BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

F I L E D 09-03-08 04:59 PM

In the Matter of the Application of Southern California Edison Company (U 338-E) for Approval of its Renewable Integration and Advancement Program

Dated: September 3, 2008

Application 08-03-014 (Filed March 18, 2008)

NOTICE OF EX PARTE COMMUNICATION BY THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR

In accordance with Rules 8.2 and 8.3 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, the California Independent System Operator Corporation ("CAISO") submits this notice of written ex parte communication.

On September 2, 2008, CAISO submitted, by US mail, the attached letter, dated August 29, 2008, from James Detmers, Vice President, Operations, to Administrative Law Judge Bruce DeBerry, the assigned ALJ in this proceeding. In this letter, the CAISO states the CAISO's position of support of Southern California Edison's ("SCE") Application for funding of SCE's Renewable Integration and Advancement ("RIA") Program.

Copies of this notice may be obtained by contacting Susan Montana by telephone at (916) 608-7021 or by e-mail at smontana@caiso.com.

Respectfully submitted,

CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION Baldassaro "Bill" Di Capo, Esq., Counsel

By: /s/ Baldassaro "Bill" Di Capo

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August 29, 2008

Administrative Law Judge Bruce DeBerry California Public Utilities Commission 505 Van Ness Avenue San Francisco, California 94102-3214

Re: Application 08-03-014; Application of SCE Company for Approval of its Renewable Integration and Advancement (RIA) Program; CAISO Comments in Support

Dear Judge DeBerry:

Southern California Edison (SCE) filed this Application on March 18, 2008, requesting Commission approval of its Renewable Integration and Advancement Plan (RIA). Various parties filed protests and responses; many of these comments cautioned that the RIA should not duplicate efforts of similar programs for integration of intermittent resources and transmission planning, in particular the Renewable Energy Transmission Initiative (RETI) and the California Independent System Operator Corporation's (CAISO) Integration of Renewable Resources Program (IRRP).

In your Ruling dated June 30, 2008, you noted that "further information is needed to better understand RIA, and the types of projects that might be proposed," and requested that SCE provide certain program detail by way of answers to questions set forth in Attachment A to your Ruling.² SCE filed its response to the Ruling on August 15, 2008.

While your Ruling did not provide for party comment in reply, the CAISO offers these comments to inform the proceeding, given that the interplay of SCE's RIA and the CAISO's IRRP is an issue in the matter. In short, the CAISO is supportive of SCE's Application. SCE and the CAISO have discussed the parameters of their respective RIA and IRRP efforts and SCE has indicated its commitment to ongoing coordination with the CAISO so as to avoid duplication so that the efforts can complement each other. Based upon those discussions, it is the CAISO's view that SCE's focus on demonstration and

¹ General information regarding the CAISO's Integration of Renewables Program (IRRP) can be found on the CAISO's Website for this Initiative, at http://www.caiso.com/1c51/1c51c7946a480.html .

² Administrative Law Judge's Ruling Requesting Information, dated June 30, 2008, at p. 2. The Ruling is posted the CPUC Web page for A.08-03-014 and found at http://docs.cpuc.ca.gov/EFILE/RULINGS/84764.htm.

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testing of select technologies on SCE's own T&D grid can inform and complement the CAISO's activities under its IRRP.

Introduction

California has one of the most aggressive goals in the nation for the integration of renewable resources, reduction of greenhouse gases and reduction of once through cooling impacts. California and Texas lead the nation with regard to installation of renewable resources such as wind generation. Both states, however, have experienced grid reliability problems related to voltage stability issues and unexpected generation/load mismatch issues when wind generation rapidly changes. Unlike Texas, California has devoted considerable research and resources into analyzing the challenges posed by intermittent resources. A major research objective is to develop and test technological solutions to mitigate the identified issues. Much work remains to be done to successfully implement the State's goals for renewable resources and to ensure the continued reliable operation of the electric power grid.

SCE's Research Program for Renewable Integration

The CAISO and SCE have two distinctly different and complementary roles. The CAISO is responsible for transmission planning, grid operations and market design/operations. SCE, PG&E and SDG&E, on the other hand, are responsible for transmission design, construction, operation and maintenance of the facilities. They also have the responsibility to meet the state's Renewable Portfolio Standards (RPS) goals and resource adequacy planning to ensure there are sufficient reserves to meet state and federal standards.

The design and operational standards for integration of renewables is still very much of a work in progress. Wind generation technology is still rapidly evolving, as the industry rapidly grows. Manufacturers, such as GE and VESTAS, are creating new turbine designs to improve efficiency, reliability, and to drive down costs. Development of computer models for these new designs seriously lags the deployment and installation of the units. The research program that SCE proposes will provide access to high speed data recording of the operating characteristics of the units. This data will be invaluable in improving the computer modeling studies of voltage stability, voltage controls, power stabilizing control systems, and detection of harmonic signals. The CAISO and all transmission operators need these new computer models to do the required transmission planning for renewable resources. As SCE correctly points out in its filing, the majority of the wind generation facilities will be built in Southern California, and SCE will need to install instrumentation and communication to collect data on the characteristics of these renewable resources.

³ See, e.g., Response of Southern California Edison Company (U 338-E) to Administrative Law Judge's Ruling Requesting Information on Renewable Integration and Advancement Program, dated August 15, 2008, at p.9 and n14.

Major amounts of new solar generation facilities are also targeted for installation in Southern California. Solar units include rooftop PV, large concentrations of PV, concentrated solar with and without thermal storage, and Sterling Engine solar units. We have very little operating data for these newer types of units, so we enthusiastically support SCE's plans to collect detailed data for these facilities. The CAISO's work on integration of renewables is very dependent on obtaining data from its transmission owners at the points where the renewable facilities interconnect to the grid. One very important issue will be the ability to forecast the amount of rooftop PV generation "behind the meter" so we can modify our load forecasts for distribution areas. SCE's plans for R&D work on Smart Grid technology can provide a critical infrastructure on information and model improvements that can help with integration of renewables throughout the distribution grid and this will contribute to overall grid reliability.

We note that the CAISO, SCE, PG&E and SDG&E are all members of the California Energy Commission (CEC) Policy Advisory Committee on transmission research programs. This represents a very collaborative effort to prioritize the CEC R&D projects related to grid reliability and integration of renewables. Many of the projects require joint project teams that involve the CAISO and the utilities. Examples include the testing of the high-speed flywheel system for regulation on the PG&E system in San Ramon and the testing of energy storage associated with the Intelligent Agent system for matching the output of a wind farm in Tehachapi to the available transmission capacity at the SCE Antelope substation.

The CEC and Department of Energy sponsored projects typically require shared funding by the participants. SCE's Application for a two year \$30 million R&D fund will provide some of the critically needed matching funding. It also provides funding for the essential work to actually deploy the technology in the field and connect it to the T&D facilities. Without this funding, many of the technology solutions for integration of renewables can not be installed and tested in the field.

The CAISO supports SCE's Application for funding the Renewable Integration and Advancement program recommends the Commission approve their request

Very truly yours

/s/ James W. Detmers

James W. Detmers, Vice President, Operations California Independent System Operator Corporation

cc: Commissioner Michael R. Peevey (by U.S.mail) Service List for A.08-03-014 (by electronic service)

CERTIFICATE OF SERVICE

I hereby certify that on September 3, 2008. I served a copy of the foregoing Notice of Ex Parte Communication by the California Independent System Operator in Proceeding A.08-03-014, by electronic and U.S. Mail.

Executed on September 3, 2008 at Folsom, California

Susan L. Montana,

An employee of the California Independent System Operator

(s/Susan L. Montana (1

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