On July 8, 2009, Assigned Commissioner Chong issued a ruling (ACR) amending the scoping memo and schedule established in the July 18, 2008 Assigned Commissioner and Administrative Law Judge’s Amended Scoping Memo and Ruling (Scoping Memo). The ACR requested that, by July 27, 2009, the California Independent System Operator (ISO) supplement its original recommendation as to an appropriate quantity of emergency-triggered demand response (DR) that would be useful to the system during serious system emergencies by identifying the number of MW reductions that could be assigned to each Investor Owned Utility (IOU) to achieve that goal.¹

¹ ACR at 9. For the purposes of this supplemental filing, the ISO will continue to use the term "emergency–triggered DR," consistent with the terminology used in the ACR. However, the ISO notes that a better term would be "reliability-based" DR because it better reflects recent events within the last year which have moved the triggering mechanism of these DR programs from a technical emergency declaration to conditions immediately prior to the ISO declaration of an emergency. These conditions constituting the trigger mechanism have been discussed in resolutions approved by the Commission during the period July 2008 to the present and are contained within certain ISO operating procedures.
The ACR establishes three workshops around which the work of Phase III of the proceeding will largely be undertaken. The ACR states that “[t]he first workshop will examine whether there is an optimal size for the Commission’s emergency-triggered DR program, and, if so, what is the optimal size for the program.”2 Toward this end, the focus of the workshop discussion will be “to determine the amount of emergency-triggered DR that is needed, by IOU service territory, to maintain grid reliability.”3

The ACR requests that the ISO provide further detail information related to the ISO’s prior, June 25, 2008 filing on emergency triggered Demand Response programs: “CAISO is requested to supplement its original recommendation with its estimate of megawatts (MW) reductions that currently could be assigned to each of the specific IOUs.”4 In response to that request, the ISO hereby submits its supplemental recommendation as to the MW reductions that could be assigned to each IOU and the underlying methodology for deriving that number. Additionally, the ACR gave parties the opportunity to submit pre-workshop comments concerning the issues to be addressed at Workshop 1, and the ISO has included such comments in this filing.5

I. BACKGROUND

The foundation of Phase III is found in three questions posed by ALJ Hecht to the ISO in her June 9, 2008 ruling in Phase 26:

- How much emergency-triggered demand response (in megawatts) does the state need to have available to mitigate declared electricity emergencies?
- How was this amount determined?
- How does the estimated amount needed compare to the amount of emergency-triggered DR currently available?

The ISO provided the following information in its June 25, 2008 responsive comments

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2 ACR at p. 7.
3 Id.
4 ACR at p 9.
5 ACR at p.8.
• A range of 500 to 1,000 MWs, corresponding to a range of between 1 and 2 percent of peak system load, is an appropriate quantity of emergency-triggered DR that would be useful to the system during system emergencies to help prevent involuntary load shedding.

• This amount was based on an analysis of three criteria:
  o Historic load shedding events and MW quantities
  o Protecting spinning reserves and minimizing the potential for firm load shedding
  o Comparison with what other ISOs/RTOs carry with respect to similar emergency DR products

• The ISO’s recommended range of 500 to 1,000 MWs is approximately 700 to 1,200 MWs less than the currently-available emergency-triggered DR.7

II. SUPPLEMENTAL INFORMATION

The ACR has asked the ISO to determine how the 500-1,000 MWs of emergency-triggered DR should be allocated to the IOUs. In formulating its response, the ISO proposes to rely on its emergency operating procedures to derive the proportionate share for each IOU. Specifically, the ISO’s methodology for determining reliability-based DR program quantity allocations relies on the ISO’s Emergency Operating Procedure E-508A- Load Shedding Guide (EOP-508A).8 This procedure, among other things, describes the procedures that will be followed by the ISO in the event that reserve requirements and load demand exceed available resources and the ISO must perform involuntary load shedding to maintain system reliability.

