

EDF/acr 8/19/2011



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08-19-11
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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking regarding policies and protocols for demand response load impact estimates, cost-effectiveness methodologies, megawatt goals and alignment with California Independent System Operator Market Design Protocols.

Rulemaking 07-01-041
(Filed January 25, 2007)

**ADMINISTRATIVE LAW JUDGE'S RULING SOLICITING COMMENTS ON
PROPOSED DEMAND RESPONSE RULES**

On July 15, 2010, the Federal Energy Regulatory Commission (FERC) conditionally approved the California Independent System Operator (CAISO) Proxy Demand Response tariff.¹ In Decision 10-06-002 the California Public Utilities Commission (Commission) directed Pacific Gas and Electric Company (PG&E), the Southern California Edison Company (SCE), and the Southern California Gas Company (SoCalGas) (collectively the IOUs) to bid demand response from existing Participating Load Pilot programs into the CAISO's wholesale market, but prohibited further participation until ratepayer

¹ Order Conditionally Accepting Tariff Changes and Directing Compliance Filing, issued on July 15, 2010, in Docket No. ER10-765, available at http://elibrary.ferc.gov/idmws/file_list.asp?accession_num=20100715-4001.

protections were developed to address consumer safety, financial settlement, and communications.²

On November 18, 2010 the assigned Administrative Law Judge (ALJ) issued a ruling soliciting further input from parties on consumer protection, financial settlement and communication, and other issues. On February 17, 2011, a second ALJ ruling issued that scheduled working group meetings to craft documents in support of direct participation. The working groups met on March 21, April 5, April 13, April 26, and May 3 of 2011, and produced two sets of proposed rules. One set of proposed rules was jointly submitted by the IOUs. The second set of proposed rules was submitted by EnerNOC, Inc., EnergyConnect, Inc., the Alliance for Retail Energy Markets, and the Direct Access Customer Coalition (collectively, the Joint Parties). Comments on the two sets of proposed rules were filed on May 9, 2011 by the CAISO, the California Public Utilities Commission's Division of Ratepayer Advocates, the IOUs, the Joint Parties, and the Marin Energy Authority. Using the two sets of proposed rules and the comments as a guide, the Commission's Energy Division developed the Draft Electric Rule Number 24 (Draft Rules), Draft Demand Response Provider Registration Application Form, and Draft Authorization to

² FERC Order 745, issued on March 15, 2011 in Docket No. RM10-17, has raised questions regarding the long-term viability of several provisions of the CAISO's current Proxy Demand Resource Program. (See *Request For Clarification or, in the Alternative, Request for Rehearing of the Public Utilities Commission of the State of California*, filed on April 14, 2011 in Docket No. RM10-17). The instant ruling presumes that the FERC will confirm the justness and reasonableness of the CAISO's Proxy Demand Resource tariff, and should not be interpreted as an acceptance, or waiver of claims, against FERC Order 745.

Receive Customer Information (affixed hereto as Attachment A, B, and C, respectively).

This ruling solicits comments on the Draft Rules. Specifically, parties may file comments within two weeks of the mailing of this ruling and reply comments one week after comments are filed.

IT IS RULED that:

1. Parties may file comments on the attached rules and forms within two weeks of the mailing of this ruling.
2. Parties may file reply comments on the attached rules and forms up to one week after comments are filed.

Dated August 19, 2011, at San Francisco, California.

/s/ DARWIN E. FARRAR

Darwin E. Farrar
Administrative Law Judge