

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

California Independent System Operator
Corporation

Docket Nos. RM07-19-____
and AD07-7-____

**MOTION FOR EXTENSION OF TIME
OF THE
CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

Pursuant to the Commission's directives in Order No. 719¹ and Rules 212 and 2008(a) of the Commission's Rules of Practice, the California Independent System Operator Corporation ("ISO") respectfully submits this motion for a further extension of time until February 19, 2010, in which to file the ISO's report on its evaluation of the feasibility and value of smaller demand response resources providing ancillary services. The ISO is filing this request for an extension because the results of one of the pilot projects that will inform the ISO's evaluation – the project being conducted by San Diego Gas & Electric Company ("SDG&E") – will not be available to the ISO until February 1, 2010.

I. Background

In Order No. 719, the Commission directed RTOs and ISOs, in cooperation with their customers and other stakeholders, to assess the technical feasibility and value to the market of smaller demand response resources providing ancillary services, including whether (and how) smaller demand

¹ Wholesale Competition in Regions with Organized Electric Markets, 125 FERC ¶ 61,071 (October 17, 2008).

response resources can reliably and economically provide operating reserves. The Commission left to the RTO or ISO (and its customers and other stakeholders) the choice of whether to conduct the assessment through a pilot program or through other mechanisms. The Commission stated that RTOs and ISOs must file a report with the results of the assessment within one year from the publication of Order No. 719 in the Federal Register.² Although no report was due at the time, the CAISO provided the Commission with an update on its activities in its April 28, 2009 compliance report.

In the ISO's April 28 report regarding other aspects of Order No. 719, the ISO indicated that it expected, in the very near future, to file agreements with the Commission regarding three new pilot projects that would assess the ability of smaller demand response resources to participate in ancillary service markets through aggregation. Each of the three investor-owned utilities within the CAISO control area would conduct a project: Pacific Gas and Electric Company ("PG&E") would evaluate large commercial and industrial demand response; San SDG&E would assess aggregation of commercial and small industrial loads greater than 20 kilowatts; and Southern California Edison Company ("SCE") would test a project involving cycling of aggregated residential and commercial air conditioning.

On October 13, 2009, the ISO filed with the Commission an interim report on the progress of the three pilot projects and a request for an extension until January 26, 2010, in which to file a full report with the results of its assessment of the technical feasibility and value to the market of smaller demand response

² *Id.* at P 97, as revised at 126 FERC ¶ 61,261(2009).

resources providing ancillary services. The ISO explained that the implementation of the pilot projects had required extensive preparatory work. In addition to recruiting customers, the sponsoring utilities needed to work with the ISO to develop techniques and software to provide the necessary telemetry and metering for the resources and to address issues concerning bidding, dispatch, and settlement. The parties needed to negotiate and execute the necessary agreements and to file them with the Commission. It had not been possible to complete these tasks prior to July 2009. The ISO also noted that it had been important to conduct the pilots during the ISO's peak load season, July through October, when the need for demand response is greatest. This left no time for the evaluation of the results and the preparation of a report by the October 28, 2009, deadline.

At the time of the request for an extension, the California Public Utility Commission ("CPUC") had directed the three utilities to evaluate the projects and to file a report by December 31, 2009. The ISO therefore requested a three-month extension of the deadline for filing a report with the Commission in order to allow the ISO to examine the reports filed by the three project sponsors in light of the ISO's own observations and to prepare a consolidated report for the Commission. The Commission granted the ISO's request by notice dated October 15, 2009.

III. Request for Extension of Time

As noted above, the initial phases of the utilities' pilots were to end in October and the CPUC had directed the utilities to evaluate the projects and to

file a report by December 31, 2009. The schedule for two projects – those of SCE and PG&E – remains the same. On November 23, 2009, however, SDG&E requested an extension of time from the CPUC, explaining that its pilot project would not be complete until December 29, 2009. On December 1, 2009, the CPUC granted SDG&E an extension until February 1, 2010, in which to file its report.

As a result, the ISO will not have the information necessary in order to report to the Commission on the SDG&E pilot project by January 26, 2010. The evaluation of the SDG&E project, as well as of the other projects, will be a core element of the ISO's report. The ISO therefore requests an extension until February 19, 2010, in order to complete its evaluations of all three reports and include them in a single report filed with the Commission. This short additional extension – three weeks – will not interfere with the Commission evaluation of the ISO's compliance with Order No. 719 directives regarding smaller demand response resources providing ancillary services.

IV. Conclusion

For the reasons above, the ISO requests that the Commission grant an extension to February 19, 2010, of the deadline for filing a report on the technical feasibility and value to the market of smaller demand response resources providing ancillary services.

Respectfully submitted,

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Dated: December 28, 2009

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the captioned proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Washington, D.C. this 28th day of December, 2009.

/s/ Michael E. Ward

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