According to EOP-508A, each utility distribution company (UDC), including metered subsystems (MSS),9 would be allocated a pro-rata share of the load shedding quantity. The pro-rata load shedding share by UDC and MSS for the year is determined by calculating each of the load shedding participant’s (Participant’s) contribution to the

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8 http://www.caiso.com/docs/2001/03/02/2001030214322212978.pdf

9 The ISO tariff defines a Metered Subsystem, in pertinent part, as: A geographically contiguous system located within a single zone which has been operating as an electric utility for a number of years prior to the CIASO Operations Date as a municipal utility, water district, irrigation district, state agency or federal power marketing authority subsumed within the CAISO Balancing Authority Area…
ISO’s annual peak load. Specifically, a Participant’s pro-rata load shedding share is
determined by dividing the Participant’s coincident load (MW) at the time of the ISO
system peak by the ISO’s peak load (MW).\(^\text{10}\) The CAISO updates the pro-rata share
percentages on an annual basis and publishes the new values in EOP-508A. This update
occurs prior to the summer season and is generally published in the April to June
timeframe of any given year.\(^\text{11}\) The Commission could choose to update the emergency-
triggered DR program allocation annually, based on the ISO’s updated publication of
EOP-508A, or establish an allocation by DR application program cycle based on historic
EOP-508A data.

EOP-508A currently sets forth the following fixed pro-rata load-shedding shares
under circumstances when load-shedding by UDCs or MSSs is required:

<table>
<thead>
<tr>
<th>UDC / MSS</th>
<th>FIXED PRO-RATA SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim</td>
<td>1.12%</td>
</tr>
<tr>
<td>Azusa</td>
<td>0.12%</td>
</tr>
<tr>
<td>Banning</td>
<td>0.09%</td>
</tr>
<tr>
<td>Corona</td>
<td>0.03%</td>
</tr>
<tr>
<td>Lassen</td>
<td>0.04%</td>
</tr>
<tr>
<td>NCPA (Excluding Roseville, Including SVP)</td>
<td>1.99%</td>
</tr>
<tr>
<td>Pacific Gas &amp; Electric</td>
<td>42.53%</td>
</tr>
<tr>
<td>Pasadena</td>
<td>0.63%</td>
</tr>
<tr>
<td>Riverside</td>
<td>1.14%</td>
</tr>
<tr>
<td>San Diego Gas &amp; Electric</td>
<td>8.68%</td>
</tr>
<tr>
<td>Southern California Edison</td>
<td>43.25%</td>
</tr>
<tr>
<td>Vernon</td>
<td>0.38%</td>
</tr>
</tbody>
</table>

Thus, in response to the ACR’s supplemental information request and to reach a
100% allocation factor, the ISO proposes that the Commission allocate emergency-
triggered MW quantities based on EOP-508A allocation factors to the three IOUs by

---

\(^\text{10}\) The UDC/MSS load coincident at the time of the ISO’s annual peak would also exclude any interruptible
load that was off at the time of the ISO system peak.

\(^\text{11}\) For 2009, the updated allocations in EOP-508A were published on May 12, 2009.
adding the percent load shedding shares of the non-CPUC jurisdictional entities to the IOUs allocation within whose IOU footprint the non-CPUC jurisdictional entity resides.

For 2009, this allocation would be as follows, based on the table above:

**CPUC Allocation of Reliability-based DR Quantities by UDC- 2009**

<table>
<thead>
<tr>
<th>UDC</th>
<th>% Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-jurisdictional UDCs within SCE footprint</td>
<td>3.51%</td>
</tr>
<tr>
<td>SCE</td>
<td>43.25%</td>
</tr>
<tr>
<td><strong>Total SCE:</strong></td>
<td><strong>46.76%</strong></td>
</tr>
<tr>
<td>Non-jurisdictional UDCs within PG&amp;E footprint</td>
<td>2.03%</td>
</tr>
<tr>
<td>Pacific Gas &amp; Electric</td>
<td>42.53%</td>
</tr>
<tr>
<td><strong>Total PG&amp;E:</strong></td>
<td><strong>44.56%</strong></td>
</tr>
<tr>
<td><strong>Total: SDGE:</strong></td>
<td><strong>8.68%</strong></td>
</tr>
</tbody>
</table>

**III. PRE-WORKSHOP COMMENTS**

A. **Activities by the Parties Since the ISO’s June 25, 2008 Filing Must Inform the Phase III Workshop Efforts.**

In connection with the Phase III efforts, it is important that the Phase III workshop participants to be informed of activities that have transpired in the interim since July 2008, when Phase III was launched, and the present time. During this period, the IOUs, the ISO and effected end-use customer program participants engaged in negotiations and discussions culminating in a modification of the IOU Base Interruptible Programs (BIP) trigger mechanisms. The modifications to the BIP programs were approved by the Commission on January 29, 2009 in Commission Resolution 4220, issued February 2, 2009. As explained in Resolution E-4220,

