

**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)

**PROPOSAL OF THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR
CORPORATION TO TRANSFER ADMINISTRATION OF FLEX ALERT PROGRAM**

In compliance with the Amended Scoping Memo and Ruling of Assigned Commissioner issued May 15, 2015, the California Independent System Operator Corporation files this proposal for the transfer of the Flex Alert Program.

Respectfully submitted,

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ATTACHMENT

Transfer Proposal of the Administration and Funding of the Flex Alert Program

A. Executive Summary

In the Scoping Memo and Assigned Commissioner Ruling dated March 6, 2015 (Scoping Memo), the Commission established Phase 1 of this proceeding to address questions of possible post-2015 funding sources and program administrators for the Flex Alert program, and the related question of whether the Commission should continue to fund the program in 2016. Pursuant to this directive, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (collectively, the Utilities), and California Independent System Operator Corporation (CAISO) have worked together to develop a proposal for the transfer of the administration and funding of the Flex Alert program to CAISO effective in 2016. The transfer proposal is based on certain CAISO-proposed conditions that will allow for an orderly transfer of the Flex Alert program and an effective post-2015 program. These details are discussed in Section C, below.

B. Background

On May 10, 2012, the Commission adopted Decision (D.) 12-05-015, which provided guidance on the 2013-2014 energy efficiency portfolios and 2012 marketing, education, and outreach activities. Ordering Paragraph 117 of D.12-05-015 required the Utilities to file applications for statewide ME&O activities for demand-side management (DSM) programs.

On August 3, 2012, the Utilities filed their applications seeking approval of statewide marketing, education and outreach (ME&O) activities for demand-side management programs in 2013-2014. On November 8, 2012, Administrative Law Judge (ALJ) Fitch consolidated the Utilities' applications into a single proceeding (A.12-08-007 et al).

On January 18, 2013, Assigned Commissioner Ferron and ALJ Roscow issued a ruling dividing A.12-08-007 et al into two phases. Phase 1 would address budgets for the Flex Alert program for 2013-2014; and Phase 2 would address all other aspects of the statewide ME&O plans for 2013-2014. On April 26, 2013, the Commission issued D.13-04-021 establishing the Utilities' annual budgets for the Flex Alert program for 2013-2014. D.13-04-021 contained the following ordering paragraphs:

- Ordering Paragraph (OP) 17 of D.13-04-021 required that the Utilities and CAISO file and serve in A.12-08-007 et al., by May 17, 2013, a jointly prepared report which details how the Utilities and ISO coordinate messaging during Flex Alert events today, and how they will optimize these efforts beginning summer 2013. This report was filed and served on May 17, 2013.¹
- OP 14 of D.13-04-021 required that SCE take the lead in initiating and coordinating an Evaluation, Measurement and Verification (EM&V) study of Flex Alert, measuring 2013 ex post load impacts. SCE was required to file and serve the proposal in this proceeding no later than January 31, 2014. A portion of the 2012-2014 EM&V budgets authorized in Decision 12-04-045 was allocated to fund this study. On January 28, 2014, SCE

¹ <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M076/K841/76841409.PDF>.

requested an extension of time to comply with OP 14, and filed and served the study on February 28, 2014.²

- OP 16 of D.13-04-021 required that the Utilities, CAISO, and other interested parties to work together to develop a proposal for the transfer of the administration and funding of the Flex Alert program to the CAISO or another entity, effective in 2015. In compliance with OP 16, the Utilities filed a proposal on March 31, 2014.

On December 12, 2014, the Commission issued D.14-12-026, which rejected the March 21, 2014 transfer proposal and set budgets for the 2015 Flex Alert program. On March 16, 2015, the Commission issued the Scoping Memo and Assigned Commissioner Ruling requesting the parties to this proceeding to explore possible post-2015 funding sources and program administrators for the program.

This transfer proposal was developed as a result of the Amended Scoping Memo and Ruling of Assigned Commissioner issued May 15, 2015 and Administrative Law Judge Roscow's July 1, 2015 ruling suspending the requirement for a workshop.

C. Flex Alert Program Transfer Proposal

The CAISO is willing to administer and fund a modified Flex Alert program beginning in 2016 based on the following conditions: (1) the Commission agrees that the CAISO administered Flex Alert Program will not have a paid media component, (2) the CAISO will be able to obtain the Flex Alert brand assets (including the Flex Alert trademark, the Flex Alert Network and the FlexAlert.org URL), and (3) the Commission agrees to transfer full operational and fiscal control of the Flex Alert program to the CAISO.

1. The CAISO Administered Program Will Not Include Paid Media

CAISO does not intend to continue any paid media program associated with Flex Alert.³ Under this proposal, the post-2015 Flex Alert program will be primarily focused on earned media resulting from a CAISO called Flex Alert event. The CAISO concludes that its current unpaid media activities during Flex Alert events have been effective and will continue to provide an important tool for meeting grid needs. The post-2015 Flex Alert program envisioned in this transfer proposal will not significantly change the CAISO's current role in the Flex Alert process nor will it materially increase the CAISO's administration costs. At this time, the CAISO does not believe the transfer would require a stakeholder process or tariff amendments to implement.

