

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Consider Smart Grid Technologies Pursuant to Federal Legislation and on the Commission's own Motion to Actively Guide Policy in California's Development of a Smart Grid System.

Rulemaking 08-12-009
Filed December 18, 2008

Comments of the California Independent System Operator Corporation on the Assigned Commissioner's Proposed Decision Adopting Rules to Protect the Privacy and Security of the Electricity Usage Data of the Customers of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company

The California Independent System Operator Corporation (ISO) submits these comments in response to President Peevey's proposed Decision Adopting Rules to Protect the Privacy and Security of the Electricity Usage Data of the Customers of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, which was released on May 6, 2011 (Proposed Decision).

I. The Proposed Decision Strikes an Appropriate Balance Between Protecting Consumer Privacy and Allowing Necessary Sharing of Usage Information

The ISO has noted multiple times in this matter that in creating rules to protect the privacy of customer data, the Commission must strike a careful balance between consumer protection and ensuring that third party demand response service providers are able to gain access to necessary customer information. The ISO expressed concern that the future growth of a robust demand response environment could be hampered through overly restrictive privacy policies. The ISO believes that the Proposed Decision strikes a thoughtful and appropriate balance between these two

potentially competing concerns. The ISO is especially encouraged to see that the Proposed Decision would require covered entities to grant third-party access to customer usage data upon request of the customer.¹ The ISO sees timely data sharing as an essential step toward the development of more widespread demand response. For instance, for a demand response provider to initiate a proxy demand resource in the ISO market, the demand response provider is required to submit to the ISO 45 days of consumer energy usage data for the underlying service accounts. With this aggregated data, the ISO can establish the baseline information necessary to assess a proxy demand resource's performance. The timely submission of this energy usage data is important to expediting the process of establishing new proxy demand resources in the ISO market. However, the ISO notes that the Proposed Decision does not address in sufficient detail the timeliness with which covered entities must share the data once customer consent has been granted or the granularity of the data that is shared. Providing demand response service providers with stale data or overly aggregated data (e.g., a consumer's net monthly consumption) can slow down stream processes and can defeat the purpose of sharing the data in the first instance. The Proposed Decision would thus benefit from more specific guidance regarding: (a) how soon a covered entity must share data after consumer consent is first granted; (b) what time lag is acceptable in providing third parties with new consumption data; and (c) the time increments at which consumption data will be reported to third parties.

¹ Proposed Decision, at 102.

II. The Proposed Decision Requires Further Clarifications Regarding the Provision of Wholesale Price Information to Retail Customers

The ISO is also gratified that the Proposed Decision agrees with the ISO's view that there is value in providing information regarding wholesale prices to retail customers. The ISO also agrees that it is sensible to have the ISO work with the IOUs and consumer groups to develop ways of providing customers with actionable information related to wholesale prices. The ISO is concerned, however, that the Proposed Decision leaves too many questions unanswered regarding the process of how the IOUs, consumer groups, and the ISO are supposed to work together. For example, it is unclear whether this process is supposed to occur: completely outside the Commission's purview; as a formal process facilitated by an administrative law judge; or through additional technical conferences and working groups coordinated by Commission staff. The Proposed Decision also does not clarify what it means in referring generally to consumer groups. Particularly if the ISO is meant to lead the effort to forge agreement on what data should be reported to retail customers, the ISO needs to know what parties should be involved in the discussions leading to such an agreement. The ISO is also unclear what the Commission would do if the parties are unable to reach agreement as to what data should be reported to customers. The ability to reach consensus clearly will be influenced by the consequences of not reaching agreement. Finally, the ISO is unclear what final work product is supposed to emerge from the joint discussions. Particularly if there are differences of opinion, it would be helpful to have some mechanism similar to a workshop report or technical conference report to provide the Commission with information regarding the diversity of views. The ISO suggests that the process of determining what information about

wholesale prices to provide to retail customers will proceed more smoothly and be more productive with these questions resolved from the outset.

