

**DOCKET**

**06-IEP-1I**

DATE OCT 12 2006

RECD. OCT 17 2006

STAFF WORKSHOP

BEFORE THE

CALIFORNIA ENERGY RESOURCES CONSERVATION

AND DEVELOPMENT COMMISSION

In the Matter of: )  
PREPARATION OF THE 2007 INTEGRATED )  
ENERGY POLICY REPORT (IEPR) ) Docket No.  
 ) 06-IEP-1I  
Electricity Demand Forecast Data )  
Request )  
\_\_\_\_\_ )

CALIFORNIA ENERGY COMMISSION

HEARING ROOM A

1516 NINTH STREET

SACRAMENTO, CALIFORNIA

THURSDAY, OCTOBER 12, 2006

9:03 A.M.

Reported by:  
Peter Petty  
Contract No. 150-04-002

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

STAFF and CONTRACTORS PRESENT

Lynn Marshall

Tom Gorin

Caryn Holmes

Scott Matthews

ALSO PRESENT

Nick Zettel  
Redding Electric Utility  
City of Redding

Arthur B. Canning  
Southern California Edison Company

Tim Vonder  
San Diego Gas and Electric Company

Eric Wanless  
Natural Resources Defense Council

Kathy Treleven  
Pacific Gas and Electric Company

Katie Kaplan  
Integrated Energy Solutions  
Reliant and NRG

Greg Klatt (via teleconference)  
Alliance for Retail Energy Markets

## I N D E X

	Page
Proceedings	1
Opening Remarks	1
Overview and Background	1
CEC Staff Draft Forms and Instructions	1
Requests	1
Specific Changes	6
Participant Comments	11
Nick Zettel, REU	11
Arthur Canning, SCE	16
Tim Vonder, SDG&E	32
Eric Wanless, NRDC	40
Kathy Treleven, PG&E	43
Katie Kaplan, Integrated Energy Solutions, Reliant and NRG	47
Greg Klatt, AREM	53
Adjournment	58
Certificate of Reporter	59

1 P R O C E E D I N G S

2 9:03 a.m.

3 MS. MARSHALL: My name's Lynn Marshall;  
4 I'm the Chief Demand Forecaster in the Demand  
5 Analysis at the Energy Commission. We're having  
6 this workshop today to get your comments on our  
7 staff draft forms and instructions. We're  
8 requesting this data from all LSEs in the state  
9 with peak demand over 200 megawatts, consistent  
10 with our regulations.

11 If you haven't seen it, there's a staff  
12 report on our website that details all the  
13 instructions. I'm going to go over what we're  
14 asking for and specifically changes from the data  
15 we requested last time. And then I'll take your  
16 comments and questions.

17 Do we have any people listening on the  
18 conference call line?

19 MR. KLATT: (inaudible).

20 MS. MARSHALL: Okay. Hi, Greg. We  
21 would ask, we have you kind of on a speakerphone  
22 here in the conference room, so if you could stay  
23 on mute unless you have a question or are  
24 speaking, it would help.

25 Okay, so the data we're requesting is,

1 first of all, for development of the Energy  
2 Commission-adopted forecast for the 2007  
3 Integrated Energy Policy Report.

4 But our forecasts also get used in a  
5 variety of regulatory and policy analysis  
6 applications. So it's used in resource adequacy  
7 and procurement proceedings at the PUC. It's used  
8 in transmission system expansion plan studies.  
9 It's used in analysis of energy efficiency and  
10 renewable goals.

11 The data that we're asking for from the  
12 LSEs is important for a couple of reasons. First,  
13 it provides another perspective on demand trends  
14 throughout the state. And it also provides --  
15 it's data that are needed by the staff to develop  
16 our forecast. So that includes historic energy  
17 and load data that we use for calibration and  
18 disaggregation, and it includes information on  
19 renewables and energy efficiency program planning  
20 so that we can properly account for those in our  
21 forecast.

22 We're also going to need to be using  
23 that data for assessment of migrating loads  
24 throughout the state.

25 There's two significant changes from the

1 2005 data requests. First of all, for the 2007  
2 IEPR the staff is planning on developing a more  
3 disaggregated forecast. Historically we've done  
4 our forecast at a transmission area planning area  
5 level. We did not try to model loads at the  
6 smaller climate zone level.

7 For this forecast we want to produce a  
8 true climate zone forecast so that we can better  
9 meet the needs of the variety of applications of  
10 our forecast where a disaggregated forecast is  
11 needed. For example by, for major LSEs, for  
12 congestion zones, for small areas, for  
13 distribution service areas.

14 We already have the data we need on the  
15 energy side to do that. We have, you know,  
16 historic data by county; we have economic drivers  
17 by county. The missing piece of the puzzle is  
18 load data from the IOUs that's at a geographic,  
19 for geographic sub-areas of the transmission  
20 system.

21 The second major change to these forms  
22 and instructions is the need for information on  
23 how migrating loads are accounted for in your  
24 forecasts. And that might be departing load; that  
25 might be newly municipalized areas of a POU

1 territory.

2 This is to comply with AB-1723, which  
3 directs the Energy Commission to -- well, first of  
4 all, it directs the LSEs to provide their  
5 forecasts of migrating load to the Energy  
6 Commission. And then we are required to do an  
7 analysis and provide a report to the PUC on our  
8 assessment of migrating loads throughout the  
9 state.

10 This is an approximate schedule, but  
11 just to give you a sense of how the timing will  
12 flow, we're all preparing forecasts in the  
13 January/February timeframe. It's likely that  
14 we'll also be issuing data requests for resource  
15 plan information also due about the same time.

16 And we'd like it very much if your  
17 demand forecast submittals and your resource plan  
18 submittals were consistent. But that would be a  
19 forthcoming workshop on the resource information.

20 That would be followed by a comparison,  
21 a staff comparison of the utility forecasts with  
22 our forecasts.

23 Last time that comparison really focused  
24 on our baseline one and two demand forecasts. I  
25 think for this analysis we'll probably go a little

1 beyond that, focus on the weather sensitivity  
2 cases. And what methodologies are used.

3 We also didn't pay much attention last  
4 time to differences in how impacts of distributed  
5 gen or renewables programs are accounted for. And  
6 we'll probably focus more on, since that's, I  
7 think, with SB-1 and the solar initiative,  
8 something we have to pay a little more attention  
9 to now.

10 So, following that there would be  
11 direction from our Commission on the forecast to  
12 be adopted, and possibly an updated forecast in  
13 the fall, if that's needed.

14 We aren't directing a specific  
15 forecasting methodology. However there are some  
16 conventions we would like everyone to follow.  
17 We're forecasting through 2018. For the IOUs, our  
18 definition of the committed energy efficiency and  
19 other demand side impacts that is to be included  
20 in the forecast. We have not changed that  
21 definition; it's still 2006 through 2008. The  
22 targets for post-2008 are still being developed.  
23 They're still reviewing the revised potential  
24 studies.

25 So, we're proposing to keep that same

1 definition as last time. I'd be interested in  
2 hearing if anyone has any alternative views on  
3 what that ought to be.

4 For public utilities it's simply  
5 programs, what's committed, programs that your  
6 board has adopted or funded. And then we also  
7 want information on uncommitted programs that  
8 you're planning on, but that aren't firm.

9 In terms of demand response and  
10 interruptible programs, the convention that we  
11 follow is if that program has a trigger that is  
12 not under the control of the customer, we consider  
13 it a dispatchable program that ought to be treated  
14 as a resource. So, only if the program is -- the  
15 ability to respond to the program is fully under  
16 the control of the customer would you account for  
17 it in the demand forecast. But on those forms we  
18 are asking for information about both types of  
19 programs, both committed and uncommitted.

