

March 26, 2010

To: cadickerson@cadconsulting.biz

Re: Demand Forecast Energy Efficiency Quantification
Project (DFEEQP)– Demand Model Methodology
Evaluation (DMME) Committee Draft Model
Transparency Guidelines

To Whom It May Concern:

Southern California Edison Company (SCE) appreciates having an opportunity to comment on the California Energy Commission's (Energy Commission) Draft Model Transparency Guidelines. SCE supports the Energy Commission's effort to add transparency to its Demand Modeling process, particularly as it relates to Energy Efficiency and other demand-side resources. SCE supports the adoption of informal practices to govern the transparency of the Demand Modeling process at this time. This will provide the parties an opportunity to try working under the rules and see if they work. That being said, SCE has significant concerns about the Guidelines as drafted. First and foremost they should not be applied to parties other than the Energy Commission until the issues we have identified are fully addressed. In addition, the Guidelines require substantial modification prior to their use to assure protection of confidential information and to clarify discovery and evidentiary processes.

First, SCE is concerned that there is a desire to apply these rules "not only to the Energy Commission's model, but to any modeling efforts submitted pertinent to demand forecasting activities in the IEPR process." SCE supports the concept of using the Draft Model Transparency Guidelines to govern access to Energy Commission models, but does not support the concept of using them to govern access to the models of other stakeholders. The investor owned utilities (IOUs) demand modeling efforts are already governed by Rule 10.4 of California Public Utilities Commission's (CPUC) Rules of Practice and Procedure. The Draft Model Transparency Guidelines differ from CPUC rules governing access to computer models and CPUC orders concerning protection of confidential information. This creates the potential for: (1) information that the CPUC designates as confidential becoming publicly available through the Energy Commission's Draft Model Transparency Guidelines processes; and (2) subrogation of the CPUC computer model access rules.

Second, SCE is also concerned that the Draft Model Transparency Guidelines: (1) do not provide adequate protection of confidential information that may be included in the model input data; and (2) purport to set up a discovery process and evidentiary process, that is ill-defined. For example, the Draft Model Transparency Guidelines do not identify a way to resolve disputes among

the parties about compliance with discovery requests and do not establish rules for verifying results to be added to the Energy Commission's evidentiary record. The Draft Model Transparency Guidelines need to incorporate specific procedures to notify the Energy Commission about the exchange of data requests between stakeholders and clearly provide for designated individuals within the Energy Commission to be responsible for resolving disputes among the parties.

Third, SCE supports incorporation of the requirement that parties sign Non-Disclosure Agreements to protect proprietary information. This requirement should be expanded to assure that confidential information is likewise protected. SCE also recommends that the Energy Commission use the CPUC's Model NDA for "Market Participants" to ensure that no "Market Participant" obtains any competitive advantage from the receipt of information about the IOUs' customers or other confidential information.

Finally, pursuant to your specific request, SCE offers the following specific recommendations which are not exhaustive and, if adopted, would not cure the overarching deficiencies in the Draft Model Transparency Guidelines discussed above.

2.01 – Definitions

Sentence one should be revised as follows:

"Model" means an analytical tool that accepts data inputs and produces outputs based on a complex simulation or prediction methodology which relies on an internal specification of how outputs are affected by the inputs, and is typically designed to yield results for use in policy discussions or policy-making.

2.02 – Roles of Stakeholders and Sponsoring Parties

There should be reasonableness standards regarding the number and type of requests that can be made. Without reasonableness standards, parties could make an excessive number of requests for additional model runs, specifications and/or output formats.

2.03 – Limitations and Proprietary Information

Sentence one should be revised as follows:

Sponsoring parties shall comply with the transparency guidelines to the extent practicable while simultaneously following applicable rules governing disclosure of proprietary information, intellectual property and customer confidential information.

2.03.02 Use Non-Disclosure Agreements

Sentence one should be revised as follows:

If sponsoring parties cannot fully meet obligations under 2.01.01 (the correct reference is unclear), sponsoring parties shall meet obligations under 2.01.01 by engaging in agreements to protect proprietary and confidential information, if such agreements are practical and would adequately protect such information.

The Transparency Guidelines should recognize instances where non-disclosure agreements are not sufficient to ensure confidentiality. In these cases it may be necessary to restrict access even if a stakeholder is willing to enter into a NDA.

3.01.02.a Variables

The requirements to provide descriptions of how input files are created and data are entered are excessively detailed do not meaningfully enhance the understanding of the forecasting methodology.

3.01.04 Uncertainties

Sentence one should be revised as follows:

Information regarding sources of uncertainty in the modeling results including interdependence among those uncertainties, and the potential range and/or effects of uncertainty on model results shall be provided.

3.01.06 Model or Information Updates

The requirement that, “Stakeholders must have access to the most current information as it becomes available” is impractical as written. What constitutes “the most current information” changes daily. The requirement should be revised to make it usable in regulatory proceedings recognizing that changes are inevitable.

3.01.07 Records Maintenance – Near Term

The proposed requirement that copies of models and documentation be maintained in the original form for at least 90 days after the final adoption by the appropriate authority is inconsistent with CPUC practice, i.e., for a CPUC proceeding, only the formal record must be retained.

3.01.08 Preservation of Final Approved Records and Models

The proposed requirement that, “Copies of final approved inputs, outputs, models, and all other data employed in the final form must be maintained in its original form by the sponsoring party for at least 10 years after the final adoption by the appropriate authority” is onerous and excessive. The obligation to maintain a formal file should reside with the CEC. Any other record retention should be voluntary.

3.02.05 Provision of Access

The proposed requirement that, “The sponsoring party may grant requests for access to models and/or provide input data,” potentially places an excessive burden on the sponsoring party, especially where the model is a publicly available proprietary product that parties can buy the model and run themselves. In CPUC proceedings IOUs have typically agreed to provide access by allowing parties to submit data requests asking us to rerun the model with input data of their choosing. This approach is typically more reasonable for both utilities and stakeholders than any of the options described in the draft transparency guidelines. Once again, there should be reasonableness standards regarding the number and type of requests that can be made. Without reasonableness standards, parties could make an excessive number of requests for additional analyses.

3.03 – Code of Ethics

As currently written this proposed requirement implicitly creates measurement and enforcement obligation, without defining how conformance with the requirement will be determined. Revising the Code of Ethics so that they are “recommended,” rather than “required” would avoid this obligation make the Code more immediately operational.

SCE looks forward to continuing to work with the Energy Commission Staff to address our concerns. Should you have any questions or need additional information about these written comments, please contact me at 916-441-2369.

Very truly yours,

/s/ Manuel Alvarez

Manuel Alvarez

MA:md