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California Energy Commission
Docket Office, MS-4
Docket No. 08-IEP-1C
1516 Ninth Street
Sacramento, CA 95814-5512
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Re: California Energy Commission (Energy Commission) Docket No. 08-IEP-1C: Written Comments of Southern California Edison Company (SCE) On August 12, 2008 Integrated Energy Policy Report (IEPR) Workshop

To Whom It May Concern:

Southern California Edison (SCE) is pleased that the California Energy Commission (Energy Commission) is taking on the challenge of refining the Energy Efficiency (EE) impact assessment to improve the accuracy of the demand forecasting process. SCE supports the Energy Commission's proposal and agrees that this issue has important policy considerations for the state, and that it is important that the forecast is as accurate as possible. By using this forecast as the basis for the Long-Term Procurement Plan (LTPP), inaccuracy could result in the over or under procurement of resources. SCE appreciates the opportunity to provide the following comments.

1. The Energy Commission's Process for Improving Forecasting Should be Transparent and Inclusive.

Successful implementation of the Energy Commission's proposal to improve the forecasting process requires broad acceptance by the many stakeholders in the process. To achieve this widespread acceptance, the process of improving demand forecasting and EE impact assessment should be transparent and inclusive. In particular, SCE believes:

- The planning process should involve a broad stakeholder group (including the Energy Commission, California Public Utilities Commission (CPUC), Itron staff and the Investor Owned Utilities (IOUs))

- The inputs, assumptions, and results created during forecast development should receive review and comment by the stakeholder group throughout the process.

SCE suggests that the project advisory committee structure used for the 2006 and 2008 EE potential studies was an effective participatory approach that could be used for this project. SCE is willing to commit staff to serve on a project advisory committee or in other roles as needed.

2. The Energy Commission and the CPUC Should Develop a Process to Ensure a Consistent Forecast of Energy Efficiency Impacts.

It is important to ensure alignment of the IEPR EE forecasting work with the process of updating EE goals developed by the CPUC. Updates to the Energy Commission EE forecast and the triennial cycle of updating EE goals by the CPUC should be aligned. SCE suggests that this could most easily be achieved if the Energy Commission and the CPUC both used a single, consistent forecast of EE impacts.

SCE encourages the Energy Commission to discontinue the distinction between committed and uncommitted energy efficiency. While this distinction was relevant when it was originally developed, the policy direction for energy efficiency is much different today. Energy efficiency is the cornerstone of essentially all major energy policy and strategy in California, including the Energy Action Plan, California Long-Term Energy Efficiency Strategic Plan, California Air Resources Board Climate Change Draft Scoping Plan, and the IEPR. Further, the IOUs have energy efficiency goals that extend to 2020. The distinction between committed and uncommitted is no longer needed.

3. The Conceptual Plan Establishes a Solid Foundation On Which Further Improvements Can Be Developed.

SCE congratulates staff for its insight in developing the conceptual plan. The staff's direction makes sense to improve the current "state of the art". However, SCE remains concerned that the timeframe may not allow for the level of effort required to achieve the stated objectives. It is important that the efforts be completed in order to generate a forecast by July 2009 so that it can be included in the 2010 LTPP. To that end, SCE suggests that the Energy Commission prioritize the order of task completion to ensure those efforts with the most critical impacts on the forecast are completed early in the process.

- The Energy Commission, CPUC, Itron staff and the IOUs should collaborate in order to evaluate how reduced EE savings from Standards or IOU programs can be incorporated into the model. SCE is concerned that we may be "over accumulating" EE impacts from utility programs, and building and appliance standards.

- SCE supports a "calibration bake-off", as described on page 7 of the conceptual plan, to evaluate how well the forecast matches historical data. SCE suggests that the models should be calibrated to the trend of recorded sales.

- The model should allow for the incorporation of the results of advanced metering.

- A detailed examination of customer adoption models is needed. This would include an examination of the model data and a review of market results.

- Staff's efforts might be enhanced by use of more "contemporary" end use forecasting models. Specifically, this project provides an opportunity to explore new models that would enable contemporaneous and integrated end use forecasting of energy consumption and energy efficiency.

- The results of the 2007 IEPR scenario analysis should be used with caution. They are based on plans that do not meet Western Electricity Coordinating Council (WECC) operating requirements, and as a result any conclusions may not be realistic.

4. Specific Changes to the Itron Model Will Create More Robust Results

The Itron report, *Analysis of Efficiency for the 2008 and 2009 Integrated Energy Policy Reports: Terms, Definitions, and Proposed Plan*, included a request for comments, on several different issues. On page 15 of this report Itron describes three approaches for developing forecasts of uncommitted energy efficiency impacts and requests comments about which of these approaches (or others) should be used to help the Energy Commission Staff to formulate its model development decisions. As stated above, SCE encourages the Energy Commission to discontinue this distinction between committed and uncommitted energy efficiency. Further, SCE believes that it is premature to select any one of the approaches at this time. Additional information about each approach, including its associated advantages and disadvantages, is needed before SCE can recommend any one approach over the others. In addition to the approaches listed, SCE encourages the Energy Commission to seriously consider new more contemporary models. The execution of the conceptual project plan should help to inform selection of the most appropriate approach(es) for forecasting energy efficiency impacts.

Thank you again for the opportunity to submit these comments. SCE looks forward to working with the Energy Commission, CPUC and other stakeholders in order to facilitate the most accurate forecast and evaluation of the EE programs. If you have any questions or need additional information about SCE's recommendations in these written comments, please contact me at 916-441-2369.

Very truly yours

/S/MANUEL ALVAREZ

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