Aside from procedure-related questions, the ISO is also concerned that the method by which the IOUs would be ordered to provide customers with actionable information regarding wholesale prices does not match the intent of providing such information. The ordering section of the Proposed Decision simply mandates that the IOUs “shall each work with the California Independent System Operator in developing a methodology to make wholesale prices available to customers on each company’s website, and shall include the provision of wholesale prices in the advice letters” that must be filed within six months.² The requirement that the wholesale price information be conveyed *only* on each utility’s website would not sufficiently leverage the value of providing such wholesale price information.

As described in the ISO’s recent response to the IOUs’ demand response program applications, an end goal for California should be dynamic retail prices that properly and effectively coordinate with wholesale prices.³ An integral part of achieving this goal is to facilitate the “price to device” paradigm, where energy consuming devices can be preprogrammed to consume or curtail energy based on a price signal associated with their location and the needs of the electric system. In this way, end use energy consuming devices can help respond autonomously to prevailing system conditions (which are reflected in the ISO’s wholesale prices) and support cost effective and

² *Id.* at Ordering Paragraph 7.

³ *Application of Pacific Gas and Electric Company (U39E) for Approval of Demand Response Programs, Pilots, and Budgets for 2012-2014*, et al., Response of the California Independent System Operator Corporation to the Applications of Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company for Approval of Demand Response Programs, Pilots, Activities, And Budgets For 2012-2014, at 8-9, CPUC Docket Nos. A.11-03-001, A.11-03-002, and A.11-03-003 (Apr. 1, 2011).

reliable operations. Such autonomous reactions can result in a more efficient and favorable load shape for California (*i.e.*, a load shape that is less steep, less deep, and with a lower peak). In advocating for wholesale price signals to be provided to retail customers, the ISO's intent has been to begin assembling the building blocks to facilitate the ultimate achievement of the "price to device" concept and dynamic rates based on wholesale prices. Merely requiring that price information be published on IOU websites does not promote this important smart grid objective nor does it cast a vision as to what the Commission desires to ultimately be done with this information. In addition, the information will not necessarily be delivered to customers in a timely fashion.

The body of the Proposed Decision makes great effort to explain that the Commission is not attempting to define which communications technologies IOUs should use in providing retail price information to their ratepayers.⁴ This same principle of technology neutrality should apply to wholesale price information. To the extent that the IOUs are ordered to provide wholesale price information on their websites, the ISO suggests that should be only a minimum requirement. The ISO recommends that the Proposed Decision also encourage the IOUs to explore other, more effective technological means of laying the groundwork for the ultimate goal of linking retail and wholesale rates and enabling prices that reflect grid conditions to be consumed by devices that adjust consumption based on these signals.

III. Conclusion

The ISO welcomes this opportunity to provide its views on the Proposed Decision. The ISO believes the Proposed Decision takes a generally sound approach

⁴ *Id.* at 95.

to the issues it addresses. On the issue of sharing consumer data with third parties, the ISO encourages the Commission to provide greater clarity regarding the timeliness with which IOUs must provide consumer usage data to third parties, as well as the granularity at which the data is reported. On the issue of providing wholesale price information to retail customers, the Proposed Decision would benefit from greater clarity regarding how the ISO, the IOUs, and consumer groups are supposed to work together to define how that information should be provided. The Proposed Decision would also benefit from a more clear statement of what principles should guide the method by which IOUs will provide wholesale price and grid condition information to ratepayers.

Respectfully submitted,
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CERTIFICATE OF SERVICE

I hereby certify that on January 24, 2011 I served, by electronic and United States mail, a copy of the foregoing *COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON THE ASSIGNED COMMISSIONER'S PROPOSED DECISION ADOPTING RULES TO PROTECT THE PRIVACY AND SECURITY OF THE ELECTRICITY USAGE DATA OF THE CUSTOMERS OF PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY* to each party in Docket No. R.08-12-009

Executed on June 2, 2011
at Folsom, California

Anna Pascuzzo

Anna Pascuzzo

An Employee of the California
Independent System Operator
Corporation