Comments of the
California Large Energy Consumers Association (CLECA)
on the Draft Green Book

The California Large Energy Consumers Association (CLECA) provides these limited comments on the Draft Green Book. The focus of these comments is on two issues:

1) maintaining grid reliability in the face of the increase of behind-the-meter resources and a massive increase in the number of load-serving entities not fully under the jurisdiction of the Commission and lacking the experience of established publicly-owned utilities, and

2) Customer data access and the need to maintain data confidentiality.

CLECA concludes these comments with some suggested clarifications and corrections to the Draft Green Book. These comments are provided in the format requested.

I. Grid reliability Issues

- What is the issue?

The issue of concern to CLECA is maintenance of grid reliability in the face of the increase of behind-the-meter resources and a large increase in the number of load-serving entities. More specifically, we see several sub-issues, which we raise in the questions below.

<u>Who is responsible for planning for reliability for serving load that is served by behind-the-meter (BTM) resources that may not always be operational and who pays for it?</u> Another way of saying this is who is responsible for assuring that all end-use consumption needs are met, not just at the meter? In addition, who pays for additional resources to meet such needs-all customers or those who impose the additional risk? Many of these BTM resources (e.g. those using Net Energy Metering) do not pay standby charges and thus are not paying for such service. In contrast, customers with onsite resources that are not under NEM pay to have the grid serve them when their onsite resources are not operating or are under maintenance through standby charges.

Planning to serve net load carries an assumption that those BTM resources will be serving an increasing amount of load. However, if there were an extended series of days when these resources were not available due to weather (e.g. extended cloud cover, smoke from fires, volcanic eruptions) or if there were a common mode failure-

type problem (e.g. as when system disturbances turn off inverters[1]), this load might look to the grid for service. The more supply-side solar there is, the harder it could be for the grid to meet the need. We note that current resource adequacy policy does not assess need at the BTM, end-use level. It considers load at the customer meter level and adds a planning reserve margin. While the IRP process does assess such need, it treats BTM resources as supply resources available to serve it.

There are additional considerations at the distribution level. If BTM resources are assumed to be able to reduce or defer distribution investment because they provide energy at the time of the circuit peak, then they may be assumed to make capacity available for other customers when they are installed. However, if simultaneous reduction in supply or BTM outages occur, then the distribution system may not be able to provide sufficient capacity to serve all the load and there could be forced outages to prevent overload.

How do we assure that all LSE portfolios include resource mixes that meet their responsibility for integration of intermittent resources? Under SB 350, CCAs may meet these needs themselves, but how do we assure that the sum total of resources serving load across all LSEs effectively will meet any such challenges? Right now, it is the role of the CAISO to address such integration and there are no requirements, other than meeting an LSE's share of flexible RA needs, to shape portfolios to mitigate intermittency. Do we count on the CAISO's flexible capacity needs and attributes to assure the right mix? Are we confident that replacement of gas-fired resources with preferred resources will provide such assurance? How do we address these issues in the context of local capacity needs in constrained areas?

- Is the issue currently addressed in an existing proceeding?

These issues are not being addressed in existing proceedings. Nor are they being addressed in CAISO stakeholder processes or at the CEC. The RA proceeding is considering RA reform, but it is not considering service at the consumption level. The IRP is also not considering it at that level. The CAISO's FRACMOO 2 is considering flexibility needs in the face of uncertainty and forecast error, but that need is based on the largest forecasted imbalances, which is in turn based on historical variations in load. Is this sufficient? The exemption of increasingly large amounts of BTM resources from standby service should be addressed as well, since providing backup for these resources would not be paid for by the customers who have them.

- If so, what should be done in that forum? If not, what is the recommended course of action? Is there an appropriate forum for action? Provide the rationale for recommended solutions.

[1] On August 16, 2016 multiple grid-connected solar PV systems totaling 1200 MW went off-line simultaneously.

We recommend that this issue initially be addressed in a joint agency (CPUC and CEC) plus CAISO meeting where the related activities that are not focused on these issues are set forth. The Commission should also consider the issue of cost allocation and whether the statutory exemption of NEM customers with loads up to 1 MW, which in aggregate as of 2017 is about 6,000 of MW[2], is resulting in considerable cost-shifting.

