

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

Order Instituting Rulemaking to Examine
the Commission's Post-2008 Energy
Efficiency Policies, Programs, Evaluation,
Measurement, and Verification, and Related
Issues.

Rulemaking 09-11-014
(filed November 20, 2009)

**COMMENTS OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION IN RESPONSE TO ASSIGNED COMMISSIONER'S RULING**

The California Independent System Operator Corporation (ISO) files these comments in response to the October 13, 2011 Assigned Commissioner's Ruling regarding the statewide energy efficiency marketing, education and outreach program, Engage 360.¹

The ISO strongly agrees with the observations set forth in the Assigned Commissioner's Ruling that building a brand for a new energy efficiency marketing education and outreach campaign is an extremely difficult undertaking.² The ISO offers the following responses to specific questions set forth in the Assigned Commissioner's Ruling:

a. Should the Engage360 campaign continue in any form?

The ISO recommends that the Commission defer implementation of the Engage 360 campaign while it explores alternatives, including a return to the successful Flex Alert component of the *Flex Your Power* campaign. The Engage 360 campaign de-emphasizes emergency alerts to consumers of power within the state and weakens direct conservation

¹ On October 28, 2011, the ISO filed a motion to intervene in this proceeding as party. The Assigned Commissioner's Ruling, filed October 13, 2011, can be accessed on the Commission's website at <http://docs.cpuc.ca.gov/efile/RULINGS/145410.pdf>

² In this regard, Commissioner Ferron notes that "It is my belief that building a brand is an extremely difficult undertaking, and I am not convinced that as currently implemented the "Engage 360" effort is creating enough ratepayer benefit to warrant this level of expenditure [almost \$800,000 per month]." (Assigned Commissioner's Ruling at p. 1.)

outreach via television and radio news outlets, which the ISO believes remain effective tools. In contrast, to Engage 360, the Flex Alert mechanism has demonstrated success in reaching consumers. This mechanism was instrumental in obtaining conservation during the energy crisis of 2000-2001 and was activated often during the years that followed when heat waves strained the system. The *Flex Alert Network* developed for the summer of 2011 was used during the restoration of the electric system in southern California on September 8 and 9, 2011, following the largest western U.S. power outage since 1996.³ Before continuing with Engage 360, the Commission should consider refunding the Flex Alert mechanism.

b. Should a statewide marketing, education and outreach (ME&O) campaign continue? If yes, explain its basic elements objectives and any changes from current practice that you advocate.

The ISO believes that a statewide marketing, education and outreach campaign is essential to educate the public about importance of energy efficiency, conserving power during peak hours, and preparing California for a smarter grid that deploys advanced technologies and offers new opportunities for consumers to manage their electricity costs and participate as demand response resources. With significant industry and energy agency collaboration, the ISO and its stakeholders have made progress maturing the wholesale electricity market so that, in the future, demand response resources can participate alongside conventional power plants to help maintain the balance of electricity supply and demand. However, until new technologies and dynamic prices allow more Californians to contribute to demand response, it is critically important that we promote conventional conservation so that the lights stay on when heat waves and other conditions strain the power grid.

³ This outage extended from parts of Orange County to San Diego to Yuma Arizona and parts of Baja, Mexico, affecting approximately 2 million people. (See, e.g. “Power is back for some across Southwest,” CBS News Story accessible on the CBS News website at <http://www.cbsnews.com/stories/2011/09/08/national/main20103639.shtml> (last accessed November 2, 2011).

