

Annual Load Forecast: Load Migration Update Proposal

RA Load Forecast Methodology Workshop
October 27, 2016

1. Background

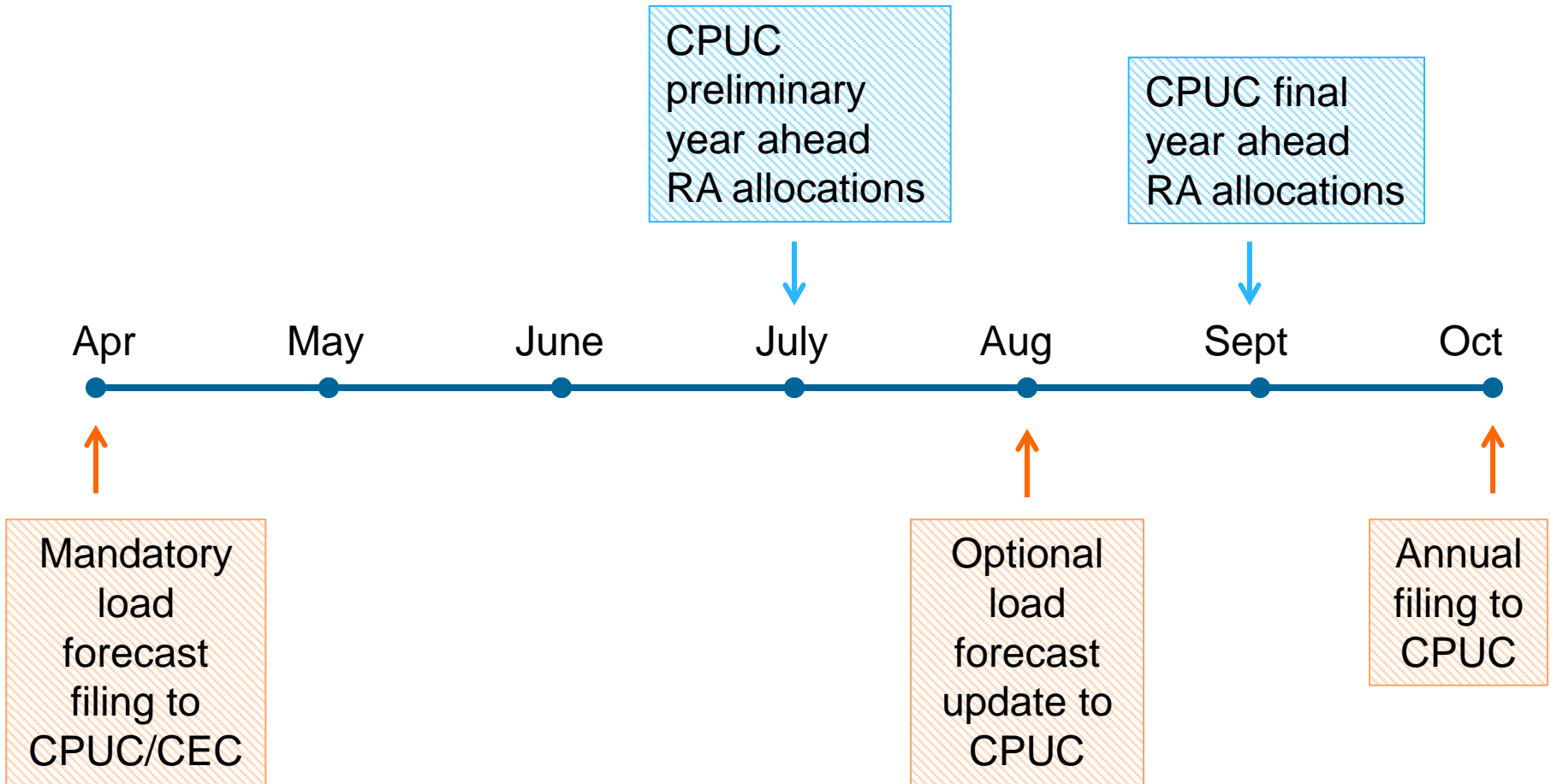
- Existing annual load forecast process
- Existing intra-year true-ups

