

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

Order Instituting Rulemaking To
Enhance the Role of Demand
Response in Meeting the State's
Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 19, 2013)

**NOTICE OF EX PARTE COMMUNICATION BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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April 13, 2015

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Pursuant to Article 8 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of the following oral and written ex parte communication with Commissioner Michel P. Florio and Matthew Tisdale, advisor to Commissioner Florio.

On April 10, 2015 from approximately 1:10 p.m. to 2:20 p.m., the CAISO met with Commissioner Florio, Mr. Tisdale and members of the Commission's Energy Division to discuss the CAISO's ongoing efforts to integrate demand response resources into CAISO markets. The meeting was held at the CAISO's office, 250 Outcropping Way, Folsom, California. Present for the CAISO were Karen Edson, Vice President, Policy and Client Services, Heather Sanders, Director of Regulatory Affairs—Distributed Energy Resources, Ali Miremadi, Operations Policy Manager, and Mr. John Goodin, Regulatory Policy Manager.

During the meeting, the CAISO explained its planned efforts to reduce the cost of integrating demand response into the CAISO market. The CAISO stated that it is committed to reviewing and potentially modifying telemetry requirements applicable to demand response resources, specifically the requirements related to accuracy, scan rates and continuous monitoring. The CAISO also indicated that it will work with stakeholders to establish different customer baseline methodologies for demand response resources.

The CAISO expressed its support for a Commission process to resolve issues related to the demand response provider–load-serving entity agreement. The CAISO also recognized that streamlining the process for registering load-serving entities in the demand response system was a high priority. The CAISO also discussed and recognized the barriers created by the inability to have multiple load-serving entities represented under a single proxy demand resource.

During the meeting, the CAISO recognized the importance of resolving the 10-day registration gap for demand response resources enrolling in the CAISO’s demand response registration system. The CAISO informed the Commissioner that it has commenced a “Voice of the Customer” process to gather input and come to agreement on how to resolve this and other issues. The CAISO also stated its intent to resolve the registration issues in its updated demand response registration system.

In addition to the specific issues addressed above, the CAISO mentioned that it is pursuing a holistic and simplified approach to modeling distributed energy resources to reduce complexity and the time required to enter new resources into the CAISO market.

During the meeting, the CAISO provided the written PowerPoint presentation attached to this notice as Attachment 1.

Respectfully submitted,

By: /s/ Jordan Pinjuv

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ATTACHMENT 1

ISO is committed to reducing the cost of DR integration.

Telemetry

- Accuracy
- Scan Rate
- 24/7 Requirement



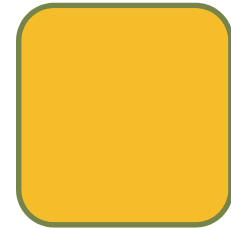
Baseline

- Maximum Base load
- Metering Generation Output
- Meter Before and Meter After



DLA/LSE

- DRP-LSE Agreement
- Registering LSE in DRS
- Multiple LSE per Sub Lap



CAISO's Load Modifying DR Valuation Proposal

- **What:** Simple and consistent approach to maximize various avoided costs and capture value from load modifying resources.
- **Why:** Structure dependable load modifying resources that demonstrably avoid capacity procurement and investment.
- **How:** Use hard triggers and pre-nominated MW quantities to target and beneficially affect the metrics that drive capacity needs, eliminating both operator and planner guesswork.
- **When:** Test triggers over the transition period to 2018. Shadow trigger in 2015 and test actual triggers in 2016/2017.

Avoided Cost Value Stream	Affected Metric = Basis for Hard Trigger
Short-term Avoided System Generation Capacity	System Coincident Peak Demand (Source: CEC short-term RA forecast)
Long-term Avoided System Generation Capacity	System Coincident Peak Demand (Source: CEC IEPR CED Forecast)
Avoided Flexible Capacity	Maximum 3-hour Net Load Ramp (Source: Annual ISO Flex Cap Study)

The ISO is redesigning our demand response system to better meet our customers needs.

