

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

Application of San Diego Gas & Electric  
Company (U-902-M) for Approval of  
Demand Response Program Augmentations  
and Associated Funding for the Years 2013  
through 2014

Application 12-12-016  
(Filed December 21, 2012)

Application of Southern California Edison  
Company (U338E) Proposing  
Improvements and Augmentations to its  
Existing Demand Response Program  
Portfolio for the Summers of 2013 and 2014

Application 12-12-017  
(Filed December 21, 2012)

**RESPONSE OF THE CALIFORNIA INDEPENDENT  
SYSTEM OPERATOR CORPORATION  
TO APPLICATIONS OF SAN DIEGO GAS & ELECTRIC COMPANY AND  
SOUTHERN CALIFORNIA EDISON COMPANY**

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The California Independent System Operator Corporation (ISO) submits the following comments to the Applications of San Diego Gas & Electric Company (SDG&E) and Southern California Edison Company (SCE).

## **I. INTRODUCTION**

The ISO appreciates the foresight of the Commission to timely consider new options and opportunities to identify additional demand response capability in the regions affected by the loss of SONGS, and, importantly to learn from and build on the lessons learned from 2012, as discussed by the IOUs in this application in response to the questions posed by the Energy Division. The ISO also appreciates the efforts of SCE and SDG&E, who have had to quickly assess and assemble a plan responsive to the Commission's request and to timely consider how to reconfigure certain aspects of their demand response portfolios to be responsive to the operational needs in the affected regions. The ISO will continue to work with the IOUs to help ensure that we identify for use the greatest operational value from these programs and the proposed changes.

## **II. COMMENTS ON APPLICATION OF SDG&E**

### **a. The ISO Publishes Extensive Information on its Website about Emergency Events and Exceptional Dispatches**

The CPUC asked:

Q.1: If CAISO's dispatch order was revised such that non-RA resources and other entities /balancing authorities are dispatched AFTER BIP, AP-I, and commercial AC cycling programs are dispatched, would that revision have resulted in additional BIP, AP-I and commercial AC cycling events in 2012? If so, how many events, and on what days?

SDG&E responded:

In order to fully answer this question we would need the number of times and days that the CAISO had to dispatch non-RA resources and canvas other entities and Balancing Authorities for available Manual Dispatch Energy/Capacity on interties in San Diego service territory. We have requested this information from the CAISO and have yet to receive the data.<sup>1</sup>

ISO Comment:

The ISO is not aware of a formal written data request from SDG&E to the ISO asking that the ISO provide the information that SDG&E states it requested in its response. All emergency event information and exceptional dispatch data that can answer this question are publicly available on the ISO website. For example, the ISO publishes an up-to-date document that lists all emergency events and notices ever issued by the ISO since its startup.<sup>2</sup>

**b. ISO Media Representatives are in Daily Contact with the IOUs' Media Spokespersons during Heat Waves to Provide Updates and Indicate When a Flex Alert May be Called.**

The CPUC asked:

Q.1: What was the utility's experience with the Flex Alert? Was there any communication between the CAISO and the utility prior to the issuance of the Flex Alert and coordination for the DR events?

SDG&E responded:

The CAISO media/information office held weekly 30 minute conference calls beginning in early July that ended at the end of September. During those calls, the media/information office would share a weather forecast for the upcoming week and some general comments about whether or not they felt that Flex Alerts were potentially on the horizon. We requested

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<sup>1</sup> Appendix X to SDGE application, "Response to Energy Division Guidance for Post Summer 2012 DR Evaluation and 2013/2014 Summer Planning," at p. 24.

<sup>2</sup> Grid History dating back to 1998 can be found at:

[http://www.aiso.com/Documents/Alert\\_WarningandEmergenciesRecord.pdf](http://www.aiso.com/Documents/Alert_WarningandEmergenciesRecord.pdf)

specific Flex Alert triggers from CAISO on several occasions, but never received that information. The biggest gap in communication came when the two Flex Alerts this summer were actually triggered on 8/9 (for 8/10, 11 and 12) and on 8/13 (for 8/14). The IOUs did not receive any kind of official advanced notification that Flex Alerts would be called; we only received the same media alert (email and phone call) as the news media, the general public, etc. The same situation occurred when CAISO ended up cancelling the Flex Alert for 8/11 and 8/12. We received no advanced notification from CAISO, only the same media release that was issued statewide. This caused a good amount of confusion both internally at SDG&E as well as with the local media who were trying to decipher whether or not conservation was still necessary based on messages coming from CAISO regarding Flex Alerts and messages coming from us regarding the concurrently running Reduce Your Use days.<sup>3</sup>