Past conservation, energy efficiency and demand response campaigns have succeeded based on a two phased approach: 1) emergency alerts and 2) an education campaign. This approach allows for efficient “media buys,” so that a campaign may switch “education” spots for “Flex Alerts” that are called the day before or the day of an event requiring conservation. Other elements of a statewide program should include:

- “Email blasts” to hundreds of associations such as the Building Owner’s Managers Association, the International Facilities Manager Association and the Restaurant Association, whose significant membership sizes extend outreach to significant consumer blocks in a position to exercise meaningful conservation efforts.
- “E-newswires” distributed via the Internet that reach thousands of facility managers across the state who have previously signed up to reduce electricity use in buildings during alerts. Under the Flex Alert effort, these lists reach managers of more than 600 million square feet of commercial space, allowing conservation calls to reach the majority of commercial customers in the state.
- Campaign logo and information visible on all state agency websites.
- Social media outreach such as through Facebook and Twitter.
- Integrated media outreach that includes statewide television and radio in English, Spanish and other languages.
- Year-round education outreach via billboards, bill stuffers and standard advertising mediums.

c. If your answer is yes to (b), under what brand should it [be] operated (if legally and logistically permissible) and why?

The ISO recommends a return to Flex Alerts under the *Flex Your Power* campaign or something very similar. Flex Alerts have played a critical role over the past decade in helping the ISO avoid power outages. As the grid operator for the bulk of the California high power grid, the ISO triggers Flex Alerts 24 hours in advance of when the ISO anticipates scarce electricity supplies. Based on historical experience, the ISO estimates that this important operational tool can generate in excess of 1,000 megawatts of conservation through both i) non-paid news bulletins (as opposed to “media buys”) issued by the ISO and ii) paid advertising managed by the Flex Alert campaign.⁴ This level of conservation equates to the output of two large power plants.

The ISO believes there is value in relying on an existing brand. Using a familiar name will likely reduce confusion, especially as utilities introduce and activate new price-triggered, demand response programs. This is true for at least two reasons. First, Californians have heeded the call, time and time again, when the ISO has issued Flex Alerts. Second, media have acted as our conservation partners in spreading the news when the ISO issues a Flex Alert. Familiarity with an existing brand will serve the grid as well as ratepayers who ultimately pay for high-cost power when the electric system is under stress.

⁴ See e.g. ISO press release: “Conservation, Teamwork and Planning Helped California Grid Weather the Historic Heat Wave of July 2006,” accessible at http://www.caiso.com/Documents/Conservation_TeamworkandPlanningHelpedCaliforniaGridWeatherHistoricHeatWave-July2006.pdf

d. What should the budget range of a statewide marketing, education and outreach campaign program be?

Although the ISO does not have a recommendation for a specific budget, any total budget should ensure sufficient funding for Flex Alerts or a similar outreach mechanism. The Commission should consider authorizing funding at prior levels, which, as we recall, ranged from \$6 million to \$15 million per year. The ISO suggests assessing the level of funding on an annual basis, taking into account the electricity supply and demand forecast and other resources-related issues.

e. How should it be administered and overseen?

The ISO does not have an opinion on how the program or programs should be administered and overseen. We plan to continue to issue non-paid Flex Alert bulletins to newsrooms, utilize our website to convey conservation tips and grid status, and will coordinate closely with the organization managing any marketing, education and outreach campaign program.

f. Provide any other input you deem relevant for my consideration regarding Engage 360, SCE's and the other IOUs' performance related to it, or a statewide ME&O program.

The ISO strongly supports re-instituting a statewide program that includes Flex Alerts or a similar outreach approach. Electricity demand hit an all-time high in the ISO's balancing authority area in 2006. That year, Californians suffered through intense heat storms, and on July 24, 2006 set a new peak record of 50,270 megawatts. During the summer of 2006, 18 Flex Alerts were issued, and California television and radio newsrooms responded consistently to conservation appeals. Conservation resulting from Flex Alerts helped maintain grid reliability. While we have seen a decline in the number of Flex Alerts issued since 2008, as a result of the economy slowing growth in demand as well as nature providing mild summer temperatures,

conditions can change quickly. The ISO feels strongly that Flex Alerts will always play a key role on high demand days when our media partners communicate to consumers the importance of reducing their energy usage during peak periods. Conservation helps manage grid reliability, lowers utility bills and lessens pollution on hot days when air quality is often a concern. As the industry saying goes, “Quite often the cheapest and cleanest megawatt is the megawatt you don’t use”.

Respectfully submitted,

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