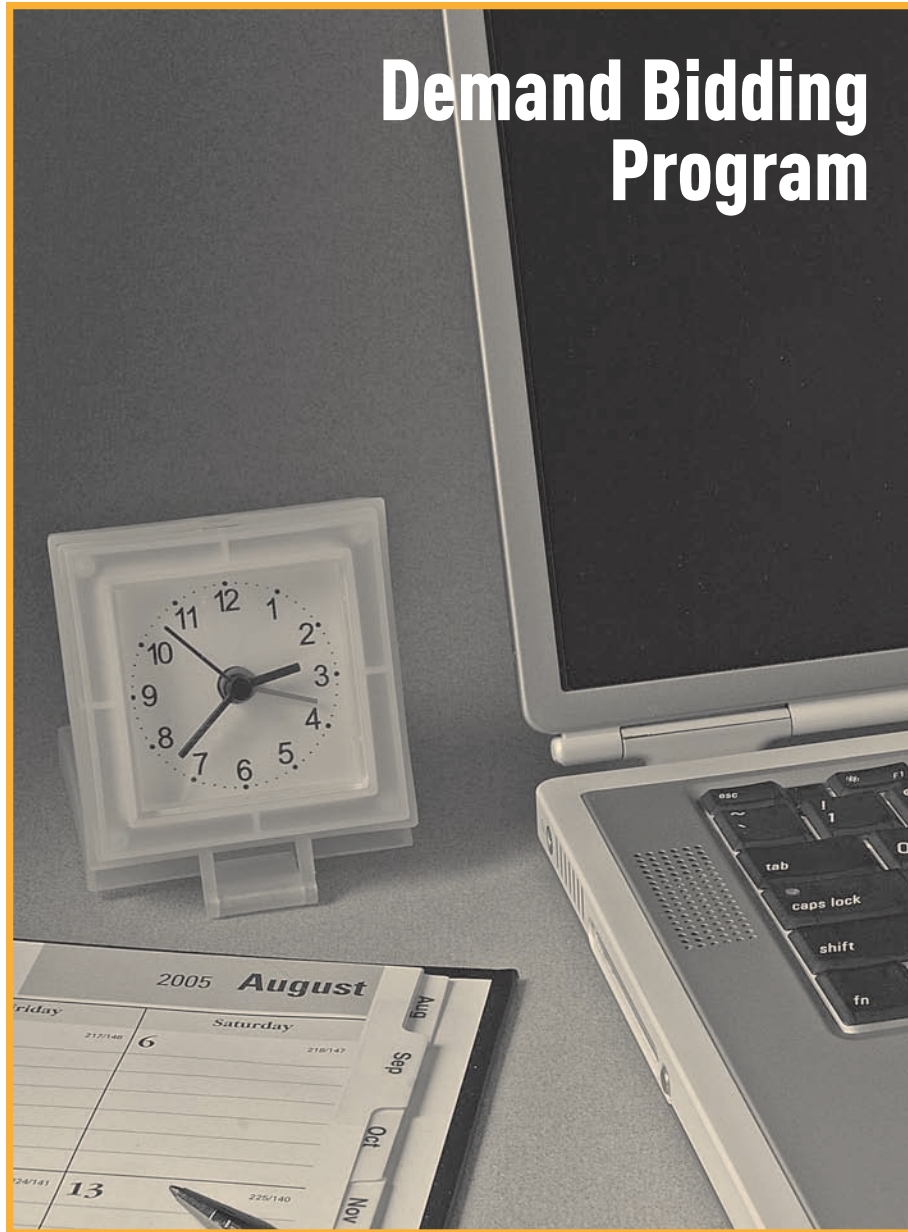


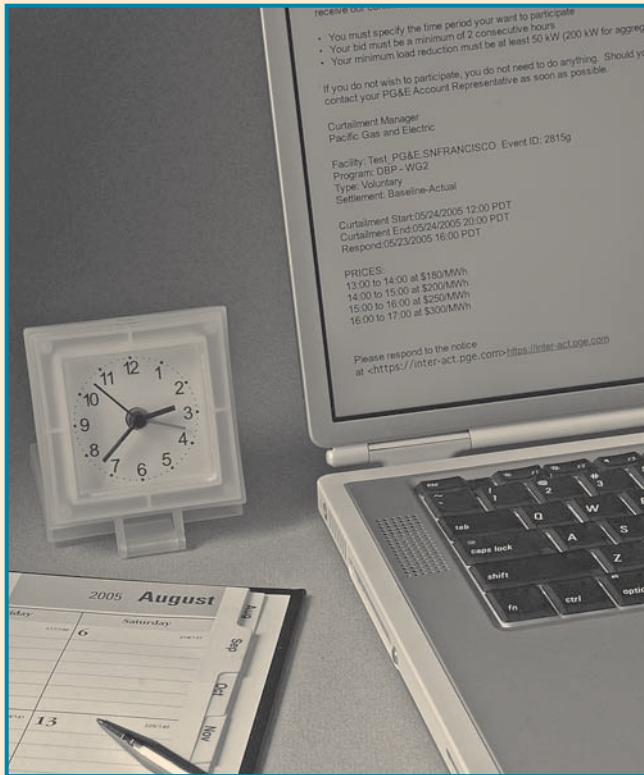
DEMAND RESPONSE **2007**



*Trade your kilowatts
for dollars to help
keep the lights on.*



This demand response program offers plenty of upside savings, with no downside risk.



The Demand Bidding Program (E-DBP) pays you for voluntary load reductions that you bid and deliver during periods of high system loads. If you submit a bid and are able to respond, you can earn generous payments, but if you are not able to respond or fall short of your bid, there is no penalty.

PROGRAM DETAILS

DAY-AHEAD PROGRAM

If the California Independent System Operator (CAISO) day-ahead forecasted peak demand is 43,000 megawatts (MW) or greater, or PG&E, in its sole opinion, forecasts that resources will not be adequate, PG&E may request load reduction bids from customers for the following non-holiday weekday.

You decide whether to bid kilowatt reductions and to deliver or not deliver, with no penalty or risk

- You will be notified of an opportunity to bid by 12:00 Noon the day before an event
- You will receive acceptance of your bid by 4:00 p.m. on the day before the event (all bids must be received by 3:00 p.m.)
- You have the flexibility to be paid for delivering between 50% and 150% of your day-ahead bid, with a minimum delivery of only 50 kilowatts to receive payment
- For each accepted bid and successful load reduction you will receive a bill credit incentive of \$.50/kWh
- E-DBP events are limited to the hours between 12:00 Noon and 8:00 p.m. on non-holiday weekdays
- Multiple accounts for the same customer (with the same taxpayer identification number) may be aggregated to qualify for participation
- You may terminate your participation in this program after one year with 30 days' written notice

DAY-OF PROGRAM

When the CAISO issues an Alert notice (or greater) during the day reflecting stress on the system, PG&E may implement an E-DBP Event for that same day. If a customer already has accepted bids for the Day-Ahead program customers may: 1) increase its bids for those hours that the Day-Ahead and Day-Of DBP Events coincide, and/or, 2) submit new bids for those hours in the Day-Of DBP Event that were not a part of the Day-Ahead event.

