

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SECOND FLOOR, WEST TOWER
WASHINGTON, D.C. 20005**

ORDER

February 6, 2014

**FORMAL CASE NO. 1098, IN THE MATTER OF THE INVESTIGATION INTO
RETAIL ELECTRICITY SUPPLIER ACCESS TO THEIR CUSTOMERS' SMART
METER DATA, Order No. 17373**

I. INTRODUCTION

1. By this Order the Public Service Commission of the District of Columbia (“Commission”) directs the parties to review the record in this case and file supplemental pleadings and comments as needed to update the record and provide responses to the questions set forth below within thirty (30) days of the date of this Order.

II. BACKGROUND

2. Pursuant to the Advanced Metering Infrastructure Implementation and Cost Recovery Authorization Act of 2009, Pepco began citywide installation of smart meters on October 4, 2010.¹ Pepco reports that, as of December 31, 2013, it has installed 98.5% of the smart meters for the District;² and reports, that as of January 13, 2014, it has activated approximately 97.3% of the smart meters installed in the District.³ Pepco defines “activated” as, “the new meter is transmitting a customer’s electricity usage data over the air and Pepco is using

¹ D.C. Code § 34-1562(a); D.C. Law 18-111, § 3(a); *Formal Case No. 1056, In the Matter of the Application of the Potomac Electric Power Company for Authorization to Establish a Demand Side Management Surcharge and an Advance Metering Infrastructure Surcharge and to Establish a DSM Collaborative and an AMI Advisory Group (“Formal Case No. 1056”)*, Letter from Deborah M. Royster, Deputy General Counsel, Potomac Electric Power Company, to Dorothy Wideman, Commission Secretary, D.C. Public Service Commission, Pepco and its contractor, Scope Services, will commence full deployment and installation of smart meters during the week of October 4, 2010, filed September 29, 2010; and *Formal Case No. 1056, The Potomac Electric Power Company’s Revised AMI Meter Installation Plan*, p. 3, filed February 27, 2012.

² The percentage is found by dividing the number of meters installed (277,222) by the total number of smart meters Pepco plans to install (281,540). The total number of planned installations is the sum of the number of smart meters installed (277,222) and the remaining non-AMI meters (4,318). See *Formal Case No. 1056, Pepco’s January 2014 Monthly Report Describing Pepco’s Progress Deploying Its AMI System*, p. 3-4, filed January 13, 2014.

³ The percentage is found by dividing the number of meters installed as identified in the AMI Task Force Monthly Report, 277,300, by the number of smart meters activated, 269,900. See *Formal Case No. 1056, Status Update Report of the AMI Task Force in Response to Commission Order No. 16071*, p. 2, filed January 22, 2014.

the data in its billing and customer service systems.”⁴ Of the remaining 4,318 non-AMI meters, 2,807 are residential customer meters and 1,511 are commercial customer meters.⁵ Pepco reports that the remaining non-AMI meters “are hard to access meters and [replacing the customer’s meter] have been attempted multiple times” and that “meter exchanges are awaiting a customer appointment to be scheduled.”⁶ Smart meters, once activated, change the way Pepco and District customers can get information about electricity usage.⁷ First, smart meters allow Pepco to read a customer’s meter remotely without the need for a Pepco employee to manually read the meter.⁸ Second, smart meters allow Pepco to show customers their hourly energy use online “on a one day lag basis.”⁹ Finally, smart meters will enable “Pepco to implement remotely and more quickly[,] customer-initiated changes in service connections such as moves or new service.”¹⁰

3. On May 17, 2012, Washington Gas Energy Services (“WGES”) filed a Petition for the Commission to Initiate an Investigation into Retail Electric Supplier Access to Smart Meter Data.¹¹ WGES’s petition covers four broad areas: 1) questions related to billing, 2) questions related to real-time data and communications, 3) questions related to PJM settlement, and 4) questions related to customer enrollment.¹²

4. On July 13, 2012, in Order No. 16838, the Commission convened a Technical Conference on July 31, 2012.¹³ Further, the Commission directed Pepco to file a Post Technical Conference Report (“Report”) within thirty (30) days of the technical conference and attendees of the technical conference would have an additional twenty (20) days to file any exceptions to

⁴ See *Formal Case No. 1056*, The AMI Task Force’s Customer Education Plan Campaign II: Initial Smart Meter Benefits for the District of Columbia, p. 6, filed November 1, 2011.

