

# Stakeholder Comments Template

## Subject: Regional Resource Adequacy Initiative – Load Forecasting Working Group, June 22, 2016

Submitted by	Company	Date Submitted
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### **SCE Response to CAISO’s Regional Resource Adequacy Initiative – Load Forecasting Work Group**

Southern California Edison (SCE) appreciates the opportunity to comment on the CAISO’s Load Forecasting Working Group proposal discussed at the June 22, 2016 workshop. SCE continues to support the objective of development of efficient wholesale markets for the delivery of electricity and transmission. Properly designed and implemented, regional markets promise to reduce costs for customers, better utilize existing assets, allow for more efficient development of new infrastructure, and reduce costs of renewable energy integration.

The comments below focus specifically on the items in the Load Forecasting Proposal and comments template.

1. Current Load Forecasting Capabilities and Practices:
  - A. Please provide comments and any additional information that you wish to share in order to describe your organization’s current load forecasting practices and capabilities in order for the ISO and other stakeholders to understand the differences in current practices amongst LSEs.

SCE has no comments.

- B. Do you believe that your organization could support an hourly load forecasting proposal as previously described in the ISO’s Second Revised Straw Proposal?

SCE can generally support an hourly load forecasting proposal as described in CAISO’s Second Revised Straw Proposal with the following observations and caveats:

- 1) Given the significant impact Demand Energy Resources (DERs) may have on LSEs' load forecasts, SCE would recommend CAISO to establish clear requirements and definitions on the forecast components and provide documents as needed to LSEs to ensure consistent reporting.
- 2) SCE would also like clarification if load forecasting MAPE accuracy will be published only for annual or monthly peak load forecast or for the monthly/hourly energy forecasts. A clear definition of the matrix would be helpful.
- 3) In lieu of CAISO's proposed 4% divergence trigger for review of submitted LSE forecasts, SCE proposes that CAISO instead review LSE forecasts on a need-to basis once a methodology for LSEs to develop and submit hourly forecasts is established. This can be done through leveraging existing regulatory proceedings such as Energy Resource Recovery Account (ERRA) proceeding where IOUs' hourly bundled load forecasts (on a non-coincident basis) are reviewed. SCE doesn't think that the proposed 4% threshold is necessarily an adequate trigger given the higher degree of uncertainties around increasing DER penetrations and expanding migrating load activities in the future.

## 2. Coincident Peak Forecasting Methodology Options

- A. Option 1) Allowing individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to provide both their Non Coincident Forecasts (no coincidence adjustment) and Coincident Peak Forecasts to the ISO (no ISO specified Coincidence Factor methodology, LSEs can utilize coincidence forecast calculation method suited for their needs individually, and this option is still subject to ISO coincidence method guidelines that would be provided, as well as ISO review).

- i. Please indicate if your organization supports or opposes an approach of providing flexibility in the coincidence forecasting methodologies.

No. SCE is not in the position to support this option. SCE would recommend CAISO to work with CEC and LSEs in defining the coincidence forecasting methodology upfront so that a common methodology can be adopted by all stakeholders.

- ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.

SCE sees some merit in this option by allowing each LSE to establish both the non-coincident and coincident peak forecasts to the best knowledge that each LSE may have around their load. However, SCE is concerned that this option could be less transparent and open the door for some LSEs to persistently under-forecast their coincident peaks which would directly reduce their RA obligations.

- B. Option 2) Requiring individual LSEs (or local/state forecasting agencies, including the CEC for California LSEs) to have the ability to only provide their Non Coincident Forecasts (no

coincidence adjustment) and the ISO would apply a specified Coincidence Factor formula to all individual LSE load forecast submittals uniformly in order to determine the Coincidence Peak forecasts for individual LSEs (ISO specified Coincident Factor methodology with actual formula to be determined through this stakeholder process).

- i. Please indicate if your organization supports or opposes an approach of the ISO utilizing a predetermined coincidence factor methodology.

SCE supports an approach of the ISO utilizing a predetermined coincidence factor methodology.

- ii. Also, if your organization would support or oppose this approach, please describe why this option is preferable or not to your organization.

SCE finds this approach preferable relative to option 1 because it eliminates the incentives for LSE to persistently under-forecasting their non-coincident load in order to reduce their RA obligations. SCE recommends that the CAISO makes its coincidence factor methodology transparent to LSEs.

- C. If your organization does not support any of these potential options and believes there are other possible proposals that the ISO should consider please provide a detailed description of an alternative approach.

SCE has no comments

3. Please provide any additional comments on the load forecasting working group and proposal.

SCE has no comments