

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking 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.

(U39E)

Rulemaking 08-12-009
(Filed December 18, 2008)

**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC
COMPANY (U 39 E) ON PROPOSED DECISION
ADOPTING REQUIREMENTS FOR SMART GRID
DEPLOYMENT PLANS**

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Dated: June 15, 2010

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I. INTRODUCTION

Pursuant to Rule 14.3(d) of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) provides its reply to other parties' comments on the May 21, 2010, Proposed Decision (PD) adopting requirements for Smart Grid deployment plans under Senate Bill 17 (Padilla).

PG&E's reply comments respond to requests for clarification contained in the opening comments of SCE and SDG&E. PG&E supports the requests by both utilities.

II. PG&E SUPPORTS SDG&E'S REQUESTED CLARIFICATIONS, ESPECIALLY THE REQUEST THAT THE COMMISSION CONSIDER SMART GRID INVESTMENT APPLICATIONS AND PROPOSALS PRIOR TO FILING OF SMART GRID DEPLOYMENT PLANS.

PG&E supports the clarifications requested by SDG&E regarding (1) Definition of "prices" to be used in communicating to customers on Smart Grid projects and policies; (2) Definition of the degree of specificity to be included in cost estimates for Smart Grid projects and programs identified in Smart Grid deployment plans; (3) Flexibility in the cyber-security policies and standards to be included in Smart Grid deployment plans; (4) The need to consider qualitative metrics as well as quantitative metrics, especially where quantitative metrics may be premature or costly to develop; and (5) The need for the Commission to consider individual

Smart Grid project and investment proposals prior to the filing of the deployment plans, consistent with the requirements of SB 17.

In particular, PG&E supports SDG&E's clarification of SB 17's statutory requirement that the Commission, where requested by a utility, consider specific Smart Grid projects prior to the filing of the utility's Smart Grid deployment plan. In fact, PG&E was the principal supporter of the amendment to an earlier version of SB 17 to make clear that the Smart Grid deployment planning process should *not* result in a delay or duplicative review of meritorious Smart Grid investments and projects that may become available prior to the July, 2011, filing of SB 17 Smart Grid deployment plans. The Commission endorsed this approach as well in its consideration of the utilities' various Smart Grid projects funded by both ratepayers and the United States Department of Energy under the American Recovery and Reinvestment Act of 2009 (ARRA). (See, e.g., D. 10-01-025, approving PG&E's application to recover Smart Grid project costs relating to a compressed air energy storage demonstration project under ARRA.)

III. PG&E GENERALLY SUPPORTS SCE'S REQUESTED CLARIFICATIONS REGARDING CYBER-SECURITY, CUSTOMER DATA AND PROCEDURAL ISSUES

SCE requested clarification on a number of issues, similar to the clarifications requested in PG&E's opening comments. PG&E generally supports SCE's requested clarifications, with the following comments.

--Cyber-security audits and standards. PG&E agrees with SCE on the need to clarify the definition of "assurance" of cyber-security, as well as the related references to review of utility audits and adoption of particular cyber-security standards. PG&E's opening comments recommended a separate workshop on how to protect sensitive cyber-security data, including audit results, which may need to be reviewed as part of each utility's Smart Grid deployment plan. However, SCE's cyber-security comments support the need for a broader scope of further

workshops on the cyber-security plans and programs to be included in Smart Grid deployments. Accordingly, PG&E recommends that the PD be revised to require a specific workshop on procedural issues associated with the cyber-security components of the Smart Grid deployment plans, in order to provide precise guidance and protection for sensitive cyber-security information that the PD proposes to require as part of Smart Grid deployment plans. The separate cyber-security workshop could provide more precise guidance on what to include in the cyber-security components of the plans, and (just as importantly) how to do so in a way that protects security-sensitive information from public disclosure.

--Customer data issues. SCE rightfully identifies the same disconnect between the Commission's 2010 and 2011 goals for resolving customer data issues, and the necessary schedule for filing and review of Smart Grid deployment plans on those issues in 2011 and 2012. However, SCE's recommendation that the Commission authorize separate cost recovery applications by the utilities prior to July, 2011 for the purpose of funding customer and third-party data sharing appears unrealistic and infeasible to PG&E. Instead, PG&E recommended in its opening comments that the procedural schedule for resolving customer privacy and third party access issues be adjusted to be consistent with Commission review of overall Smart Grid deployment plans in 2011 and 2012. In the meantime, existing mandates for customer access to SmartMeter-enabled data would remain in place under the utilities' respective Advanced Metering Infrastructure (AMI) decisions.

--Procedures for review of Smart Grid deployment plans. PG&E agrees with SCE that it is premature to determine whether utility applications for approval of Smart Grid deployment plans will require evidentiary hearings or not. PG&E also agrees that such applications are unlikely to propose changes in rates, and therefore would not be categorized as rate-setting.

IV. CONCLUSION

PG&E appreciates the opportunity to comments on other parties' opening comments on the PD. PG&E urges Commission adoption of the PD.

Respectfully Submitted,

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By: _____ /s/
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Dated: June 15, 2010

Attorney for
PACIFIC GAS AND ELECTRIC COMPANY

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is 77 Beale Street, San Francisco, California 94105.

I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On June 15, 2010, I served a true copy of:

**REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 E)
ON PROPOSED DECISION ADOPTING REQUIREMENTS FOR SMART GRID
DEPLOYMENT PLANS**

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for **R.08-12-009** with an email address.

[XX] By U.S. Mail – by placing the enclosed for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to those parties listed on the official service list for **R.08-12-009** without an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed in San Francisco, California on June 15, 2010.

/s/
MARTIE L. WAY