⁵ *Formal Case No. 1056*, Pepco’s January 2014 Monthly Report Describing Pepco’s Progress Deploying Its AMI System, p. 3-4, filed January 13, 2014.

⁶ *Formal Case No. 1056*, Pepco’s January 2014 Monthly Report Describing Pepco’s Progress Deploying Its AMI System, p. 3-4, filed January 13, 2014.

⁷ Smart meter activation means, “the new meter is transmitting a customer’s electricity usage data over the air[,] and Pepco is using the data in its billing and customer service systems.” *Formal Case No. 1056*, the Advanced Metering Infrastructure Task Force’s Customer Education Plan Campaign II: Initial Smart Meter Benefits for the District of Columbia, p. 6, filed November 1, 2011 (“AMI Customer Education Plan Campaign II”).

⁸ *Formal Case No. 1056*, AMI Customer Education Plan Campaign II at 7.

⁹ *Formal Case No. 1056*, AMI Customer Education Plan Campaign II at 8.

¹⁰ *Formal Case No. 1056*, AMI Customer Education Plan Campaign II at 8.

¹¹ *Formal Case No. 1098*, *In the Matter of the Investigation into Retail Electricity Supplier Access to Their Customers’ Smart Meter Data* (“*Formal Case No. 1098*”), Washington Gas Energy Services’ Petition for an Investigation into Retail Electric Supplier Access to Smart meter Data, filed May 17, 2012 (“WGES’s Petition”).

¹² *Formal Case No. 1098*, WGES’s Petition at 2-4.

¹³ *Formal Case No. 1098*, Order No. 16838, ¶ 7, rel. July 13, 2012.

the Report.¹⁴ On August 30, 2012, Pepco filed the Report as directed in Order No. 16838.¹⁵ On September 19, 2012, WGES and the Retail Energy Supply Association filed comments while on October 1, 2012, Pepco filed Reply Comments.¹⁶

5. On January 24, 2014, the Commission, by Order No. 17359, moved data responses received from Pepco in this case and *Formal Case No. 1109* onto the record of both cases.¹⁷

III. DISCUSSION

6. Since the filing of the Post Technical Conference Report, there have been five events that have raised issues that are related to, or have a potential impact on, the subject of this investigation. First, in response to requests from a few District residents for an opt-out provision for AMI meters, Chairperson Yvette Alexander, and other members of the Committee on Public Services and Consumer Affairs of the Council of the District of Columbia (“PSCA Committee”), sent a letter requesting that the Commission conduct a study to explore a series of questions regarding the deployment of smart meters, including whether the Smart Meters compromise consumer privacy and make the network more vulnerable to being hacked.¹⁸ The Commission has completed the requested study and has submitted it to the D.C. Council.¹⁹ Second, in response to complaints from District consumers, the Commission opened two investigations into the marketing practices of third party energy suppliers that have resulted in the Commission looking more closely at consumer protection provisions related to third party energy suppliers, including their policies surrounding the privacy of consumer information and the types of

¹⁴ *Formal Case No. 1098*, Order No. 16838, ¶ 8, rel. July 13, 2012; and *Formal Case No. 1098*, Order No. 16904, ¶ 5, rel. September 10, 2012.

¹⁵ *Formal Case No. 1098*, Potomac Electric Power Company’s Post-Technical Conference Report, pursuant to Commission Order No. 16838, filed August 30, 2012.

¹⁶ *Formal Case No. 1098*, Washington Gas Energy Services’ Reply with Exceptions to the Post-Technical Conference Report, filed September 19, 2012 (“WGES’s Comments”); Retail Energy Supply Association’s Comments in Response to Pepco’s Post-Technical Conference Report, filed September 19, 2012 (“RESA’s Comments”); Potomac Electric Power Company’s Reply Comments to Post-Technical Conference Comments and Exceptions, filed October 1, 2012 (“Pepco’s Reply Comments”).

