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# Comments of the Natural Resources Defense Council (NRDC) on the Draft Transparency Recommendations and Model Guidelines Memo

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## I. Introduction and Summary

The Natural Resources Defense Council (NRDC) appreciates the opportunity to offer the following comments on the Demand Model Methodology Evaluation Committee memo entitled “Overarching Model Selection Recommendations and Draft Transparency Guidelines” (DMME memo). We commend the hard work that went into developing this memo and support the California Energy Commission (CEC) efforts to increase transparency for improved understanding of these complex processes.

- NRDC recommends that a rationale be included when documenting data inputs/sources as well as a description of and reasoning for changing particular data inputs/sources from previous model runs.
- NRDC offers the following recommendations on section 3.02 “Access to Models, Input Data, and/or Alternative Specifications.”
  - Ensure that the appropriate CEC staff is included on all communications related to alternative specification requests.
  - Include a follow-up process in the event that a response to a party request is delayed or if there is any dispute about the reasoning for why a request was denied.
  - *Clarify how the magnitude of change will play into the sponsoring party’s consideration of granting an additional model run.*
  - Modify the instances when a model needs to be permanently altered.
- NRDC requests further detail on the structure and process of the independent expert review panel.

## II. Discussion

1. NRDC recommends that a rationale be included when documenting data inputs/sources as well as a description of and reasoning for changing particular data inputs/sources from previous model runs.

NRDC supports the current discussion in 3.01.01 and recommends expanding the criteria to include rationales for why particular data inputs and input sources were employed in the model. In addition, we request that if the sources or the values for particular inputs are modified from previous model runs, the documentation should include a description of and reasoning for the specific changes. We offer the following language (in underline and/or strikeout format) to be included in the final memo:

### 3.01.01 Documentation for Inputs and Input Data Sources

All inputs and input data sources will be clearly documented including name, vintage, ~~and~~ source, rationale, and description/reasoning for any modifications to previous model runs.

Discussion: In order to most effectively evaluate model results, stakeholders and policy-makers need to know which inputs were chosen, why they were chosen, which data sources were used, and if any changes were made, accompanied by an explanation of why changes were deemed necessary. ~~in order to evaluate model results.~~

2. NRDC offers the following recommendations on section 3.02 “Access to Models, Input Data, and/or Alternative Specifications.”

NRDC greatly appreciates the inclusion of a process to allow stakeholders to request alternative specifications or scenario runs if parties feel that using alternative inputs would be more appropriate or if various scenarios would be beneficial to policy discussion. To enhance the recommended guidelines in section 3.02, we offer the following suggestions:

- a). Ensure that the appropriate CEC staff is included on all communications related to alternative specification requests.

While it may not be necessary for CEC staff to review every request submitted to the sponsoring party for model access or alternatives, we suggest at a minimum that the appropriate CEC staff be included on all request communications. This will allow the

CEC to monitor the number of requests being made and ensure that the CEC is included at the onset of the process in the event that a follow-up discussion or process is necessary.

- b). Include a follow-up process in the event that a response to a party request is delayed or there is any dispute about the reasoning for why a request was denied.

While we support the proposed timelines and guidelines for responses to party requests, it is unclear what (if any) process there would be if the sponsoring party does not comply with the timelines or if there is a dispute about the response to a stakeholder request. We suggest that in the event of a dispute, the CEC staff should review the party request and subsequent response by the sponsoring party to determine whether the denial was warranted. Alternatively, such a review could fall to the Demand Forecast Energy Efficiency Quantification Project (DFEEQP) working group for resolution. Regardless, we recommend that the final memo include a follow-up process option in the event that one is needed.