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12 Resolution 4220 can be accessed on the Commission Web site at [http://docs.cpuc.ca.gov/WORD_PDF/FINAL_RESOLUTION/96923.PDF](http://docs.cpuc.ca.gov/WORD_PDF/FINAL_RESOLUTION/96923.PDF)
The trigger condition change adopted here is an interim solution to a longstanding debate on how to best align emergency-triggered programs with CAISO operational practices. Further refinements to emergency-triggered programs are expected to occur in Phase 3 Order Instituting Rulemaking (OIR).\footnote{Resolution 4220 at pp 1-2.}

The ISO supported the IOU modification request as a component of a larger, overall agreement reached by the ISO, the IOUs and large utility end use customer/ DR program participants that those parties would (1) accept the premise that DR programs should migrate from emergency triggered DR to price responsive programs (2) engage in meaningful efforts to do so. Because of these commitments, the ISO agreed that it would not oppose the IOU requested funding and approval levels of the BIP programs in the DR Applications (A.08-06-001; A.08-06-002; A.08-06-003). Accordingly, the ISO made the following points in its comments in support of the IOU requests for the BIP program modifications:

The draft Resolution also correctly notes that, upon modification of the BIP as proposed, the CAISO has agreed to support continued inclusion of BIP capacity as Resource Adequacy (RA) capacity, a position which the CAISO tethers to commitment by the utilities, CMTA, CLECA and other interested parties to continue to engage in meaningful discussions to promote the voluntary transition of large customers to a forward-bid paradigm that incorporates an option for large customers to participate in a viable, price-responsive demand response program during the 2010 to 2011 timeframe.\footnote{ISO Comments to draft resolution E-4220, dated Jan 14, 2009. The ISO attaches a copy of the ISO’s comments as Attachment A to this filing and a copy of final Resolution E-4220 as Attachment B to this filing.}

Because the Commission qualifies emergency-triggered DR programs as Resource Adequacy (RA) capacity, the draft Resolution resolved the issue of the ISO having to declare a system emergency to access these RA resources. In other words, the ISO could technically use these DR programs to prevent an emergency versus only being able to use these resources to pull out of an emergency. However, many of the Commission’s core concerns remain unresolved by Resolution E-4220. For instance, the Commission’s concerns about the ISO ‘double procuring’ RUC capacity or the ISO...
procuring resources ‘out-of-market’ before using these already funded DR programs remain unresolved. Even with the positive changes made through Resolution E-4220, the trigger for these emergency-triggered DR programs still remain at a point where the ISO cannot plan around these resources. As such, they cannot be considered in the ISO’s planning process and, therefore, in no way impact the ISO’s RUC procurement target.

Furthermore, before triggering the emergency-triggered DR programs per Resolution E-4220, the ISO must take appropriate actions to prevent the system from sliding into a reserve deficiency, and therefore system emergency, by purchasing energy out of market, exercising exceptional dispatches and taking other preventive measures that have cost consequences. Thus, it is important that the Commission understand what Resolution E-4220 resolved and what it did not resolve.

B. Phase III Efforts Should Begin With the Cap on Levels of Emergency Triggered DR Set Forth In The Recent Proposed Decision On The IOU DR Applications.

The recently issued Proposed Decision in the IOU application proceedings for approval of 2009-2011 programs and budgets includes a provision to cap the size of the IOU emergency triggered demand response programs to their current level of enrolled megawatts, pending a decision in Phase 3 of this rulemaking.\(^\text{15}\) Capping enrollment in existing emergency-triggered programs at the current megawatt level is appropriate while the Commission addresses the issue in this phase of the proceeding. Given the ISO perspective on the over-abundance of emergency-triggered DR programs being funded currently, the ISO would recommend that the Commission establish not only an upper limit on the amount of emergency-triggered DR, but a schedule by which that lower amount can be achieved by end of the 2009-2011 program cycle. Should enrollment

decline below, for example, 1,000 MWs, the ISO recommends that replacement be allowed up to the cap, allocated among IOUs according to the method described in the previous section.

