

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Order Instituting Investigation 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.

R.08-12-009  
(Filed December 8, 2009)

**REPLY COMMENTS  
OF THE DIVISION OF RATEPAYER ADVOCATES  
ON THE PROPOSED DECISION ADOPTING METRICS**

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April 16, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION  
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Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) hereby submits this reply in response to parties' comments on the March 20, 2012 *Proposed Decision Adopting Metrics to Measure the Smart Grid Deployments of Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company* (PD). Reply comments are due within 5 days of opening comments; thus, this filing is timely.

**I. INTRODUCTION**

DRA continues to support the metrics, review process, and formation of Technical Working Groups. DRA responds to parties' opening comments, namely:

- The role of Technical Working Groups should be clarified;
- The Technical Working Group for goals formation should be adopted; and
- The cyber security Technical Working Group should be confined to metrics.

**II. DISCUSSION**

**A. The Role of Technical Working Groups Should Be Clarified**

The California Independent System Operator Corporation (CAISO) requests "that the final decision explicitly address the question of how long the Commission intends for the

update/revisions working group to remain active.”<sup>1</sup> Providing clarity for the intended lifetime of Technical Working Groups is reasonable, and DRA supports this recommendation.

Environmental Defense Fund (EDF), the California Independent System Operator Corporation (ISO), and the Alliance for Retail Energy Markets (AReM) request clarifications to decision-making aspects of the Technical Working Groups proposed in the PD. EDF requests that the Commission specify “what decision strategies will be used and how the outcomes of the Technical Working Group will be incorporated, over time, into regulatory code and utility practice.”<sup>2</sup> The CAISO expresses “concerns about the potential for gridlock” if revisions to metrics must be based on consensus, and requests that “the final decision make clear that consensus does not necessarily mean unanimity and that where warranted, Commission staff is empowered to bring proposed revisions to the Commission’s attention even in the absence of consensus.”<sup>3</sup> Similarly, AReM requests that the Technical Working Groups be advisory in nature with “nothing that prevents that opposing viewpoint to be heard by the Commission in its entirety.”<sup>4</sup>

DRA supports these requests. The final decision should clarify the decision-making process intended for Technical Working Groups.

#### **B. The PD Should Adopt a Technical Working Group for Development of Smart Grid Goals**

Pacific Gas and Electric Company (PG&E) “recommends against a separate Technical Working Group on ‘broad goals’ and a ‘common vision’ for the Smart Grid”<sup>5</sup> because that “appears to duplicate the Smart Grid Deployment Plans themselves.”<sup>6</sup> DRA disagrees.

As stated in the PD, “a Technical Working Group chartered to created broad goals can create a common vision for all involved.”<sup>7</sup> While the Smart Grid Deployment Plans did require

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<sup>1</sup> ISO Comments, p. 5.

<sup>2</sup> EDF Comments, p. 3.

<sup>3</sup> CAISO Comments, p. 6.

<sup>4</sup> AReM Comments, p. 5.

<sup>5</sup> PG&E Comments, p. 1.

<sup>6</sup> PG&E Comments, p. 5.

<sup>7</sup> PD, p. 38.

vision statements, those vision statements were utility-specific. Consideration of general goals directly related to metrics, through a stakeholder process whereby all parties can contribute, does not constitute the “same items that the Commissions already required.”<sup>8</sup> Further, in previous comments on metrics, DRA stated that “[m]etrics for evaluating the Smart Grid should be simple and measure progress toward specific, important goals,” and it went on to describe how that might be accomplished.<sup>2</sup> DRA recommends adopting a Technical Working Group focused on goals, as proposed in the PD.

