

**COMPLETED**

April 15, 2013

Mr. Robert Oglesby  
Executive Director  
California Energy Commission  
1516 9<sup>th</sup> Street, MS-4  
Sacramento, CA 95814-5512

California Energy Commission <b>DOCKETED</b> 13-IEP-1C
TN # 70372 APR 15 2013

**Re: Docket: 13-IEP-1C Pacific Gas and Electric Company's Demand Forms Data Response**

Dear Mr. Oglesby: *Rob,*

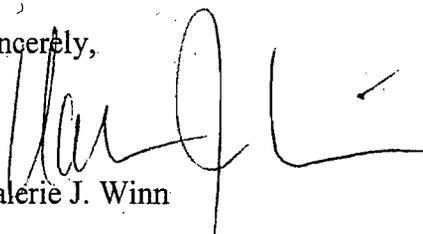
The accompanying narrative and compact discs contain Pacific Gas and Electric Company's (PG&E) response to the California Energy Commission's (CEC) request for information on electricity supply historical, forecast, and contract data. The CEC adopted the forms and instructions for this request in December, 2012.<sup>1</sup>

PG&E is also providing applications for confidential designation for a subset of the data in these forms. For ease of review, two electronic sets are provided – one confidential version and one with the confidential cells redacted. PG&E requests that the Commission promptly grant this request to ensure protection of this confidential, proprietary, and competitive-sensitive trade secret information.

Please note that, as a general matter, the forward-looking information contained in this response is preliminary in nature, given that future events and regulatory decisions that have not been taken into account are likely to occur and these events and decisions may significantly affect the information in this response. Thus, PG&E does not purport that the information contained in this response will reflect actual future resources.

We value the cooperative and collaborative working relationship we have with the CEC and with your analysts. PG&E appreciates the tremendous amount of hard work and ambitious schedule ahead of you in the 2013 IEPR, and encourage you to call me at the number above or Matthew Plummer at (415) 973-3477, with any questions or concerns you might have.

Sincerely,

  
Valerie J. Winn

<sup>1</sup> On April 4, 2013, PG&E submitted a request for extension to file Form 8.2 – (Utility Residential Electricity Sales by Baseline Percentages) on or before May 6, 2013. While PG&E has not received a response to its request as of the date of this filing, PG&E is unable to submit Form 8.2 on April 15 for the reasons stated in its April 4, 2013 letter.

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**APPLICATION FOR CONFIDENTIAL DESIGNATION  
(20 CCR SECTION 2025)**

**2013 INTEGRATED ENERGY POLICY REPORT  
Docket Number 13-IEP-1C Electricity Demand Forecast**

Applicant: Pacific Gas and Electric Company ("PG&E")

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**1. (a) Title, data, and description of the record.**

Electric Demand Forecast forms issued by the California Energy Commission (CEC) for the 2013 Integrated Energy Policy Report, excluding Form 8 (revenue requirement data), separately provided.

**(b) Specify the part(s) of the record for which you request confidential designation.**

PG&E is requesting confidential designation for three years for the contents of certain data cells in the Electric Demand Forecast Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) and 2.2, related to near-term forecasted loads, as described in more detail below.

**2. State and justify the length of time the Commission should keep the record confidential.**

PG&E requests that certain data cells in the demand forecast data in Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) and 2.2 be designated as confidential. PG&E requests that confidential designation of this information herein be maintained for three years. PG&E believes that this is the length of time that is required to ensure that recent near-term forecasts do not reveal PG&E's ongoing and future procurement and competitive positions and strategies, thereby compromising PG&E's ability to secure the most favorable deals for customers and protect its business strategies and proprietary business planning information from disclosure to competitors. This competitive and market sensitive information should remain confidential for the near term, because of the knowledge it could impart about

PG&E's future procurement needs and patterns, competitive position and business plans.

Specifically for Form 1.1a, the following categories for the forecast years 2013-2015:

- Sales To Bundled Customers.

Specifically for Form 1.1b, the following categories for the forecast years 2013-2015:

- Sales To Bundled Customers (from 1.1a);
- Direct Access Sales.

Specifically for Form 1.2, the following categories for the forecast years 2011-2013:

- Sales To Bundled Customers (from 1.1a);
- Direct Access Plus Other Non-Utility Procurement.

Specifically for Form 1.3, the following categories for the forecast years 2013-2015:

- Bundled Customer Peak.

