

DOCKETED

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**APPLICATION FOR CONFIDENTIAL DESIGNATION
(20 CCR SECTION 2505)**

**2015 INTEGRATED ENERGY POLICY REPORT
DOCKET NUMBER 15-IEPR-03**

Applicant: Southern California Edison Company ("SCE")

Attorney for Applicant:	Rebecca Meiers-De Pastino
Address of Attorney:	2244 Walnut Grove Ave. Rosemead, California 91770 rebecca.meiers.depastino@sce.com (626) 302-6016

1. Identification of the information being submitted, including title, date, size (for example, pages, sheets, megabytes), and docket number

SCE submits its 2015 Electricity Demand Forecast Forms 1.1b, 1.2, 1.3, 1.4, 1.5 and 1.6a, which were adopted by the Energy Commission in December 2014, in Docket 15-IEPR-03. The forms are approximately 2.25 MB and are submitted on a compact disc (CD) SCE filed concurrently with this application. SCE requests confidential treatment of certain data on those forms. Each form is conspicuously labeled "Confidential," and all confidential data is highlighted in yellow.

In 2013, the Energy Commission granted SCE's Application for Confidential Designation for all of the types of data for which SCE now requests the Energy Commission to designate confidential. This application does not ask the Energy Commission to designate a new type of data confidential. This application seeks confidential treatment for the same type of data, but for a later set of years. If SCE was requesting that the Energy Commission designate a new type of data for which there was no prior grant of confidential treatment, SCE would have highlighted the new data in blue, but because the Energy Commission previously designated this same type of information as confidential, SCE highlighted all confidential data on the CD in yellow.

2. Description of the data for which confidentiality is being requested (for example, particular contract categories, specific narratives, and time periods).

SCE requests that the Energy Commission designate the following parts of Forms 1.1b, 1.2, 1.3, 1.4, 1.5 and 1.6a of SCE's 2015 Electricity Demand Forecast Forms confidential and exempt from public disclosure.

- **Form 1.1b – Retail Sales of Electricity by Class or Sector (GWh) Bundled**

Customers: SCE requests confidential treatment of the information contained in the following columns of Form 1.1b for the years 2015, 2016, and 2017:

- **Residential;**
- **Commercial;**
- **Industrial;**
- **Agricultural;**
- **Inter-Company;**
- **Street-lighting;**
- **Public Authorities;**
- **Electric Vehicles; and**
- **Total.**

- **Form 1.2 – Distribution Area Net Electricity Generation Load (GWh) – SCE**

requests confidential treatment of the information contained in the following columns for 2015-2017:

- **Sales to Bundled Customers;**
- **Direct Access;**
- **Community Choice Aggregators;**
- **Other Departed Load Remaining on Distribution System;**
- **Other (Define as Needed);**
- **Losses;**
- **Total Distribution System Energy Requirements; and**

- **Forecast Net Uncommitted Impacts.**
- **Form 1.3 – LSE Coincident Peak Demand by Sector (Bundled Customers) (MW)** – SCE requests confidential treatment of the information contained in the following column for the four year period of 2014-2017.
 - **Total Peak**
- **Form 1.4 Distribution Area Coincident Peak Demand (MW)** – SCE requests confidential treatment of the information contained in the following columns for the four year period of 2014-2017.
 - **Bundled Customer Peak;**
 - **Direct Access (End User Peak Demand and Losses);**
 - **Community Choice Aggregators (End User Peak Demand and Losses);**
 - **Other Publicly Owned (End User Peak Demand and Losses);**
 - **Other (Define); and**
 - **Total Peak Demand.**
- **Form 1.5 – Peak Demand Weather Scenarios, Distribution Area Coincident Peak Demand (MW)** – SCE requests confidential treatment of the information contained in the following columns for the twelve year period of 2015-2026:
 - **1-in-2 Temperatures;**
 - **1-in-5 Temperatures;**
 - **1-in-10 Temperatures;**
 - **1-in-20 Temperatures; and**
 - **1-in-40 Temperatures.**
- **Form 1.6a – Hourly Loads** – SCE requires confidential treatment of the information contained in the following columns for 2014 and 2015:
 - **Bundled Load;**
 - **Bundled Losses;**

- Unbundled Load;
- Unbundled Losses; and
- Total System Load.

3. A clear description of the length of time for which confidentiality is being sought, with an appropriate justification, for each confidential data category request.

