

July 20, 2000

ADVICE 2019-E

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (the Company) hereby submits for filing new electric tariff Schedule OBMC-*Optional Binding Mandatory Curtailment Plan*, to reflect the creation of the Optional Binding Mandatory Curtailment (OBMC) Plan in compliance with Decision (D.) 91548 and D. 82-06-021. The new tariff sheets are listed on the enclosed Attachment I.

In D. 91548, as modified by D. 82-06-021, the Commission authorized the Company to establish a priority system for electric usage and methods for curtailing electric service in the event of an electric emergency. As part of D. 91548, the Commission established the OBMC Plan. An OBMC Plan may be an alternative to a rotating outage for certain customers. Under an OBMC Plan, a utility may authorize customers to reduce their demand by a prescribed amount of electric load in lieu of being included in a utility's rotating outage block progression. Eligible customers must submit an OBMC Plan to the utility for review and acceptance. This Advice filing establishes the eligibility requirements for an OBMC Plan, including measuring equipment necessary to verify compliance with an OBMC Plan, penalties associated with failure to comply with an OBMC Plan, and the termination of an OBMC Plan. The proposed Schedule OBMC includes a reference to the Agreement for Optional Binding Mandatory Curtailment Plan (Form 79-966). This Agreement will be submitted in a separate Advice filing.

On June 14, 2000, the California Independent System Operator (CAISO) requested that the Company implement rotating outages for the San Francisco Bay Area. This was the first time the Company implemented a portion of Stage 3 of its Electric Emergency Plan. After this event, major customers requested a means by which to protect their facilities from the all-or-nothing nature of rotating outages, and the possible devastating financial losses associated with such outages. Many of these customers have the ability to partially curtail their facility load during an electric emergency and would be prime candidates for the submittal of an OBMC Plan.

Eligibility for submitting an OBMC Plan is limited to customers who meet the following criteria:

1. The customer must receive service on Schedule E-19 or Schedule E-20. Customers receiving service under the voluntary provisions of Schedule E-19 are not eligible to file an OBMC Plan.
2. The customer must be able to reduce its electric load such that the entire load on the Company circuit that provides service to the customer is equal to or below pre-established Maximum Load Levels for the entire duration of each and every rotating outage.
3. A customer must demonstrate economic damage resulting from a Rotating Outage. Economic damage is defined as an unrecoverable loss valued at a minimum of \$250,000, or an equivalent alternate form of damages, per rotating outage.
4. The customer must sign the Agreement For Optional Binding Mandatory Curtailment Plan (79-966) whereby the customer agrees to all terms and conditions set forth in this tariff and in said Agreement.

A customer's OBMC Plan shall include pre-established Maximum Load Levels that correspond to the 5, 10, 15, or 20 percent load reductions specified in D. 91548 and D. 82-06-021.

If a customer is able to meet all of the eligibility criteria itself except for the minimum twenty (20) percent load reduction, then the customer may elect to solicit load reductions from other customers who are served from the same Company circuit. These other customers are not required to be served on Schedule E-19 or Schedule E-20. All customers for a particular OBMC Plan must be served from the same circuit unless expressly agreed to by the Company.

The Company proposes to limit participation in OBMC Plans to customers receiving service on Schedule E-19 or Schedule E-20. Customers receiving service under the voluntary provisions of Schedule E-19 are not eligible to file an OBMC Plan. This limitation is necessary due to the logistics of implementing and maintaining the OBMC Plans.

The CAISO has forecasted that, in the event of above normal temperatures during August and September, California's electric load will be greater than the available generation and energy imports into California. As a result, the likelihood of additional rotating outages during the next two years may continue to increase. Approval of this Advice filing will help maintain the current vitality of the California economy and assist

those customers who can take advantage of an OBMC Plan, while continuing to give the Company and the CAISO the ability to maintain the integrity of the transmission grid during an electric emergency.

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

With the coming of August and September, California's traditional hot weather months, the need to minimize the possibility of additional rotating outages is urgent. Therefore, the Company requests that the Commission approve this advice filing on an **expedited** basis. Because of the exigent circumstances facing the California power grid at large, extraordinary and extremely expedited relief is urgently needed on this advice filing pursuant to General Order No. 96-A, Sections III F, IV B, and XV. Failure to act on this advice filing immediately will mean that the proposed demand reduction efforts stated in the advice letter will be unavailable to help alleviate the capacity shortage. Delay may very well result in additional rotating outages during the coming summer months of August and September.

Effective Date

PG&E requests that the Commission approve this advice filing at its **August 3, 2000**, Commission Meeting, effective that date. Time is of the essence in obtaining Commission approval. This is especially the case, given that there are no other Commission meetings scheduled during August 2000.

In order to accomplish this objective, PG&E proposes the following schedule, which incorporates reductions to the normal protest period and to the review and comment period on a resolution:

<u>Action</u>	<u>Due Date</u>
File Advice Letter	7/20/2000
Protests to Advice Letter	7/25/2000
Reply to Protests	7/26/2000
Draft Resolution	7/28/2000
Comments on Draft Resolution	7/31/2000
Reply to Comments	8/2/2000
Final Resolution	8/3/2000

In order to act by **August 3, 2000**, the Commission must reduce the 20-day protest period, as well as the review and comment period for the draft resolution. The Commission may reduce the 30-day draft resolution comment period provided by P.U. Code § 311(g)(1) in accordance with its rules adopted pursuant to PU Code §

311(g)(3). Pursuant to Rules 77.7 (f)(9) and 81(f), PG&E requests that the Commission reduce the 30-day comment period due to public necessity. Time is of the essence because failure to authorize implementation of the OBMC program on August 3 would increase the likelihood and potential severity of rotating outages.

