

**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

Barbara Barkovich
Barkovich & Yap, Inc.
PO Box 11031
Oakland, CA 94611
707.937.6203
barbara@barkovichandyap.com

Nora Sheriff
Alcantar & Kahl LLP
33 New Montgomery Street
Suite 1850
San Francisco, CA 94105
415.421.4143 office
415.989.1263 fax
nes@a-klaw.com

Consultant to the California Large
Energy Consumers Association

Counsel to the California Large
Energy Consumers Association

October 24, 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 communication.

On October 21, 2013, Barbara Barkovich and Nora Sheriff, consultant and counsel to CLECA, met with Audrey Lee, advisor to President Peevey, from approximately 3:00 to 3:45 pm. The meeting was held at the Commission's office in San Francisco and initiated by CLECA. No handouts were provided at the meeting.

Dr. Barkovich and Ms. Sheriff expressed strong support for at least one year of bridge funding for the existing demand response programs; Dr. Barkovich and Ms. Sheriff noted the current status of both Rule 24 and the CAISO's Reliability Demand Response Product tariff. With the potentially broad scope of the new rulemaking, Dr. Barkovich supported establishing separate tracks to

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.

address, first, bridge funding, then still-pending cost-effectiveness issues and finally the proposed bifurcation for new demand response programs.

Additionally, Dr. Barkovich and Ms. Sheriff noted the relative lack of knowledge of how CAISO market mechanics will actually work with demand response. Taking a lessons-learned approach to inform the Commission's guidance for the next round of utility applications would be administratively efficient and a better approach than seeking utility revisions to filed applications. For this reason, two years of bridge funding might be preferable.

Dr. Barkovich also explained that the use of reliability-based demand response is limited to 2% of CAISO system peak load in 2014, which is far lower than the higher percentages of emergency or reliability-based DR in other markets. Dr. Barkovich discussed the history of demand response in general and reliability-based demand response in particular and explained the transition for reliability-based demand response envisioned in the 2010 Settlement Agreement.

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,



Nora Sheriff

Counsel to the California Large Energy
Consumers Association

October 24, 2013