

**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
(Filed September 13, 2013)

NOTICE OF EX PARTE COMMUNICATION

In accordance with Article 8 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), the California Independent System Operator Corporation (ISO) hereby gives notice of the *ex parte* communication described below. On February 4, 2014 representatives of the ISO met with Audrey Lee, Advisor to Commission President Michael Peevey; Carol Brown, Chief of Staff for Commission President Michael Peevey; Rachel Peterson, Advisor to Commissioner Michael Florio and Rachel McMahon of the Commission's Energy Division. The Commission's representatives initiated the communication on a topic not currently part of the DR OIR. The meeting occurred at the ISO's offices at 250 Outcropping Way in Folsom, California 95630. Representatives of the ISO in attendance included Karen Edson, Phil Pettingill, Heather Sanders, Greg Cook, and Carrie Bentley. John Goodin of the ISO attended the meeting telephonically.

During the meeting, the topic of bifurcation was raised at approximately 4:00 p.m. The discussion lasted approximately 20 minutes. The ISO stated that demand response must be either considered in the load forecast as a demand-side resource that results in a reduction of the resource adequacy requirement or as a supply-side resource that acts as a suitable supply-side resource participating in the ISO market as an RA resource. The ISO reiterated its definition of bifurcation in the context of the State's loading order. The ISO emphasized that the over-arching purpose for authorizing ratepayer funding of demand response and energy efficiency programs is to fulfill the loading order which has, as its fundamental purpose, avoiding or deferring new conventional-generation resources and transmission and distribution infrastructure to meet future energy needs. Under this definition, demand-side

demand response is a load modifier and its impact reduces the peak demand and therefore reduces the future resource adequacy requirement. Conversely, supply-side demand response acts as a comparable supply-side resource that can displace conventional generation and transmission assets to serve and balance load.

Respectfully submitted,

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