- c). *Clarify how the magnitude of change will play into the sponsoring party's consideration of granting an additional model run.*

We agree that if the sponsoring party and CEC staff believe that a requested modification to specific inputs would have minimal change on the model results, it is reasonable to deny the request as the additional run would require more resources than the benefit it would yield. However, the current memo language states: “and likely magnitude of the change on the anticipated results may be considered” (p.10 and p.11) This language leaves open the possible interpretation that an extreme change in model results could also be considered when determining whether or not to grant the request for an alternate run. While this could mean that a sponsoring party would grant a request **because** the proposed modifications could significantly alter the results, it could be equally plausible that the sponsoring party could deny the request for the same reason. We therefore recommend that this language be clarified.

- d). Modify the instances when a model needs to be permanently altered.

We agree that not all results would require the sponsoring party's model to be modified. However, in the event that a stakeholder request for an alternate run yields

substantial differences that have policy implications, we recommend that the possibility for model alteration be proposed to CEC staff with input from the DFEEQP. We therefore offer the following language for inclusion in the memo:

#### 3.02.06.b Model Changes

The sponsoring party is not required to permanently modify its model, inputs or output formats to accommodate requests. However, if the alternative run yields changes to the model results that could have significant policy implications, the CEC staff and DFEEQP will review the findings to determine whether or not modifications to the model are necessary.

Discussion: The sponsoring party does not have to make permanent changes to their model, but if the changes are not incorporated, the sponsoring party should make the justification to the requesting party, pursuant to 3.02.03 and 3.02.04. If an alternative run yields a substantial change in results, then exploring whether or not the model should be adjusted in warranted.

### 3. NRDC requests further detail on the structure and process of the independent expert review panel.

NRDC agrees that there could be great value in convening an expert panel to review the model, its usage, results, and policy implications. However, it is unclear from section 3.04 how this panel is being envisioned. Therefore, we request additional information before offering further recommendations on this section. Namely, we request information on the following items:

- The scope and goal of the panel (e.g., is the scope of the panel to solely review the basic model structure and its components, or would the panel also review the chosen inputs, data sources, and other similar components?)
- The structure of the panel (e.g., is the purpose of convening this panel a one-time event to determine the next generation of model that will be employed by the CEC for the purposes of the demand forecast? Or will this be an ongoing panel? If this is an ongoing panel, how often would they meet? Who would be in charge? Who would they report to?)
- The participants of the panel (e.g., would the participants be appointees? Stakeholders? Academics? Independent parties?)
- The procedural aspects of the panel (e.g., what documents or reports would be expected of the panel? Who would lead the panel in producing these

documents? Who would the panel report to? How would the DFEEQP be involved?)

4. NRDC offers the following editorial suggestions for consideration:

- p. 1 – last paragraph: “Note that the transparency guidelines proposed in this document apply to all models and modeling results discussed by stakeholders in ~~IPER~~ IEPR proceedings.”
- p.2 – Section III title is “Overarching Recommendations” but the reference to the section at the bottom of p.2 states “Overarching Principles.” We interpret these to be the same, but request confirmation or clarification.
- P.5 – “Most importantly, the five categories of recommendations will mutually reinforce one another to serve both a) the near term requirements for a well reasoned resolution of complicated issues within the time available for a given cycle; and, b) the long term requirements for establishing an efficient collective learning process by helping to identify high priority questions that merit further analytical refinement for the next cycle.”
- p.7 – “Information regarding sources of uncertainty in the modeling results including interdependence among those ~~uncertainties~~ uncertainties, and the potential range and/or effects of uncertainty on model results shall be provided.”
- p.7 – “Any information modified or updated as it relates to Sections 3.01.01-3.01.05 shall be provided to any entity that has previously requested information in the current modeling cycle.”
- p.8 – “Written requests help ~~ensure~~ ensure that requests are thoughtfully prepared and entered into the public record, and serve to facilitate an appropriate and timely response from the sponsoring party.”

### III. Conclusion

NRDC thanks the CEC for the opportunity to comment on the draft DMME memo and greatly appreciates the effort to improve transparency in an incredibly complex process. We look forward to continuing our participation on the DFEEQP and thank you for considering our recommendations.