

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

Order Instituting Rulemaking to Consider Smart Grid Technologies Pursuant to Federal Legislation and on the Commission's own Motion to Actively Guide Policy in California's Development of a Smart Grid System.

Rulemaking 08-12-009
Filed December 18, 2008

Comments of the California Independent System Operator Corporation on the Administrative Law Judge's Ruling Seeking Comments On Proposed Interim Metrics to Measure Progress by Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company In Implementing a Smart Grid

The California Independent System Operator Corporation (ISO) submits these comments in response to the Administrative Law Judge's Ruling of December 29, 2010 in the above-captioned docket. The Ruling seeks comments on an October 22, 2010 report on metrics to be used in measuring the status of smart grid deployment by California's Investor Owned Utilities (IOUs) and evaluating the IOUs' SB 17-mandated smart grid deployment plans. The October 22 report was prepared by the IOUs, in consultation with the Environmental Defense Fund, and reports on deployment metrics over which there is consensus. These consensus metrics were prepared after a series of stakeholder workshops and webinars and is meant to capture the consensus reached in that process. Those workshops and webinars were held to refine and reformulate a new set of metrics that builds on a list of proposed metrics published in a July 30, 2010 Ruling.

In response to the earlier-proposed metrics, the ISO suggested that any metrics be reviewed with the following four principles in mind: (1) limit the number of metrics to ensure focus on goals; (2) provide a direct "line of sight" for each metric to smart grid

objectives; (3) ensure that metrics measure factors that are within the control of the IOUs; and (4) consider how the metrics will be quantified.

The ISO believes that the consensus metrics represent an improvement in all four of these areas. The consensus metrics are more limited in scope, which should help the IOUs focus on the most important goals. The consensus metrics are more explicitly aligned with smart grid goals. The consensus metrics are more directly focused on issues that are within the IOUs' direct control. Finally, the consensus metrics are more capable of quantification than were the earlier metrics.

With these improvements noted, the ISO offers a few suggestions to further improve the utility of the metrics. First, the ISO is encouraged that the October 22 report suggests that the metrics be reviewed routinely and revised where appropriate. Given the incredible pace of technological and policy innovation in the smart grid arena, it is crucial that the metrics be reviewed on an ongoing basis. The ISO suggests that the Commission establish an annual review process to ensure that the metrics remain tailored to the state's highest smart grid priorities. Second, Customer/AMI metric #4 proposes to measure: "The number of utility-owned advanced meters with consumer devices with Home Area Network (HAN) or comparable consumer energy monitoring or measurement devices registered with the utility" As technical smart grid standards progress and other commercial options become available, there may be other methods independent of the HAN to trigger demand response. The ISO encourages the Commission to consider ways to clarify this metric so that these other methods are considered. Third, the ISO encourages the Commission to ensure that the smart grid priorities reflected in the consensus metrics remain consistent with the policy goals outlined in the *California Clean Energy Future Implementation Plan*. The

Implementation Plan, which was jointly developed by the Commission, the California Air Resources Board, the California Environmental Protection Agency, the California Energy Commission, and the ISO, sets out a series of activities that California's energy agencies plan to carry out over the next 10 years to meet California's ambitious energy policy goals. Maintaining consistency between the *Implementation Plan* and the policy priorities reflected in the IOUs' smart grid metrics will be an important step in ensuring that California's electric utilities and agencies carry out a coherent plan for building a smart electric system for California.

The ISO appreciates the opportunity to offer its views on the consensus smart grid metrics and looks forward to providing additional feedback as the metrics are refined further.

Respectfully submitted,
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Dated: January 24, 2011

CERTIFICATE OF SERVICE

I hereby certify that on January 24, 2011 I served, by electronic and United States mail, a copy of the foregoing COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION ON THE ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS ON PROPOSED INTERIM METRICS TO MEASURE PROGRESS BY PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY AND SAN DIEGO GAS & ELECTRIC COMPANY IN IMPLEMENTING A SMART GRID to each party in Docket No. R.08-12-009

Executed on January 24, 2011
at Folsom, California

Anna Pascuzzo
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An Employee of the California
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Corporation