Specifically for Form 1.4, the following categories for the forecast years 2013-2015:

- Bundled Customer Peak (from 1.3);
- Direct Access Peak.

Specifically for Form 1.5, the following categories for the forecast years 2013-2015:

- Distribution Area Coincident Peak Demand by Weather Categories.

Specifically for Form 1.6(a), the following categories for all hours for the forecast year 2013:

- Bundled Load;
- Bundled Losses;
- Unbundled Load (DA + BART);
- Unbundled Losses; and
- Total System Load.

Specifically for Form 1.6(b), the following categories for all hours for the forecast year 2013:

- NP\_15;
- ZP\_26;
- Humboldt;
- North Coast/North Bay;
- Greater Bay;
- Sierra;
- Stockton;

- Fresno;
- Kern.

Specifically for Form 2.2, the following categories for all hours for the forecast years 2013-2024:

- Electricity Rate Forecast.

**3. (a) State the provision(s) of the Public Records Act or other law that allows the Commission to keep the record confidential, and explain why the provision(s) applies to the record.**

Near term forecasted data contained in Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) and 2.2 provide competitively and commercially sensitive business and resource planning information and trade secrets. Under the Public Records Act, Govt. Code Section 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed. See also Govt. Code Section 6254.7(d). Evidence Code Section 1060 provides a privilege for trade secrets, which is defined in Civil Code Section 3426.1. That definition includes information, including a formula, technique, and process, that derives independent economic value from not being generally known to the public or to other persons who could obtain value from its disclosure.

There are basically two grounds on which to justify confidential treatment of the electric demand forecasts. First, these forms contain annual or hourly demand forecast information that relatively easily allows a party to calculate PG&E's current energy supply needs on a disaggregated (monthly and hourly, bundled and direct access, and/or weather-adjusted) basis. Additionally, a marketer could use the bundled retail sales from Form 1.1a, 1.1b and the hourly data from Form 1.6(a) to create monthly estimates of PG&E's bundled sales if the data were not confidential. Monthly forecast information would help to reveal seasonal trends in PG&E's procurement needs and potentially, the magnitude of market purchases. Thus, given this information, a marketer could affect market prices either by additional buying or aggressive selling. By thus calculating, directly or indirectly, PG&E's "residual net short" position, potential suppliers achieve a competitive advantage that potentially harms PG&E's customers who may end up paying higher power prices.<sup>1</sup> Second, to release this information publicly would allow market participants to have access to competitively sensitive information that would normally not be available to them in this form or format. As a matter of law and public policy, the CEC should ensure that it does not facilitate availability of such data.

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<sup>1</sup> "Residual net short" refers to the amount of energy PG&E needs to procure in the market after meeting its forecasted load with must-take power and utility retained generation.

The protection of this forecast information is consistent with the CEC's prior decisions on confidentiality in the 2011 IEPR, as well as the CEC's policies regarding the utilities' resource planning information, which generally provide protection for near-term forecast information for three years, while providing for release of such information on an aggregated basis beyond three years. See, e.g., Letters, CEC Executive Director to PG&E, April 21, 2009, Docket No. 09-IEP-1; CEC Executive Director to PG&E, March 12, 2007 and June 19, 2007, Docket No. 06-IEP-1; "Commission Order Denying Appeals of SDG&E, SCE, and PG&E of the Executive Director's Notice of Intent to Release Aggregated Data," September 7, 2005, Docket 04-IEP-1D, California Energy Commission.

**(b) Discuss the public interest in nondisclosure of the record. If the record contains trade secrets or its disclosure would otherwise cause loss of a competitive advantage, please also state how it would be lost, the value of the information to the Applicant, and the ease or difficulty with which the information could be legitimately acquired or duplicated by others.**

The public and PG&E's customers have a compelling interest in protecting this information from disclosure to competitors or electricity suppliers who could use the information to manipulate the costs of energy supplies procured by PG&E on behalf of its customers. Because of the ease with which PG&E's net short position can be derived using this hourly or annual peak load data, protection from disclosure to third parties is required. These determinations need not be mathematically exact to cause harm; customers incur substantial risk of higher energy prices (or lower revenues from sales) any time a potential supplier knows that a utility must buy or sell gas or electricity on behalf of its customers at any given time. PG&E believes that it would be relatively easy to perform these calculations if the near-term forecast data in Forms 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) or 2.2 were disclosed.

