

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

Application of San Diego Gas & Electric Company (U902M) for Approval of Demand Response Program Augmentations and Associated Funding For the Years 2013 through 2014.

And Related Matter.

Application 12-12-016
(Filed December 21, 2012)

Application 12-12-017

**REPLY COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION ON THE PROPOSED DECISION ADDRESSING STAFF REPORT
ON 2012 DEMAND RESPONSE RESULTS**

On July 1, 2013, the California Independent System Operator (ISO) and several other parties submitted comments on the June 11, 2013 Proposed Decision (PD). The ISO noted its general support for the recommendations in the Staff Report on 2012 Demand Response Results and looks forward to working with DRMEC on the forecasting methodology and other issues. Based on a review of the comments submitted by DRA and SCE, the ISO hereby submits these very brief reply comments.

I. DRA Comments

The ISO supports DRA's proposal to investigate customer fatigue limitations with respect to all non-Emergency based programs, rather than limiting this consideration to the Peak Time Rebate program required in the PD. The Commission should include DRA's new ordering paragraph on this topic in the final decision.¹

¹ DRA comments, p. 4.

The ISO noted, in its opening comments, that the Commission should apply the same lessons learned, and direction in daily and weekly production of demand response program forecasts, to PG&E as well as SCE and SDG&E. DRA made a very similar recommendation, and proposed that the Commission staff be directed with PG&E to develop a Staff Report on forecasting and program performance for 2013. The ISO agrees with this recommendation and supports DRA's proposed new ordering paragraph on this topic.²

II. SCE Comments

SCE provided additional information about their A/C cycling dispatch strategy that should be recognized in the final decision. SCE is in the process of learning how to best dispatch their A/C cycling program as if it were participating as a resource in the wholesale electricity market. At comment pages 2-3, SCE explains that this dispatch strategy is part of transitioning the legacy retail load control program to a wholesale market integration effort. SCE points out that while there was a "rebounding" effect from the one hour dispatch groupings making the effective average hourly load impact lower (*ex post*) than the forecast (*ex ante*), it does not necessarily follow that this is an inappropriate dispatch strategy. SCE asks that the dispatch strategy not be eliminated but it be further tested, along with other strategies, and proposed modifications to Conclusion of Law number 8 and Ordering Paragraph number 10.

The ISO concurs with SCE that further dispatch strategies and evaluation are necessary and appropriate. However, the ISO proposes slightly different modifications to SCE's two suggested paragraphs in order to reflect that rebounding should not only be evaluated but minimized:

² DRA comments, p. 5.

Conclusions of Law

8. SCE's dispatch strategy for the Residential AC Cycling program should continue to be evaluated to determine the impacts of ~~be revised to eliminate~~ the rebound effect and minimize its effects as studied and recommended by DRMEC in its 2013 demand response report.

Ordering Paragraphs

10. SCE shall evaluate its dispatch strategy for the Residential AC Cycling program to better understand and minimize the impacts of the rebound effect. SCE shall include this information in the DRMEC's report on 2013 demand response. ~~Within 45 days from the issuance of this decision, Southern California Edison Company (SCE) shall revise its dispatch strategy for the Residential Air Conditioner Cycling program to eliminate the rebound effect. SCE shall verify the revision by simultaneously submitting a Tier One Advice Letter.~~

Respectfully submitted,

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