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**STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION**

In the Matter of:

*Preparation of the 2024 Integrated Energy
Policy Report*

Docket No. 24-IEPR-01

**CALIFORNIA COMMUNITY CHOICE ASSOCIATION'S COMMENTS
ON THE DRAFT SCOPING ORDER FOR THE 2024 INTEGRATED
ENERGY POLICY REPORT UPDATE**

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Table of Contents

I. DRAMATIC FLUCTUATIONS IN THE IEPR DEMAND FORECAST SHOULD BE INVESTIGATED GIVEN THE SUBSTANTIAL IMPACT ON RESOURCE ADEQUACY REQUIREMENTS AND INFRASTRUCTURE PLANNING2

II. THE COMMISSION SHOULD INCORPORATE STUDIES OF ELECTRIFICATION TECHNOLOGY ADOPTION IN THE IEPR DEMAND FORECAST PROCESS TO INFORM PACING OF GRID CAPACITY EXPANSIONS.....4

III. THE COMMISSION’S STUDY OF THE ECONOMIC FEASIBILITY OF TIDAL AND WAVE ENERGY SHOULD CONSIDER POTENTIAL IMPACTS AND CONTRIBUTIONS TO RELIABILITY AND GRID INFRASTRUCTURE NEEDS5

IV. CONCLUSION.....5

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The California Community Choice Association¹ (CalCCA) submits these Comments on the *Draft Scoping Order for the 2024 Integrated Energy Policy Report Update* (2024 IEPR Update). CalCCA provides the following recommended additions to the scope of the California Energy Commission’s (Commission’s) 2024 IEPR Update:

- Investigate the recent dramatic fluctuations in the Integrated Energy Policy Report (IEPR) demand forecast given the substantial impact such fluctuations have on Resource Adequacy (RA) and infrastructure planning requirements;
- Include market studies of electrification technology adoption to inform pacing of grid capacity expansion to prevent rate increases that disincentivize electrification; and
- In response to Senate Bill (SB) 605’s² requirement to evaluate the technological and economic feasibility of deploying offshore wave and tidal energy, the Commission should consider both the potential impacts and contributions of such resources to reliability and grid infrastructure needs.

¹ California Community Choice Association represents the interests of 24 community choice electricity providers in California: Apple Valley Choice Energy, Ava Community Energy, Central Coast Community Energy, Clean Energy Alliance, Clean Power Alliance, CleanPowerSF, Desert Community Energy, Energy For Palmdale’s Independent Choice, Lancaster Energy, Marin Clean Energy, Orange County Power Authority, Peninsula Clean Energy, Pico Rivera Innovative Municipal Energy, Pioneer Community Energy, Pomona Choice Energy, Rancho Mirage Energy Authority, Redwood Coast Energy Authority, San Diego Community Power, San Jacinto Power, San José Clean Energy, Santa Barbara Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean Energy.

² SB 605, Stats. 2023, Ch. 405.

I. DRAMATIC FLUCTUATIONS IN THE IEPR DEMAND FORECAST SHOULD BE INVESTIGATED GIVEN THE SUBSTANTIAL IMPACT ON RESOURCE ADEQUACY REQUIREMENTS AND INFRASTRUCTURE PLANNING

The Commission should add to the 2024 IEPR Update scope an inquiry into the recent dramatic fluctuations in the IEPR 1-in-2 peak demand forecast. The demand forecast sets RA requirements for load-serving entities, and informs infrastructure planning in the California Public Utility Commission’s Integrated Resource Planning (IRP) process and in the Transmission Planning Process at the CAISO. CalCCA supports the Commission’s efforts to continually improve the accuracy of this forecast, but the recent year over year changes point to a need to further investigate the drivers of the fluctuations.

The magnitude of the fluctuations can be demonstrated by the year-over-year RA forecast, and the variation in the ratio of the peak coincident load to the peak non-coincident load. First, Table 1 below details the year-over-year variation in the RA forecast. In years 2023 and 2025, for example, the delta with the previous year’s forecast is over 1,000 megawatts (MW). Conceptually, the year-over-year change in RA requirements should closely match load growth which is not generally believed to have fluctuated this significantly over these years.