ISO Comment:

In addition to the weekly Flex Alert coordination calls that were scheduled to run a half-hour—but, in fact, often ran longer--ISO media representatives were in daily contact with SDG&E media spokespersons during heat waves to provide updates and indicate when a Flex Alert could potentially be called. ISO media representatives and their IOU counterparts, along with media representatives at the CEC and the CPUC, are continually seeking ways to improve Flex Alert coordination. The ISO estimates that Flex Alerts resulted in about 1,000 megawatts of energy conservation. Additionally, there is no limit as to how many Flex Alerts can be issued, although the ISO is careful not to call Flex Alerts unless they are absolutely needed, to avoid diminishing their effectiveness, if the ISO were perceived to be “crying wolf.”

As to the issue of advance notifications, the Southern California region had not weathered a summer without SONGS generation in 30 years. To manage major heat waves with the single largest resource in the region unavailable meant that ISO operators

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<sup>3</sup> Appendix X to SDGE application, “Response to Energy Division Guidance for Post Summer 2012 DR Evaluation and 2013/2014 Summer Planning,” at p. 26.

had to be especially diligent in managing the grid and the power flows in the affected region. The ISO agrees that at least one of the Flex Alerts issued last summer was last-minute. However, the ISO did warn utilities that this could occur if the grid experienced a sudden loss of generation or transmission, which is exactly what happened when the first Flex Alert was issued during the summer. Late in the day, a large power plant located in a key area of Southern California went offline without warning, due to an equipment failure. Dynamic grid conditions, like this require quick and decisive action. Even though the ISO makes every attempt to provide advance notice of Flex Alerts, issuing the first Flex Alert that summer was necessary and served an important role in helping to maintain system reliability on that day.

**c. The Ability to Call Flex Alerts Must Continue through 2013 and 2014**

The CPUC asked:

Q.3: Should the Flex Alerts be continued for 2013 and 2014? If so, are there ways to improve the effectiveness of the Flex Alert program?

SDG&E responded:

A key reason for this declining need for emergency alerts is due to growth in IOU DR programs.<sup>4</sup>

ISO Comment:

The ISO strongly believes that both energy conservation and demand response programs are important to grid reliability. Flex Alert messaging for energy conservation should not be dropped just because *local* demand response programs are available.

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<sup>4</sup> Appendix X to SDGE application, “Response to Energy Division Guidance for Post Summer 2012 DR Evaluation and 2013/2014 Summer Planning”, at p. 27.

The ISO contends the successful avoidance of electrical emergencies for the last five years is due in part to the fact that thirteen Flex Alerts were issued during that timeframe. The ISO estimates that Flex Alerts can provide up to 1,000 megawatts of energy conservation. No doubt, such conservation can help prevent the further degradation of grid and help stave off electrical emergencies. The Flex Alert program should be continued in 2013 and 2014, especially given the continuing outage of SONGS.

### **III. COMMENTS ON SCE'S APPLICATION**

#### **a. SCE's Requested Modifications to its Summer Discount Plan Program should be Timely Approved**

The ISO fully supports SCE's efforts to allow its commercial Summer Discount Program (SDP) to include an economic trigger and be available for dispatch year-round. As SCE states "...transitioning the Commercial program to include an economic dispatch option will aid in proactively limiting MW usage when demand for energy is at its highest, potentially mitigating an emergency situation."<sup>5</sup>

SCE has asked for expedited treatment to ensure these changes can be made in time for summer 2013 implementation. The Commission should support these efforts and ensure that expedited treatment is timely provided, which, according to SCE, means a decision on this application by no later March 2013.<sup>6</sup>

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<sup>5</sup> Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014," Section II, Witness Brandi M. Anderson, at p. 12.

<sup>6</sup> See "Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014," Section II, Witness Brandi M. Anderson, footnote 13, at p. 12.