San Diego Gas & Electric Company (SDG&E) requests additional elements be considered in forming a Technical Working Group related to goals. DRA supports basing goals on “clear and objective aspirations already in place or to be created” and “on an existing baseline that provides clear understanding of the state of Smart Grid in California.”<sup>10</sup> However, DRA does not support SDG&E’s proposal that “Smart Grid goals need to be achievable and within the purview of the IOUs” and that the “IOUs should have an adequate measure of control over the relevant drivers of the proposed Smart Grid goals.”<sup>11</sup> The Commission should not confine Smart Grid goals and metrics to only those areas the utilities can control. In reviewing Smart Grid Deployment Plans, the Commission made clear its intent to consider the role of customers and the market in adoption and deployment of Smart Grid.<sup>12</sup>

AReM expresses concerns about utility-centric metrics, explaining “that none of the metrics are designed to measure or promote the extent to which utility activities serve to facilitate third-party participation” which “runs counters [*sic*] to the Commission’s own directives and statutory requirements.”<sup>13</sup> The same holds true for formulation of Smart Grid goals. As AReM notes, the Commission, by legislation and its own directive, must consider

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<sup>8</sup> PG&E Comments, p. 5.

<sup>2</sup> DRA Comments, August 17, 2010, p. 1-2.

<sup>10</sup> SDG&E Comments, p. 2-3.

<sup>11</sup> *Id.*

<sup>12</sup> Application (A.) 11-06-006/A.11-06-029/A.11-07-001. *See* discussion about Smart Utility, Smart Market, and Smart Customer concepts in the March 1, 2012 “Smart Grid Workshop Report: Staff Comments & Recommendations.”

<sup>13</sup> AReM Comments, p. 2-3.

Smart Grid deployment “by entities other than electric corporations.”<sup>14</sup> AReM also states that Staff’s analysis “indicates that the utilities’ proposed plans to encourage markets are lacking,” which “is considered a ‘major weakness’ of the filed plans.”<sup>15</sup> Using the proposed Technical Working Group to develop more overarching Smart Grid goals, which could lead to more encompassing metrics, is an appropriate solution.

Metrics and goals should address all areas of Smart Grid, to the extent possible. However, DRA is not suggesting that the utilities be held responsible for meeting goals outside of their purview. AReM cautions the Commission “not to let the utilities take ‘ownership’ of benefits for which they are not responsible.”<sup>16</sup> DRA agrees, and recommends the final decision clarify that, while goals and metrics can help establish and measure progress toward a Smart Grid, metrics and goals developed here are not necessarily a determination of benefits achieved. Benefits should be quantified, and DRA recommends appropriate ways to do so through the utilities’ Smart Grid Deployment Annual Reports required by the Commission.<sup>17</sup>

**C. The Cyber Security Technical Working Group Should Be Confined to Metrics**

Southern California Edison Company (SCE) notes that using the cyber security Technical Working Group to inventory utility cyber security practices is “beyond the scope of the consideration of metrics in this proceeding, and that this proceeding was *not* designed to address the technical issues of cyber-security.”<sup>18</sup> DRA shares this concern.<sup>19</sup> The final decision should restrict the cyber security Technical Working Group to metric development.

SCE also expresses concern regarding the sensitive nature of utility cyber security details, explaining that it has “never before been asked to disclose such sensitive information to third parties,” and requests the PD be clarified to specify that Technical Working Groups “will not be

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<sup>14</sup> AReM Comments, p. 3, citing Public Utilities Code Section 8362(a).

<sup>15</sup> AReM Comments, p. 3.

<sup>16</sup> AReM Comments, p. 4.

<sup>17</sup> See DRA Comments in A.11-06-006/A.11-06-029/A.11-07-001, March 15, 2012, Attachment A, pp. 10-12.

<sup>18</sup> SCE Comments, p. 4.

<sup>19</sup> DRA Comments, p. 2-4.

used to require the utilities to disclose sensitive information that could endanger the grid.”<sup>20</sup>  
Cyber security is a critical component of Smart Grid, and a matter of national concern. DRA supports SCE’s request.

### III. CONCLUSION

DRA respectfully requests that the Commission adopt the recommendations made herein.

Respectfully submitted,

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<sup>20</sup> SCE Comments, pp. 3-4.