

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 13

To: Valley Clean Energy Alliance Board of Directors

From: Lisa Limcaco, Director of Finance and Internal Operations
Mitch Sears, Interim General Manager

Subject: Receive the Valley Clean Energy Triennial Data Privacy Audit Report - 2018

Date: September 12, 2019

RECOMMENDATION

Receive the VCEA's Triennial Data Privacy Audit Report – 2018.

BACKGROUND

VCE is required to comply with the rules regarding privacy and security protection for Energy Usage Data applicable to Community Choice Aggregators or Electrical Service Providers as described in CPUC's Decision 12-08-045 through the year ended December 31, 2018. Rule 9 (d) in the Decision provides that "Each Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall conduct an independent audit of its data privacy and security practices in conjunction every three years following 2012 and at other times as required by order of the Commission. The audit shall monitor compliance with data privacy and security commitments, and the Community Choice Aggregator or Electrical Service Provider (when providing service to residential or small commercial customers) shall report the findings to the Commission."

VCE engaged Abbott Stringham Lynch to perform agreed upon procedures to verify VCE's internal privacy and data security policies regarding "Covered Information" as defined by the Decision, for the period from inception of operations, June 1, 2018, through December 31, 2018. The audit reported compliance of all required internal data privacy and security practices with one exception related to VCE's lack of formal, documented records retention policy and procedures that will ensure that the use and retention of Covered Information is minimized if followed. Staff responded in the report that VCE will have a records retention policy and procedures approved by the VCE Board no later than October 31, 2019.

The VCEA's Triennial Data Privacy Audit Report - 2018 was issued and sent to the CPUC on July 29, 2019. No action is required by the Board.

ATTACHMENT:

VCEA's Triennial Data Privacy Audit Report - 2018



VALLEY CLEAN ENERGY ALLIANCE

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

REPORTING YEAR 2018

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES [aicpa.com](http://www.aicpa.com)

Board of Directors of
Valley Clean Energy Alliance
Davis, California

and

California Public Utilities Commission
San Francisco, California

We have performed the procedures enumerated below, which were agreed to by Valley Clean Energy Alliance ("VCEA") and the California Public Utilities Commission ("CPUC") (the "specified parties"), solely to assist VCEA with respect to complying with third party verification requirements of Decision 12-08-045 (the "Decision") as it relates to VCEA's internal privacy and data security policies regarding "Covered Information", as defined in the Decision, for the period from inception of operations, June 1, 2018, through December 31, 2018. VCEA's management is responsible for its compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1) We obtained the following documents from VCEA:

- List of all customers from which VCEA collected Covered Information
- Latest privacy notice (version prior to December 31, 2018) provided to customers
- Internal privacy and data security policies
- Categories of agents, contractors, and other third parties to which VCEA disclosed Covered Information for a primary purpose
- List of agents, contractors, and other third parties to which VCEA disclosed Covered Information for a secondary purpose, if any
- List of disclosures pursuant to legal requests, if any
- List of security breaches, if any

2) We performed the following procedures with respect to these documents:

A. Data Security and Information Technology (IT) Environment and Controls:

- i. The internal and external security vulnerability scans were performed by third party IT Specialists to ascertain that VCEA implemented technical and physical safeguards to protect Covered Information from unauthorized access, destruction, use modification, or disclosures. We obtained the work of the IT Specialists that reported the results of their procedures as follows:
 1. Based on the review of operational and security documentation provided by Valley Clean Energy Alliance, the IT Specialists noted Valley Clean Energy Alliance implemented technical and physical safeguards to protect Covered Information from unauthorized access, destruction, use modification, or disclosures. It is important to note some Valley Clean Energy Alliance personnel are currently Sacramento Municipal Utility District (SMUD) contract-employees whose parent organization maintains its own independent IT control environment. The IT Specialists did not review and assess SMUD's IT control environment during this review.

2. We performed the following procedures with respect to these documents (continued):
 - A. Data Security and Information Technology (IT) Environment and Controls (continued):
 - ii. Ascertain that upon any breach affecting 1,000 or more customers, VCEA notified the CPUC within two weeks of the detection, or within one week of notification.
 1. Upon inquiry of VCEA's management, management represented that VCEA did not have any breach affecting 1,000 or more customers during the period from inception of operations, June 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.
 - B. Transparency:
 - i. Ascertain that a privacy notice was provided to customers from which VCEA collected Covered Information.
 1. We noted that VCEA's privacy notices are available at all times at <https://valleycleanenergy.org/wp-content/uploads/Reso-2018-001-Cust-and-Data-Policies-wc-1.pdf>. Any changes to this policy between notification periods will be communicated through VCEA's website. No exceptions were noted.
 - ii. We inspected the latest privacy notice and ascertained that it contained the language described in the Decision.
 - C. Use and Disclosure:
 - i. Ascertain that authorizations were obtained from customers for the disclosure of Covered Information to third parties for a primary purpose, other than to an entity exempted under Decision 12-08-045, Attachment B, 6(b) and 6(c).
 1. Upon inquiry of VCEA's management, management represented that VCEA did not disclose Covered Information to third parties for a primary purpose, other than to an entity or entities exempted under Decision 12-08-045, Attachment B, 6(b) and 6(c), during the period from inception of operations, June 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.
 - ii. Ascertain that authorizations were obtained from customers for the disclosure of Covered Information to third parties for a secondary purpose.
 1. Upon inquiry of VCEA's management, management represented that VCEA did not disclose Covered Information to third parties for a secondary purpose during the period from inception of operations, June 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.
 - iii. Ascertain that a notice was provided to the applicable customer within seven days for the disclosure of Covered Information as a result of a subpoena or legal proceedings.
 1. Upon inquiry of VCEA's management, management represented that VCEA did not disclose Covered Information to third parties as a result of a subpoena or legal proceedings during the period from inception of operations, June 1, 2018, through December 31, 2018. As such, this step was not applicable and was not performed.

2. We performed the following procedures with respect to these documents (continued):

D. Data Minimization:

- i. Ascertain that Covered Information was maintained for only as long as reasonably necessary or as authorized by the CPUC to accomplish a specific primary purpose or for a specific secondary purpose authorized by the customers.
 1. We ascertained by inquiry of management that VCEA retains customer-specific usage and billing information for a duration only as long as reasonably necessary for business and legal purposes. However, we noted that VCEA does not have detailed and formally documented records retention policies and procedures to ensure that the use and retention of Covered Information is minimized if followed. We note this as an exception.

Management's response:

VCEA will create formal, documented records retention policy and procedures that will ensure the use and retention of Covered Information is minimized if followed. VCEA will have this records retention policy and procedures approved by the VCEA Board no later than October 31, 2019.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on VCEA's compliance with the requirements of Decision 12-08-045. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to Valley Clean Energy Alliance and the California Public Utilities Commission.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.



July 26, 2019