

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

Order Instituting Rulemaking to Integrate and
Refine Procurement Policies and
Consider Long-Term Procurement Plans.

Rulemaking 12-03-014
(Filed March 22, 2012)

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

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January 17, 2013

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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 (“ISO”) hereby files this notice of the following oral ex parte communication with Matthew Tisdale, advisor to Commissioner Michael Florio.

On January 14, 2013, from approximately 1:30 pm to 2:15 pm, Philip Pettingill, ISO Director, Regulatory Affairs, met with Matthew Tisdale at the Commission offices. The meeting was requested by Laura Genao from Southern California Edison (SCE) and Mr. Pettingill also attended the meeting.

During the meeting, Mr. Pettingill addressed the Proposed Decision issued by ALJ Gamson and expressed the ISO’s concerns that the authorized procurement level is too low. It is very clear that additional capacity is needed in the LA Basin, and while the ISO supports the development of preferred resources, there is considerable uncertainty that the quantity of these resources assumed in the Proposed Decision will materialize in sufficient quantities and with the characteristics needed to assure adequate local capacity. Furthermore, this need can be dramatically increased if SONGs resources continue to be unavailable and the ISO is unable to mitigate this deficiency.

Both Mr. Pettingill and Ms. Genao explained that the Trajectory scenario should be used to establish a need of 2371MW, versus the 1200 MW authorized by the Proposed Decision. Because there is much risk from the EE, DG and SONGs assumptions, some optionality is essential. As a result, the ISO supports the SCE proposal to establish the potential for a higher procurement with the commensurate need to justify those needs above 1200MW.

Mr. Pettingill explained that timing is the critical issue and waiting for additional authorization in the next LTPP would cause great delay where additional needs may be self-evident. Mr. Pettingill and Ms. Genao also discussed the requirement that SCE procure 50 MW of energy storage facilities.

No written materials were provided as part of the communications described in this notice. To request a copy of this notice, please contact Anna Pascuzzo (916-351-2212).

Respectfully submitted,

By: /s/Judith B. Sanders

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Dated: January 17, 2013

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