In the future, the CAISO may undertake additional functionalities provided that administration of any Flex Alert functions would only be applicable to CAISO's balancing area and would further the CAISO's purpose of ensuring a reliable transmission grid. Once the CAISO becomes the administrator of the program, all future Flex Alert activities will be subject to revision, modification, expansion or discontinuation as CAISO deems appropriate.

² <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M088/K944/88944461.PDF>.

³ Attachment 1 to this transfer proposal is the Utilities March 31, 2014 transfer proposal. This document details why continued funding of paid media is no longer supported.

The Utilities will continue with local demand response program notifications to engage participation and achieve load reductions. In addition, the Utilities could dispatch certain programs and change their website content when a Flex Alert is issued. Discontinuing the paid media program would not affect or change the Utilities' obligations or responsibilities to respond to formal CAISO grid warning and emergency notifications, which are separate and apart from Flex Alert notifications.

2. The CAISO Administered Program Will Maintain Flex Alert Brand Continuity

The CAISO believes that maintaining the Flex Alert brand is an important element to ensuring that the Flex Alert program is an effective tool to maintain grid reliability. The Flex Alert trademark is owned by Walter McGuire & Company, Inc. (McGuire) as of November 9, 2010. Continuing with this brand name requires approval from McGuire as neither the Utilities, the CAISO nor the Commission own the trademark. If this transfer proposal is approved by the Commission, the CAISO will seek to obtain the Flex Alert brand assets necessary to maintain continuity.

SCE facilitated meetings on June 8, 2015 and July 22, 2015 between CAISO and McGuire in which the following topics were covered regarding the paid media Flex Alert program.

- 1. Use of the trademark/ownership** –McGuire has agreed to transfer the Flex Alert trademark to the CAISO in the event this transfer proposal is accepted by the Commission. During the course of meetings with CAISO and SCE, McGuire confirmed it will transfer the Flex Alert trademark assets to the CAISO at no cost, except those incidental costs required to transfer ownership of the trademark.
- 2. Trademark Administration** – CAISO will assume sole ownership and responsibility for administering the trademark.
- 3. Website** – McGuire has agreed to transfer the website URL (www.flexalert.org) to the CAISO in the event this transfer proposal is accepted by the Commission. As with the Flex Alert trademark, McGuire will transfer the URL at no cost to the CAISO, except any incidental costs required to complete the transfer. The CAISO will then be responsible for the administration of the website and would determine its role in the CAISO Flex Alert program. Future administration of the website would be subject to future revision, modification, expansion or discontinuation by the CAISO.
- 4. Flex Alert Network** – McGuire maintains a database used to alert subscribers through e-mail blasts when a Flex Alert event is called. This database is referred to as the “Flex Alert Network.” Upon approval of this transfer proposal, McGuire has agreed to transfer the Flex Alert Network to the CAISO at no cost. McGuire will not transfer portions of the Flex Alert Network that are considered proprietary. Future use of the Flex Alert Network will be subject to the discretion of the CAISO and based on the need to effectively maintain grid reliability.

3. The Program Will Be Under Sole Operational Control of the CAISO

Under this transfer proposal, the Flex Alert program will be under sole operational and fiscal control of the CAISO beginning in 2016. This means that the CAISO will have the authority to revise, modify, expand or discontinue Flex Alert activities as the CAISO deems necessary to make the program a useful asset in reliably operating the transmission grid. The CAISO and the Utilities agree that transfer of full operational control is appropriate based on the CAISO's proposed responsibilities as administrator and funder of the post-2015 program.

D. Recommended Commission Findings

The Utilities and the CAISO recommend that the Commission make the following findings to effectuate this transfer proposal:

- Utility funding for the Flex Alert program is not necessary after 2015.
- The CAISO will administer and fund the Flex Alert program beginning in 2016.
- The CAISO will have sole operational control over Flex Alert program beginning in 2016. Sole operational control includes the right to revise, modify, expand or discontinue Flex Alert activities as the CAISO sees fit in order to ensure reliable operation of the transmission grid.
- Upon approval of this transfer proposal, CAISO will request that Walter McGuire & Company transfer the Flex Alert trademark, the Flex Alert Network and the FlexAlert.org URL to the CAISO.
- In 2016, CAISO will continue its earned media Flex Alert activities, such as issuing notifications via the CAISO website and its smart phone application, news releases, and social media. There will be no paid media component of the Flex Alert program in 2016.
- The Utilities can integrate Flex Alert messaging into their local ME&O activities to maintain awareness of the program and support CAISO's unpaid activities.

The Utilities and the CAISO agree that these findings will allow for the transfer to be implemented before the end of 2015 so that program changes can be executed in 2016.

E. Conclusion

The CAISO is willing to administer and fund the Flex Alert program beginning in 2016, provided that it maintains the ability to revise, modify, expand or discontinue Flex Alert activities as necessary to ensure reliable operation of the transmission grid. The CAISO and the Utilities agree that this proposal provides a reasonable approach to transferring control of the Flex Alert program while maintaining its most effective elements.