2. Issue Overview

- Key problems with the existing process
- Context: changing LSE landscape

3. Proposal

Existing: Annual Load Forecast Process

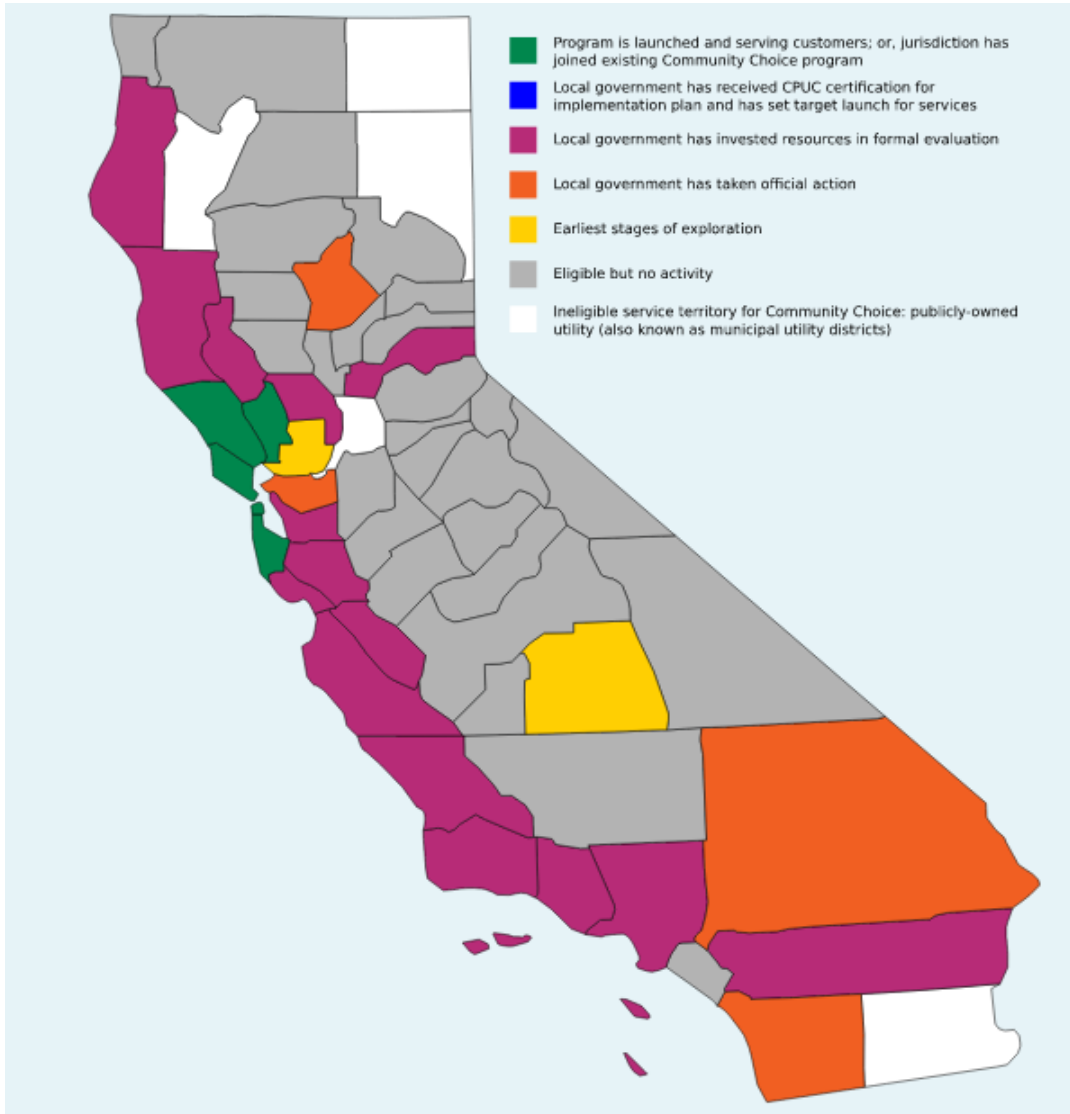


- D.11-06-022 establishes the timeline for the year-ahead forecast process with a due date for forecast revisions
 - CPUC gives LSEs the option to update the forecasts submitted in spring “given the greater level of uncertainty regarding future loads and customer retention”

- 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)