Thus, the ISO would expect any substantive changes to emergency-triggered DR programs, in quantity or structure, to occur in the 2012-2014 DR application cycle. In addition, given the infrequency with which the emergency-triggered DR programs are operated, the ISO urges the Commission to also incorporate at least one annual test of these programs, as a program feature and requirement, to ensure on-going compliance and to establish an the ‘expected’ response from these programs on an annual basis.

Dated: July 27, 2009

Respectfully submitted,

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ATTACHMENT A
January 14, 2009

VIA ELECTRONIC MAIL To: jnj@cpuc.ca.gov and US MAIL

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Subject: Draft Resolution E-4220
Response of the California Independent System Operator Corporation

Through this response, the California Independent System Operator Corporation (CAISO) expresses its support for Commission adoption of draft Resolution E-4220, which calls for approval of the proposals by PG&E, SCE and SDG&E to modify the Base Interruptible Program (BIP) to add a new trigger condition.

As explained in the draft resolution, the utility proposals are intended to implement an “interim solution to a long-standing debate on how best to align emergency-triggered programs with CAISO operational practices.” (draft Resolution at p. 1.) The draft resolution also notes that the CAISO has expressed its support for the proposed BIP trigger modification. The CAISO has done so by way of letters of support dated December 2, 2008 letter, which the CAISO submitted for each respective utility advice letter filing.

The draft Resolution also correctly notes that, upon modification of the BIP as proposed, the CAISO has agreed to support continued inclusion of BIP capacity as Resource Adequacy (RA) capacity, a position which the CAISO tether s to commitment...
by the utilities, CMTA, CLECA and other interested parties to continue to engage in meaningful discussions to promote the voluntary transition of large customers to a forward-bid paradigm that incorporates an option for large customers to participate in a viable, price-responsive demand response program during the 2010 to 2011 timeframe. (See draft Resolution at p. 3.)

The CAISO supports the BIP modifications and actions set forth in the draft Resolution and strongly encourages approval by the Commission.

Respectfully submitted,

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cc:
Service Lists in the following proceedings
R.07-01-041
A.08-06-001
A.08-06-002
A.08-06-003
CERTIFICATE OF SERVICE

I hereby certify that on January 14, 2009, I served, on the Service List for Consolidated Proceedings A08-06-001, A08-06-002, A08-06-003 and R.07-01-041 by electronic mail, and United States mail a copy of the foregoing:

RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR TO DRAFT RESOLUTION E-4220

Executed on January 14, 2009, at Folsom, California

Anna Pascuzzo,
An employee of the California Independent System Operator

- Anna Pascuzzo
Service List R.07-01-041

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ATTACHMENT B
Resolution E-4220. Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) are authorized to modify the trigger condition for the Base Interruptible Program (BIP).

By Advice Letter (AL) 3360-E filed on November 12, 2008 by PG&E, AL 2288-E filed on November 12, 2008 by SCE, and AL 2040-E filed on November 12, 2008 by SDG&E.

SUMMARY

This Resolution approves PG&E’s, SCE’s, and SDG&E’s proposal to modify the BIP by adding a new trigger condition for the program: a Warning notice issued by the California Independent System Operator (CAISO) along with a determination by the CAISO that a Stage 1 emergency is imminent consistent with its operating procedure E-508B. Other triggers for the program will remain in effect, and no changes will be made to program incentives.

A one-time thirty day adjustment period is also authorized to give BIP participants the opportunity to adjust their Firm Service Level (FSL) or to opt-out of the program after they have been informed of the additional trigger condition.

The trigger condition change adopted here is an interim solution to a long-standing debate on how to best align emergency-triggered programs with CAISO operational practices. Further refinements to emergency-triggered programs are expected to occur in Phase 3 Order Instituting Rulemaking (OIR).
This resolution does not require a mandatory test event for BIP, but instead directs SCE to modify its BIP tariff to include an option to call a test event, consistent with PG&E’s and SDG&E’s BIP tariffs.

This Resolution also directs PG&E, SCE and SDG&E to make efforts to retain BIP participants in demand response programs, not just the BIP.

