

MEMORANDUM

TO: State-Provincial Steering Committee

FROM: Commissioner Dian Grueneich, DSM Workgroup Chair

DATE: July 09, 2010

RE: **Demand Side Issues and the TEPPC process**

This memo is to inform you about critical steps occurring between now and August 4 regarding demand side issues and, in particular, review we will need from each SPSC member by August 4. The schedule is very tight – to meet the needs of the TEPPC process – so I am sending this to make sure each SPSC member (and your state’s designated DSM expert) can plan time accordingly.

Background

A key input into development of the TEPPC reference case (that will be used to analyze the 3 requested SPSC scenarios) is the 10-year load forecast. As set forth in the [June 16, 2010 memo](#) from Brad Nickell of WECC, we have reached agreement with TEPPC to develop an “SPSC-Adjusted Load Forecast” that will be used for the 3 SPSC scenarios. This adjusted forecast will reflect energy efficiency and demand response savings consistent with state and federal programs/policies/laws. The goal of this effort is to deliver realistic but conservative individual state estimates of the impact of DSM programs and policies to TEPPC with the approval of each state’s designated SPSC members.

The SPSC Demand Side Management (DSM) Working Group (as well as the WECC DSM Task Force) have been very busy working with LBNL on development of the input assumptions for the adjusted load forecast. In addition, as Brad’s June 16 memo notes, TEPPC has sent a survey to load-serving entities to assist in understanding what energy efficiency/demand response (EE/DR) is accounted for already in the load-serving entities (LSE) forecasts used to develop the 10-year forecast and where gaps occur (that will be accounted for in the SPSC-adjusted forecast.)

Please keep in mind the following as we proceed:

1. This is the first time this effort is being done. Because of the DOE funding, we are able to utilize the analytical resources of LBNL and engage state officials on DSM issues. This is a very complex area – understanding the nuances of forecasting assumptions, identifying key state and federal EE/DR policies and programs, and forecasting future DSM savings. We are setting up a process and approach that will undoubtedly be refined going forward. We do not have “perfect” information so policy judgments need to be

made. But we do have the very significant technical assistance from LBNL and the members of the SPSC and WECC DSM groups.

This evolving process is a careful effort to blaze a new trail to include the load altering impacts of state and federal demand side programs and policies. It involves considerable effort to adjust the load forecasts of Balancing Areas within the Western Interconnection; but it is also an intensive learning process which will deliver guidance to TEPPC for a smoother incorporation of DSM resources in transmission plans. It will also illuminate the enabling impact DSM can have on the cost of moving to a clean energy-based economy.

2. We must work within the TEPPC schedule. SPSC members must sign off on their state's portion of the SPSC-adjusted load forecast by August 4. We recognize this is a very short timeframe but this is the schedule that exists for this cycle.
3. A major goal is to ensure consistency in assumptions about DSM activities affecting all states. One of the key items that will be included in the SPSC-adjusted load forecast is projected savings from federal appliance standards. While savings will differ by state, we are seeking to ensure that the adjusted forecast includes some assumption of savings from these standards for each state. LBNL, working with the DSM Working Group, has spent considerable time to have a consistent approach on those DSM items that impact all states.
4. SPSC will develop a separate "High DSM" scenario. TEPPC has agreed to model a High DSM Scenario, that SPSC will produce later this year. Thus, our approach for the forecast has been conservative, in terms of forecasted EE/DR savings, because we can assume far higher levels of EE/DR savings in the High DSM Scenario.
5. British Columbia/Alberta/Texas (El Paso): Currently, LBNL's analysis does not show any adjustments are expected for the LSE forecasts. State/Province adjustment documents will be drafted for BC/Alberta/Texas once other state proposals are completed. This may be toward the end of the schedule described herein.

Next Steps

Here is the process and schedule that we will be using:

Step 1: LBNL development of draft state adjustment proposals (June-July 9):

LBNL is estimating incremental impacts of current federal and state DSM policies and programs and drafting proposals for the load forecast adjustment within each state.

Step 2: SPSC DSM Working Group Review (July 9-16):

The experts within the SPSC DSM Working Group will review the LBNL recommendations to ensure the estimates are appropriate, consistent, and conservative.

Step 3: Review by SPSC Members (July 19 -August 4):

No later than July 19, each SPSC member (and their designed state DSM expert) will receive the DSM Working Group/LBNL recommendation for the forecast adjustment for their state. **As set forth in the June 16 memo, we will assume that a non-response is concurrence to move forward.** However, I hope that each SPSC member, working with the DSM state expert you have designated, will review the recommended adjustments closely to ensure you agree with them and to work with the DSM Working Group/LBNL if you have questions, concerns, changes. We ask that you notify us immediately if you identify areas of concern.

Please mark your calendars; if you will be on vacation during this time period, please let us know as soon as possible and whether you will designate an alternate or rely upon the other SPSC member from your state.

Step 4: Transmittal to TEPPC (by August 4):

As each state SPSC members approve the adjusted load forecast for their state, we will transmit the adjustments to TEPPC and LBNL. They will aggregate all numbers to then become the "SPSC-Adjusted Load Forecast", used for all three SPSC requested scenarios studies.

Conclusion:

Thanks in advance for your help in developing this forecast. To respect the schedule of the TEPPC process, it is critical that SPSC members and the designated state DSM expert focus on completing this task by August 4. Failure by the SPSC to complete this process by August 4 will severely interrupt fulfillment of the SPSC scenario study requests.