In general, PG&E's electricity procurement-related and resource planning forecasts created after January 1, 2003 when the utilities resumed their procurement responsibilities are a prime candidate for confidential treatment because such information could be used to reveal sensitive PG&E-specific data on the net short, spot purchases, spot sales, total bundled sales, and contract purchases. Similarly, if buyers know when PG&E must sell power, PG&E could realize a lower price than it would have been able to obtain if the market assumed PG&E had discretion over whether or not to sell. Such market knowledge is a key reason, for example, for why prices drop during spring hydro run-off periods.

The more detail that is made public concerning a utility's relative annual or hourly peak demand positions, the greater the potential for price volatility and market abuse. Suppliers could calculate adjustments to a utility's resource portfolio and be able to determine more accurately the utility's incremental needs from the market. Suppliers might then inadvertently bid up prices either through additional buying or

less aggressive selling, in anticipation of significant purchases by the utility, as compared with prior periods.

Also as noted above, the public interest is served by energy agencies protecting the integrity of energy and capacity markets and information. Moreover, because the information on these forms is preliminary, subject to change, and likely to be inaccurate because of ongoing regulatory proceedings and market developments affecting PG&E's electric and gas rates, the CEC should avoid disclosure of the information to parties, especially customers, who might inappropriately use the information for an unintended use and potentially incur harm as a result.

PG&E recognizes that in the 2005 Integrated Energy Policy Report (IEPR) proceeding, in the case of Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, and 2.2, PG&E did not previously seek confidential treatment for such data. Since that time, however, the CPUC, the agency charged with the protection of energy utility customers, has issued Decision 06-06-066, in which the CPUC has determined that, in most cases, an investor-owned utility (IOU) may keep confidential the first three years of a demand forecast. (See Appendix 1 of D.06-06-066, category V.) Since the CPUC issued that decision, PG&E has been scrupulous in adhering to the CPUC's confidentiality rules.

4. **State whether the record may be disclosed if it is aggregated with other information or masked to conceal certain portions (including but not limited to the identity of the Applicant). State the degree of aggregation or masking required. If the data cannot be disclosed even if it is aggregated or masked, explain why.**

As explained above, in PG&E's case the near-term forecast data within Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) and 2.2 could allow a party to calculate hourly or annual peak demand and procurement data on a disaggregated basis. Therefore, the peak load forecast data requested herein must not be disclosed to the public or third parties even on an aggregated basis. However, aggregation of data collected by the CEC from all California electric and gas utilities on a statewide basis would be acceptable, as long as not disaggregated by geographic region or service territory in a manner that would permit imputation on a stand-alone utility basis. Also, after the passage of at least three years, release of the data provided herein would not cause as much concern.

5. **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.**

As explained above, PG&E maintains access to the above-referenced information in Forms 1.1a, 1.1b, 1.2, 1.3, 1.4, 1.5, 1.6(a), 1.6(b) and Form 2.2 on a confidential basis. It is only available by hard copy and electronically on a limited basis within certain departments and corporate affiliates, such as PG&E's parent company, that

must have access to the information to conduct their procurement, regulatory, and business planning and forecasting activities. In addition, under Standard of Conduct #2 adopted by the CPUC for the utilities' electric procurement activities, PG&E employees are obligated to protect the Company's trade secrets:

2. Each utility must adopt, actively monitor, and enforce compliance with a comprehensive code of conduct for all employees engaged in the procurement process that: 1) identifies trade secrets and other confidential information; 2) specifies procedures for ensuring that such information retains its trade secret and/or confidential status [e.g., limiting access to such information to individuals with a need to know, limiting locations at which such information may be accessed, etc.]; ... (See D.02-12-074, pp. 57-58.)

Except as explained above relating to the 2005 IEPR, PG&E has not to the best of its knowledge previously released this information to the general public or to third parties or market participants on an unlimited basis in this format or projecting out over this duration of time. While certain of the information here or similar categories of information may have been provided in part previously under protective order or nondisclosure agreements in various state or federal regulatory filings, PG&E has not to the best of its knowledge previously publicly collated this data into this format.

For all these reasons, PG&E requests that the CEC comply with its obligation under California law to protect this information from disclosure to the public, PG&E's suppliers, or PG&E's competitors.

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 12, 2013

Signed: 

Name: Christopher J. Warner  
Title: Chief Counsel  
Pacific Gas and Electric Company