For the majority of information described above, SCE requests that the Energy Commission restrict public disclosure for a period of three years forward, one year back, or the entire three year forecast period. As data becomes one year old, the 1-year window of confidentiality for historical data becomes applicable. Thus, in a 2015 forecast for 2016, 2017, and 2018, the data for 2016 should be released in 2017, when it is one year old. With respect to Form 1.6a, SCE requests that the specified information be restricted for 2014-2015.

SCE's request is consistent with the California Public Utilities Commission's (CPUC's) Decision ("D.") 06-06-066, as modified by D.07-05-032, and its Confidentiality Matrix.¹ The Energy Commission and the CPUC are often charged with overlapping responsibilities. As a result, both commissions undertake endeavors that require them to review similar types of data. Accordingly, the Energy Commission endeavors to work collaboratively with the CPUC to assure regulatory consistency in areas such as the Energy Commission's Demand Forecasts and should continue to employ that practice with respect to its disposition of this application.

4. Applicable provisions of the California Public Records Act (Government Code Section 6250 *et seq.*) and/or other laws, for each confidential data category request.

In 2013, the Energy Commission granted confidential designation for the data described above because the demand forecast data for which SCE requested confidential treatment was and is confidential proprietary sensitive information about the timing in which and the quantity of the energy SCE has to sell or purchase for its customers. SCE purchases and sells large quantities of electrical energy on behalf of its customers. The market place for such purchases and sales is highly competitive. Accordingly, such information is extremely valuable and, if revealed, could

¹ D.06-06-066, as modified by D.07-05-032, Confidentiality Matrix, p. 2, fn. 6.

place SCE at a competitive disadvantage when purchasing or selling energy. For this reason, the Public Utilities Code and CPUC decisions protect such information from public disclosure and dissemination. As noted above, SCE encourages the Energy Commission to adopt a consistent methodology for maintaining the confidentiality of such information.

The data identified as confidential in this application requires confidential treatment because this information could allow a market participant to calculate SCE's forecasted energy supply needs for the peak of the year, or on an hourly basis. By providing a critical factor used to calculate SCE's "residual net short" position – the amount of energy SCE must procure in the market after meeting its forecasted load with "must take" and utility-retained generation – potential suppliers could calculate whether SCE had sufficient resources to meet that demand for the year, or on any particular hour or day. With such information, a supplier could charge SCE a higher price for power, or depress the price SCE could obtain for selling power when it had an excess that it desired to sell. Either outcome would ultimately harm SCE's customers.

The California Legislature has enacted statutes to protect confidential information, including the information for which SCE seeks protection here, from public disclosure. Specifically, the Public Records Act, found at Government Code Section 6254(k), establishes that public records subject to privileges established in the California Evidence Code are not required to be disclosed. Evidence Code §1060 shields "trade secrets" from public disclosure. "Trade secrets" include any "information, including a formula, pattern, compilation, program, device, method, technique, or process, that: (1) [d]erives independent economic value, actual or potential, from not being generally known to the public or to other persons who could obtain economic value from its disclosure or use; and (2) [i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy."² The Section 25322 of the California Public Resources Code governing the confidentiality of information gathered by the Energy

² Civil Code §3426.1(d).

Commission follows the same standard.³ Specifically, if the information is exempt from disclosure under the California Public Records Act, “[t]he commission shall grant the [confidentiality] request.”⁴ The data for which SCE seeks confidential protection here are trade secrets because they derive value from not being known to the public. In fact, public disclosure of this information would cause electricity prices to materially increase, which would harm customers. Accordingly, SCE makes reasonable efforts to maintain its secrecy.

In addition, Section 454.5(g) of the California Public Utilities Code provides that: “The [CPUC] shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information submitted in an electrical corporation's proposed procurement plan or resulting from or related to its approved procurement plan, including, but not limited to, proposed or executed power purchase agreements, data request responses, or consultant reports, or any combination, provided that the Office of Ratepayer Advocates and other consumer groups that are nonmarket participants shall be provided access to this information under confidentiality procedures authorized by the commission.”

Similarly, Section 2.2(b) of the CPUC's General Order (GO) 66-C requires the Commission to protect confidential information that would place a utility at an “unfair business disadvantage” if it were publicly disclosed. It categorizes as information that is “not open to public inspection,” those “[r]eports, records, and information requested or required by the Commission which, if revealed, would place the regulated company at an unfair business disadvantage.”

