

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

Application of Pacific Gas and Electric Company for Approval of 2013 – 2014 Statewide Marketing, Education, and Outreach Program and Budget (U39M)	Application 12-08-007 (filed August 3, 2012)
And Related Matters	Application 12-08-008 Application 12-08-009 Application 12-08-010 (Filed August 3, 2012)

**COMMENTS OF THE CALIFORNIA INDEPENDENT
SYSTEM OPERATOR CORPORATION**

The California Independent System Operator submits these comments regarding Phase I of the proceeding which relates to the budgets for the Flex Alert program for 2013 and 2014 as described in the Scoping Memo.¹

The ISO strongly agrees that determination of this matter is time sensitive. The ISO appreciates the ALJ and Assigned Commissioner’s observation in the Scoping Memo that it is important that the Commission act on the Flex Alert program activities and budgets as soon as possible in 2013 due to the possibility that there will be continuing outages at San Onofre Nuclear Generating Station (SONGS) and the possible impacts on Southern California.²

¹ Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge, dated January 18, 2013.

² Scoping Memo at p. 3.

The ISO understands that the Application proposes a \$13 million for Flex Alert campaign funding to cover *both* summers 2013 and 2014. The ISO is strongly concerned that this funding amount is not adequate, especially in light of the potential that the Southern California may be facing another summer with outages at SONGS. The level of Flex Alert campaign funding for the period covering the summer 2012 was approximately \$9.6 million. This budget level, while appearing significant, only enabled funding of broadcasts of television and radio ads for summer months, and was insufficient to enable additional buys for Fall 2012.

The ISO recommends that per-year Flex Alert program funding levels remain at least consistent with those of prior years—which ranged from \$6 million to \$15 million each year. The ISO believes that this funding amount is reasonable and appropriate because of a confluence of events: both SCE and SDG&E will be discontinuing or reducing some of their demand response programs such as SCE’s “10/10” program and SDG&E’s “*Reduce the Use*” for small businesses³ and the continued uncertainty regarding the availability of voltage support devices at the now disabled Huntington Beach power plant units 3 and 4, which are critically needed to prevent blackouts should SONGS continue to be shut down.

In connection with a \$9 to \$15 million annual budget, the ISO recommends that the Commission revisit the funding amount yearly, for possible dollar amount adjustment, taking into account the electricity supply and demand forecast and other resources-related issues.

³ SDG&E will reduce the funding for its “*Reduce the Use*” program.

The ISO issues non-paid Flex Alert bulletins to newsrooms, utilizes the ISO website to convey conservation tips and grid status, and coordinates closely with the organization managing the paid marketing, education and outreach campaign. Having a statewide marketing, education and outreach campaign is essential to educating the public about the importance of energy conservation during peak hours, and preparing California for. 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.

Past Flex Alert ad campaigns on television and radio 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.

- Campaign logo and information visible on all state agency websites, with coordinating mass notification alerts that trigger additional electricity reduction.
- Social media outreach such as through Facebook and Twitter. The ISO will unveil its new *ISO Today* mobile app that notifies iPhone and Android users of a Flex Alert.
- Integrated media outreach that includes statewide television and radio in English, Spanish, and other languages.

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 tries to issue Flex Alerts 24 hours in advance of anticipated scarce electricity supplies. Based on historical experience, the ISO estimates that this important operational tool can generate substantial numbers on the order of magnitude of 1,000 megawatts, although recent survey results by SCE indicate conservation levels may have been much higher.⁴ SCE has noted in its recent testimony in support of its Application for Demand Response program augmentation that

“[r]esults from SCE’s 2012 Summer Readiness Effectiveness Study indicate a favorable outcome for the Flex Alert effort. Nearly 60% of residential customers reported hearing or seeing Flex Alert advertisements (65% within Orange County), and 54% of small business customers (54% within Orange County). Furthermore, one quarter of residential customers reported that they took steps to reduce electricity on a Flex Alert day (31%

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

within Orange County), and similarly with 21% small business 10 customers (36% within Orange County).”⁵

This level of conservation equates to the output of two large power plants.

Respectfully submitted,

By: /s/ Baldassaro "Bill" Di Capo

Nancy Saracino

General Counsel

Roger Collanton

Deputy General Counsel

Sidney M. Davies

Assistant General Counsel

Baldassaro "Bill" Di Capo

Senior Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom, CA 95630

Tel.: (916) 608-7157

Fax: (916) 608-7222

bdicapo@caiso.com

Attorneys for the California Independent
System Operator

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⁵ (A.12-12-07 and A12-12-06) *Testimony of Southern California Edison Company in Support of its Application for Approval of Program Improvements and Augmentations to its Existing Demand Response Program Portfolio for the Summers of 2013 and 2014, Testimony of K. Wood, SCE Response to Q.2* at p. 61 lines 4-10, accessible on SCE’s website at [http://www3.sce.com/sscc/law/dis/dbattach11.nsf/0/651FB78E9E1AC2DD88257AE300086C08/\\$FILE/A.12-12-017+SCEs+2013-2014+DR+App+-+SCE-01+Testimony+in+Support+of+App+for+Addtl+DR+for+2013+and+2014.pdf](http://www3.sce.com/sscc/law/dis/dbattach11.nsf/0/651FB78E9E1AC2DD88257AE300086C08/$FILE/A.12-12-017+SCEs+2013-2014+DR+App+-+SCE-01+Testimony+in+Support+of+App+for+Addtl+DR+for+2013+and+2014.pdf)