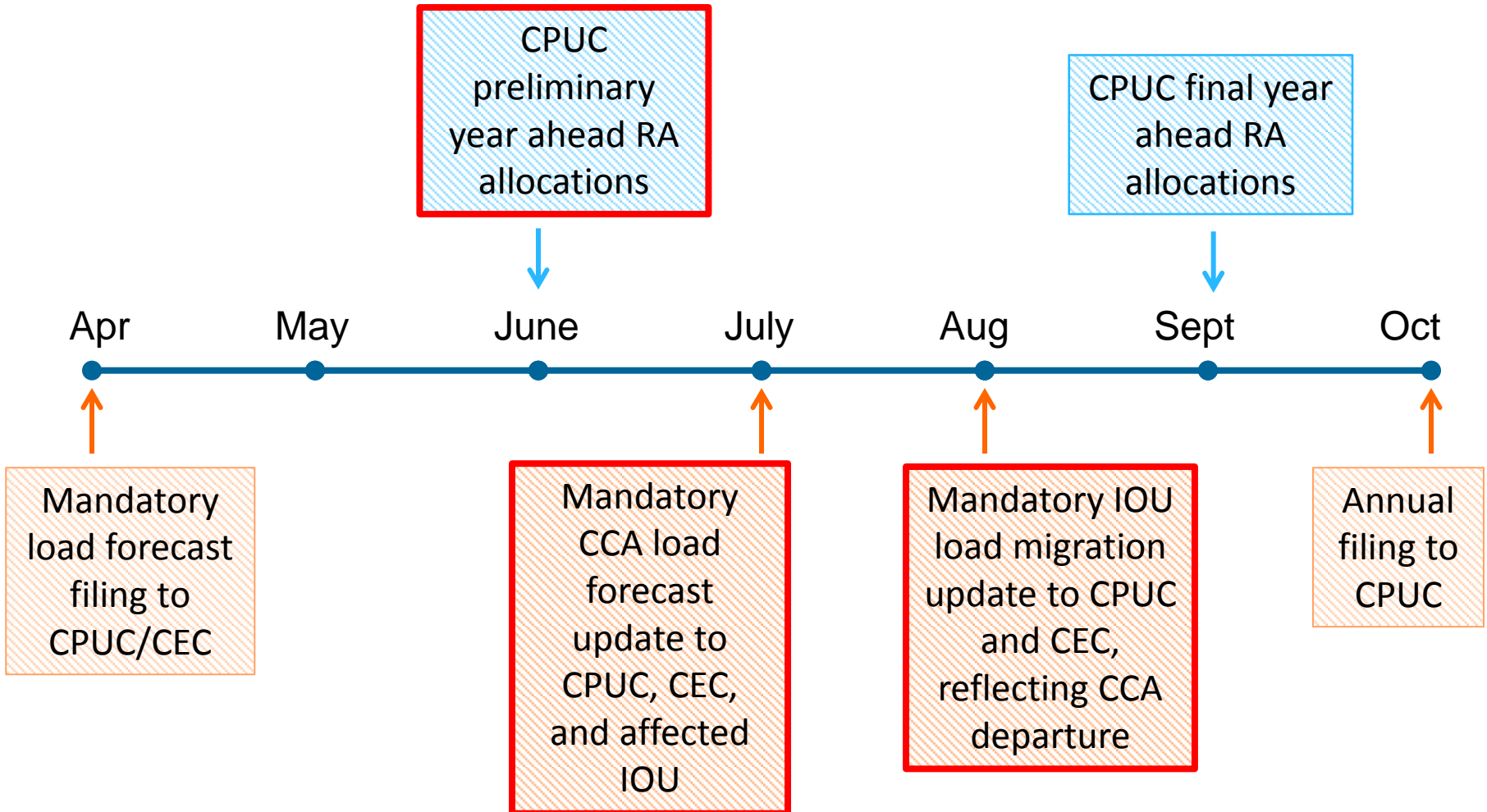


# Annual Load Forecast: Load Migration Update Proposal

February 14, 2017

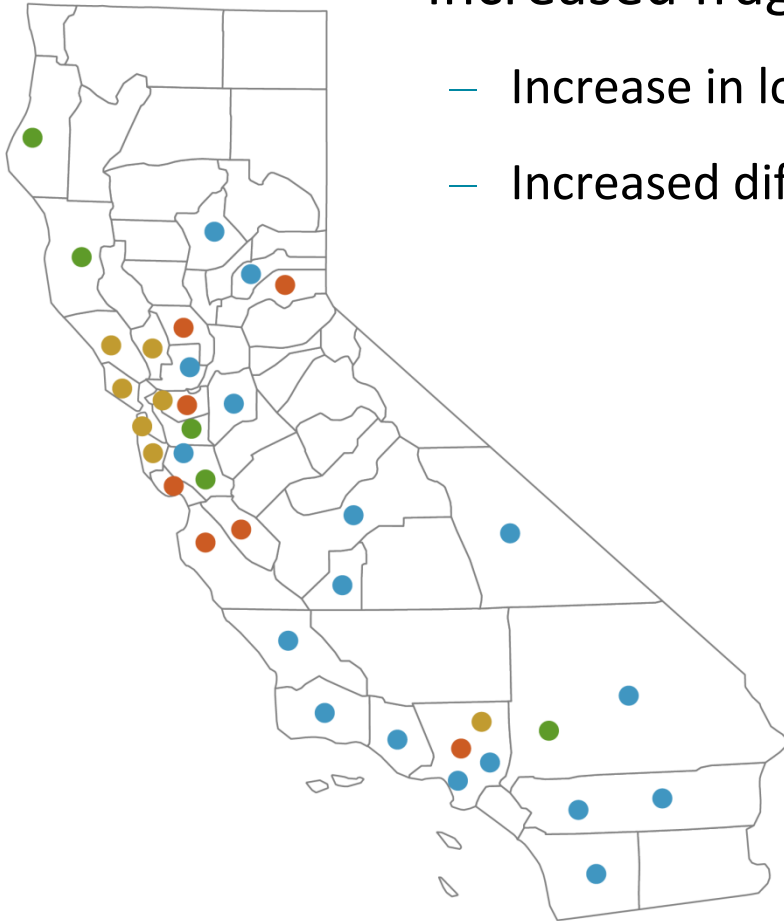
1. Proposal
2. Proposal Drivers
  - Context: changing LSE landscape
  - Key problems with the existing process
3. Other Stakeholder Comments and Concerns
  - Timing of preliminary allocation
  - Mandatory CCA filing

# Proposed: Annual Load Forecast Process



1. Release the preliminary year-ahead allocations earlier (June instead of July)
2. Focus the July and August forecast update filings on load migration and make the filing mandatory (previously optional and not restricted to load migration)

- Increased fragmentation of load serving entities
  - Increase in load migration
  - Increased difficulty forecasting load year-ahead



● **Operational CCA/CCEs**

MCE Clean Energy (*includes Marin and Napa Counties, parts of Contra Costa and Solano Counties*)  
 Sonoma Clean Power  
 Lancaster Choice Energy  
 Clean Power San Francisco  
 Peninsula Clean Energy (*San Mateo County*)

● **2017 Launch**

East Bay Community Energy (*Alameda County*)  
 Mendocino County (*as member of Sonoma Clean Power*)  
 Redwood Coast Energy Authority (*Humboldt County*)  
 Silicon Valley Clean Energy (*Santa Clara County*)  
 Town of Apple Valley

● **2018 Launch (anticipated)**

Contra Costa County  
 Monterey Bay Community Power (*Monterey, Santa Cruz and San Benito Counties*)  
 Los Angeles County (*Phase 1*)  
 Placer County  
 Valley Clean Energy Alliance (*Yolo County and City of Davis*)