20 So, I'll go briefly through the forms,  
21 just focusing on where things are different from  
22 last time.

23 On form 1.1, this is sale of full  
24 service customers or bundled customers. And we  
25 would like on this form for you to report the

1 relevant data that you have about how migrating  
2 load is or is not accounted for in your forecast.

3 If there's historic data that's, you  
4 know, embedded in how you do your forecast, that  
5 would be useful. If you have specific assumptions  
6 about territory that a public utility is planning  
7 on acquiring, we would like to see that, also.

8 Then we go from that, that's full  
9 service customers, and then on form 1.2, we build  
10 up from that to get a distribution area total. So  
11 any load that's not included on 1.1 is added to  
12 form 1.2. So we have a complete picture of  
13 distribution area loads.

14 And we have a parallel format for 1.3  
15 and 1.4 follow. 1.3 is sector level for full  
16 service customers. 1.4 total load for the  
17 distribution area peak.

18 On form 1.5 we've added a request for  
19 one-in-40 weather temperature scenario. I think  
20 obviously with the heat storm there's a little  
21 more interest in understanding the range of  
22 possibilities.

23 On 1.6 is historic hourly loads. We  
24 would like, if you have data in addition to the  
25 recorded hourly loads, the amount of interruptions

1 during peak periods, times when there was a  
2 significant amount of either interruptible  
3 programs called or significant numbers of outages.  
4 If you have estimates of those impacts that would  
5 be very useful to us in understanding what the  
6 underlying load was.

7 Now, 1.6b, this is the new data request  
8 for sub-transmission sub-areas. So, for PG&E we  
9 talked with them, we've had discussions about a  
10 couple possibilities, divisions, climates. You  
11 have hourly loads for your four climate zones. So  
12 I think that would work.

13 Edison does a forecast which I know Art  
14 doesn't know anything about because he's not  
15 allowed to, for their A-bank substations. And I  
16 think the data that is used to drive that  
17 substation, that A-bank substation forecast, would  
18 be useful to us. We could take that and aggregate  
19 it up to our climate zones for the Edison planning  
20 area.

21 This is for those that have a forecast  
22 of total self-gen or distributed gen. This is  
23 total private supply, including any committed  
24 incremental program effects. I know not everyone  
25 does this, but if you do this this is useful to

1 us.

2 Form 2; this is simply whatever economic  
3 or demographic drivers you use to do your  
4 forecast. If we ask for something you don't do,  
5 you don't need to provide it. But we want to know  
6 what is driving, what are the key drivers for your  
7 forecast.

8 Demand side programs. There's no  
9 changes to these forms from last time, although we  
10 do, in particular are interested in seeing the  
11 actual, the possible impacts from the renewable  
12 and distributed gen programs. And in particular,  
13 please document how you come up with those.

14 These are supposed to be impacts at the  
15 time of the -- at the peak of those programs, and  
16 not simply capacity. So, we'd be very interested  
17 in seeing how you take, you know, estimates of  
18 installations and translate that into a coincident  
19 peak forecast.

20 We're asking for documentation of your  
21 forecast methodology. That should include a  
22 discussion of the migrating load issue. Whatever  
23 light you can shed on that, what your data sources  
24 are; weather adjustment methods; what weather  
25 stations are used; the methodologies you used to

1 develop those sensitivities.

2 And a new item we're asking for is  
3 discuss the historic performance of your forecast  
4 and present some statistics on forecast error of  
5 your methodology.

6 For the ESPs we've changed the way we're  
7 requesting the data this time, and decided to  
8 put -- ESPs have one form to fill out. And what  
9 we're asking is at a minimum submit a forecast of  
10 your contracted load for whatever time horizon for  
11 which you have contracted load, for each of the  
12 service areas.

13 Now, if you're going to submit a  
14 resource plan that has more than that, has a  
15 different load forecast, you may also submit an  
16 expected load forecast. But based on the  
17 information that we've gotten from the ESPs  
18 before, I think it's more useful to start with  
19 that contracted load information as a baseline.  
20 And then document what the basis of the forecast  
21 is.

22 So that's my overview of the forms and  
23 instructions. And I think I'll open it up to  
24 questions that people have, questions or comments  
25 of the parties. Yeah.

1                   Yeah, yeah.

2                   MR. KLATT: For this round, at least,  
3                   (inaudible).

4                   MS. MARSHALL: That's right, because, of  
5                   course, all the ESPs, even those below 200, submit  
6                   far more information come, you know, beginning in  
7                   March as part of the PUC resource adequacy  
8                   process. So, there's no need to duplicate what  
9                   we're getting through that process. Okay.

10                  Oh, okay. Okay.

11                  MR. ZETTEL: Nick Zettel from the City  
12                  of Redding Electric Utility. I've got a -- well,  
13                  first I'd like to commend staff on this draft  
14                  report. I think it's great. There's been a lot  
15                  of new requirements placed upon the CEC and I  
16                  think you guys have done very well integrating  
17                  them in here.

18                  My questions primarily go over some of  
19                  these new requirements, such as on form 1.1 the  
20                  form asks for documentation in the amount of load  
21                  assumed to be migrating to or from the UDC.

22                  I think I understand migrating and  
23                  departing, but there's some kind of situation that  
24                  may arise such as say with a muni, if a muni acts  
25                  as an area that was previously unserved by anyone,

1           there's no load that migrates --

2                   MS. MARSHALL: Right, and --

3                   MR. ZETTEL: -- because there's nothing  
4           migrating and there's nothing departing.

5                   MS. MARSHALL: But, yeah, we would like  
6           that information on that newly municipalized  
7           area --

8                   MR. ZETTEL: Okay, --

9                   MS. MARSHALL: -- to the extent that you  
10          can itemize that for us.

11                  MR. ZETTEL: Okay, so what my suggestion  
12          would be on the form is to, in addition to  
13          migrating to or from, is to also put load that is  
14          new that's been previously unserved.

15                  MS. MARSHALL: Okay.

16                  MR. ZETTEL: So that we understand, we  
17          can differentiate between the two.

18                  MS. MARSHALL: Okay.

19                  MR. ZETTEL: I figured that's what  
20          you're asking for. I just wanted to --

21                  MS. MARSHALL: Yeah, we're trying to get  
22          at both of those types of situations, right.

23                  MR. ZETTEL: Moving on here to 1.5, peak  
24          demand weather scenarios. We worked a lot  
25          recently at Redding with our consulting firm that

1 does our forecasting. And we had them convert  
2 some of our temperature-based forecasts to the  
3 exceedance type forecasts, the one-in-five, one-  
4 in-ten, one-in-20, because Redding uses a 110  
5 degree, 112 degree.

6 And several questions arose, such as  
7 does this mean the peak temperature for the year  
8 is, say 112 degrees. Well, in our case that's a  
9 one-in-two up in Redding.

10 Well, if it's 112 degrees on a Saturday  
11 we may not peak; we may peak on the Monday and  
12 it's only 109 degree.

13 So, when I looked through form 1.5 it  
14 asks that you provide peak demand under  
15 temperature conditions. So it gets a little more  
16 difficult than just assuming that the peak  
17 temperature is always on the peak day. And  
18 forecasting methodologies and there's some other  
19 issues.

20 But I just wanted to bring to light, at  
21 least in Redding's case, our peak temperature  
22 isn't always on our peak day. And especially July  
23 24th was our peak day, but we were actually --  
24 that was a Monday. We were hotter on July 23rd,  
25 which was a Sunday.

1                   So, in our case, what I will do is  
2                   submit data that tells you what a one-in-five,  
3                   one-in-ten is. And I'll tell you what the peak  
4                   is, but I'll also tell you that these may not  
5                   occur on the same day.