Table 1: Year over year change in 1-in-2 RA forecast³

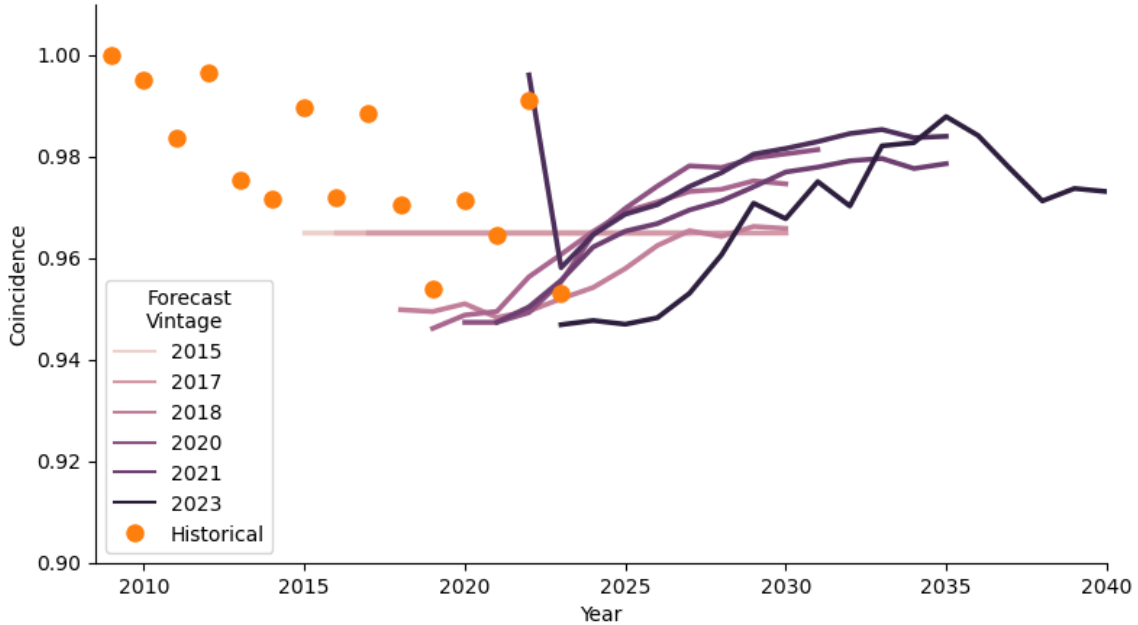
	Year over Year change in Forecast (in MW)									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1-in-2 RA Forecast			(636)	(223)	(314)	70	264	1,279	749	(1,192)

Second, the Commission should investigate the drivers of year-to-year variation in the ratio of the coincident CAISO peak to the non-coincident CAISO peak. The historical ratio of the peak coincident load to the peak non-coincident load, as demonstrated in Table 2 below, bounces

³ CalCCA Analysis of 2016-2025 Demand Forecast.

between approximately 0.95 to 1.0. Significantly, a change in the ratio of 0.05 can result in a peak load forecast that changes by as much as 2,500 MW.

Table 2: Historical ratio of peak coincident load relative to forecasted ratio⁴



Given the significant impact these fluctuations have on RA requirements and grid infrastructure planning, CalCCA recommends that the Commission work with stakeholders to: (1) evaluate the accuracy of the IEPR demand forecast; (2) identify contributors to forecast errors; (3) solicit suggestions for improving the forecast accuracy; and (4) adjust, if necessary, priorities for continuing to improve the forecast.

⁴ CalCCA analysis of CEC historical and current load forecasts.

II. THE COMMISSION SHOULD INCORPORATE STUDIES OF ELECTRIFICATION TECHNOLOGY ADOPTION IN THE IEPR DEMAND FORECAST PROCESS TO INFORM PACING OF GRID CAPACITY EXPANSIONS

As part of the 2024 IEPR Update and the demand forecast process, the Commission should study new electrification technologies, and potential customer uptake of such technologies, to allow the demand forecast to accurately inform the pacing of grid capacity expansions. California faces an affordability crisis with its electric rates, influenced by large investments in the grid to prevent wildfires and expand transmission capacity. Electrification does have the potential to dampen or reduce the impact of costly grid investments on electric rates by spreading those costs over more usage. This can only occur, however, if careful pacing is achieved between capacity expansion projects and adoption of electrification technologies that increase electric usage on the system. Grid capacity expansion is necessary to handle the increased load before widespread adoption of the electrification technologies.⁵ However, if the grid expansion significantly outpaces electrification, rates will continue to increase and thus disincentivize electrification. The IEPR process should therefore incorporate market studies to understand the impact of electrification technology adoption on demand. If the studies demonstrate that adoption and electric demand are slowing or not increasing in step with capacity expansions, the Commission can recommend incentivizing the adoption of technologies or the deferment of capacity expansions to ensure rates do not disincentivize electrification.

⁵ It should be noted that a significant amount of costs in rates result from grid hardening and resilience which do not necessarily increase capacity.

III. THE COMMISSION’S STUDY OF THE ECONOMIC FEASIBILITY OF TIDAL AND WAVE ENERGY SHOULD CONSIDER POTENTIAL IMPACTS AND CONTRIBUTIONS TO RELIABILITY AND GRID INFRASTRUCTURE NEEDS

In studying the economic feasibility of tidal and wave energy pursuant to SB 605, the Commission should consider the potential contribution of these technologies to reliability and grid infrastructure needs. Tidal energy may be regular and predictable, but its output will not necessarily align with times when the system most needs generation to meet demand. Wave energy is less regular and predictable than tidal energy, further reducing its potential contribution to reliability. However, the potential proximity to population centers on the coast may reduce transmission investment needs. These and other factors should be considered in the Commission’s study of the economic feasibility of these potential resources.

IV. CONCLUSION

CalCCA looks forward to further collaboration on this topic.

Respectfully submitted,



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ASSOCIATION

April 5, 2024