

Southern California Edison Company Comments On The California Independent System Operator's May 13, 2013 Workshop on the Demand Response and Energy Efficiency Roadmap

SCE appreciates this opportunity to provide stakeholder input on the California Independent System Operator's (CAISO) May 13, 2013 workshop on the Demand Response (DR) and Energy Efficiency (EE) Roadmap. SCE was pleased with the scope of the five panels facilitated by the CAISO and composed of various stakeholder sectors, their perspectives, and the audience discussions, and appreciated the opportunity to participate as a stakeholder on three of the panels.

While the workshop discussion focused on the development of a roadmap to support the CAISO objectives as identified in the high-level briefing circulated at the workshop, SCE recommends the CAISO focus its EE and DR Roadmap efforts in 3 key areas: (1) support the completion of the CPUC's Rule 24; (2) develop an understanding of the attributes that DR must provide to meet local reliability needs; and (3) establish a single agency managed demand forecast for planning purposes. SCE provides the following comments.

1. **The CAISO Roadmap Should Support the Completion of the CPUC's Rule 24**

SCE's ability to integrate its retail DR resources into the CAISO's wholesale market is dependent upon the completion of the CPUC's Rule 24. SCE has a significant portfolio of DR rates, programs, and resources. These DR dispatchable resources contain both bundled and direct access customers. Until the CPUC finalizes the direct participation rule, Rule 24, SCE cannot gain any experience integrating its DR retail programs into the CAISO market. While SCE has recently modified some of its programs in preparation for CAISO market integration (i.e., geographic dispatch and price-based triggers), effective market participation is still dependent on the pending regulatory outcomes (e.g., Rule 24 product). Even when the pending regulatory outcomes are resolved, SCE still expects that significant process and system work will be required to integrate DR programs into the CAISO market and systems.

2. **Develop an Understanding of the Attributes that DR Must Provide to Meet Local Reliability Needs**

At the workshop there was significant discussion on how DR programs can meet the CAISO's flexibility and local capacity needs. However, the attributes that DR programs must have to meet the needs of the CAISO remains unclear. The roadmap should focus on developing an understanding of the attributes that are needed by the CAISO to manage local reliability, and then allow market participants the creativity to provide solutions to those needs. SCE is encouraged by the CAISO's willingness to pursue development of this understanding, and willing to participate actively in suggesting methods and practices for attribute identification.

3. **Create a Managed Forecast for Use in CAISO Transmission Planning**

Currently, the California Energy Commission (CEC) develops an "unmanaged" demand forecast and the CPUC develops uncommitted EE goals. These processes are not aligned, and neither agency takes accountability for the overall process of developing a managed demand forecast suitable for CAISO transmission planning purposes. As the CAISO moves forward with integrating DR and EE into its planning assumptions, SCE encourages the CPUC and CEC to work together to develop a method that reflects a comprehensive forecast.

SCE appreciates this opportunity to provide these initial stakeholder input on the CAISO's May 13 DR and EE roadmap workshop. The extent of SCE's future comments and discussions on this topic and other related issues may not be limited solely to these comments, and SCE looks forward to continuing to collaborate with CAISO on its roadmap for DR and EE.