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**VIA E-MAIL**
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DOCKET
11-IEP-1C
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California Energy Commission
Dockets Office, MS-4
Re: Docket No. #11-IEP-1C
1516 Ninth Street
Sacramento, CA 95814-5512

Re: 2011 Integrated Energy Policy Report: Comments of Pacific Gas and Electric Company on "A Review of Transmission Losses in Planning Studies"

## I. INTRODUCTION

Pacific Gas and Electric Company ("PG&E") appreciates the opportunity to provide comments regarding the staff paper "A Review of Transmission Losses in Planning Studies." The paper is a useful resource that summarizes the sources, uses, and differences between the various loss factor studies and results. However, PG&E is concerned about several of the recommendations set forth in the paper, each of which is addressed below. PG&E is happy to discuss these concerns with the California Energy Commission ("CEC") staff to better understand the drivers behind the recommendations.

## II. THE PROCESS TO UPDATE TRANSMISSION LOSS FACTORS IS UNCLEAR

Staff suggests that many of the transmission and distribution loss values have not been updated in quite some time and that the vintage of loss factors used by the CEC is not known. Furthermore, loss factors used in the general rate cases are based on older studies from the 1990s.

While it is not clear that updating the loss factors would reveal materially different outcomes than those currently in use, the forum and process through which any update would occur is not defined. While the utilities submit losses to the CEC as part of the energy demand forecast forms, this submittal does not include any new study process. Updating the system losses would require an entirely new study and the establishment of a common methodology and data set. PG&E, and others, would want to be engaged in the process to develop these inputs, which could be a lengthy process. Furthermore, such a study would likely require the dedication of significant staff and other resources with expertise to conduct the system analyses.

## III. DIFFERENT PROGRAMS MAY NECESSITATE THE USE OF DIFFERENT LOSS FACTORS

Absent additional study, it is not clear whether the same loss factors can be used for all load serving entities ("LSE"), much less for all programs. At page 40, staff notes that the California Public Utilities Commission ("CPUC") provides three sets of loss factors, depending on the program. However, CEC staff recommends only the use of loss factors from the CEC demand forecast to "ensure consistency." It is unclear whether ensuring consistency should be the main driver in adopting loss factors. Each LSE has a different geographic footprint, differing levels of energy efficiency, solar PV, and combined heat and power, imports, and a variety of other supply-side resources that would likely yield different loss levels for each LSE. Consistency in the methodology to determine losses may be useful; however, what is not clear is whether the desire to use one set of loss factors for consistency would mask underlying differences in loss factors and undermines the time and effort that would be needed to update the methodology and data sets used to determine the line losses.

## IV. IT IS PREMATURE TO REQUIRE UPDATING OF DEMAND FORMS AND INSTRUCTIONS

Unless and until the loss factors are updated, it would be premature to require utilities to separately report loss estimates for imports. Disclosure of such information for imports may violate confidentiality provisions in the contracts. Furthermore, imports have long been a significant portion of California's energy mix. It is unclear what, if any, value would be derived from adding additional complexity to the reporting of losses for imports.

## V. NEXT STEPS

Prior to inclusion of the staff paper's recommendations in the 2011 Integrated Energy Policy Report, more discussion about the merits and need for additional analysis should be discussed. Parties must have a better understanding of what is needed to update the transmission and distribution loss factors and establish the appropriate process for doing so.

## VI. CONCLUSION

Before inclusion of the recommendations set forth in the "Transmission Losses" paper, a clear vision of need, value, process, and cost for implementing the recommendations should first be articulated and discussed in a workshop. PG&E is concerned that a considerable effort in terms of resource commitments would be needed to adequately update the transmission and distribution losses for planning purposes and an appropriate balancing of the cost (e.g., staff time) and benefits (e.g., will there be any meaningful change in the transmission loss assumptions) may be warranted. PG&E is happy to discuss its concerns and recommendations with CEC staff.

Sincerely,

Valerie J. Winn

cc: Lana Wong by email (lwong@energy.state.ca.us)