and a reasonable representation is important.

7. The inclusion of additional non-event based demand response (DR) programs in the overall peak demand forecast is of concern as it will result in "double counting." DR programs such as Critical Peak Pricing (CPP) and Peak Time Rebate (PTR) have been treated as transferable supply-side resources in the past. As a result, these programs have been counted toward meeting resource adequacy requirements for load serving entities. Double counting could result if the Energy Commission deducts such energy from its final demand forecast. As such, these DR resources are best represented as supply-side resources based on the manner in which they will be dispatched.

8. There appears to be a significant discrepancy between the actual 2013 peak data used by the Energy Commission and by service providers. In order to fully address this issue, the Energy Commission engage PG&E, CAISO and SCE in reconciling the data difference. Using consistent and accurate historical data is essential for ensuring the forecast reasonableness.

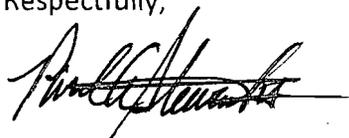
9. In general, the Energy Commission should obviously NOT adopt a single California system forecast that can be used for system resource planning to avoid any possible modifications that would skew these forecasts as may occur in other venues for local resource planning.

10. If the Energy Commission adopts a mid-baseline forecast, then it must also adopt, as would be appropriate, the Mid-AAEE forecasts given its' practical and prudent estimates.

In conclusion, SAMCAR believes – as do others – the use of unsound estimates as the starting point for the Energy Commission's long-term peak forecasts creates a biased forecast that likely significantly understate the peak demand for all service areas over the forecasting horizon. The Energy Commission needs to allow sufficient time for its staff to consider making the appropriate adjustments to its peak demand forecast before considering the adoption of ANY final forecast.

If for some strange reason, the Energy Commission cannot change the current adoption timeline, then circumstance dictates you adopt the "high-base demand and low AAEE" scenario reflected in the current draft Demand Forecast for resource planning purposes at the CPUC and CAISO. Although that scenario still seriously understates expected peak demand prior to 2018 in select service areas, it is the only scenario that yields a long-term peak demand forecast that is consistent with those calculated by those service providers.

Respectfully,



Paul Stewart  
Government Affairs Director  
San Mateo County Association of REALTORS©