Consistent with those authorities, the CPUC initiated Rulemaking (R.) 05-06-040 and issued Decision (D.) 06-06-066. Having weathered the energy crisis, the CPUC acknowledged

³ Cal. Pub. Resources Code 25322 § 25322(a)(1)(A) (“The data collection system managed pursuant to Section 25320 shall include the following requirements regarding the confidentiality of the information collected by the commission: (1) Any person required to present information to the commission pursuant to this section may request that specific information be held in confidence. *The commission shall grant the request in any of the following circumstances: (A) The information is exempt from disclosure under the California Public Records Act, Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code.*”) (emphasis added.)

⁴ *Id.*

the importance of protecting market sensitive information that could allow market participants to manipulate the market.⁵ To strike the appropriate balance between public participation and protecting market sensitive procurement information, the CPUC adopted the utilities' proposal, which is set forth in the Confidentiality Matrix attached to D.06-06-066, for the treatment of market sensitive information, which made a distinction between the treatment of such information with respect to market and non-market participants.⁶ Specifically, D.06-06-066, as modified by D.07-05-032, adopts procedures to afford confidentiality to investor-owned utilities' ("IOUs") procurement data, which also fulfills the "trade secret" requirement for maintaining the secrecy of information. These procedures comply with Public Utilities Code §454.5(g)'s mandate that "the [CPUC] shall adopt appropriate procedures to ensure the confidentiality of any market sensitive information . . ."

Although the CPUC's decisions and the statutes applicable to the CPUC may not be binding on the Energy Commission, as a matter of comity and consistency, the Energy Commission should apply the same level of confidential protection to information provided to it as the CPUC would provide under D.06-06-066 and the Matrix. The Energy Commission, and numerous other stakeholders, participated in the proceeding leading up to D.06-06-066. The CPUC held a week of evidentiary hearings that included experts in the field of economics. Based on this information, D.06-06-066, as modified by D.07-05-032, and the associated Confidentiality Matrix adopted in those decisions, identify information as market sensitive when releasing the information would materially increase the price of electricity, thereby harming customers.⁷

In the 2015 IEPR, SCE requests that the Energy Commission renew its confidential designation of the information the CPUC has identified as market sensitive in the Confidentiality Matrix. As a regulated utility, SCE is subject to the jurisdiction of both the Energy Commission

⁵ D.06-06-006 at p. 15

⁶ Id. at pp. 40-46, CL 10, 13, CL 22.

⁷ See D.06-06-066 at 40-43 and Finding of Fact No. 2, at p. 76.

and the CPUC. SCE is required to provide similar information to both agencies. Indeed, the information for which SCE is seeking confidential treatment in the IEPR can either be used to calculate or is nearly identical to the information for which SCE receives confidential treatment in the Confidentiality Matrix.

To maintain consistency between the Energy Commission and CPUC and to avoid nullifying the CPUC's lawful determination that the release of market sensitive information would result in a material increase in electricity prices, the Energy Commission should continue to protect SCE's market sensitive information, as it has in the past and as the CPUC does today. Allowing persons or entities to circumvent the CPUC's confidentiality rules by "agency shopping" and thus obtain access to data that would otherwise be deemed confidential can have the unintended consequence of undermining the public's confidence in the regulatory environment and both agencies.

In summary, public disclosure of the information for which SCE seeks confidential treatment would harm SCE and its customers by revealing its energy needs. Public knowledge of this trade secret information will ultimately lead to SCE's customers being put at a competitive disadvantage when SCE procures or sells energy on their behalf. Accordingly, the Energy Commission should grant this trade secret information confidential treatment.

- 5. A statement attesting a) that the specific records to be withheld from public disclosure are exempt under provisions of the Government Code, or b) that the public interest in non-disclosure of these particular facts clearly outweighs the public interest in disclosure.**

The data for which SCE seeks confidential treatment contains information that could allow market participants to calculate SCE's forecasted supply needs, either on an annual peak and energy basis or on an hourly basis. By providing a critical factor in the calculation of SCE's "residual net short" position – the amount of energy SCE needs to procure in the market after meeting its forecasted load with "must take" and utility retained generation – market participants would potentially be able to calculate whether SCE has sufficient resources to meet that demand for the year, or on any particular hour or day. With such information, a supplier could charge

SCE a higher price for power, or depress the price SCE could obtain for selling power when it had too much on hand. Either outcome would ultimately harm SCE's customers, who will bear the burden of the higher costs. This information is protected as a trade secret under the Public Records Act, the Public Resources Code, and Public Utilities Code. Accordingly, the CPUC has determined that the benefit of maintaining the confidentiality of this "market sensitive" information outweighs any benefit to be gained from publicly releasing it.