- You decide whether to bid kilowatt reductions and to deliver or not deliver, with no penalty or risk
- You have one hour after a Day-Of Event has been issued to submit bids for a proposed level of curtailment
- Unless a specific megawatt limit is requested, PG&E will accept all day-of bids

- You have the flexibility to be paid for delivering between 50% and up to 200% of your Day-Of bid, with a minimum delivery of only 50 kilowatts to receive payment
- Day-Ahead hours that coincide with Day-Of hours will be paid the Day-Of incentive rate.
- For each hour a Day-Of bid was accepted you will receive bill credit incentive of \$.60/kWh
- E-DBP events are limited to the hours between 12:00 Noon and 8:00 p.m. on non-holiday weekdays
- Multiple accounts for the same customer (with the same taxpayer identification number) may be aggregated to qualify for participation
- You may terminate your participation in this program after one year with 30 days' written notice

ELIGIBILITY

You qualify for E-DBP if you meet all of the following requirements:

- You are a PG&E bundled-service or Direct Access commercial, industrial or agricultural customer; Community Choice Aggregation (CCA) service customers are also eligible
- You are served under a demand time-of-use electric rate schedule (Schedules AG-V, AG-R and S are not included in this program)
- You have a billed maximum demand of 200 kilowatts or greater for one or more of the past 12 billing months

To participate in this program, you must agree to allow the California Energy Commission (CEC) to conduct a site visit for measurement and evaluation purposes and complete any surveys needed to enhance the program. You must also authorize the CEC to request your billing history and meter usage data in order to perform appropriate measurement and evaluation.

INCENTIVES WITHOUT PENALTIES

Under this program, you receive a credit equal to the product of the qualified kilowatt energy reduction and the incentive price of \$.50/kWh for Day-Ahead events and \$.60/kWh for Day-Of events. No monetary penalties are assessed under E-DBP, but you must meet the bid performance requirements in order to receive incentive credits.

EQUIPMENT REQUIREMENTS

You must have an interval meter installed and operational for 10 days prior to program participation. If you aggregate multiple accounts to participate in the program, each of the accounts must have an interval meter. PG&E will provide a meter and installation free of charge to all qualifying accounts.

You will need access to the internet and an e-mail address to receive program notification and to submit E-DBP bids. You will also need an alphanumeric pager or similar device capable of receiving text messages.

ENERGY MANAGEMENT TOOLS

PG&E will provide, free of charge, access to your account information through InterAct. This is a powerful online service through which you can monitor and analyze your energy usage on a next day basis to optimize your benefits from E-DBP and your daily energy use, as well as place bids.

EVENT NOTIFICATION

You will be notified when an E-DBP event occurs through e-mail and text messaging. Event notices will be available for participants to view on PG&E's InterAct Web site.

CONCURRENT PARTICIPATION IN OTHER PROGRAMS

Customers participating in E-DBP may also participate in the Business Energy Coalition (E-BEC), Critical Peak Pricing (E-CPP), Base Interruptible Program (E-BIP), Non-Firm (E-NF) and Scheduled Load Reduction Program (E-SLRP). Each of these programs has its own allowances regarding multiple program participation, and certain programs take precedence over others when events overlap. PG&E can help identify and evaluate opportunities to enhance your benefits from these programs.

Customers participating in the Capacity Bidding Program or other third party demand response programs are not eligible to participate in the Demand Bidding Program.

ENERGY MANAGEMENT INTEGRATION

Energy efficiency and demand reduction can work hand-in-hand to help you reduce your energy costs. If you have installed special control systems as part of your energy efficiency upgrades, you may find the E-DBP program especially easy to participate in. For example, if you have installed enhancements or a new energy management system, lighting with dimmable ballasts, or variable frequency drives on motors, in many cases you may also have increased your capability to participate in a demand response program.

With new projects, some measures that provide energy efficiency benefits and enable demand response qualify for both energy efficiency and demand response incentives, making these investments especially financially attractive.

NEXT STEP

Contact your PG&E representative or the Business Customer Service Center at 800-468-4743 to determine whether E-DBP meets your requirements and find out how it would complement other programs in your Integrated Energy Management portfolio.

This program is offered in accordance with Schedule E-DBP and approved by the California Public Utilities Commission. Additional and important details are available from your PG&E representative and on PG&E's Web site pge.com/DemandResponse.

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