

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

Application of Pacific Gas and Electric Company for Approval of 2013 – 2014 Statewide Marketing, Education, and Outreach Program and Budget (U39M)	Application 12-08-007 (filed August 3, 2012)
And Related Matters	Application 12-08-008 Application 12-08-009 Application 12-08-010 (Filed August 3, 2012)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR  
CORPORATION**

The California Independent System Operator Corporation (CAISO) hereby files comments in response to the Ruling of Assigned Commissioner Peterman (Ruling) regarding whether the Commission should direct Southern California Gas Company (SoCalGas) to provide additional funding for marketing, education, and outreach activities to reduce the risk of natural gas and electricity curtailments in the Los Angeles basin this summer, due to the ongoing effects of the recent natural gas leak at SoCalGas' Aliso Canyon storage facility.

**I. Introduction**

The CAISO supports directing SoCalGas to provide additional funding for marketing, education, and outreach activities to reduce the risk of electricity and natural gas curtailments in the Los Angeles basin. Specifically, the CAISO supports additional funding designed to utilize the existing Flex Alert program in light of the operational challenges posed by the gas leak at the Aliso Canyon storage facility. To that end, the CAISO has already begun discussions with SoCalGas regarding how to best utilize the Flex Alert brand to meet expected needs in the Southern California area. The CAISO does not take a position on the overall funding to be directed by the Commission, but recommends that the Commission direct SoCalGas to support the Flex Alert platform with targeted efforts to reduce electric demand in Southern California.

## **II. Background**

As pointed out in the Ruling, Commission Decision (D.) 15-11-033 approved a CAISO proposal to transfer administration and funding of the Flex Alert program beginning in 2016. The Commission agreed that as part of this transfer of responsibilities: (1) the CAISO would discontinue the paid media program that the ratepayers of the investor-owned utilities had previously funded; (2) the CAISO would be able to obtain the Flex Alert brand to ensure that the Flex Alert program remained an effective tool to maintain grid reliability; and (3) the CAISO would maintain the ability to revise, modify, expand, or discontinue Flex Alert activities as necessary to ensure reliable operation of the electric transmission grid.

Since the issuance of D.15-11-033, the CAISO has worked with interested parties to take over administration of the Flex Alert program and transfer Flex Alert brand assets. This work is ongoing, and the CAISO's responses to the questions posed in the Ruling are contingent upon finalizing the Flex Alert transfer as envisioned in D.15-11-033.

## **III. Discussion**

The Ruling posed questions regarding whether to direct SoCalGas to provide additional funds to encourage conservation in response to anticipated supply shortages during the Aliso Canyon injection moratorium. The CAISO addresses questions one through 3 below.

### **1. Should the Commission direct SoCalGas to provide new funding for 2016 marketing, education and outreach to encourage customer response to anticipated supply shortages during the Aliso Canyon injection moratorium?**

The Commission should direct SoCalGas to provide new funding for 2016. Specifically, the CAISO requests that the Commission direct SoCalGas to work with the CAISO to support Flex Alert messaging directed at Southern California electricity customers to decrease their electric demands when the CAISO calls a Flex Alert. The CAISO believes that this paid advertising program should be conducted in a manner similar to how prior Flex Alert paid advertising programs were funded and administered; although, the types of marketing and messaging may vary based on what methods are most cost-effective. Specifically, SoCalGas should directly fund and administer any paid

advertising components, while the CAISO will trigger Flex Alert events and coordinate earned media during Flex Alert events.

The temporary injection moratorium at the Aliso Canyon storage facility provides significant operational challenges to maintain electric reliability in the Los Angeles Basin. A targeted Flex Alert advertising campaign can play an integral role in optimizing use of gas supplies while maintaining electric reliability.

**2. If new funding is provided, is \$15 million an appropriate amount? Why or why not?**

The CAISO does not take a position on what the appropriate level of funding should be. CAISO believes that the Commission itself and SoCalGas are in the best position to develop an appropriate budget based on the structure of the media campaign and the impact to ratepayers.

**3. If new funding is provided, should a portion be provided to the CAISO to fund paid Flex Alert messaging in Southern California? Should an additional portion be used for outreach in Southern California that is focused on gas savings and/or as part of coordinated campaigns with electric utilities (including publicly owned utilities) and community-based organizations to encourage conservation of electricity?**

Any additional funding should not be provided directly to the CAISO. Direct funding from SoCalGas to the CAISO potentially could have negative implications for the CAISO's tariff compliance and non-profit tax status. These potential implications have not been fully studied, and the CAISO is not prepared to directly accept funds to administer the paid component of the Flex Alert program.

Rather, as discussed above, SoCalGas should be directly responsible for administering and funding the paid component of the Flex Alert, to the extent paid media is effective and efficient. The construct should be similar to how Southern California Edison Company previously administered and funded the paid media component of the Flex Alert campaign. The CAISO will work closely with SoCalGas to create an effective campaign.

#### **IV. Conclusion**

The Flex Alert program can be an important tool to manage operational and reliability challenges in the Southern California area. Additional funding of Flex Alert advertisements is appropriate in this circumstance due to the unique nature of the challenges presented by the Aliso Canyon injection moratorium. The CAISO reiterates that the Commission should direct SoCalGas to fund marketing, education, and outreach that leverages the existing Flex Alert program for the 2016 year to address electric reliability concerns.

Respectfully submitted,

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