6                   MS. MARSHALL: Right, okay.

7                   MR. GORIN: This is Tom Gorin from the  
8                   Energy Commission. From the forecasting  
9                   standpoint it would be better for us to understand  
10                  what your peak temperatures are. Because if your  
11                  one-in-two is 112, and your one-in-ten is 115, you  
12                  don't know what day that's going to occur on in  
13                  the future. So, we'd just as soon know what the  
14                  temperature thresholds are.

15                  MR. ZETTEL: Okay. Yeah, there's no  
16                  direct correlation really to, if it's a one-in-40  
17                  temperature year that the peak will be way higher.  
18                  Because it may be 121 degrees in Redding or 122 on  
19                  a Saturday. And then it would be 110 on Monday,  
20                  we may peak. So I just wanted to --

21                  MR. GORIN: Yeah.

22                  MR. ZETTEL: -- to put that out. And  
23                  then my last question and I'll step down here, is  
24                  relating to form 3.3, renewable and distributed  
25                  generation programs.

1           It asks that public utilities should  
2           include impacts of current solar and other  
3           renewable programs and planned programs to comply  
4           with Senate Bill 1. And that energy and peak  
5           impacts should be reported.

6           The difficulty here is that we don't  
7           have meters installed on our customers' systems  
8           that tell us exactly what the system produced,  
9           their solar system.

10           MS. MARSHALL: Um-hum.

11           MR. ZETTEL: I have a net meter that  
12           tells me what their energy was at the end of the  
13           month. But I don't know what their total energy  
14           was. And the only way to get this data is if I  
15           physically go to their house and ask if they have  
16           this data, themselves, on an inverter or something  
17           that we could pull the information off of.

18           Otherwise I have to make an estimate,  
19           well, without the solar system their load would be  
20           this, and their net reading was this, so this must  
21           have been what the solar system made.

22           MS. MARSHALL: Um-hum.

23           MR. ZETTEL: I mean these are all things  
24           that, you know, they really weren't totally taken  
25           care of with Senate Bill 1. It was just like,

1       hey, let's pass a solar energy initiative, so we  
2       got that done, but nobody really accounted for the  
3       metering aspect.

4               MS. MARSHALL:  Yeah.

5               MR. ZETTEL:  So I'm not sure how to get  
6       that done.  I'm just pointing out that --

7               MS. MARSHALL:  Yeah, it would be better  
8       to have metered data, but where we don't, we're  
9       maybe having to estimate or use other studies to  
10      develop an estimate.

11              MR. ZETTEL:  That's it, thank you.

12              MS. MARSHALL:  Okay.  Anyone else?  Art.

13              MR. CANNING:  Morning.  Art Canning from  
14      Southern California Edison.  I think I have about  
15      four comments.  And they may get repeated by some  
16      of the utilities.

17              One on confidentiality on page 4 through  
18      5.  In the PUC we've gone through this whole  
19      matrix of what's confidential and what's not.  And  
20      Commissioners Geesman and Peevey both signed off  
21      on what the official designation of confidential  
22      versus public.

23              It seems like your instructions here  
24      should refer back to that matrix.  Now you  
25      referred to a Public Resources Code.  I'm not sure

1 if that's the matrix or not.

2 But, we all know the matrix, we're  
3 living with that in our long-term procurement  
4 plans and PUC; I would say switch over to using  
5 the matrix here.

6 Any comments?

7 MS. MARSHALL: That matrix applies to  
8 the PUC. And we have separate regulations that  
9 govern what's confidential here. We have a  
10 separate process. So, while we're aware of that  
11 and work to try and make them consistent, it's not  
12 binding upon us.

13 MR. CANNING: Well, you know, you're  
14 being inconsistent there, I think, since the  
15 Commissioner here did sign off on that.

16 The other part is on these declarations  
17 of perjury, I've been signing those now for the  
18 PUC forms when I have to submit confidential data.  
19 But they only refer back to the matrix. Now  
20 you're asking us to sign declarations under  
21 perjury just sort of generically here as to what  
22 you interpret what we think the Commissioner  
23 thinks is -- the Executive Director thinks is  
24 confidential or not? I'm a little confused on  
25 what you -- why you're picking up some parts and

1 not the other of the PUC confidentiality process.

2 MS. MARSHALL: Well, I don't think we're  
3 picking -- Caryn, do you want to comment on this?  
4 I don't think we're picking up any part of the PUC  
5 confidentiality process. I'm going to let our  
6 lawyer handle this.

7 MS. HOLMES: My name is Caryn Holmes;  
8 I'm in the Chief Counsel's Office. And I'm not  
9 assigned to this proceeding, but I was last time,  
10 so.

11 The requirements that include signing a  
12 statement with a declaration, providing that in  
13 your application, have been in our regulations for  
14 many many years. It's part of the process that  
15 the Commission has chosen to use to implement the  
16 Public Records Act.

17 The reason, I think that perhaps what  
18 you may be confused about is when the Energy  
19 Commission obtains information that another agency  
20 has deemed confidential, and we get it directly  
21 from them, in those circumstances our Executive  
22 Director or our Commissioners can choose to rely  
23 on that determination and they sign the type of  
24 agreement that you're referring to.

25 When information comes to us from third

1 parties, not from other governmental agencies, we  
2 have an application process that's been long  
3 established in our regulations that those entities  
4 need to go through in order to establish the  
5 confidentiality of that record.

6 And that's because any type of Public  
7 Records Act request for that data would come to  
8 us, not to the other agencies.

9 MR. CANNING: Very good. So then all I  
10 would request that in your forms, in your  
11 instructions, is that you say you are not going by  
12 the PUC matrix. Because I'm going to have to be  
13 talking to my lawyers, and they're going to be  
14 used to the PUC matrix.

15 So I know you have your own rules. And  
16 you say we go by our rules. You need -- I would  
17 appreciate it, for clarity, if then you were to  
18 say that we are not going by the PUC agreed-upon  
19 rules for the resource adequacy hearings. That  
20 would make it clear --

21 MS. MARSHALL: Okay.

22 MR. CANNING: -- and I won't have to  
23 explain to my lawyers four times over why this  
24 form is different.

25 MS. MARSHALL: Okay.

1           MR. CANNING: Okay. Next issue.  
2           Conservation, uncommitted. You know, I think  
3           maybe the time has come -- Edison would like to  
4           submit the forecast with all reasonably expected  
5           to occur conservation deducted out of the sales  
6           forecast. Because that's the way we submit it in  
7           the long-term procurement plan, in all the PUC  
8           filings. That's the way I get it approved by  
9           management.

10                  If you ask us to break out committed  
11           versus uncommitted, only deduct the committed out  
12           of the forecast we submit here, then those numbers  
13           are going to be different from the same forecast  
14           that we're using everywhere else.

15                  So I know we've been using committed and  
16           uncommitted since day one. I've filled out the  
17           forms hundreds of times. But I'm saying now is  
18           probably as good a time to just say utilities,  
19           really what's going to show up in the meter will  
20           be what you think is reasonably expected to occur,  
21           both in economics, on customers, and on  
22           conservation.

23                  And we can go ahead and split out in the  
24           form 3 what's committed and what's uncommitted.  
25           But in the absolute forecast, the sales of peak

1 demand forecast, I think we ought to deduct out  
2 all the conservation, because that's what we plan  
3 for.

4 And there's a --

5 MR. KLATT: (inaudible) withdrawing for  
6 a few minutes.

7 MR. CANNING: Okay, so there's a hearing  
8 going on down at the PUC right now, the long-term  
9 procurement plan. And I think we're submitting a  
10 preliminary one. And that will have all the  
11 committed and uncommitted deducted out of the  
12 sales forecast.

