

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

Order Instituting Rulemaking to Create a Consistent Regulatory Framework for the Guidance, Planning, and Evaluation of Integrated Demand Side Resource Programs.

Rulemaking 14-10-003  
(Filed October 2, 2014)

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION PURSUANT TO THE JOINT ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE’S RULING REQUESTING RESPONSES TO QUESTIONS**

The California Independent System Operator (CAISO) submits the following reply comments to other parties’ responses to questions posed in the April 15, 2015 Joint Assigned Commissioner and Administrative Law Judge’s Ruling (Ruling). In summary, the CAISO makes the following recommendations: (1) the Commission should expand the proceeding scope to include all distributed energy resources (DER)<sup>1</sup>—whether behind the customer meter or connected to the utility side of the distribution system—to provide opportunities for portfolios of DER to address identified needs, and (2) the Commission should exclude issues from the scope of this proceeding related to wholesale market participation by DER that must appropriately be addressed in CAISO initiatives.

**I. The Commission Should Adopt a Broad Scope for this Proceeding.**

Many parties who submitted initial comments in this proceeding agreed with the CAISO’s recommendation to expand the scope beyond customer-side or traditional demand-side measures to include the full range of DER connected on either the customer side or the utility side of the distribution system. Other parties disagreed and urged the Commission to limit the scope to demand-side measures, based on assertions that issues related to utility-side DER are sufficiently addressed in other Commission proceedings. In the future electric system that the

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<sup>1</sup> This reply uses the term “distributed energy resources” or “DER” comprehensively to include customer-side or demand-side measures such as energy efficiency, demand response, and behind-the-meter storage and generation, as well as resources connected on the utility side of the distribution system. In some instances we may say “demand-side resources and DER” to emphasize the inclusivity of a particular point.

Commission and most stakeholders envision, which could include a high penetration of renewable and distributed energy resources, the solution to any particular need, whether identified through transmission or distribution system planning, may be a carefully chosen “portfolio” of load management measures on the customer side of the meter combined with distributed energy resources on the utility side of the meter. Without reiterating the arguments made in the CAISO’s initial comments for adopting the broader scope, the CAISO highlights the fact that there are the major process gaps or disconnects that currently challenge the expansion of demand-side resources and DER, which could be addressed in this proceeding with the broader scope proposed by the CAISO. However, if the Commission chooses the narrower scope, these issues will not have a proper venue.

A key question for the Commission to consider in deciding the scope of this proceeding is whether this proceeding should focus more narrowly on providing a modernized, comprehensive approach to integrating diverse customer-side measures into the electric system or in the alternative, whether there is a larger role this proceeding can play to facilitate the full spectrum of DER. The CAISO suggests that there is a role and a need for a broader Commission proceeding to complement the distribution resources plan (DRP) proceeding (R.14-08-013). If the Commission chooses the narrower scope for the present proceeding, the need for a venue or process for evaluating potential portfolios or combinations of DER and/or demand-side resources and selecting the preferred portfolio to meet each identified need will still exist (see foundational recommendation D in the initial CAISO comments).

## **II. Wholesale Market Participation Issues Addressed in CAISO Initiatives Should not be Included in the Scope of this Proceeding.**

Some parties raised issues for this proceeding that are related to wholesale market participation by DER and therefore are appropriately being addressed in CAISO initiatives. Examples include metering and telemetry requirements for CAISO market participation,<sup>2</sup> and modifications to some of the CAISO market participation models such as proxy demand

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<sup>2</sup> See the CAISO initiative “Expanding metering and telemetry options” at <http://www.aiso.com/informed/Pages/StakeholderProcesses/ExpandingMetering-TelemetryOptions.aspx>

response and non-generator resources.<sup>3</sup> The CAISO urges the Commission to exclude such issues from the scope of this proceeding.

### **III. Conclusion**

The CAISO appreciates the opportunity to offer comments to the Commission regarding the scope of this important proceeding. The CAISO looks forward to continued participation in this proceeding.

Respectfully submitted,

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<sup>3</sup> See the CAISO initiative “Energy storage and aggregated distributed energy resources” at [http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyStorage\\_AggregatedDistributedEnergyResources.aspx](http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyStorage_AggregatedDistributedEnergyResources.aspx)