From: Ross Miller

Sent: 9/16/2010 9:22:24 AM

To: Edward Vine (edward.vine@uc-ciee.org); William@ARB Knox (wknox@arb.ca.gov)

Cc: clinvill@aspeneg.com (clinvill@aspeneg.com); remmert@caiso.com (remmert@caiso.com); mwu@caiso.com (mwu@caiso.com); Chris Ann Dickerson (cadickerson@cadconsulting.biz); craigtyler@comcast.net (craigtyler@comcast.net); cf1@cpuc.ca.gov (cf1@cpuc.ca.gov); cbe@cpuc.ca.gov (cbe@cpuc.ca.gov); cxc@cpuc.ca.gov (cxc@cpuc.ca.gov); cln@cpuc.ca.gov (cln@cpuc.ca.gov); jnc@cpuc.ca.gov (jnc@cpuc.ca.gov); aram.shumavon@cpuc.ca.gov (aram.shumavon@cpuc.ca.gov); nzettel@ci.redding.ca.us (nzettel@ci.redding.ca.us); Jeff.Hirsch@DOE2.com (Jeff.Hirsch@DOE2.com); mwt@cpuc.ca.gov (mwt@cpuc.ca.gov); nlr@cpuc.ca.gov (nlr@cpuc.ca.gov); nws@cpuc.ca.gov (nws@cpuc.ca.gov); ys2@cpuc.ca.gov (ys2@cpuc.ca.gov); jst@cpuc.ca.gov (jst@cpuc.ca.gov); seb@cpuc.ca.gov (seb@cpuc.ca.gov); mjh@cpuc.ca.gov (mjh@cpuc.ca.gov); ztc@cpuc.ca.gov (ztc@cpuc.ca.gov); zap@cpuc.ca.gov (zap@cpuc.ca.gov); ppl@cpuc.ca.gov (ppl@cpuc.ca.gov); kmb@cpuc.ca.gov (kmb@cpuc.ca.gov); pcf@cpuc.ca.gov (pcf@cpuc.ca.gov); krd@cpuc.ca.gov (krd@cpuc.ca.gov); ahsfor@eapx02.lbl.gov (ahsfor@eapx02.lbl.gov); Bill Junker (Bjunker@energy.state.ca.us); Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); Masters, Matt (/O=PG&E/OU=Corporate/cn=Recipients/cn=MxMf); Seager, Jonathan (/O=PG&E/OU=Corporate/cn=Recipients/cn=J7Se); Friedmann, Rafael (/O=PG&E/OU=Corporate/cn=Recipients/cn=RaFi); nlong@nrdc.org (nlong@nrdc.org); lettenson@nrdc.org (lettenson@nrdc.org); Patry, Daniel (/O=PG&E/OU=Corporate/cn=Recipients/cn=DbP0); ckmitchell1@sbcglobal.net (ckmitchell1@sbcglobal.net); Aslin, Richard (/O=PG&E/OU=Corporate/cn=Recipients/cn=RDA3); mike.rufo@itron.com (mike.rufo@itron.com); jean.shelton@itron.com (jean.shelton@itron.com); Swanson, Jeffrey (/O=PG&E/OU=Corporate/cn=Recipients/cn=JKSR); Alexander, Michael (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=MAA6); mike.messenger@itron.com (mike.messenger@itron.com); michael.cockayne@ladwp.com (michael.cockayne@ladwp.com); michael.ting@itron.com (michael.ting@itron.com); skromer@gmail.com (skromer@gmail.com); jaimi.johnson@ladwp.com (jaimi.johnson@ladwp.com); gillbruno@gmail.com (gillbruno@gmail.com); Yucel , Zeynep (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=ZTY1); Che McFarlin (Cmcfarli@energy.state.ca.us); Irene Salazar (Isalazar@energy.state.ca.us); Don Schultz (DSchultz@energy.state.ca.us); Chris Kavalec (Ckavalec@energy.state.ca.us); Cynthia Rogers (Crogers@energy.state.ca.us); Kae Lewis (Klewis@energy.state.ca.us); Suzanne Korosec (Skorosec@energy.state.ca.us); Nicholas Fugate (Nfugate@energy.state.ca.us); Sy Goldstone (Sgoldsto@energy.state.ca.us); Tom Gorin (Tgorin@energy.state.ca.us); Glen Sharp (Gsharp@energy.state.ca.us); Mike Jaske (Mjaske@energy.state.ca.us);