BACKGROUND

BIP is a demand response program that provides load reductions during emergency situations

The BIP is an emergency-triggered demand response program that the CAISO can dispatch for system emergencies, and the utilities (PG&E, SCE, and SDG&E) can dispatch for local emergencies to provide load relief. Customers enrolled in BIP receive incentive payments in exchange for committing to reduce their electrical usage to a contractually-established amount of kW, also called their Firm Service Level (FSL). Participants who fail to reduce their load to their FSL are subject to a financial penalty assessed on a kW per hour basis. Participants in the BIP program statewide are able to provide approximately 880 MWs of load drop in the event the program is triggered.

Currently, the BIP is triggered when the CAISO declares a Stage 2 Emergency (when operating reserves are less than 5 percent). CAISO has expressed opposition to current Commission policy that allows the utilities to count the BIP towards meeting their Resource Adequacy (RA) requirement on the grounds that BIP can only be called after an emergency has been declared, and thus do not contribute to the CAISO’s operating reserve requirements. The utilities have asserted that BIP should continue to count for RA because it allows the utilities to avoid procuring additional generation capacity. Representatives of the large customers who participate in BIP have asserted that not counting BIP for RA will substantially reduce the incentives offered for the program, and thereby risk customer migration from the program and the loss of reliable MWs for emergencies. The issue of aligning emergency-triggered demand response programs (like BIP) with CAISO operational practices has been raised in the DR OIR Phase 3 Assigned Commissioner’s Ruling dated July 18, 2008.2

2 http://docs.cpuc.ca.gov/efile/RULC/85507.pdf
The Utilities Propose to Trigger the BIP Prior to a Stage 1 Emergency

The utilities, the CAISO, and the large customer representatives - the California Manufacturers and Technology Association (CMTA) and the California Large Energy Consumers Association (CLECA) - met to discuss these issues and negotiate a revision to the BIP. The aforementioned parties reached an agreement to modify BIP by adding a new trigger condition: a Warning notice issued by the CAISO and when Stage 1 is imminent. Specifically the following steps would be followed for the new trigger:

- CAISO forecasts a Stage 1 emergency and issues a Warning.
- CAISO will then take all necessary steps to prevent the further degradation of its operating reserves as outlined in CAISO’s emergency operating procedure E-508B.
- If CAISO still determines that a Stage 1 emergency is imminent, it may then dispatch the BIP resource.

To effectuate the new trigger conditions as outlined above, the utilities filed advice letters on November 12, 2008. The proposed changes in the tariff will effectively allow the CAISO to call BIP before a Stage 1 emergency once it has exhausted all other options to prevent further degradation of its operating reserves. The other triggering conditions for the BIP (local emergencies, Stage 2 alerts or test events) will remain. No change is proposed for the BIP incentive.

Upon approval of the BIP tariff modification, the utilities also proposed a one-time thirty day adjustment period to allow participants the opportunity to adjust their FSLs or to opt-out of the program. The utilities requested that this adjustment period (or opt-out window) commence 15 days after approval of the advice letter filings.

Upon the modification of BIP in accordance with the above proposal, CAISO has agreed to support the continued inclusion of BIP capacity as RA capacity. The aforementioned parties have also agreed to continue to engage in meaningful discussions to promote the voluntary transition of large customers to a forward-bid paradigm that incorporates an option for large customers to participate in a viable, price-responsive DR program during the 2010 to 2011 timeframe.
NOTICE

Notice of PG&E AL 3360-E, SCE AL 2288-E, and SDG&E AL 2040-E were made by publication in the Commission’s Daily Calendar. PG&E, SCE and SDG&E state that a copy of its Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B. The Utilities also notified the service lists of R.07-01-041 and A.08-06-001 et al. by email.

PROTESTS

Responses to PG&E’s AL 3360-E and SCE’s AL 2288-E were filed by EnerNOC, Inc (EnerNOC) on December 1, 2008. The CAISO filed comments on all three advice letters on December 2, 2008. Replies to EnerNOC’s response were filed by PG&E on December 8, 2008 and by SCE on December 9, 2008.

DISCUSSION

The new BIP trigger will temporarily resolve CAISO’s concern about counting BIP for RA purposes and should be approved. CAISO and EnerNOC support the proposed BIP trigger condition as described above. The proposed BIP trigger will result in the CAISO’s support for counting BIP towards the RA requirements of the utilities, provided that the utilities and other affected parties continue meaningful discussions to promote the voluntary transition of large customers to a price-responsive demand response program during the 2010 to 2011 timeframe. We appreciate the collaborative efforts among the parties and support the proposed additional BIP trigger condition. The new trigger is an interim solution, as the DR Phase 3 of the OIR\(^3\) will make final determinations regarding emergency-triggered demand response program policy and the ultimate design of these programs.