13 So, it's a good time to quit being  
14 inconsistent just by this definition.

15 MS. MARSHALL: At this point in time  
16 what would be included in your uncommitted  
17 definition?

18 MR. KLATT: (inaudible).

19 MR. CANNING: Well, I'm not the DSF  
20 witness, but we --

21 MR. KLATT: (inaudible).

22 MR. CANNING: -- have DSF experts and  
23 they have our --

24 MS. MARSHALL: Is he -- is there someone  
25 on the conference call? Could you put your phone

1 on mute?

2 Greg? Put your phone on mute, please.

3 Thank you.

4 MR. CANNING: Okay, so in the PUC  
5 proceedings we have long-term, meaning ten-year  
6 outlooks for DSM and what our commitment is and  
7 budgets and plans like that.

8 Now what part of that is actually  
9 funded, what's unfunded, I'm not the expert on  
10 that. But that's what we're using because that's  
11 what our company's committed to pursuing.

12 And I would say it just leaves one less  
13 area of confusion. Because if you start quoting a  
14 forecast under your conditions, and people are  
15 comparing it to the long-term procurement plan,  
16 which is the same forecast but with a different  
17 definition, it adds confusion to the whole mess.

18 And in the end, what shows up is all --  
19 all the concentration does show up shows up. I'll  
20 refer back to like 1.6. You ask us, well, what's  
21 your track record. Well, if I go back ten years  
22 I'll have to look at a forecast with committed and  
23 uncommitted DSM for this year, because all of that  
24 occurred.

25 So, to be consistent in history, in

1 comparing historical forecasts, then I think I  
2 want to also include all the committed and  
3 uncommitted, everything that's reasonable expected  
4 to occur.

5 And I know with Edison we have a long  
6 set of hearings with the PUC, and my DSM folks  
7 give me one set of numbers that they say, this is  
8 what we've agreed on for the PUC. Now whether  
9 it's funded or not, I'm not the expert.

10 But it would allow you consistency.

11 I see you're thinking about that. I'll  
12 go on to the next one. You mentioned the -- you  
13 want to comment on it? This would change what  
14 you've been doing for 35 years. My gosh, what a  
15 dramatic change. But it actually, you know, when  
16 we get ten years from now what shows up will be  
17 all the conservation that does occur. Why not go  
18 ahead and plan on it?

19 MS. MARSHALL: Well, I think post-2008  
20 we don't know what -- how do you know what is  
21 planned, that's what I'm not clear --

22 MR. CANNING: But you don't know the  
23 economy; you don't know the -- you don't know  
24 anything's going to occur in 2008. So there's  
25 nothing different about DSM. It is funded. But

1       there are -- there are hearings that have gone on  
2       with the PUC where we've done long-term forecasts  
3       of conservation.

4               I would suggest -- and that's what we  
5       use internally for planning. I would suggest that  
6       we use the total conservation in the forecast, and  
7       in form 3 we can break out committed versus  
8       uncommitted so you can see what it is.

9               But if you're quoting what the long-term  
10       needs of California are, exclusive of uncommitted  
11       conservation, you got your head in the sand.  
12       There's all this other conservation that is  
13       reasonably likely to occur. Let's go ahead and  
14       plan that way.

15              And you're going to be inconsistent with  
16       the long-term procurement plan, because that has  
17       got all the DSM in it. At least the forecast I  
18       just gave them for today's hearing has it all.

19              So, your choice, but I'm saying it will  
20       relieve confusion and allow for better comparison.  
21       And in the end, what shows up on the meter ten  
22       years from now will be all the conservation and  
23       all the economics that actually do occur.

24              MR. GORIN: How would you propose to  
25       separate those, committed and uncommitted?

1                   MR. CANNING: Oh, there is a definition  
2 of committed, what's funded. I go to my DSM  
3 people and say, okay, fill out the form with  
4 committed and fill out the other form uncommitted.  
5 Give me the total, and I'll put the total and  
6 deduct it from the forecast.

7                   I mean I can give you the information.  
8 I'm just saying the sales forecast, you know,  
9 where you quote 100 million gigawatt hours for the  
10 year 2010, and you're going to be quoting 111  
11 because you're not going to have deducted out the  
12 uncommitted conservation. Well, it's the same  
13 forecast but you got two different numbers.

14                   (Pause.)

15                   MR. CANNING: I know, Tom, it's a big  
16 change.

17                   MR. GORIN: It's not a big change. I  
18 just --

19                   MR. CANNING: Oh, but I can see the  
20 gears turning in your eyes.

21                   MR. GORIN: I just don't think you will  
22 like the results.

23                   MR. CANNING: Well, they're the results  
24 I show my management every time I take a forecast  
25 to them.

1                   I don't see your point. I mean, why do  
2                   you want them separated? I understanding the  
3                   funding versus nonfunding, but we know things are  
4                   going to happen --

5                   MR. GORIN: If you put the uncommitted  
6                   savings in, you're going to have to get them.

7                   MR. CANNING: Well, we're planning --  
8                   our company is committed to go after them.

9                   MR. GORIN: It's -- we'll think about  
10                  it.

11                  MR. CANNING: Well, think about it.  
12                  Thank you, thank you very much, I appreciate that.

13                  The third issue was one Lynn brought up  
14                  that I don't know anything about, which is the A  
15                  bank forecast. A banks are major substations;  
16                  there's about 40 of them in the Edison area, the  
17                  way we plan.

18                  That's true. All I know is the public  
19                  information that our transmission group publishes  
20                  when a generator applies for a new site license  
21                  there's some sort of a form that Edison fills out  
22                  where they will publish the A bank forecast. But  
23                  it's only for the peak hour, it's not every hour;  
24                  it's only for the peak hour. And it's only, what  
25                  they publish is one-in-five and one-in-ten. It's

1 not the one-in-two.

2 And the sum of the A banks are  
3 noncoincident. In other words, the residential A  
4 banks may peak on like Saturday, and the  
5 industrial ones may peak on the Monday. And so  
6 they're not going to add up to the system.

7 But that information is already public.  
8 I mean I can Xerox what's already a public  
9 document --

10 MS. MARSHALL: Well, we've seen the --  
11 I've seen what's public --

12 MR. CANNING: Yeah.

13 MS. MARSHALL: -- in the one-in-two,  
14 one-in-five forecasts. That implies the existence  
15 of actual historic peak loads. And even in the  
16 transmission plans that was published last year,  
17 there's a load duration curve for substations in  
18 San Joaquin Valley. So I'm not sure there's not  
19 hourly load data.

20 MR. CANNING: Well, then that form will  
21 get passed on to the transmission group and  
22 they'll answer to the extent they can answer. I  
23 can't speak to it any more.

24 MS. MARSHALL: Right, I understand that.

25 MR. CANNING: All I have seen, and have

1       asked my people, who do look at public  
2       transmission data, and they've only found the one-  
3       in-five and one-in-ten. And I didn't notice the  
4       load duration curve, but if it's there I'll ask  
5       them, well -- we'll --

6               MS. MARSHALL: Well, you can't --

7               MR. CANNING: -- send the request  
8       over --

9               MS. MARSHALL: Right.

10              MR. CANNING: -- we'll send the request  
11      over to TDBU, --

12              MS. MARSHALL: Right.

13              MR. CANNING: -- that's our transmission  
14      distribution business unit.

15              MS. MARSHALL: Right.

16              MR. CANNING: But just to clarify, the  
17      ISO still defines Edison as one transmission zone.  
18      So there aren't any sub-zones within the Edison  
19      area. We're ZP-26 or SP-15, whichever one you  
20      want to call it, ZP-26.