ABesa@SempraUtilities.com (ABesa@SempraUtilities.com); ntoyama@smud.org (ntoyama@smud.org); marian.brown@sce.com (marian.brown@sce.com); Manuel.alvarez@sce.com (Manuel.alvarez@sce.com); Tvonder@semprautilities.com (Tvonder@semprautilities.com); Jacqueline.Jones@sce.com (Jacqueline.Jones@sce.com); tothpr@sce.com (tothpr@sce.com); Arthur.canning@sce.com (Arthur.canning@sce.com); rcodina@smud.org (rcodina@smud.org); tadkins@smud.org (tadkins@smud.org); lmansi@semprautilities.com (lmansi@semprautilities.com)

Bcc:

Subject: RE: [FWD: Working Group formerly known as DFEEQP 9/15/10]

Bill,

I think I see a source of confusion here, which Nat somewhat clarified, but let me elaborate. I (and I think the Straw proposal) am using the term "deliverability" to mean something slightly different than I think you are (and others have).

The term has been used in the RPS, for example, to refer to the actual physical delivery of energy from a supply resource to the purchaser. One might also apply it to any plant--you have X capacity sitting there, but how much energy is actually "delivered." I agree, that depends on the operating characteristics of the plant (e.g., "availability factor" influenced by maintenance and forced outage), fuel and prime mover limitations, transmission limitations, economics, etc. No on expects any capacity to operate at full level 100% of te time.

I'm using the term here in the sense of "what a program is expected to deliver by way of energy resource," which concerns the whole chain of uncertainty that exists from the time you first start thinking about setting a goal and what actually happens in the real world later. A goal is set, money is dedicated, actions on which to spend that money get defined, how much of that money it actually takes to prompt the action to be taken, how people actually respond to that action over time, and what change in energy use actually results from those responses, etc. In planing, we make assumptions about the whole chain of events. In reality, things may turn out very differently than we assume. The "deliverability risk assessment" is focused on better understanding these uncertainties so we have some kind of idea of the *potential consequences of using a number for a particular regulatory purpose if* that number we used turns out to have been wrong. If the risks are perceived to be high, we may change our mind on what number to use in the name of prudence.

Ross

P.S. The general idea is explained fairly well in the attached NRRI article, section IV. Even though the article is about the risks of using gas price assumptions, the concepts hold also for the risks of using any assumption that has a key effect on the outcome and where the outcome has significant potential consequences.

>>> On 9/15/2010 at 4:08 PM, in message

<730450480DDFFB42A80EE000074F3E30055E1A83C0@MDTSSWECCR15.rf01.itservices.c
"Knox, William@ARB" <wknox@arb.ca.gov> wrote:

Thanks – I understand all preferred resources undergo this "Deliverability risk assessment" – does that mean none of the fossil resources have "deliverability risk assessment" per se? I would assume that there are other ways of considering fossil risk of not being there on a peak day or peak time, like Loss of ___ probability.. I can't quite recall the acronym or the mechanisms….