II. Customer Data Confidentiality

- **What is the issue?**

Currently, the Commission has data privacy rules for utility customers. D. 11-07-056 adopted rules and procedures to protect the privacy of customer usage data. That decision also authorized utilities to provide third parties access to a customer's usage data when authorized by the customer. (Customers fill out Customer Information Service Requests, authorizing the utilities to provide their usage data to specific entities. That authority can also be revoked.) D. 11-07-056 also allowed utilities to provide energy efficiency providers under contract to the utilities access to customer usage information without customer permission if the data were subject to the same confidentiality provisions as those applying to the utilities.

The Commission data privacy rules were extended to CCAs in D. 12-08-045. They were also extended to ESPs for residential and small commercial customers pursuant to statute. However, they have not been extended to ESPs for large customers. Furthermore, while Rule 24 extends these requirements to third-party DR Providers receiving data for bundled customers, there are no comparable requirements for protection for data provided to third parties for customers of CCAs and ESPs. Neither are there any protections for data provided to non-DR third parties such as DG companies. Given the number of providers of distributed energy resources seeking to serve customers of all LSEs, the Commission should be consistent. It should expand its privacy requirements to extend to large bundled customers, and large customers of ESPs, to non-DR, non-EE third-party suppliers to bundled customers, such as DG suppliers, and to third-party suppliers to customers of CCAs and ESPs.

D. 14-05-016 addresses public release of customer usage data. This decision requires that customer use data be aggregated before it can be made public. The rule is a minimum of 100 customers for residential usage and at least 15 customers for non-residential usage, of which the largest customer cannot represent more than 15% of the load (the 15/15 standard). If the non-residential sector cannot meet this standard, the usage data cannot be made public. This level of protection for customer usage data should continue.

[2] California Energy Commission, Report on Tracking Renewable Progress (December 2017) Figure 10: Total and Incremental Behind-the-Meter Solar Capacity by Year; see also California Distributed Generation Statistics NEM for solar NEM at www.californiadgstats.ca.gov. Not all NEM resources are solar.

Business customer usage information is highly commercially sensitive for industrial customers and confidentiality should be preserved regardless of who the load-serving entity is or who is providing services to the customer. There are often very few industrial customers in a particular location. The issue has arisen that local governments have asked for usage data for their climate planning, and if there is only one or a handful of industrial facilities in a town or ZIP code, it would be fairly easy to reverse engineer electricity consumption data to determine the usage and thus the output of a particular facility. Local governments had asked for far more granular data than those covered by the 15/15 standard, which in some cases would not allow the public release of the data. With the proliferation of CCAs, maintaining the 15/15 standard may become more difficult as it will require combining customer data by LSE. Regardless, the standard must be maintained.

- Is the issue currently addressed in an existing proceeding?

No, it is not.

- If so, what should be done in that forum? If not, what is the recommended course of action? Is there an appropriate forum for action? Provide the rationale for recommended solutions.

The Commission should open a proceeding to address these broader issues related to maintenance of customer privacy for all customers of utilities, CCAs and ESPs and all third-party recipients of customer data under the CISR or other related processes. These third-party recipients should be required to keep these data confidential regardless of the LSE.

III. Suggested Clarifications and Corrections

The Draft Green Book makes several sweeping statements regarding the cost of electricity in California and its impact on customers; while the broad statements may be true for a subset of customers, they are certainly not true for all customers. The final version of the Green Book should clarify the following statements as recommended below (*insertions in italics and underlined*), to ensure policymakers and the Legislature are not inadvertently misled.

On page 13, the Draft Green Book should be revised to state, "Compared to other states, California has relatively high electricity rates *for all customer classes* but relatively moderate electric bills *for the residential customer class; customer bills vary depending on usage, and if customers use a lot of energy, for example, as an industrial customer manufacturing an energy-intensive product, their bills are not relatively moderate.*"

On page 26, the Draft Green Book should be revised to state, "While cost may be a factor behind an energy choice, *for some companies,* the energy expenditures of a company may have very little impact on its overall business costs*; for other companies,*

however, particularly those that are energy-intensive, the cost of energy can be very impactful on their overall business costs; indeed for some industries, the cost of electricity can be among the largest cost components overall."

CLECA appreciates the opportunity to provide its comments on the Draft Green Book.