Requiring mandatory annual test events for BIP should be deferred to Phase 3 of R.07-01-041. SCE should however amend its BIP tariff so that it has the discretion to test its BIP program.

For both of PG&E’s and SCE’s BIP programs, EnerNOC encourages the Commission to require at least one test event per year because it will 1) increase

\(^3\) R.07-01-041
the level of assurance that BIP resources are firm resources and should continue
to qualify for RA purposes, 2) provide more information on how much actual
load reduction is likely to be available in the event of a real emergency, and 3)
ensure that only performing customers remain in the program.

SCE argues that EnerNOC’s request for annual testing is unnecessary because
the program’s performance in the past has proven BIP to be a reliable resource.
SCE claims that it has already determined the likely load impact from BIP based
on the difference between each participant’s average maximum demand and
their respective FSL given the fact that a financial penalty is applied if a
participant fails to reduce load to their FSL. Based on two events that had
occurred in the past, SCE states that its participants’ compliance rates were 98.5
percent for August 25, 2005 and 96 percent for July 24, 2006. In addition, SCE
also tests the Remote Terminal Unit notification devices and phone system on a
monthly basis and believes this is sufficient enough to remind customers of their
responsibility to perform.

In its reply comments, PG&E argued that it has the option to call up to two test
events per year and believes that it should retain the flexibility to avoid calling a
test event when an actual event had been called for that year.

Through a data request, Energy Division found out that in the last five years,
PG&E and SDG&E operated the BIP three times while SCE triggered the
program twice. EnerNOC’s position implies that triggering BIP on an average
of once every other year is not enough to determine the firmness of the resource
for either RA or day-to-day operational purposes. EnerNOC also believes that
mandatory test events will ferret out customers who do not perform.

The issue of mandatory test events for the BIP program is a technical question
(how many data points are considered sufficient to determine the firmness of a
resource for RA and/or day-to-day operational needs) as well as a policy
question (eg. does the absence of mandatory test events in IOU-operated DR
programs impact the integration of emergency-triggered demand response with
the CAISO’s Market Redesign and Technology Upgrade (MRTU)?). Phase 3 of
the Demand Response OIR (R.07-01-041) is the appropriate forum to further

4 Only one of the utility events noted here was a test event.
evaluate and vet this issue as that proceeding is reviewing our policies with respect to emergency-triggered demand response programs, their potential alignment with the CAISO’s wholesale markets, and their design. Furthermore the advice letter process is limited to just the utilities and parties who have filed comments on the advice letters, and we believe formal input from other stakeholders is appropriate. For example more information is needed from the CAISO as to what it believes is necessary to evaluate the firmness of these programs and if mandatory test events have an impact on MRTU integration. Therefore at this time, we decline to adopt a mandatory test event for the BIP program as recommended by EnerNOC, but we will take up this issue in Phase 3 of R.07-01-041.

Currently both PG&E and SDG&E have the discretion to call test events for BIP. SCE’s BIP tariff does not provide a test event option. While we decline to adopt a mandatory annual test event for BIP at this time, we believe that SCE should have at least the discretion to test the program just as PG&E and SDG&E does. We will direct SCE to modify its BIP tariff so that it has the discretion to test the program.

The 30 day adjustment period is sufficient time for BIP customers to adjust their FSL or to opt-out of the program.

EnerNOC requested the proposed one-time 30-day adjustment period be changed from 30 days to 60 days, because 30 days is not sufficient time for all customers to make an informed decision. In its reply comments, PG&E and SCE argue that a period of 30 days, starting 15 days after final approval of the advice letter, is sufficient and is the standard norm. PG&E and SCE claim that customers have been notified that the proposed new trigger for BIP was being considered. We approve the one-time adjustment period for BIP customers to adjust their FSLs or opt-out of the program and we agree with the utilities that 30 days is a sufficient amount of time for BIP customers to understand the new trigger and make decisions on their participation in the program.

The Utilities should use the 30 day adjustment period to inform their BIP participants of other DR options.

