

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

Order Instituting Rulemaking to Develop an  
Electricity Integrated Resource Planning  
Framework and to Coordinate and Refine  
Long-Term Procurement Planning  
Requirements.

Rulemaking 16-02-007  
(Filed February 11, 2016)

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

**I. Introduction**

The California Independent System Operator Corporation (CAISO) appreciates this opportunity to provide comments on California Public Utilities Commission’s (Commission) September 25, 2018 *Staff Proposal for Incorporating Energy Efficiency into the SB 350 Integrated Resource Planning Process* (Staff Proposal). The Staff Proposal is the first step in determining how the Commission can incorporate energy efficiency into the Integrated Resource Plan (IRP) optimization process as candidate resources

**II. Discussion**

The Staff Proposal defines “load modifiers” as those energy efficiency measures and programs that will not be optimized in the IRP, at least for now.<sup>1</sup> This is a confusing departure from the traditional use of the term which encompasses all energy efficiency impacts. The term “load modifier” already has significant meaning in Commission proceedings and CAISO and California Energy Commission (CEC) processes. The Commission should not use the same term for a different purpose because it causes confusion. For example, in the demand response proceeding, the terms “load modifier” and “supply side” are used to differentiate between those resources that do not (the former) and those that do (the latter) receive resource adequacy credit. Resource adequacy capacity is explicitly tied to CAISO operational control, consistent with the central tenet of the Commission’s resource adequacy program that resources be available when and where needed. Load modifiers reflected in the CEC’s Integrated Energy Policy Report

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<sup>1</sup> Staff Proposal, p. 21.

(IEPR) forecast reduce the load considered in the CAISO planning studies, which can lower resource adequacy requirements if the peak load is reduced by load modifying actions. However, it is essential to recognize the CAISO does not have any operational control over load modifiers.

To address this terminology issue, the CAISO recommends that the Commission use different terms to distinguish between energy efficiency resources that are considered in the IRP optimization and those that are not. For example, the Commission could use the terms “non-IRP-optimized” and “IRP-optimized” energy efficiency, both would fall under the broader category of load modifiers. The CAISO also requests the Commission clarify that the term “load modifier” as used in the IRP refers to resources that will not count as resource adequacy capacity.

The CAISO agrees with the Commission’s measured approach to not include energy efficiency portfolio planning in the IRP at this time and instead to refine and improve these initial efforts.<sup>2</sup> The CAISO also stresses the importance of working with the CEC as many of the energy efficiency measures and programs that will not be optimized in the IRP should be coordinated with the CEC. The CAISO recommends that incremental energy efficiency should eventually be incorporated into the IEPR demand forecast. The CAISO supports the Staff Proposal’s suggestion to use the Demand Analysis Working Group as a discussion forum.

### **III. Conclusion**

The CAISO appreciates this opportunity to comment on the Staff Proposal and looks forward to cooperating with the Commission going forward in this proceeding.

Dated: October 31, 2018

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<sup>2</sup> Staff Proposal, pp. 20-21.