21              So, there are no official ISO sub-areas  
22      within the Edison planning area.

23              If they decide to do that, then we'll  
24      definitely be forecasting for what the ISO  
25      requires. But right now there aren't.

1 MS. MARSHALL: Although in your  
2 expansion plan studies there are sub-area  
3 forecasts. There's, you know, for like the San  
4 Joaquin --

5 MR. CANNING: Those are wind parks,  
6 transmission --

7 MS. MARSHALL: -- San Joaquin Valley.  
8 There are already sub-area forecasts done.

9 MR. CANNING: Okay, but I go back to the  
10 point. Right now we forecast for the ISO as one  
11 zone. And in all of MRTU, I'm keeping my eyes  
12 peeled for this, but so far it's still one zone.

13 Oh, the forecast error that you asked  
14 for on form, there's a description on the  
15 methodology. Again, if I compare I'm going to be  
16 comparing a forecast that had committed and  
17 uncommitted conservation from five years ago or  
18 ten years ago to what actually happened.

19 And not break -- I don't go back and  
20 break out committed and uncommitted or anything  
21 like that, so I have what we forecast, which is  
22 what we expected to show up, which was the long-  
23 term outlook of both committed and uncommitted.

24 And if you go back and compare you're  
25 going to have to dig out your uncommitted ones and

1 deduct that from your old forecasts --

2 MS. MARSHALL: You're assuming that --

3 MR. CANNING: -- to compare to actual --

4 MS. MARSHALL: -- all the uncommitted  
5 actually happened.

6 MR. CANNING: If you're comparing  
7 forecast versus actual, then what you want to say  
8 is what did you forecast. If you publish a  
9 forecast that only has committed ten years ago,  
10 that's going to have nothing to do with what  
11 happened last year. Because you've lost maybe  
12 six years of conservation. You've ignored it by  
13 looking at only the committed portion that you did  
14 six years ago, in ER 96, whenever that was -- that  
15 was ten years ago.

16 So, to be consistent, how accurate you  
17 are, for your forecast you're going to have to go  
18 back and find out where your uncommitted number is  
19 and deduct that out, too, because that's what you  
20 would have, if it was reasonably expected to  
21 occur, that would be the proper forecast compared  
22 to the actual, by my interpretation.

23 So, that's what I'm saying. Let's just  
24 do that from a going-forward basis, too.

25 The previous speaker from Redding

1 mentioned about the average peak day. Tom, you  
2 and I have talked about this before, we go back  
3 and we look at the average of the temperatures on  
4 the day of the peak. And then we can also look at  
5 the hottest day of the summer.

6 But since, over the last 40 years, the  
7 hottest day of the year hasn't always been on a  
8 weekday, that we use the expected temperature for  
9 a weekday.

10 And I think in the last go-round you  
11 looked at 50 years data and said, well, there's no  
12 difference. So, I find it kind of amazing.  
13 Apparently during the '50s there were a lot of --  
14 it must have changed the data completely, because  
15 our data shows oh, a good half-degree difference  
16 between what actually occurred on the day of the  
17 peak versus what was the hottest day, which  
18 oftentimes occurs on a holiday or a weekend.

19 Obviously two times out of seven you're  
20 going to have weekend days, and you've got the 4th  
21 of July, we've had hottest days on the 4th, and  
22 we've had hottest days on Labor Day, too.

23 So we plan based on the expected  
24 temperature on the day of the peak, which will be  
25 based on the average of 30 or 40 years of peak day

1 temperatures.

2 MR. GORIN: Which, if I just heard what  
3 you said is a half a degree difference.

4 MR. CANNING: -- a few tenths. It's a  
5 little bit of a difference. But it's actually  
6 what we expect to occur on the peak day. I mean  
7 you don't expect seven weekdays in 2010. You  
8 expect five weekdays and two weekends. If it  
9 occurs on a weekend, other than San Diego, Edison  
10 will not hit a peak on a weekend. At least we  
11 don't have any history of doing that.

12 MR. GORIN: Yet.

13 MR. CANNING: Yet, yes. Yes, that's  
14 right, yet.

15 I think those are probably all of my  
16 comments. I appreciate your consideration.

17 MS. MARSHALL: Okay, thank you. Anyone  
18 else?

19 MR. VONDER: Tim Vonder, San Diego Gas  
20 and Electric. I really wish we were kind of  
21 sitting around at the table so we could just, you  
22 know, relax and talk about this. But I guess at  
23 least for now maybe we're going to use this  
24 format. Maybe we can relax later.

25 (Laughter.)

1                   MR. VONDER: I'd like to make some  
2                   comments. A lot of what Art just said were  
3                   actually the kind of comments that I wanted to  
4                   make, too; or at least the topic areas.

5                   First of all, with regard to  
6                   confidentiality, I'd like to get that one out on  
7                   the table first. Confidentiality really is a very  
8                   serious matter. And I know you're familiar with,  
9                   very familiar, just as familiar as we are, as to  
10                  what has been going on at the Public Utilities  
11                  Commission and their whole process, and the matrix  
12                  that they've come up with.

13                  And that matrix is in place, you know.  
14                  And we are, you know, ordered to use it whenever  
15                  we turn something in to the Public Utilities  
16                  Commission. And there are procedures for using  
17                  it, and there are rules, and there are  
18                  requirements and so forth for asking for  
19                  confidential treatment.

20                  But when we follow those rules and meet  
21                  those requirements, we do get guaranteed  
22                  confidential treatment from the Public Utilities  
23                  Commission.

24                  Now, your procedures are not consistent  
25                  with theirs. And they're not consistent in the

1 way that we request confidential treatment.  
2 They're totally different, and I'm sure you're  
3 aware of that. And that can cause great  
4 difficulty, I think, for the utilities, those who  
5 are filling out these documents and submitting  
6 them.

7 And I really strongly urge that you work  
8 with the PUC for some consistency before we have  
9 to fill out the forms and submit the data to you.  
10 Because I think the utilities would like some  
11 assurance that on both sides of the fence the same  
12 elements that are being given confidential  
13 treatment at one agency is going to be given  
14 confidential treatment at the other agency.

15 And so, I'd like to see some consistency  
16 between the two. And we would be very willing to  
17 work with staffs to help achieve this. That would  
18 help greatly in filling out the forms and having  
19 some confidence when they're submitted that the  
20 two agencies see things the same way.

21 So, to that extent, I think there's work  
22 to be done. And we'd certainly be willing to  
23 participate.

24 MR. MATTHEWS: So I thought I'd better  
25 interrupt here because --

1 MR. VONDER: Yeah.

2 MR. MATTHEWS: -- it's sort of outside  
3 of staff's purview of how the confidentiality is  
4 treated. I'm Scott Matthews. I have two jobs;  
5 I'm Chief Deputy Director of the Energy Commission  
6 and I'm the virtual Deputy Director for the  
7 Electricity Analysis Division. I was Acting  
8 Executive Director when some of the decisions were  
9 made last year concerning confidentiality. So,  
10 have immersed in it.

11 I believe the PUC and the CEC does have  
12 different views about what should be confidential.  
13 We certainly have different processes. And we,  
14 being a bureaucracy, are constrained by the legal  
15 process that affect us. And those direct us to do  
16 the process that's outlined in this report.

17 And so we think the PUC's not consistent  
18 with our views on confidentiality, not the other  
19 way around. But I think we're also sympathetic to  
20 -- staff are sympathetic to your plight of having,  
21 you know, two different ways of being treated.