From: Ross Miller [mailto:Rmiller@energy.state.ca.us]
Sent: Wednesday, September 15, 2010 4:01 PM
To: Knox, William@ARB; Edward Vine
Cc: CLinvill@aspeneg.com; Chris Ann Dickerson; mwu@caiso.com; remmert@caiso.com; nzettel@ci.redding.ca.us; craigtyler@comcast.net; aram.shumavon@cpuc.ca.gov; cbe@cpuc.ca.gov; cf1@cpuc.ca.gov; cln@cpuc.ca.gov; cxc@cpuc.ca.gov; jnc@cpuc.ca.gov; jst@cpuc.ca.gov; kmb@cpuc.ca.gov; krd@cpuc.ca.gov; mjh@cpuc.ca.gov; mwt@cpuc.ca.gov; nlr@cpuc.ca.gov; nws@cpuc.ca.gov; pcf@cpuc.ca.gov; ppl@cpuc.ca.gov; seb@cpuc.ca.gov; ys2@cpuc.ca.gov; zap@cpuc.ca.gov; ztc@cpuc.ca.gov; jeff.hirsch@doe2.com; ahsfor@eapx02.lbl.gov; Bill Junker; Chris Kavalec; Che McFarlin; Cynthia Rogers; Don Schultz; Glen Sharp; Irene Salazar; Kae Lewis; Mike Jaske; Nicholas Fugate; Sylvia Bender; Sy Goldstone; Suzanne Korosec; Tom Gorin; gillbruno@gmail.com; skromer@gmail.com; jean.shelton@itron.com; michael.ting@itron.com; mike.messenger@itron.com; mike.rufo@itron.com; jaimi.johnson@ladwp.com; michael.cockayne@ladwp.com; lettenson@nrdc.org; nlong@nrdc.org; dbp0@PGE.COM; Seager Jonathan; jksr@PGE.COM; maa6@PGE.COM; mxmf@PGE.COM; rafi@PGE.COM; rda3@PGE.COM; srrd@PGE.COM; zty1@PGE.COM; ckmitchell1@sbcglobal.net; Arthur.canning@sce.com; Jacqueline.Jones@sce.com; manuel.alvarez@sce.com; marian.brown@sce.com; tothpr@sce.com; abesa@semprautilities.com; lmansi@semprautilities.com; Tvonder@semprautilities.com; Ntoyama@smud.org; rcodina@smud.org; tadkins@smud.org
Subject: RE: [FWD: Working Group formerly known as DFEEQP 9/15/10]

Bill,

Yes, all preferred resources--both supply & demand-side (and transmission, too, for that matter)-- would be subjected to the "deliverability risk assessment." For example, you wouldn't just assume the CSI program goals are met (rooftop PV is a preferred customer-side supply resource) when calculating the amount of procurement permission you would grant the utility, you'd do an analysis which would result in a prudent amount to assume for this purpose.

Ross

>>> On 9/15/2010 at 3:47 PM, in message
<730450480DDFFB42A80EE000074F3E30055E1A8391@MDTSSWECCR15.rf01.i
"Knox, William@ARB" <wknox@arb.ca.gov> wrote:

Ross, thanks for the clarification on deliverability risk. I guess there is also some deliverability risk with supply side resources, and it is clear there is with some committed demand side resources.

Anyone -- Does LTPP included deliverability risk analysis for supply side resources that have nto secured funding, and for committed and uncommitted demand side resources?

-Bill

Climate change is real. For a better future for ourselves and the next generations, every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy cost, see our web site at http://www.arb.ca.gov

From: Ross Miller [mailto:Rmiller@energy.state.ca.us]
Sent: Wednesday, September 15, 2010 1:03 PM
To: Edward Vine
Cc: Knox, William@ARB; CLinvill@aspeneg.com; Chris Ann Dickerson; mwu@caiso.com; remmert@caiso.com; nzettel@ci.redding.ca.us; craigtyler@comcast.net; aram.shumavon@cpuc.ca.gov; cbe@cpuc.ca.gov; cf1@cpuc.ca.gov; cln@cpuc.ca.gov; cxc@cpuc.ca.gov; jnc@cpuc.ca.gov; jst@cpuc.ca.gov; kmb@cpuc.ca.gov; krd@cpuc.ca.gov; mjh@cpuc.ca.gov; mwt@cpuc.ca.gov; nlr@cpuc.ca.gov; nws@cpuc.ca.gov; pcf@cpuc.ca.gov; ppl@cpuc.ca.gov; seb@cpuc.ca.gov; ys2@cpuc.ca.gov; zap@cpuc.ca.gov; ztc@cpuc.ca.gov; jeff.hirsch@doe2.com; ahsfor@eapx02.lbl.gov; Bill Junker; Chris Kavalec; Che McFarlin; Cynthia Rogers; Don Schultz; Glen Sharp; Irene Salazar; Kae Lewis; Mike Jaske; Nicholas Fugate; Sylvia Bender; Sy Goldstone; Suzanne Korosec; Tom Gorin; gillbruno@gmail.com; skromer@gmail.com; jean.shelton@itron.com; michael.ting@itron.com; mike.messenger@itron.com; mike.rufo@itron.com; jaimi.johnson@ladwp.com; michael.cockayne@ladwp.com; lettenson@nrdc.org; nlong@nrdc.org; dbp0@PGE.COM; Seager Jonathan; jksr@PGE.COM; maa6@PGE.COM; mxmf@PGE.COM; rafi@PGE.COM; rda3@PGE.COM; srrd@PGE.COM; zty1@PGE.COM; ckmitchell1@sbcglobal.net; Arthur.canning@sce.com; Jacqueline.Jones@sce.com; manuel.alvarez@sce.com; marian.brown@sce.com; tothpr@sce.com; abesa@semprautilities.com; lmansi@semprautilities.com; Tvonder@semprautilities.com; Ntoyama@smud.org; rcodina@smud.org; tadkins@smud.org
Subject: Re: [FWD: Working Group formerly known as DFEEQP 9/15/10]

