

**RÉPONSE DU TRANSPORTEUR À L'ENGAGEMENT NUMÉRO 9
(DEMANDÉ PAR LA FCEI)**

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| Régie de l'énergie |
| DOSSIER: <i>R-3549-2004, PHASE 2</i> |
| DÉPOSÉE EN AUDIENCE |
| Date: <i>23 NOVEMBRE 2005</i> |
| Pièces n°: <i>HQT-9,</i> |
| <i>Doc. 9</i> |

Engagement 9 :

Although the HQT testing was unique, provide examples of studies that used that same type of approach to allocate transmission costs. (demandé par la FCEI)

RE-9 : Réponse du Dr Ren Orans, de la firme Energy and Environmental Economics (E3) :

There are two well published planning cases completed by Energy and Environmental Economics (E3) where weather was used as a proxy for peak period loads to allocated transmission and distribution costs to hours of the year. The two cases were both completed for California regulatory agencies.

- **Case 1 makes use of weather data to allocate transmission and distribution costs to hours of the year to establish a forecast of total avoided costs for a 20 year period to be used to evaluate energy efficiency programs. The study and forecast was completed for and adopted for the California Public Utilities Commission and has now become part of the California standard practice for forecasting avoided costs.**

On April 22, 2004, the Commission issued Rulemaking R.04-04-025 to develop avoided costs in a consistent and coordinated manner across Commission proceedings. The Commission issued D.05-04-024 on April 7, 2005, in Rulemaking R.04-04-025 which adopted a report by Energy and Environmental Economics (E3) submitted on October 25, 2004, entitled Methodology and Forecast of Long-Term Avoided Cost(s) for the Evaluation of California Energy Efficiency Programs (Final Report).

Three references for this work are included below.

1) **California Energy Efficiency Avoided Costs PDF Reference:**

http://www.ethree.com/CPUC/E3_Avoided_Costs_Final.pdf

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2) PowerPoint reference:

<http://www.ethree.com/CPUC/2-%20E3%20T&Dcapacity.ppt>
Slides 11 and 12

3) Web reference:

http://www.ethree.com/cpuc_avoidedcosts.html

- **Case 2 was completed for the 2005 update to the building standards for the state of California. The client was the California Energy Commission. Again, the methodology relies on the use of weather to allocated the costs of transmission and distribution to hours of the year.**

Below are two references that describe the methodology used in this work.

1) California 2005 Building Standards: Time-dependent Valuation (TDV) PDF Reference:

http://www.energy.ca.gov/title24/2005standards/archive/rule_making/documents/tdv/TDV_COOKBOOK_APPENDICES.PDF
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2) Web reference:

http://www.energy.ca.gov/title24/2005standards/archive/rule_making/documents/tdv/index.html