**b. Contrary to SCE’s Response Concerning Price Spikes, the ISO does not Prohibit DR Resources from Participating in its Real time market**

SCE states that “[c]urrently, CAISO does not permit DR to participate in the real time market and SCE does not have any DR programs that could be modified to respond to 5-minute instructions.”<sup>7</sup> This is an incorrect statement. Since FERC approved the ISO’s proxy demand resource product back in 2010, the ISO has had the tariff authority to allow the direct participation of demand resources in its market, both in the day-ahead and real-time and for the provision of non-spinning reserves. However, the ISO acknowledges that there a need for further refinement of the rules for participation in the ISO market and that activities must be completed as directed in the recent Commission decision in Phase IV of R.07-01-041.

**c. SCE Should Understand that the Daily Reporting Procedure is for the ISO’s Operational Benefit Given the ISO has no Visibility to Demand Response Programs on a Daily Basis like it has for other Resource Types.**

The CPUC asked:

Q.1: From the IOUs’ perspective, was the daily and weekly DR reporting helpful to the utility? What could be improved?

SCE responded:

SCE did not find that the daily and weekly reports created for 2012 provided value for SCE. Rather it required competing efforts from the same limited resources which are responsible for accurately dispatching demand response events.<sup>8</sup>

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<sup>7</sup> “Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014,” Section VII, Witness Kevin G. Wood, at p. 49.

<sup>8</sup> Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014, Section VII, Witness Kevin G. Wood, at p. 54.

ISO Comment:

The underlying purpose of the data forecasting and publication was to benefit the system operator rather than the IOUs themselves. The ISO finds good value in the daily demand response reports. Because of the report mechanism, the ISO is no longer blind to how much DR capability exists in the system on a daily and hourly basis, if and when it is needed. While SCE indicates that it has an algorithm available to estimate how much DR is available on any given day or hour and in any given location (if indeed the algorithm does provide this kind of detail), the ISO does not have such a tool. Therefore, the ISO will ask that, after the winter season, the IOUs once again begin submitting the daily demand response report for the ISO's benefit and operational consideration.

**d. Flex Alerts Work and the Program Should be Maintained.**

The CPUC asked:

Q.2: What was the customer overall experience with Flex Alert? Were there any customer confusions between the Flex Alert and the utility DR event notifications?

SCE responded:

Results from SCE's 2012 Summer Readiness Effectiveness Study indicate a favorable outcome for the Flex Alert effort. Nearly 60% of residential customers reported hearing or seeing Flex Alert advertisements (65% within Orange County), and 54% of small business customers (54% within Orange County). Furthermore, one quarter of residential customers reported that they took steps to reduce electricity on a Flex Alert day (31% within Orange County), and similarly with 21% small business customers (36% within Orange County). While the recall of the Flex Alert advertisements appears to be substantial, SCE finds it difficult to evaluate the cost effectiveness of the advertising campaign. Media/news coverage of the SONGS situation was significant and likely contributed to consumers' heightened sense of awareness of energy-related issues. The effectiveness study also indicated that there was some confusion between Flex Alert and SCE's own PTR program, Save Power Day. Without

prompting from the research interviewer, nearly 10% of customers proactively voiced confusion between the programs.<sup>9</sup>

ISO Comment:

The ISO is pleased with the results reported by SCE in its 2012 Summer Readiness Effectiveness Study indicating favorable outcome for the Flex Alert effort. Assuming the survey is reflective of SCE load, the results exceed earlier estimates of the conservation that took place during the two Flex Alert events over the summer when SCE's peak demand was in excess of 22,000 MW.

To a point, the ISO agrees with the assertion that this "substantial" response rate may be due to heightened awareness regarding the SONGS outage. Flex Alerts were a critical component of the mitigation plan for facing summer conditions without SONGS generation. However, the ISO's media analytics show that there was significant news coverage (non-paid) specific to Flex Alerts. Statewide, there were 648 media "hits" in five months specific to Flex Alerts (March – August) whereas SONGS-only coverage garnered about the same "hits" (708) during an eight month timeframe (Jan – August). As with every summer during the past decade, the media partners embrace their role in promoting energy conservation through Flex Alert education and consistently provide summer- long coverage on TV, radio and print.

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<sup>9</sup> Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014, Section VII, Witness Kevin G. Wood, at p. 61.

Respectfully Submitted:

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