22 But it's really more of a broader kind  
23 of a problem than this one proceeding. And  
24 certainly Lynn or Tom have no ability to change  
25 the way it is. It is a Commissioner kind of a

1 decision as we go forward.

2 MR. VONDER: Well, like I said, we're  
3 certainly willing to work with to find some common  
4 ground between the two so that we can participate  
5 in the process.

6 With regard to migration, the  
7 instructions seem to indicate here that the  
8 utilities are free to make their own assumptions  
9 about how to treat direct access customers and  
10 customers that are leaving.

11 The last time we did a forecast like  
12 this the assumption -- everybody made the same  
13 assumption that with regard to direct access there  
14 would be no -- we did the forecast that the number  
15 of direct access customers we had at one  
16 particular point in time would be held constant.

17 And that would -- now we could have  
18 growth within the customers, consumption growth  
19 within the customers, but the customer base would  
20 stay constant throughout the forecast period.

21 But the way I read the instructions here  
22 now it looks like we're free to make whatever  
23 assumptions that we choose to make with regard to  
24 migration. Is that true?

25 MS. MARSHALL: Yes. What we want is for

1       them to be transparent. I think that will also be  
2       true when we do resource plan requests. We're not  
3       going to prescribe that everybody assume a certain  
4       amount of departing load. So this is your best-  
5       estimates forecast.

6               MR. VONDER: Okay. So then we're free  
7       to make our own assumptions as long as we document  
8       it and --

9               MS. MARSHALL: Yes.

10              MR. VONDER: Okay. That's different  
11      than last year, or last --

12              MS. MARSHALL: Yeah, on the resource  
13      plan we did have some specific requirements.

14              MR. VONDER: Okay, now again, with  
15      regard to DSM, committed, noncommitted. Just like  
16      Art has said, you know, we don't use end-use  
17      models. And when you don't use end-use models  
18      it's not as easy as, you know, to separate out  
19      committed versus uncommitted.

20              And for forecasting purposes I think  
21      it's better to forecast total DSM. And when  
22      filling out the forms we can separate the two.  
23      And it's just a much better way to go, I believe,  
24      than trying to have to produce a forecast with  
25      only one-half of the DSM included.

1                   And so, you know, we will probably be  
2                   producing our forecast with total DSM. And then  
3                   for the sake of filling out the forms, we're going  
4                   to try to separate the two.

5                   But I think that should be the base  
6                   assumption, or the base procedure for going  
7                   forward with it. And then if it's identified, you  
8                   know, on one of the forms, then when you get to  
9                   the resource planning side, you can very easily,  
10                  you know, take it out and consider it as a  
11                  resource there, if you wish.

12                  But, I think for our modeling purposes  
13                  it would go much smoother if it were considered to  
14                  be included in the forecast in our comparisons.

15                  And then the other comment that I wanted  
16                  to make, which is in regard to the February 1  
17                  date. I know you have a schedule, and I know you  
18                  would love to have all of our forms submitted by  
19                  February 1.

20                  Well, we would also love to do a good  
21                  job, you know. We want to produce the best  
22                  forecast we can possibly produce. 2006 is a very  
23                  important year. A lot of things have happened in  
24                  2006 that kind of tells us that for forecasting  
25                  purposes we'd like to get as much of 2006 into our

1 work as possible.

2 And having to submit the forms on  
3 February 1 only really gives us January to close  
4 out 2006, work it into the forecast. That's next  
5 to impossible to accomplish.

6 So, you know, our wish is to do a good  
7 job. We really want to include all of 2006, not  
8 just up through September 15th. And in order to  
9 do that we really need more time than just  
10 February the 1st.

11 MS. MARSHALL: How much time would you  
12 want?

13 MR. VONDER: Well, another month would  
14 certainly help.

15 MS. MARSHALL: Could you still provide  
16 the historic data in January or --

17 MR. VONDER: Well, historic up through,  
18 you know, we can probably, yeah, by the middle of  
19 January we could probably produce the historic  
20 data.

21 MS. MARSHALL: Okay. All right, we'll  
22 think about that.

23 MR. VONDER: Okay, so if you could  
24 consider that, that would help. Because we really  
25 do want to do a good job and get as much of 2006

1 in there as we possibly can.

2 And I guess for now that's about it.

3 MS. MARSHALL: Okay.

4 MR. VONDER: But if we all sit down  
5 around the table, that would be good, too.

6 MS. MARSHALL: Okay.

7 MR. WANLESS: Good morning. Eric  
8 Wanless with NRDC. NRDC has four comments; two  
9 are kind of broad comments, and then two are more  
10 just clarification of language requests. I'll run  
11 through them real quickly, and then jump into a  
12 little bit more detail.

13 The first comment is NRDC would like to  
14 see a typical average customer bill for each  
15 sector forecast in the green forecast section.

16 The second general comment is that we  
17 believe demand forecasts should be discussed in  
18 light of recent policy trends, in addition to the  
19 economic, demographic price and demand side  
20 management trends.

21 And then the last two are more  
22 clarification points where we believe there's some  
23 clarification needed in the language of the draft  
24 in terms of what specific demand response measures  
25 should be included in the forecasts.

1                   And then some clarification in terms of  
2                   just being explicit throughout the document in the  
3                   demand side management programs that should be  
4                   included.

5                   To start with, the average customer  
6                   bill, NRDC believes that the forecasting of an  
7                   average monthly electrical bill by sector will  
8                   provide a lot more meaningful information to  
9                   customers. Much attention is paid in California -  
10                  - excuse me, to California's higher rates. But  
11                  overall bills are more meaningful in terms of the  
12                  impact of energy efficiency programs to customers.  
13                  So NRDC would like to see a monthly bill forecast.

14                  The second point, there's some language  
15                  in the bill that asks for a discussion of a  
16                  forecast reasonableness in light of economic  
17                  demographic price and demand side management  
18                  trends. Give the recent passage of AB-32 and the  
19                  associated climate action team strategies to  
20                  reduce California greenhouse gas emissions that  
21                  will likely include additional energy efficiency  
22                  savings, NRDC would just like to see some  
23                  discussion of the forecast reasonableness in light  
24                  of recent policy trends.

25                  The last two comments, in terms of

1 clarification, I'll be brief there. Just in terms  
2 of the demand response measures, I know that a lot  
3 of stuff is just being reported and not  
4 necessarily included in the forecasts, but we  
5 believe that the language could be even more  
6 explicit in the section. Specifically the hourly  
7 load section, just to be really clear that the  
8 dispatchable programs are a resource and not  
9 subtracted from the demand.

10 And then just a minor clarification in  
11 terms of broadly what DSM programs should be  
12 included in the forecast, the draft is generally  
13 clear that only the committed programs should be  
14 included. But there are some points where it  
15 could be a little confusing, it refers back to  
16 some definitions that split resources -- excuse  
17 me, split reasonably expected to occur reductions  
18 into committed and uncommitted resources. And  
19 refers to that as being part of the forecast in a  
20 section of the report.

21 So we believe there could be some just  
22 clarification in the language of the report and  
23 just make sure that it's explicit throughout the  
24 document.

25 And we'll also be providing written

1           comments in addition to these.

2                   MS. MARSHALL:   Okay.

3                   MR. WANLESS:   Thanks.

4                   MS. MARSHALL:   Okay.  I would just, on  
5           your first item, the information on a typical  
6           average customer bill, I could see why that would  
7           be useful and interesting to people.  This might  
8           not be the right venue for doing that analysis.  
9           But I think we'll certainly keep in mind that  
10          recommendation, even if we don't do it in this  
11          process.

