

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

Order Instituting Rulemaking To Enhance the
Role of Demand Response in Meeting the
State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011
(Filed September 13, 2013)

**RESPONSE OF THE CALIFORNIA INDEPENDENT SYSTEM
OPERATOR CORPORATION TO THE PETITION FOR MODIFICATION OF
DECISION 14-12-024, ORDERING PARAGRAPH 4.f., FOR AUTHORIZATION TO
CONTINUE THE INTEGRATION AND OPERATIONS WORKING GROUPS BY:
PACIFIC GAS AND ELECTRIC COMPANY (U39E), SAN DIEGO GAS & ELECTRIC
COMPANY (U902E), SOUTHERN CALIFORNIA EDISON COMPANY (U338E), THE
CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION, JOHNSON
CONTROLS, INC., COMVERGE, INC., OLIVINE, INC., ENERNOC, INC., AND
CALIFORNIA ENERGY STORAGE ALLIANCE IN R.13-09-011**

Roger E. Collanton
General Counsel
Anna McKenna
Assistant General Counsel
Jordan Pinjuv
Counsel
California Independent System
Operator Corporation
250 Outcropping Way
Folsom, CA 95630
T – (916) 351-4429
F – (916) 608-7222
jpjuv@caiso.com

Attorneys for the California Independent
System Operator Corporation

August 21, 2015

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I. INTRODUCTION

Pursuant to Rule 16.4(f) the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) files this response to the Petition for Modification (PFM) of Commission Decision (D.) 14-12-024 filed on July 23, 2015. The PFM specifically seeks to modify Ordering Paragraph (OP) 4.f. by authorizing the continuation of the Integration Working Group and the Operations Working Group, originally sanctioned in D.14-12-024. These working groups were organized to perform specific tasks and deliverables as ordered by the Commission, which the working groups accomplished and delivered as required by D.14-12-024. The CAISO encourages the Commission to reaffirm D.14-12-024 because the issues identified in the PFM are more properly addressed through existing Commission and CAISO processes. Absent a more compelling set of issues and clearly identified deliverables, the CAISO does not believe there is a reason to modify D.14-12-024 or to reinstate the prior working groups.

II. COMMENTS

A. The Working Groups Accomplished Their Respective Functions.

D.14-12-024 clearly stated both the purpose and the deliverables for the Integration Working Group and the Operations Working Group. OP 4.f. identified the following reporting requirements:

- i) Integration Working Group – Reports (filed as compliance reports) on the meetings held, the products developed, and the groups’ successes and missteps; the mid-year report referred to in the charter, which is to include proposed changes, priorities and time-line, shall also be filed no later than June 30, 2015, as a compliance report;
- iii) Operations Working Group – Given the narrow scope of the working group and the necessity to vet and integrate the results, all finalized Valuation Working Group conclusions must be filed to the Commission in a compliance report by June 30, 2015;

As required by D.14-12-024, these working groups filed and served their respective reports on June 30, 2015, thereby accomplishing their functions. The PFM does not identify substantive issues or defined deliverables that merit reinstating the prior working groups. The PFM states that:

In the course of their work, both of these working groups uncovered important implementation matters that require further investigation and resolution. There is agreement that this effort would proceed more effectively and efficiently through a focused working group process where the working group is tasked to report back to the Commission with its findings and recommendations for possible resolution within a given time period.¹

The CAISO does not agree that reinstating the working groups will be the most effective method of addressing implementation matters. Reinstating these working groups will only cause additional delay when other defined Commission and CAISO processes are available and should be utilized.

¹ Petition for Modification, at pg. 2.

B. Topics Raised in the PFM Are Better Addressed Through Existing Commission and CAISO Processes.

The CAISO and Commission have well-defined processes for scoping, prioritizing, vetting, and deciding issues related to demand response integration. The generalized issues identified in the PFM can be addressed through existing CAISO and Commission processes. The Integration Working Group and the Operations Working Group were formed to resolve specific issues and to produce identified deliverables. The PFM does not identify specific issues or deliverables to be addressed by the reinstated working groups. The CAISO does not believe that open ended working groups with broadly-defined purposes are helpful for accomplishing the integration of demand response. While the PFM provides for periodic reports from the reinstated working groups,² it does not identify the content to be included in these reports. Reinstating the working groups without clear deliverables does not serve the Commission's purpose to move this proceeding forward in an effective manner.

In this section, the CAISO addresses the PFM's proposed topics for the reinstated working groups. The CAISO believes that the topics identified in the PFM can be better addressed through existing Commission or CAISO processes on an as needed basis.

- Proposed Working Group Topic No. 1: "Review any potential re-calibrations to the reports and processes that may become necessary during the transition to bifurcation."³

The original purpose of the Operations Working Group was to "1) provide greater operational visibility to the CAISO of [load modifying resource demand response], 2) provide the CAISO better tools to forecast the impact of [load modifying resource

² Id. Specifically, the PFM recommends a year-end progress report and a report on July 1, 2016 (p. 3) for the Integration Working Group and a final report of Operations Working Group by January 5, 2017 (p.4).

³ Id.

demand response] on CAISO loads in the day-ahead and real-time markets, and 3) improve the ability of the CAISO to rely on [load modifying resource demand response] when needed.” The Operations Working Group made significant progress toward these goals by refining the process and content of the daily load modifying resource demand response spreadsheets provided to the CAISO. If further modifications to the daily spreadsheets are warranted, the CAISO or the submitters can recommend and coordinate changes with CAISO operations’ staff, if and when appropriate.

- Proposed Working Group Topic No. 2: “Review the hard triggers after the CPUC has set its policy and consider the implications to LMR operations.”⁴

Review of any Commission approved hard-triggers is appropriate and subject to on-going Commission oversight, but working groups are not the appropriate mechanism for such review. Any future hard trigger policy changes should be informed formally through a proceeding versus on-going working group discussions. Indeed, the Commission has already begun review of hard trigger policies in this proceeding.

- Proposed Working Group Topic No. 3: “Review the possibility of reflecting DR in the load bids and potential changes to the forecast templates and other CAISO processes as a result.”⁵

The CAISO does not believe this issue needs to be addressed at this time. To the extent this topic needs to be addressed in the future, it is properly addressed through a formal CAISO stakeholder process, not a working group.

- Proposed Working Group Topic No. 4: “Continue sharing lessons learned on Supply Resource Market Awards.”⁶

This topic is somewhat ambiguous, but the CAISO supports continuing to share lessons learned to support the integration of demand response resources. These lessons

⁴ Id.

⁵ Id.

⁶ Id.

learned can be addressed through ongoing CAISO stakeholder forums and reporting and formal Commission proceedings. The CAISO also shares information with market participants through scheduling coordinators. The CAISO opposes sharing Supply Resource Market Awards in venues that are not appropriate or sanctioned by the CAISO.

III. CONCLUSION

The CAISO requests that the Commission reaffirm D.14-12-024. The PFM seeks to bypass existing Commission and CAISO processes in a manner that does not effectively support the integration of demand response and the transition to full bifurcation by 2018. The PFM does not adequately define deliverables that would necessitate the reinstatement of the working groups. The CAISO looks forward to working with the Commission and parties in the next phases of this proceeding.

Respectfully submitted,

By: /s/ Jordan J. Pinjuv

Roger E. Collanton

General Counsel

Anna McKenna

Assistant General Counsel

Jordan Pinjuv

Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

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