In perhaps too simplistic terms, the AB 57-directed "procurement decision" purpose I referred to first involves assessing the performance of existing resources (including nukes and fossil) in the portfolio and comparing that to potential demand and reserve requirements under certain conditions. If there's a gap between the two, then there's a need to add something to the portfolio. But, before granting pre-authorization to solicit resources to fill that level of need, we first check if there are "policy preferred" uncommitted resources we, to some degree, expect to occur. The aggregate amount of preferred resources we expect to occur would be subtracted from the gap and only the remainder would be authorized for procurement. I understand the ED's "deliverability risk assessment" to apply to any

and all estimates of uncommitted resources that would have the effect of lowering the authorized procurement level. The function of the deliverability risk, as I see it, is to establish the degree to which we want to count on the uncommitted resources actually occurring, given the potential consequences of using a "wrong" number in the equation that serves this regulatory purpose. In a sense, although we have set goals, we nevertheless want to closely examine the risks of the goals not being met (or being exceeded) before we select an assumption about that option for use in this equation. That examination includes an estimate of the consequences that could occur of the number that actually occurs being different from what we assumed would occur. Personally, I would apply the concept to any uncertain key driver that has potentially large consequences.

Ross

>>> On 9/15/2010 at 12:19 PM, in message <8C2D2523-5B18-493D-9807-A29CB2748EB4@uc-ciee.org>, Edward Vine <edward.vine@uc-ciee.org> wrote:

Interesting question. I believe I understand the intent. Is there a "deliverability risk assessment" for generation sources (e.g., nuclear or natural gas turbines)?

Ed

On Sep 15, 2010, at 12:12 PM, Ross Miller wrote:

Would the sub-group's scope also include what the Energy Division's straw proposal called a "deliverability risk assessment" of EE for the purposes of procurement or other related decisions?

I understand such an assessment would necessarily be different from, but could be informed by, measurement & evaluation activities.

Ross

>>> On 9/14/2010 at 12:41 PM, in message
<20100914124124.aa4f8c6e19a4fcfabb6405eeba6aa4a8.51d39df4c0.wbe@email10.sec
Chris Ann Dickerson <cadickerson@cadconsulting.biz> wrote:

Hi WG,

A few of you have mentioned interest in the CPUC EE Goals topic during our 1pm timeslot. To clarify, CPUC will not be providing any major announcement on this topic during our meeting. What we will be doing, however, is establishing Committee interest for a sub-group that will engage in discussions about understanding EE goals and potential in the context of TMG, and implications for/from demand forecasting.

Thank you.

C.

Working Group Formerly Known as DFEEQP

Date: Wednesday, September 15, 2010
Time: 10am-3pm PDT

Place: California Energy Commission, 1516 Ninth St, Sacramento, 2nd Floor Conference Room

Dial in: 866-740-1260

Code: 5859653

Please see attached agenda and information on the proposed new Committee structure.

Review the attached materials as we will be discussing and prioritizing topics for the

next cycle. And voting on the new name.

Thank you.

C.

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510-562-1034

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