

A Sampler of Industry Practices

The following section contains both responses from our survey participants and excerpts from publically available documents to which they referred us.

“The impact of past and ongoing customer conservation and load management activities, including DSM programs, is embedded in the historical record of electricity use and, in that sense, is intrinsically reflected in the load forecast. The load impacts of potential expanded DSM installations are analyzed separately and subtracted from the blended sales forecast.”

“Other research and judgment [is] used to determine final energy forecast (*e.g.*, effects from new energy efficiency programs).”

“We subtract the agreed upon programmatic goals below the line.”

“In adjusting the forecast to account for the inclusion of programmatic goals, the Company will subtract the amount of the goal achieved from the Baseline forecast “below the line.”

“Adjustments are being made for the impact of incremental DSM in order to reflect reductions in load not otherwise reflected in history. The effects of DSM energy efficiency programs occurring through 2011 are assumed to be embedded in actual usage data for forecasting purposes. The impact of incremental DSM that [the Company] plans to implement in the future is treated as a line item reduction to the forecast. ”

“We do not make any exogenous adjustments for DSM. Our position (which basically means my position) is that efficiency improvements, both mandated through codes and standards and behavioral, have been going on for a long time. The historical data includes effects from both utility-driven and naturally occurring DSM. It would be very difficult to segregate the historical data to accurately track any of the effects separately.”

“For a long time we simply deducted the load values provided by our c&Im group based on projected activity. Recently, we've concluded that we have had a base level of c&Im activity for a decade or so at a fairly constant level (3 mils per kWh as per restructuring legislation), so we believe a base trend is reflected in the regression results. We are now increasing our c&Im spending in response to enhanced public policy programs, and now adjust the model just for the delta activity between the new higher c&Im projections and an average base amount based on historical activity.”

“Two considerations need to be made – how much conservation and energy efficiency (CEE) is already embedded in the recorded sales and therefore captured by the regression model, and how much additional CEE is projected in the future that needs to be deducted from the sales forecast.”

“Finally, to develop the retail sales forecast for use in determining revenues, PacifiCorp reduces the sales forecast originally created for the IRP by the Class 2 DSM efficiencies chosen by the IRP models and included in the 2011 IRP preferred portfolio.”

“In our case, we only adjust the “incremental” EE savings portion from the base (net of price impact) forecast.”

“In contrast to the CEC forecast, our in-house forecast is based on an econometric approach in which an estimate of historical DSM (energy efficiency programs + codes and standards) is added back to historical electricity demand to yield “unmitigated” demand – *i.e.*, historical demand without any DSM. Using this unmitigated history, econometric models are developed to produce a forecast of unmitigated demand. Finally, a forecast of cumulative DSM impacts developed from detailed program information is subtracted to get a bottom-line “mitigated” forecast. Under this approach as in the end-use approach, DSM is explicitly accounted for. Although the DSM impacts are developed exogenously, the influence of DSM is directly reflected in the model’s estimated coefficients.”

“Then we forecast this hypothetical consumption in the future. Next, we subtract the forecasted future EE and DG, and add our forecast of additional load from Electric technologies (*e.g.*, electric vehicle) to come up with sales forecast.”—**AF and ES**