

**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 BY
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION**

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June 6, 2014

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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 (“CAISO”) hereby files this notice of the following oral ex parte communication with Audrey Lee, advisor to Commissioner Michael Peevey; and Rachel Peterson, advisor to Commissioner Michael Florio. Also in attendance were Elizabeth Dorman from the Legal Department, and Rachel McMahon from Energy Division.

On June 4, 2014, from approximately 11:05 AM to 11:20 AM, Heather Sanders, CAISO Director, Regulatory Affairs-Distributed Energy Resources; John Goodin, Regulatory Policy Manager; Judith Sanders, CAISO Senior Counsel; and Daniel Shonkwiler, CAISO Lead Counsel had a telephone conference with Audrey Lee, Rachel Peterson, Elizabeth Dorman and Rachel McMahon. The telephone conference was requested by the CAISO.

On the call, the CAISO representatives discussed how the Court of Appeals’ panel decision would affect the CAISO’s demand response programs, (issued May 23, 2014 in D.C.

Circuit Docket No. 11-1486 *et.al.*)¹, and the timeline for any changes to the ISO tariff that could result. CAISO representatives explained that the existing rules for demand response will remain in place unless FERC directs a change to the CAISO tariff. But, two things must happen before FERC would issue such a directive. First, FERC could request rehearing of the panel decision by the full Court. The Court will not issue a mandate to FERC until one week after it resolves the rehearing question. Second, assuming the panel decision stands, FERC would have to determine how to implement the ruling. Between possible rehearing by the Court and remand proceedings at FERC, the process could take up to a year or two.

In the meantime, CAISO representatives urged the Commission to stay the course. The Commission, the CAISO, and stakeholders are making good progress establishing demand response policies that can result in offsetting the need for additional transmission and generation in fulfillment of the loading order. This policy is being further developed through workshops and hearings next week; and the Commission should not deviate from its current course. If this proceeding is delayed because of the uncertainty created by the panel decision, then it is likely that demand response resources will not be timely available when and where needed to satisfy the local resource procurement needs in southern California identified in LTPP R.12-03-014.

The CAISO explained that despite any uncertainty caused by the panel decision, the Commission and parties to this proceeding must move forward and determine how demand response can best be used to meet the goals of the loading order and displace the need for conventional generation to meet California's load-serving needs, particularly local generation

¹ [http://www.cadc.uscourts.gov/internet/opinions.nsf/DE531DBFA7DE1ABE85257CE1004F4C53/\\$file/11486-1494281.pdf](http://www.cadc.uscourts.gov/internet/opinions.nsf/DE531DBFA7DE1ABE85257CE1004F4C53/$file/11486-1494281.pdf)

needs in southern California. This includes addressing issues with supply-side demand response resources and how these resources can be integrated into the CAISO market.

There were no handouts provided at the meeting. To request a copy of this notice, please contact Anna Pascuzzo (916-351-2212).

Respectfully submitted,

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