12                   MR. WANLESS:   Sure.

13                   MS. MARSHALL:   Kathy.

14                   MS. TRELEVEN:   Hi; I'm Kathy Treleven  
15          from PG&E.  I want to first apologize that we  
16          don't have more technical folks here, but as you  
17          know there's an important CPUC proceeding that's  
18          calling a lot of them away on some of the same  
19          data, some of the same questions.

20                   To the extent that we do have technical  
21          comments, you'll see more of them on the 20th.

22                   I also wanted to note our appreciation  
23          that we're talking about this so early when  
24          February is a ways away.  And this seems like  
25          we're a little ahead of the last cycle.

1                   In addition, we appreciate the spirit  
2                   that we've had as we talked about some of these  
3                   more challenging new requirements. We're getting  
4                   the sense that you're asking for what we have, and  
5                   how best we can explain it, on things like climate  
6                   zone loads. And not the creation of numbers that  
7                   we don't have. And we'll do our best and let you  
8                   know what we've got there. I really don't think  
9                   it's full 8760 hour bits of information, but we'll  
10                  see what we can get.

11                  Secondly, I wanted to address something  
12                  that some folks may think of as simplifying the  
13                  process. And others may think of as a bit  
14                  circular.

15                  The forecasts we will submit to you will  
16                  be based on the forecasts that we're going to be  
17                  giving the PUC for our long-term plan. The PUC,  
18                  for a long-term plan, has directed that those  
19                  forecasts be built from the CEC's demand forecast.  
20                  So there's going to be a bit of circularity.

21                  Perhaps cleaned up over time as we do  
22                  updated or you do updates. But you may not find  
23                  as much meat, or things that are interesting in  
24                  that forecast.

25                  MS. MARSHALL: You know, the procurement

1 decision right now is clearly directing you to use  
2 our last forecast. But for what you submit in  
3 February, you know, you do not need to be  
4 constrained by that. That's the beginning of the  
5 next cycle, and that might be the basis of the  
6 forecast that you use in your next, so I hope that  
7 you don't feel hamstrung.

8 MS. TRELEVEN: I'm sure we don't feel  
9 constrained, but everyone has mentioned workload  
10 issues.

11 Additionally, right now what we're  
12 talking about in the long-term plan is not one  
13 forecast, but several that bracket, not complete  
14 bounds of reality, but a bracket that shows many  
15 different possible futures. So that we can  
16 develop a more robust plan, resource plan.

17 To the extent that we do that bracketing  
18 in the long-term plan, we would also provide you  
19 folks with our sense of what the bounds of the  
20 forecast may be.

21 Finally, a note on confidentiality.  
22 Maybe from a little different place than you've  
23 heard it before. I think PG&E has come to terms  
24 with the fact that we have two, maybe more,  
25 agencies dealing with confidentiality in different

1 ways.

2 But one intriguing concept that comes  
3 from the CEC's possible changes to confidentiality  
4 regulations is the possible simplification for the  
5 second round of submittals of data. Data that we  
6 previously asked for and received confidentiality,  
7 there's an idea that the process could be  
8 simplified.

9 And another idea kicking around that  
10 maybe there could be a list that would elucidate  
11 the things that have already been granted  
12 confidentiality by the CEC, such as, in our case,  
13 I believe it's post-three-year -- excuse me, the  
14 first three years of some of the net open  
15 position.

16 So, to the extent that the CEC is  
17 examining this, and I know, Lynn, you can't  
18 address this, and probably no one can address it  
19 right now, we're interested in any shortcuts that  
20 will simplify our filing burden there.

21 And I wanted to ask one clarifying  
22 question on the February 1st date. Do you know  
23 when the supply forms and the price forms may be  
24 due? Are we looking at the same date for all  
25 three?

1 MS. MARSHALL: We have discussed the  
2 same date, although, you know, at this point  
3 there's not a workshop scheduled. So, I don't  
4 know if that may slip a little. But we are trying  
5 to target them to be due about the same time to  
6 help you make sure that they're consistent.

7 MS. TRELEVEN: Thanks very much.

8 MS. MARSHALL: Okay.

9 MS. KAPLAN: Good morning; my name's  
10 Katie Kaplan. I'm here today on behalf of Reliant  
11 and NRG representing about 8000 megawatts here in  
12 California.

13 I have a couple of questions. I usually  
14 do a lot of work over at the ISO and at the PUC,  
15 so I haven't been here as often as I have over  
16 there. But I'm very familiar with the IEPR  
17 process and the forecasting process.

18 So I have a couple of questions  
19 specifically on the new pieces. But first I  
20 wanted to just really commend you guys because at  
21 least from our company's perspective, it seems  
22 that the Energy Commission is actually the only  
23 ones that are looking at what actually happened  
24 this summer and doing something about it. And  
25 actually factoring those in.

1                   There's been a lot of talk and a lot of  
2                   discussion from every policymaker in California,  
3                   but as far as taking the lessons that we learned  
4                   from this summer and incorporating them into the  
5                   next forecast cycle. And I think it's very  
6                   important and I just want to commend you guys for  
7                   doing that, because as has been mentioned, it's  
8                   very critical because it is going to be the basis  
9                   upon which long-term procurement decisions are  
10                  made.

11                  And I know that in the past, you know,  
12                  the Energy Commission's put ranges out, and the  
13                  PUC hasn't always adopted the recommended numbers.  
14                  But I think we can all look at what's happened  
15                  this summer and see what we can do to perhaps  
16                  address that in the future. So hopefully this new  
17                  process will -- and these new factors associated  
18                  in the demand forecast will play a part of that.

19                  A couple of quick questions that I have.  
20                  The first one is what effort is the Energy  
21                  Commission going through to incorporate any  
22                  expertise at the ISO that maybe they saw things  
23                  that perhaps you guys didn't see on a day-to-day  
24                  basis with forecasting from this summer as we move  
25                  forward?

1 MS. MARSHALL: We get a lot of data from  
2 the ISO. We also, you know, we have totally  
3 different forecasting methodologies. We've  
4 completely different functions.

5 But we compare our analyses. You know,  
6 we talk about how we do things differently; and  
7 when we get different results, try and understand  
8 those. And we do regularly now get data from --  
9 system data from them. So, there's a lot of  
10 collaboration there.

11 MS. KAPLAN: Is that going to continue  
12 based on the lessons that we learned this summer?

13 MS. MARSHALL: Yeah, yes, I --

14 MS. KAPLAN: In this process, too?

15 MS. MARSHALL: Yes, I expect so.

16 MS. KAPLAN: I mean obviously we have  
17 issues with, you know, there's two different  
18 pieces here, right. You know, you get the IEPR  
19 number that goes to the PUC that procurement  
20 decisions are made. And then you've got sort of  
21 what happens in real time.

22 And a few years ago we really tried to  
23 make it a concerted effort to make sure that we  
24 were setting demand forecasts and forecast targets  
25 that actually translated into procuring the right

1 megawatts in the right location in real time.  
2 Making sure that these are all connected so that  
3 the right megawatts show up to meet the demand.

4 That hasn't happened in the past. In  
5 fact, if you look at the procurement decisions  
6 that the ISO's had to make, you know, you can  
7 easily correlate why there has been a problem and  
8 why we want to make sure that we're fixing this on  
9 a going-forward basis.

10 A couple other things I wanted to  
11 comment on. The gentleman from Edison spoke about  
12 looking at the reasonable expected conservation as  
13 opposed to the quantifiable conservation. And I  
14 think that we've been down that path before, and  
15 it's a very dangerous path to go down.

16 So I would just caution that we look at  
17 what's actually verified. And just like we do  
18 when we look at, you know, what generation's  
19 available on the grid, demand should be treated  
20 the same way. Especially if it is going to do a  
21 one-for-one reduction in a LSE's resource adequacy  
22 requirement.

