From: McInall, Steven G. - VP & Chief Energy & Water Planning <mcinsg@jea.com>
Sent: Thursday, October 10, 2019 6:07 PM
To: Dykes, Melissa H. - President/COO
Cc: Coarsey, John B. - Director, Electric T & D Planning; Moran, Mary L. - Mgr Electric Generation Planning; 'Sarah Brody'
Subject: Forecasting - Short Version
Attachments: Forecast Review short version.docx

Melissa: Depending on the audience (i.e., non engineer/scientists), this explanation may be more straightforward.

Steve

Energy Forecasting – Short Version

The purpose of this memo is to describe the basic differences and purposes of the JEA developed forecast used in JEA's 2019 Ten Year Site Plan (TYSP) and the JEA and McKinsey developed Status Quo (SQ) Forecast.

The TYSP is primarily intended to ensure that JEA has adequate capacity to serve its peak loads (winter and summer), plus a reserve margin. The Florida Public Service Commission reviews individual and state aggregated utility TYSPs to ensure that the state as a whole has adequate generation resources. The forecast used in the TYSP and the Florida Energy Efficiency and Conservation Act (FEECA) primarily produces peak demand and is not intended to be a sales forecast, although it does include a forecast of sales.

The SQ forecast is intended to be a forecast of future utility sales, incorporating developing trends such as an accelerated adoption of solar distributed generation which is not individually accounted for in the TYSP forecast, as well as accelerated energy efficiency.

The Annual Average Growth Rate (AAGR) for net energy for load (NEL) during the TYSP period is 0.57 percent, which is barely above a flat forecast. As a result, any change in forecast methodology can change this modest rise into a declining forecast. The SQ forecast is captures the potential impacts of future technology changes (such as solar and storage achieving parity with grid power) that are not reflected in historically-based forecasts. The historically-based forecasts developed for use in the TYSP are accurate in the short-term (i.e., 1-3 years), but will not pick up large-scale changes that are not yet reflected in the energy and peak statistics for the system.

SGM, October 8, 2019