¹⁷ *Formal Case No. 1086, In the Matter of the Investigation into the Potomac Electric Power Company’s Residential Air Conditioner Direct Load Control Program* (“*Formal Case No. 1086*”), *Formal Case No. 1098*, *Formal Case No. 1109, In the Matter of the Investigation into the Potomac Electric Power Company’s District of Columbia Dynamic Pricing Program Proposal* (“*Formal Case No. 1109*”), Order No. 17359, rel. January 24, 2014.

¹⁸ *Formal Case No. 1056*, Letter to the Commission from Councilmember Yvette M. Alexander, on behalf of the Committee on Public Services and Consumer Affairs regarding a formal study of Pepco’s Smart Meters, Attachment 1, dated August 9, 2012, and filed on September 7, 2012 (“PSCA Letter”).

¹⁹ *Formal Case No. 1056*, Report by the Public Service Commission of the District of Columbia on the results of its investigation into Pepco’s Smart Meters, in response to a written request made by Members of the Public Service and Consumer Affairs Committee, filed October 7, 2013.

notifications being provided to consumers regarding the use of their customer data.²⁰ Third, the issue of cybersecurity for the energy sector has become a major focus on the national and local level, and the Commission has responded with an increased focus on the measures being taken by our regulated utilities to protect critical infrastructure as well as to protect the private information of consumers from being hacked. Fourth, in October, 2013, Pepco presented the Commission with a new dynamic pricing proposal which was opposed by third party energy suppliers who claimed, *inter alia*, that dynamic pricing programs are competitive programs that should be offered by third party energy suppliers but their efforts are being hindered by the fact that Pepco is not providing third party energy suppliers with the needed access to critical AMI-data about their customers.²¹ Fifth and finally, in the eighteen months since the Technical Conference was convened, Pepco has gained more experience working with smart meters in the District and its AMI-related information system. As noted earlier, according to Pepco's most recent reports, as of December 31, 2013, it has installed 98.5% of the smart meters for the District; and it has activated approximately 97.3% of the installed smart meters reports, as of January 13, 2014.²² As a result, the Commission has concluded that there is a need to update and supplement the record in this proceeding. Therefore, the Commission directs parties to review the record in this case and file supplemental pleadings as needed to update the record. Additionally, the Commission directs parties to respond to the following questions:

Questions for PEPCO

- 1) Please provide a sequential, step-by-step description of Pepco's current business process for transferring interval meter data to authorized Third Party Suppliers ("TPS"), including the meter read, Validation, Editing, and Estimation ("VEE"), PJM settlement, and EDI data transfer to authorized TPS. Please explain how the business process used in the District differs from the business process used in PHI's Maryland and Delaware territories.
- 2) Can the business process that Pepco currently uses to provide authorized TPS data via the website be used to deliver interval meter data for use in PJM settlement by TPS? If not,

²⁰ *General Docket No. 117, In the Matter of the Petition of the Office of the People's Counsel for an Investigation into the Business Practices of Alternative Energy Suppliers in the District of Columbia; Formal Case No. 1105, Investigation into the business and solicitation practices of Starion Energy in the District*, Order No. 17148, ¶ 9, rel. May 30, 2013; *Formal Case No. 1107, Investigation into the business and solicitation practices of Starion Energy in the District*, Order No. 17209, ¶ 7, rel. July 30, 2013.

²¹ *See Formal Case No. 1086, In the Matter of the Investigation into the Potomac Electric Power Company's Residential Air Conditioner Direct Load Control Program ("Formal Case No. 1086")*, *Formal Case No. 1109, In the Matter of the Investigation into the Potomac Electric Power Company's District of Columbia Dynamic Pricing Program Proposal ("Formal Case No. 1109")*, Pepco's proposed Advanced Metering Infrastructure (AMI) enabled dynamic pricing plan in the District of Columbia, filed October 7, 2013. *See also, Formal Case Nos. 1086 and 1109*, Comments of the National Energy Marketers Association, filed December 19, 2013; *Formal Case Nos. 1086 and 1109*, Retail Energy Supply Association Comments; *Formal Case Nos. 1086 and 1109*, Interstate Gas Supply, Inc. D/B/A IGS Energy Comments, filed December 27, 2013; and *Formal Case Nos. 1086 and 1109*, Comments of Washington Energy Services, Inc., filed December 30, 2013.

