

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

Order Instituting Rulemaking to Enhance the
Role of Demand Response in Meeting the
State's Resource Planning Needs and
Operational Requirements.

Rulemaking 13-09-011

NOTICE OF EX PARTE COMMUNICATION

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October 4, 2013

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Pursuant to Rule 8.4 of the California Public Utilities Commission's Rules of Practice and Procedure, the California Large Energy Consumers Association¹ (CLECA), hereby gives notice of the following ex parte communications.

On October 1, 2013, Barbara Barkovich and Nora Sheriff, consultant and counsel to CLECA, met with Michael Colvin, advisor to Commissioner Ferron, from approximately 3:00 to 4:00 pm at the Commission's office in San Francisco. The meeting was initiated by CLECA. No handouts were provided at the meeting.

Dr. Barkovich and Ms. Sheriff raised concerns with the new rulemaking's apparent focus on moving demand response into the CAISO market and relative lack of consideration for the needs of customers providing demand response. Dr. Barkovich and Ms. Sheriff pointed to PG&E's Advice Letter 4280-E as an example of apparent disregard for the customers who are providing the demand

¹ The California Large Energy Consumers Association is an organization of large, high load factor industrial electric customers of Southern California Edison Company and Pacific Gas and Electric Company. CLECA member companies are in the cement, steel, industrial gas, beverage, pipeline and mineral industries. CLECA has been an active participant in Commission regulatory proceedings and Commission Demand Response Programs since 1987.

response; they explained that the proposed change concerned customers because it failed to follow the transition envisioned in the 2010 Settlement Agreement. Dr. Barkovich also noted that current CAISO market prices appear insufficient to support or enable demand response and cautioned against requiring all demand response to perform like a generator in order to be integrated into the wholesale market. Operational differences between customer-provided demand response and generation must be recognized. Expectations regarding potential benefits from integration into wholesale markets must be tempered by existing market realities and consideration of the needs of customers who are actually providing the demand response resource.

Further, since the grid “needs” associated with renewable integration and local reliability and related operational characteristics are still being determined, it is not yet clear how demand response can help meet those needs. Moreover, Ms. Sheriff noted that according to the CAISO’s website, there have been 25 transmission emergencies since 2004, most recently two in 2011. Transmission outages will probably occur again in the future, and the Base Interruptible Program has a long track record of helping to mitigate transmission and distribution outages. Existing demand response retail programs should be valued for these and other reasons.

Dr. Barkovich and Ms. Sheriff also cautioned against Commission ceding jurisdiction over demand response; the Commission should guard its jurisdiction over its retail demand response programs, including BIP.

Dr. Barkovich and Ms. Sheriff expressed their appreciation for the consideration of longer program cycles, which could provide the customers the certainty they need to continue participating in Demand Response.

Respectfully submitted,

A handwritten signature in black ink that reads "Nora Sheriff". The signature is written in a cursive style with a large initial "N" and "S".

Counsel to the California Large Energy
Consumers Association

October 4, 2013