● **Exploring / In Process**

Butte County  
 City of Hermosa Beach  
 City of Pico Rivera  
 City of San Jacinto  
 City of San Jose  
 Fresno County  
 Inyo County  
 Kings County  
 Nevada County  
 Riverside County  
 San Bernardino County  
 San Diego County  
 San Joaquin County  
 San Luis Obispo County\*  
 Santa Barbara County\*  
 Solano County  
 Ventura County\*  
 \*Central Coast Tri-County

Several issues result with the existing annual load forecast process and timeline:

- **Planning:** preliminary allocations are not published sufficiently in advance to be useful for planning
- **Transparency:** lack of clarity on how the August load forecast updates are incorporated into the final allocations
- **Accuracy:**
  - Stale load forecast results in inaccurate annual RA allocations among LSEs
    - Particularly important for local requirements because an LSE must show 100% of its local requirement in the annual filing
    - Mid-year adjustments are of limited value since the majority of RA procurement is done in the year-ahead timeframe
  - Lack of coordination between IOUs and CCAs/DAs within the IOU footprint could lead to double-counting

## Preliminary Allocation Timing

1. Preliminary allocations would be published prior to an RA decision (Energy Division)
  - Response: Preliminary allocations could be based on previous years' RA allocation rules. To the extent that there are changes to the allocation rules, LSEs could estimate the changes for planning purposes, and Energy Division would incorporate those allocation changes in the final allocation in September.
2. Dependence on CEC and CAISO data to develop allocations (SDG&E)
  - Response: Proposal is contingent on coordination with CEC and CAISO. PG&E recommends increased coordination on this as well as on publishing the NQC and EFC lists.

## Mandatory July and August Updates

1. Not necessary because of month-ahead load forecast updates (Sonoma Clean Power)
  - Response: Because so much procurement is done in the year-ahead timeframe and there is a lack of RA liquidity intra-year, the month ahead updates are not sufficient to protect customers against over-procurement. It is inequitable to require an LSE's customers to procure capacity for load when there is updated information that the LSE will not serve that load.
  - The month-ahead process can result in some free-ridership due to the lag between when load departure occurs and when it is incorporated into the monthly RA requirement.
2. Would impact timing of existing April submittal date and release of final allocations in September (Sonoma Clean Power)
  - Response: There would be no impact to the timing of the April submittal to the CEC since the proposal is limited to load migration only. There would be no impact to the CPUC release of final allocations in September since the new process would replace an existing, optional load forecast update in August.

## Mandatory July and August Updates (cont.)

3. Unclear whether IOUs explaining the difference in forecasts is the best solution (SDG&E)
  - Response: PG&E proposed that IOUs would explain any differences because their forecasts would be submitted after CCA/DA forecasts. However, PG&E is open to other ways of reconciling the differences. For example, each LSE could submit a description of its load forecasting methodology to the CPUC so that the CPUC could resolve methodologically-driven differences.



# Appendix

- Monthly Load Migration Adjustments for System RA
  - LSEs are required to update month-ahead load forecasts 75 days prior to the RA month
  - Adjustment is made pursuant to CEC approval
  - Adopted in D.05-10-042 (requirement to include month-ahead adjustment for positive and negative load growth due to load migration)
    - Rationale: decision states that it would be “unreasonable” to require an LSE to procure capacity commitments for load it no longer serves and similarly “unreasonable” to allow an LSE that has gained load from customer migration to acquire capacity based on a lower year-ahead forecast
    - Filing is mandatory: decision states that “allowing a voluntary forecast true-up in month-ahead compliance filings could create incentives for under-forecasting that leads to socialization of costs”
- Mid-Year Load Migration Adjustment for Flexible and Local RA
  - LSEs provide adjusted load migration forecast in March to inform mid-year local reallocation and incremental flexible reallocation
  - Adopted in D.10-12-038 (local RA reallocation process) and D.14-06-050 (modification to one reallocation cycle and extension to flexible capacity)

# Proposal: Revise the NQC and EFC Timeline

## Proposal:

- Commission and the CAISO revise the current annual RA timeline to ensure that the draft NQC and EFC lists are published by July 1 of each year.
- PG&E supports SDG&E's proposal for CAISO to publish the final NQC/EFC list by August 1 of every year.