23 So I think it needs to be quantifiable  
24 and verifiable. It can't just be this, you know,  
25 perception about what might or might not happen in

1 the future. If you look at what happened this  
2 year, you know, we've exceeded our forecast by  
3 over 10 percent. We already went through our 2007  
4 forecast. And we've gone through some people's  
5 2008 forecasts already, by the peaks that, you  
6 know, occurred this summer.

7 And even if you take the heat storm out  
8 of the equation and you look at just the heat peak  
9 during June, we've also exceeded a lot of 2007  
10 one-in-two forecasts.

11 So, you know, I think it's really  
12 important that we're looking at making sure that  
13 we bring all the transmission, all the generation  
14 and all the demand response programs that we can,  
15 but, you know, one should not be displacing the  
16 other until we get to a comfortable level of  
17 reserve.

18 A couple of other quick questions for  
19 you. The resource adequacy and the  
20 confidentiality has been discussed, a lot of PUC's  
21 methodology, the Energy Commission's methodology.  
22 I think it would be helpful for everybody to just  
23 perhaps have a -- I know there's a lot of  
24 disagreement, I don't know if disagreement or lack  
25 of consistency -- but just to have an

1 understanding about what is going to be public and  
2 what's not going to be public during this  
3 proceeding.

4 Because I think that the comments that  
5 you've heard today, as well as some that my folks  
6 have, is that it's just not really clear about  
7 what's going to actually be public and not public.

8 So, if we could get some clarification  
9 on that, perhaps at a future workshop or  
10 discussion, that would be great.

11 And then last, but not least, I know  
12 that there are a number of folks that are under  
13 significant resource constraints. But I just  
14 wanted to underscore the importance of this  
15 process. And any slip in the schedule is going to  
16 cause a slip in the schedule at the PUC, a slip in  
17 the schedule in future procurement; perhaps a slip  
18 in the schedule of future RFOs that may or may not  
19 be issued.

20 And so I just would encourage the Energy  
21 Commission to encourage your folks to stay on  
22 target; to stay, you know, keep the deadlines that  
23 are there. I know that it is a significant amount  
24 of work, and that we are trying to change some of  
25 the methodologies that we've used in the past.

1                   But it's going to be critical, if we  
2                   really are serious about getting infrastructure  
3                   investment and people actually making decisions  
4                   and figuring out, you know, what capital is going  
5                   to come to California for investment. So it's a  
6                   very significant timeframe in the next 12 to 18  
7                   months.

8                   Thank you.

9                   MS. MARSHALL: Thank you. Does anyone  
10                  else have comments or questions?

11                  All right, go ahead.

12                  MR. KLATT: (inaudible).

13                  MS. MARSHALL: No, those are not in  
14                  effect. So, none of the changes that we've been  
15                  talking about in those recent workshops are  
16                  actually implemented, although that's -- I think  
17                  you probably can see that's influenced the data  
18                  that we request in these forms, because we're  
19                  trying to take into account the Commissioners'  
20                  points of views on some things.

21                  But, no, we're still under the old regs,  
22                  both in the data collection and confidentiality  
23                  areas.

24                  MR. KLATT: I know that the new regs  
25                  haven't been adopted yet. Is it the Commission's

1 expectation that they won't be adopted before  
2 these forms are due?

3 MS. HOLMES: This is Caryn Holmes from  
4 the Chief Counsel's Office. I think that's  
5 unlikely because we have not yet initiated what's  
6 called the formal part of the process, which  
7 requires at least a 45-day public comment period,  
8 although we are hoping to start that soon.

9 But let me offer one observation. The  
10 particular provision that Kathy Treleven referred  
11 to has to do with relying on previous Commission  
12 determinations of confidentiality. And the  
13 proposed change in the regulation from our  
14 perspective is to make something that's currently  
15 unclear, clear. And that's that people can file  
16 requests for confidentiality and use as a basis of  
17 their claim, not only a former Commission  
18 determination, but a former Executive Director  
19 determination.

20 So we don't regard that as a substantive  
21 change in the regulation; it's a clarification.  
22 So if parties want to submit applications for  
23 confidentiality and refer to previous Commission -  
24 - excuse me, previous Executive Director  
25 determinations, from our perspective that is

1 consistent with the existing regulations.

2 So we wouldn't need to have the new  
3 regulations adopted for that to be in effect.

4 MR. KLATT: That's very helpful, Caryn.  
5 Actually that was the main thing, is that the  
6 Executive Director previous determinations, and  
7 being able to point to those. So that's actually  
8 reassuring.

9 Let's see, in terms of the definitions  
10 of customer sector, the table. I haven't done  
11 this, myself, but -- people have again raised  
12 questions about codes. And their inability to  
13 match up the codes that are in the forms with what  
14 is on the website.

15 And I'm thinking maybe the easiest way  
16 to cut through this is just to have a quick phone  
17 call between the technical people and say, Lynn, I  
18 guess to go over this code issue and see if we  
19 can't all be on the same page.

20 MS. MARSHALL: Yeah, well, you know,  
21 Greg, the ESPs only have to submit form 6. And  
22 we're just asking for res/nonres splits there.

23 MR. KLATT: Yeah, I thought that  
24 simplified it a lot, too. I'm just now thinking  
25 ahead that the technical people might still have

1 some questions. So, if, in fact, they do, would  
2 you be able for them to just have a short call and  
3 perhaps go over this?

4 MS. MARSHALL: Yeah, if that's  
5 necessary. They all seem to be able to manage  
6 that split in their resource adequacy filings. In  
7 fact, that's why we went down to that level,  
8 because that was about what the ESPs could easily  
9 produce.

10 MR. KLATT: And that may very well  
11 resolve it, -- at least for this filing. Okay.

12 And then for the demand forecast form,  
13 form 6, the forecast to include resource adequacy  
14 or not?

15 MS. MARSHALL: What do you mean?

16 MR. KLATT: The demand that they have to  
17 meet is their actual demand, and then they have to  
18 procure beyond that --

19 MS. MARSHALL: No, no, we wouldn't  
20 want -- don't include any reserve margins if  
21 that's what you're asking.

22 MR. KLATT: All right. And then,  
23 actually, this goes to actually the utility  
24 forecast and the assumptions being made regarding  
25 those (inaudible). I'm just going to toss this

1 out there.

2 But an idea I had is that it might make  
3 sense for the utilities to do two scenarios. One  
4 is no change in direct access policy that the  
5 market will remain closed until the last -- of our  
6 contract is signed, or expires.

7 And then the second would be assume that  
8 direct access reopen sooner than that, say January  
9 2008.

10 MS. MARSHALL: That's also a scenario  
11 Energy Commission Staff could do, I think.

12 MR. KLATT: Okay.

13 MS. MARSHALL: We can speculate about  
14 the futures as well as anyone.

15 MR. KLATT: If you guys can do that, I'm  
16 sure the utilities would be happy that they don't  
17 have to do any --

18 MS. MARSHALL: Yeah, typically the IOUs,  
19 in their forecasts, pretty much assume direct  
20 access stays at current levels. And, you know, if  
21 it's going to be reopened, we could always go back  
22 and look at, you know, direct access in its  
23 heyday, to get a sense of how much it might grow  
24 again.

25 MR. KLATT: All right, well, that's all

1 the questions I had. Thank you very much.

2 MS. MARSHALL: Okay, thank you. Anyone  
3 else?

4 Okay, I guess we're done. Thank you  
5 very much.

6 (Whereupon, at 10:14 a.m., the Staff  
7 Workshop was adjourned.)

8 --o0o--

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Staff Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said workshop, nor in any way interested in outcome of said workshop.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of October, 2006.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345