The data for which SCE seeks protection is "market sensitive" and protected under the CPUC-approved Confidentiality Matrix. Specifically:

- The Form 1.1b data for which SCE requests confidentiality can be used to calculate LSE Total Energy Forecast – Bundled Customer, that is confidential under the Confidentiality Matrix, Section V.C.
- The Form 1.2 data can be used to calculate LSE Total Energy Forecast – Bundled Customer and LSE Energy Forecast by Service Area, which is confidential under the Confidentiality Matrix, Sections V.C. and V.E.
- The Form 1.3 data is LSE Total Peak Load Forecast – Bundled Customer, which is confidential under the Confidentiality Matrix, Section V.B and X.A.
- The Form 1.4 data can be used to calculate LSE Total Peak Load Forecast – Bundled Customer and LSE Peak Load Forecast by Service Area, which is confidential under the Confidentiality Matrix, Sections V.B. and V.D.
- The Form 1.5 data can be used to calculate the peak demand in extreme temperature conditions, which is confidential under the Confidentiality Matrix, Section V.I.
- The Form 1.6a historical demand data can be used to calculate Total IOU Bundled Customer hourly historical energy sales, which is confidential under the Confidentiality Matrix, Section X.E. Further, the Form 1.6a data can be used to calculate LSE Total Energy Forecast – Bundled Customer, LSE Energy Forecast

by Service Area, and Total Peak Demand Load Forecast – IOU Planning Area, which are confidential under Confidentiality Matrix, Sections V.C.

SCE cannot assign a specific value to the information it seeks to protect. The information for which SCE seeks confidential treatment cannot be easily acquired or duplicated by others. In addition, it would be very costly to SCE's customers (and therefore commercially valuable to its suppliers) if it were publicly disclosed.

6. A statement that describes how each category of confidential data may be aggregated with other data for public disclosure.

Through discussions with Energy Commission staff in previous IEPR proceedings, SCE has worked to identify information that can be aggregated with other data for public disclosure. Nonetheless, for the reasons stated in response to questions 3 and 4, the information required in 2011 Electricity Demand Forecast Form 1.1b, 1.2, 1.3, 1.4, 1.5, and 1.6a cannot be aggregated or masked to allow for its public disclosure.

7. State how the record is kept confidential by the Applicant and whether it has ever been disclosed to a person other than an employee of the Applicant. If it has, explain the circumstances under which disclosure occurred.

Based on information and belief, SCE has not, to the best of its knowledge, previously publicly released the information for which it seeks confidentiality here. Some of the information contained in the referenced forms may have previously been submitted to the CPUC pursuant to Public Utilities Code Section 583⁸ and other CPUC procedural safeguards to maintain its confidentiality. With respect to the Energy Commission staff, SCE has identified the information as confidential and has followed all Energy Commission procedures to protect the confidentiality of the information. SCE may have also previously released the information to non-market participants of the Procurement Review Group ("PRG"). SCE has only made such

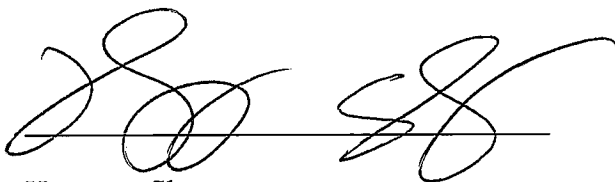
⁸ California Public Utilities Code Section 583 provides: "No information furnished to the commission by a public utility, or any business which is a subsidiary or affiliate of a public utility, or a corporation which holds a controlling interest in a public utility, except those matters specifically required to be open to public inspection by this part, shall be open to public inspection or made public except on order of the commission, or by the commission or a commissioner in the course of a hearing or proceeding. Any present or former officer or employee of the commission who divulges any such information is guilty of a misdemeanor."

information available to non-market participants under strict non-disclosure agreements approved by the CPUC and signed by parties receiving the information. SCE has not, to the best of its knowledge, publicly made this data available in the form required by the Energy Commission.

I certify under penalty of perjury that the information contained in this Application for Confidential Designation is true, correct, and complete to the best of my knowledge and that I am authorized to make the application and certification on behalf of the Applicant.

Dated: April 10, 2015

Signed:

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes, positioned above a horizontal line.

Name: Hongyan Sheng
Title: Manager, Long-Term Demand Forecasting
Representing: Southern California Edison Company