

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

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2016 and 2017 Compliance Years

Rulemaking 14-10-010
(Filed October 16, 2014)

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

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 oral ex parte communications.

On October 14, 2015, the CAISO conducted three meetings with the following individuals: Scott Murtishaw, advisor to President Picker (3:35 p.m. to 3:45 p.m.); Ehren Seybert, advisor to Commissioner Peterman (9:30 a.m. to 9:37 a.m.); and Sepideh Khosrowjah, Chief of Staff and advisor to Commissioner Florio (3:15 p.m. to 3:20 p.m.). The meetings were conducted in person at the Commission's offices at 505 Van Ness Avenue, San Francisco, California. Present for the CAISO were Thomas Doughty, Director of State Regulatory Strategy, and Delphine Hou, External Affairs Manager. No written materials were provided.

During the meetings, Mr. Doughty provided background information on a proposed revision request (PRR) to the CAISO's Business Practice Manual (BPM) for Reliability to clarify the existing treatment of demand response resources to qualify as local capacity resources. Mr. Doughty explained that BPMs provide practical guidelines for implementing policy embodied in the CAISO tariff. CAISO submitted this PRR to clarify that demand response resources should be available in 20 minutes to meet reliability standards that require the system operator to return the system to a normal state within 30 minutes after a first contingency. Mr. Doughty and Ms. Hou explained that the 20-minute standard was developed after the San Onofre Nuclear Generating Station (SONGS) outage and has been discussed as far back as 2012. Mr. Doughty and Ms. Hou clarified that the 20-minute response time does not represent a change

from past CAISO local technical studies and that since the SONGS outage the 20-minute standard has been explained in CAISO testimony submitted in Commission proceedings.

Ms. Hou pointed to Finding of Fact #3 in the recent proposed decision in A.14-11-012 regarding the need to procure resources sufficient to meet long-term local capacity requirements. Finding of fact #3 states that the proposed procurement in A.14-11-012 “can meet long-term local capacity requirement needs when combined with repurposing of existing demand response resources in the Western LA Basin.” Ms. Hou explained that “repurposing” demand response encompasses modification in order to respond within 20 minutes to a first contingency event and thereby qualify as a local capacity area resource.

Respectfully submitted,

By: /s/ Jordan Pinjuv

Roger E. Collanton

General Counsel

Anthony Ivancovich

Deputy General Counsel

Anna A. McKenna

Assistant General Counsel

Jordan Pinjuv

Counsel

California Independent System

Operator Corporation

250 Outcropping Way

Folsom California 95630

Tel.: (916) 351-4429

jpjuv@caiso.com

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