EnerNOC takes issue with PG&E’s statement that it “will make a strong effort to retain all customers in the (BIP) program” when it contacts participants about the trigger modification. EnerNOC argues that during the BIP opt-out period, PG&E should be focused on retaining customers in DR programs, not just in BIP. EnerNOC believes PG&E should devote its sales and service representatives to
be indifferent as to whether an existing BIP customer stays in BIP, or join other PG&E DR programs such as Peak Choice, AMP contract portfolios, and etc. In its reply comment, PG&E states that its primary goal is to retain existing customers in BIP and offer customers other DR options if customers feel BIP is not a viable option. We see the one-time adjustment period for BIP participants as an opportunity to inform these customers of other DR opportunities that may be better suited for them. While EnerNOC’s recommendation was directed specifically at PG&E, we direct all three utilities to make a reasonable effort to educate current BIP participants of all DR opportunities during the 30 day adjustment period.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days of public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding. The 30-day comment period for the draft of this resolution was neither waived or reduced.

Accordingly, on December 23, 2008 this draft resolution was served to the parties to PG&E AL 3360-E, SCE AL 2288-E, and SDG&E AL 2040-E, as well as the service lists for R.07-01-041 and A.08-06-001 et al., for public comment, and placed on the Commission’s agenda for January 29, 2009. On January 14, 2009 EnerNOC, SCE and CAISO filed comments. No party filed a reply.

All the parties support the draft resolution. Although the draft resolution declines the specific recommendations from EnerNOC, EnerNOC supports the draft resolution, particularly its direction to the utilities to inform customers of other DR opportunities during the 30-day adjustment period.

SCE suggests minor changes for purposes of clarification.

FINDINGS
1. The BIP is an emergency-triggered demand response program that the CAISO can dispatch for system emergencies, and the utilities (PG&E, SCE, and SDG&E) can dispatch for local emergencies to provide load relief.

2. Customers enrolled in BIP receive incentive payments in exchange for committing to reduce their electrical usage to a contractually-established amount of kW, also called their Firm Service Level (FSL).

3. The utilities propose to modify BIP by adding a new trigger condition: a Warning notice issued by the CAISO and when Stage 1 is imminent.

4. The proposed BIP trigger will result in the CAISO’s support for counting BIP towards the RA requirements of the utilities, provided that the utilities and other affected parties continue meaningful discussions to promote the voluntary transition of large customers to a price-responsive demand response program during the 2010 to 2011 timeframe.

5. The parties who support the new BIP trigger have agreed to continue to engage in meaningful discussions to promote the voluntary transition of large customers to a forward-bid paradigm that incorporates an option for large customers to participate in a viable, price-responsive DR program during the 2010 to 2011 timeframe.

6. The issue of requiring mandatory annual test events for BIP should be deferred to Phase 3 of R.07-01-041.

7. Unlike PG&E and SDG&E, SCE does not have the discretion to call a BIP test event.

8. SCE should modify its BIP tariff so that it has the discretion to test the program.

9. A 30 day adjustment period is sufficient time for BIP customers to adjust their FSL or to opt-out of the program.

10. The utilities shall make a reasonable effort to educate current BIP participants of all DR opportunities during the 30 day adjustment period.

**THEREFORE IT IS ORDERED THAT:**

1. The requests of Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric to add a new trigger condition for BIP as requested by Advice Letter 3360-E filed by PG&E, Advice Letter 2288-E filed by SCE, and Advice Letter 2040-E filed by SDG&E, are approved.

2. Southern California Edison shall modify its BIP tariff to include an option to call a test event at its discretion.
3. The utilities shall make a reasonable effort to educate current BIP participants of all DR opportunities during the 30 day adjustment period.
4. Southern California Edison shall file a supplemental advice letter in compliance with this resolution within 3 business days of the effective date of this resolution.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 29, 2009; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners
CERTIFICATE OF SERVICE

I hereby certify that on July 27, 2009 I served, on the Service List for Proceeding R.07-01-041, by electronic mail, a copy of the foregoing Supplemental Recommendation and Pre-Workshop Comments of the California Independent System Operator In Response to the Assigned Commissioner’s Amended Scoping Ruling.

Executed on July 27, 2009 at Folsom, California

/s/Anna Pascuzzo/

Anna Pascuzzo,
An employee of the California Independent System Operator