²² *See Formal Case No. 1056, Pepco's January 2014 Monthly Report Describing Pepco's Progress Deploying Its AMI System*, p. 3-4, filed January 13, 2014; *Formal Case No. 1056, Status Update Report of the AMI Task Force in Response to Commission Order No. 16071*, p. 2, filed January 22, 2014.

what further refinement to the business process needs to be made to allow for the delivery of interval meter data?

- 3) Do authorized TPS need EDI 867 IU before they can enable dynamic pricing?
- 4) What changes to Pepco's current business process for transferring meter data are needed to enable EDI 867 IU data transfer to authorized TPS?
- 5) Pepco has indicated an intention to implement a new billing system called Solution One. Please explain how Solution One would modify the business process described in questions 1 and 2 above.
- 6) The National Institute for Standards and Technology ("NIST") and the Smart Grid Interoperability Panel ("SGIP") have reviewed the NAESB REQ.21 Energy Service Provider Interface ("ESPI"). Has Pepco evaluated the ESPI to determine whether it provides better security protection for customers' data than existing processes based on EDI? If so,
 - a. What is Pepco's opinion regarding ESPI?
 - b. What steps would be involved if a transition from EDI to ESPI for smart meter data transactions with TPS was directed?
 - c. How long would a transition take and at what cost?

Questions for Third-Party Suppliers

- 1) Please provide a sequential step-by step description of how your company currently obtains interval meter data for settlement with PJM from Pepco on behalf of your District of Columbia customers, including:
 - a. Does Pepco submit meter data to PJM on your behalf or do you submit meter data to PJM for your own settlement?
 - b. Does PJM currently make any modifications to the data provided to you by Pepco during the settlement process? If so, what modifications does PJM make?
 - c. What is the current timeframe in which your company currently receives smart meter interval data from Pepco to utilize it for PJM settlement? Is the timeframe adequate? If not, why not?
 - d. Does your company currently use the AMI data available to you via website to refine your near term load forecasts and related market transactions with PJM?
- 2) Please explain how your company's current business process differs from the business process used in PHI's Maryland and Delaware territories.
- 3) Please explain how your company's current business process differs from the business process used in any other PJM-served jurisdictions where you operate.
- 4) How does your company currently make use of AMI current interval usage data?
- 5) How does your company currently make use of AMI historical interval usage data?
- 6) How would your company like to make use of AMI interval usage data and what specific Pepco actions or inactions prevent your company from doing so?
- 7) Does your company need EDI 867 IU before you can enable dynamic pricing?
- 8) Does your company currently provide residential dynamic pricing plans in PHI's Maryland and Delaware territories and/or any other PJM-served jurisdictions where you operate? For each jurisdiction where your company provides residential dynamic pricing plans, please provide a detailed description of the program, the name of the utility company providing your company with interval meter data and the type of data that is being provided.

- 9) Does your company currently provide small commercial dynamic pricing plans in PHI's Maryland and Delaware territories and/or any other PJM-served jurisdictions where you operate? For each jurisdiction where your company provides small commercial dynamic pricing plans, please provide a detailed description of the program, the name of the utility company providing your company with interval meter data and the type of data that is being provided.
- 10) Does your company have a written cybersecurity policy? If so, please provide a copy. If not, please describe how your company addresses cybersecurity concerns.
- 11) Does your company have a written privacy policy for the use of residential consumer data? If so, please provide a copy. If not, please describe how your company addresses the privacy of consumer data.
- 12) Has your company evaluated the NAESB REQ.21 Energy Service Provider Interface ("ESPI") which was reviewed by NIST and the SGIP? If so,
- What is your company's opinion regarding ESPI?
 - What steps would be involved if a transition from EDI to ESPI for smart meter data transactions with TPS was directed?
 - How long would a transition take and at what cost?

7. Parties are directed to file any supplemental pleadings and the responses to the questions posed above within thirty (30) days of the date of this Order. In their supplemental pleadings or in additional comments, parties may bring to the Commission's attention any additional information that would be of assistance to the Commission as it reviews and refreshes the information in this record.

THEREFORE, IT IS ORDERED THAT:

8. Parties are **DIRECTED** to review the record and file any supplemental pleadings and comments, as needed, and the responses to the questions in paragraph 6 within thirty (30) days of the date of this Order.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK- SEDGWICK
COMMISSION SECRETARY**