

March 23, 2000

ADVICE 1960-E-A

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment I.

The purpose of this filing is to supplement Advice 1960-E in compliance with Resolution E-3658, dated March 16, 2000. Advice 1960-E proposed to: 1) clarify the cost recovery rules under the existing authorization in Resolution E-3618 for trades in the California Power Exchange Corporation (CalPX) Block Forward Market (BFM), 2) include in such authorization the new BFM products proposed by the CalPX in its recent application with the Federal Energy Regulatory Commission (FERC), and 3) extend the megawatt (MW) quantity and term of this authorization.

Resolution E-3658 approved PG&E's request, subject to the two modifications listed in Ordering Paragraph 1. To comply with those modifications, PG&E has revised Schedule PX—*Power Exchange Energy Cost* to:

1. Extend the term of authorization for participation in the BFM until the end of PG&E's rate freeze, and
2. Modify the limit of the amount of Block-Forward trading to PG&E's net-short position. Net-short position is defined as the hourly amount of demand averaged over the quarter by which PG&E's bundled service exceeds the supply PG&E provides in that hour, excluding previous block-forward purchases.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Pursuant to Ordering Paragraph 2 of Resolution E-3658, PG&E requests that this filing become effective on **March 23, 2000**, which is the date of filing.

Anyone wishing to protest this filing may do so by sending a letter within 20 days of this filing. Protests should be mailed to:

IMC Branch Chief

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Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division (address above), and Les Guliasi, Regulatory Relations Manager, 77 Beale Street, Mail Code B10C, P.O. Box 770000, San Francisco, California 94177, Facsimile (415) 973-7451. The protest should set forth the grounds upon which it is based and shall be submitted expeditiously. There are no restrictions on who may file a protest.

In accordance with Section III, Paragraph G of General Order 96-A, PG&E is mailing copies of this advice filing to the utilities and interested parties shown on the attached list. Address change requests should be directed to Ms. Nelia Avendano at (415) 973-3529.

Vice President – Regulatory Relations

cc: California Independent System Operator
California Power Exchange
Electricity Oversight Board
Kerry Hattevik, Energy Division

Attachments

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SCHEDULE PX—POWER EXCHANGE ENERGY COST

APPLICABILITY: This schedule applies to customers who elect PG&E's Bundled, Direct Access and Hourly PX Pricing Option services.

TERRITORY: Schedule PX applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

RATES: This schedule will apply where calculation of the Power Exchange (PX) energy cost is required for either energy cost credits or charges. The PX cost used for billing will consist of the forward market cost plus real-time settlement costs and post-real-time settlement costs, adjusted by an allowance for uncollectibles and Distribution Loss Factors (DLFs). PG&E shall utilize the best information available for calculating the PX energy cost.

1. Development of hourly forward market costs:

Hourly market clearing prices and loads, or the total costs allocated to PG&E by the PX, as a result of block forward, day-ahead, or hour-ahead scheduling of load in a PX-administered forward energy market will be obtained (or estimated to the extent feasible) for each relevant transmission pricing zone on the day following each trading day. Total costs for services obtained through the PX shall include, but are not limited to, the following:

- a. Energy, including inter-zonal congestion fees;
- b. Ancillary Services;
- c. Independent System Operator (ISO) and PX administration costs including subscription fees, payments, or charges by the PX, or CalPX Trading Services (CTS), as required by CTS trading rules and/or the Participation Agreement net of credits, rebates, or refunds; and
- d. Other miscellaneous ISO/PX charges incurred to serve Bundled Service Customers.

(L)

(Continued)



SCHEDULE PX—POWER EXCHANGE ENERGY COST
(Continued)

- RATES: (Cont'd)
1. Development of hourly forward market costs (Cont'd) (L)

The weighted average cost for these services shall be calculated for each hour as the sum of the costs in the day-ahead market in each zone, plus the costs in the hour-ahead market in each zone, plus the net gain or loss on transactions in the block forward market, all divided by the total kWh purchased in all zones in all forward energy markets for that hour. PG&E's block forward market transactions shall be limited its net-short positions, as defined in Resolution E-3658. Furthermore, PG&E is guaranteed recovery of costs for its block forward market transactions for deliveries until the end of PG&E's rate freeze. (T)
 2. Real-time Settlement Costs: (L)

Real-time Settlement costs, representing the real-time costs (i.e., those costs not reflected in charges to customers based upon prices determined from the day-ahead and/or hour-ahead scheduling of load) for acquiring power for PG&E customers for the trading day 60 days or more earlier, is added to the cost derived in Part 1 of this section. This rate is determined by dividing the real-time cost amount (which is the dollar amount incremental to the cost described in Part 1 of this section) by the load scheduled by PG&E to be served by the PX. Two adjustments may eventually be implemented: one for all customers of PG&E and an incremental adjustment only for customers without real-time meters.

PG&E may make up to two real time settlement cost adjustments on a single day's hourly prices, in order to shorten the lag between the settlement adjustment and the trading day.

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