

To: Fellow SPSC Representatives and State/Provincial DSM Experts

From: Commissioner Dian Grueneich, DSM Work Group Chair

Date: October 19, 2010

Subject: **Update on the High DSM Scenario Study**

Members of the State and Provincial Steering Committee, the DSM Working Group, and DSM Experts,

I am pleased to announce to you that the majority of the **High DSM Scenario** was submitted to TEPPC on October 6. Between now and December, TEPPC will run this scenario against the SPSC-adjusted load forecast. This is an amazing achievement. Running this scenario represents the first ever WECC-wide examination of the possible transmission impacts resulting from an aggressive - *but cost effective* - focus on demand side resources such as energy efficiency and demand response in comparison with current levels of DSM. It is a quantum leap forward in understanding how much these demand side resources can impact the level of transmission expansion necessary to ensure reliability while achieving aggressive renewable policies. None of this work could have occurred without the support and participation of the entire SPSC. In particular I would like to extend thanks: to the DSM Experts within each state and province, the DSM Working Group, Galen Barbose and Andy Satchworthy at LBNL for their fantastic analyses, Chuck Goldman of LBNL for his leadership, and the many levels of support from WGA and WECC.

While we wait to see impact results from TEPPC, I can announce that the High DSM Scenario, based on actual cost-effective energy efficiency and demand response potential, reduces load growth to nearly zero between 2010 and 2020. As it becomes increasingly clear that transmission planning must be done within the framework of a clean energy economy, the impact DSM can have on load growth will gain significance. The results from this High DSM Scenario are an exciting step toward providing critical information to state and federal officials, utilities, and other stakeholders about this relationship.

Looking back at the path we have taken over the past year we have learned a few lessons. Some of these set the agenda for the upcoming DSM study request which the SPSC will again submit to TEPPC in January. First, there is a strong need to improve the data used to develop the High DSM Scenario. If it were not for the support of the DSM Working Group and the DSM Experts within each state, and quality analytical skills of LBNL, the scenario would not be as factually robust as it is. To improve, a WECC-wide energy efficiency potential study would bring consistency to the varying methodologies used to determine cost effective energy efficiency potential, and would ensure that all DSM data used in transmission planning across the West is of the same vintage. Second, we must expand our analytical efforts to include small scale distributed generation such as rooftop solar PV. Distributed generation is within the SPSC's direction for the DSM Working Group but the lack of solid information has been a gap in our assessment of demand side resources since we originally submitted our study request to TEPPC

in January. Distributed generation could potentially be the largest portion of the next DSM scenario. Finally, in conjunction with the analysis of water resource constraint on generation being carried out at WGA, we may want to study the magnitude of energy savings possible from the efficient use of municipal-quality water. This may be an area which needs greater research before it can be included in a study request.

There is much to be proud of this year for the SPSC. The High DSM Scenario is one of many accomplishments for us and it could not have been achieved without you.

Finally, let me end by also alerting you to a change within the DSM Working Group. As many of you may know, my term as a California PUC Commissioner ends on December 31. I have decided not to seek reappointment. I will continue in all of the SPSC, DSM, SPSG and TEPPC activities until the end of the year (along with my wonderful adviser, Michael Wheeler). Rebecca Wagner, Nevada Commissioner, has agreed to step in as the Chair of the DSM Working Group, at least until the next meeting of the SPSC in January 2011. While I will dearly miss continuing to chair this Group, I believe the work we have done this year will endure and the work in future years will likewise be invaluable.

Thank you all,

Dian M. Grueneich
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