

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

Application of Pacific Gas and Electric
Company for Recovery of Costs to
Implement Electric Rule 24 Direct
Participation Demand Response (U39E).

And Related Matters

Application 14-06-001
(Filed June 2, 2014)

Application 14-06-002
Application 14-06-003

**NOTICE OF EX PARTE COMMUNICATION BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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March 24, 2016

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Pursuant to Article 8 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure, the California Independent System Operator Corporation (CAISO) hereby files this notice of the following oral ex parte communication with Matthew Tisdale, advisor to Commissioner Florio.

On March 21, 2016, from approximately 1:00 p.m. to 2:30 p.m., representatives of the CAISO met with Mr. Tisdale regarding current demand response issues. The meeting was held at the Commission’s offices, 505 Van Ness Avenue, San Francisco, California. In addition to Mr. Tisdale, Bruce Kaneshiro and Rachel McMahon were present from the Commission’s Energy Division staff. John Goodin, Regulatory Policy Manager; Delphine Hou, External Affairs Manager and Jill Powers, Smart Grid Solutions Manager attended the meeting for the CAISO.

During the discussion, the CAISO explained the current status of the CAISO’s Energy Storage and Distributed Energy Resources (ESDER) stakeholder initiative. The CAISO noted that Phase 2 of the ESDER initiative will allow a stakeholder led working group to propose new baseline and/or performance methods for the CAISO to consider for distributed energy resources.

The CAISO also provided an update on its Demand Response Registration System (DRRS). The CAISO noted that it has been actively working with stakeholders to implement the DRRS. The DRRS is in the development stage and any minor delay in the implementation of the DRRS should not have a negative impact on market participants. The CAISO further noted that

there is a plan to migrate existing demand response service accounts to the DRRS and that the CAISO will work with the load-serving entities on a migration plan.

The CAISO reviewed and clarified demand response integration issues raised by Southern California Edison Company in its Appendix A to its 2017 demand response bridge funding application. The CAISO discussed minimum resource size issues, telemetry waivers, baseline concerns and correction of financial settlements for proxy demand response and reliability demand response resource transactions in 2015.

The CAISO reiterated its concerns with the evolving structure of the demand response market in which utility-administered demand response programs and budgets are funded via Commission authorization and third-party programs are subject to competitive solicitation. The CAISO noted that these dual mechanisms are not complementary and that the Commission should choose a clear path and to avoid creating a hybrid market in which competitively procured resources compete against utility-administered programs for a limited pool of demand response customers.

No written materials were provided.

Respectfully submitted,

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