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

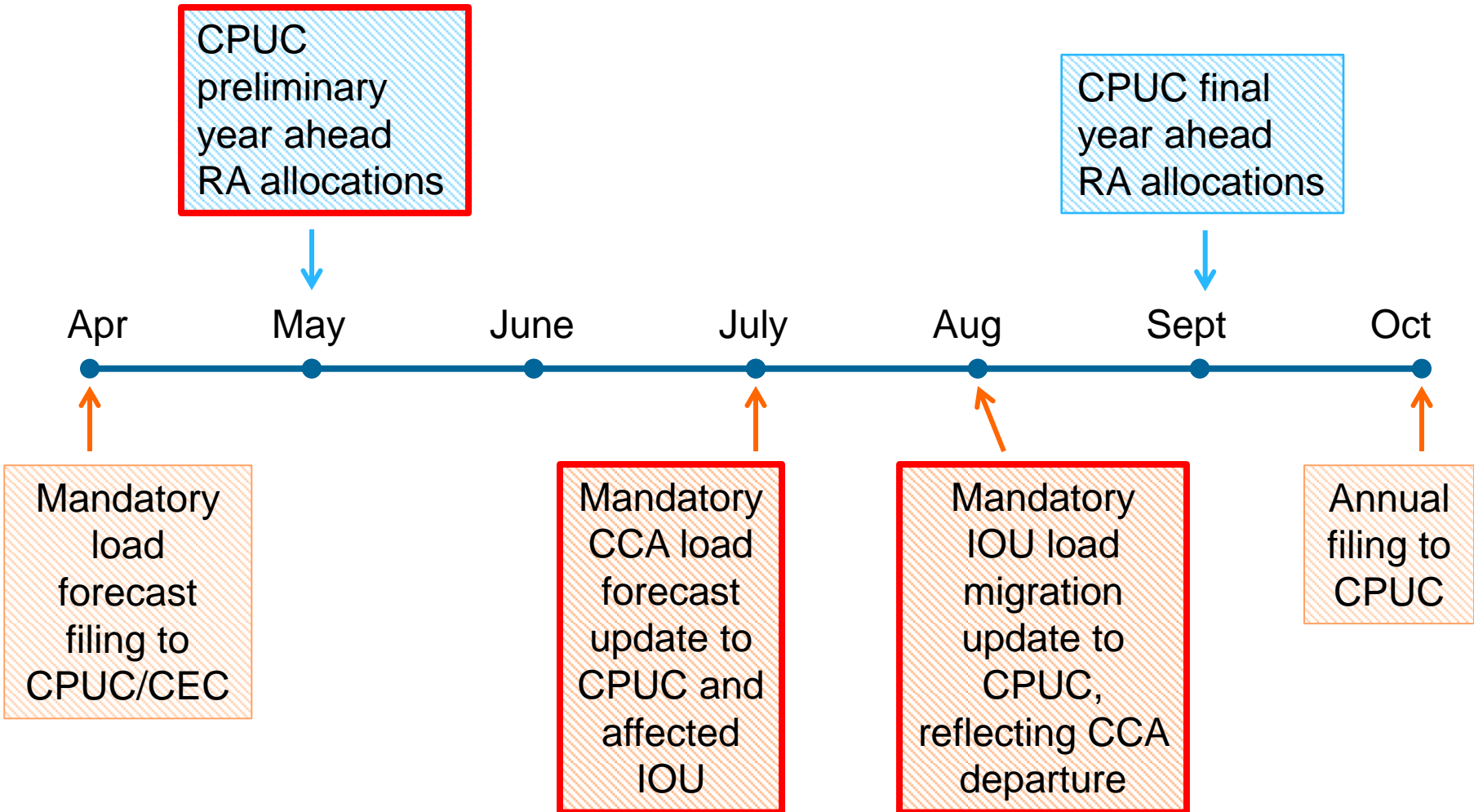
- **Planning:** allocations are not published sufficiently in advance to be useful for planning procurement
- **Transparency:** lack of clarity on how the August load forecast updates are incorporated into the final allocations
- **Accuracy:** a stale load forecast results in inaccurate annual RA allocations among LSEs
 - Particularly important for local requirements because an LSE must show 100% of its local requirement in the annual filing.



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

Source: Clean Power Exchange, October 2016

Proposed: Annual Load Forecast Process



1. Release the preliminary year-ahead allocations earlier
2. Focus the July and August forecast update filings on load migration and make the filing mandatory

Q&A