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

Anyone wishing to protest this filing may do so by sending a letter within **5 days** after the date of this filing. Protest should be mailed to:

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

Copies shall also be mailed to the attention of the Director, Energy Division (address above), and Les Guliasi, Manager, Regulatory Relations, P.O. Box 770000, Mail Code B10C, San Francisco, CA 94177, Facsimile: (415) 973-7226. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

In accordance with Section III, Paragraph G, of General Order 96-A, the Company is providing copies of this advice filing electronically and by U.S. mail to the utilities and interested parties shown on the attached list. Address change requests should be directed to Nelia Avendano at (415) 973-3529.

Vice President -- Regulatory Relations

Attachments

Cc: California Independent System Operator
California Power Exchange
Electricity Oversight Board



COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN

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An Optional Binding Mandatory Curtailment (OBMC) Plan may be an alternative to a rotating outage (RO) for certain E-19 and E-20 customers. Under an OBMC Plan, PG&E may authorize a customer to reduce their demand to an agreed upon level in lieu of being included in PG&E's rotating outage (RO) block progression. An eligible customer should submit its OBMC Plan to PG&E for review and acceptance. If the plan is approved by PG&E, PG&E will send such approval to the customer in writing. The written approval letter will specify the effective start date of the plan.

PG&E shall require a customer to operate its OBMC Plan upon each and every notice from the California Independent System Operator (CAISO) that a firm load curtailment is required within the PG&E service territory. Additionally, PG&E reserves the right to require a customer to operate its OBMC Plan when PG&E or the ISO has initiated or is planning to initiate firm load curtailments in a local geographic area within the PG&E service territory.

Upon notice from PG&E, OBMC customers are required to reduce their load such that the load on their circuit is at or below an agreed upon Maximum Load Level (MLL), as specified in the customer's OBMC Plan. The MLLs correspond to a reduction in a circuit's loading of between five (5) and twenty (20) percent in five (5) percent increments. The CAISO may call for load reductions on a required MW level, but PG&E will require the OBMC customers to reduce their load to the next highest five (5) percent increment. For each operation, PG&E will notify the customer of the required percent reduction, along with the start and end times for the OBMC operation. PG&E may extend the end time or increase the percentage reduction of any ongoing OBMC operation as necessary to correspond with CAISO directives.

Required load reductions must be achieved as quickly as possible but no later than 15 minutes after the primary customer receives notification from PG&E. OBMC customers who fail to curtail to or below the required MLL of their circuit within the specific amount of time or who fail to maintain the MLL for the entire duration of the OBMC operation shall be subject to the non-compliance penalties specified below.

An OBMC Plan is not a guarantee against a customer being subject to a RO, because daily and emergency circuit switching may cause the circuit to become subject to ROs. The customer may not receive advance notice from PG&E of such a RO. Additionally, an OBMC Plan is applicable to only electrical emergencies requiring a rotating outage, and it does not prevent a customer from being subject to outages caused by other load shedding schemes.

If a customer is able to meet all of the eligibility criteria itself except for the minimum twenty (20) percent circuit load reduction requirement, then the customer may elect to solicit load reductions from other customers who are served from the same PG&E circuit. These other customers are not required to be served on Schedule E-19 or Schedule E-20. All customers involved in a particular OBMC Plan must be served from the same circuit unless expressly agreed to by PG&E.

A single OBMC Plan shall be required for a group of customers on a particular circuit that are undertaking the load reductions. For a group of customers, one of the customers served on Schedule E-19 or Schedule E-20 shall be the lead customer for the OBMC. This lead customer shall be the signing party of the OBMC Agreement and shall guarantee the load reductions and pay for all non-compliance penalties. This lead customer is responsible to work and coordinate with the other non-lead customers on its circuit. For a group of customers, the lead customer is representing the non-lead customers.

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COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN
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The maximum number of OBMC Plans is limited to twenty (20) percent of the total number of PG&E circuits that are subject to ROs. Availability is on a first-come, first-served basis and an available position can only be filled when an OBMC Plan has been approved by PG&E.

Customers are required to update their OBMC Plans by March 15 of each year, and confirm with PG&E any changes to the previous year's version. As part of this review, PG&E shall update the MLL to reflect the circuit loading during the prior summer. An OBMC Plans may become invalid over time because of circuit rearrangements or load additions which make the MLL unachievable. Customers, therefore, are not guaranteed of being able to participate in this option from year to year.

a. ELIGIBILITY REQUIREMENTS

A customer is eligible to file an OBMC Plan provided the customer can demonstrate to PG&E's satisfaction the following items:

- i. The customer must receive service on Schedule E-19 or Schedule E-20. Customer's receiving service under the voluntary provisions of Schedule E-19 are not eligible to file an OBMC Plan.
- ii. The customer must be able to reduce its electric load such that the entire load on the PG&E circuit that provides service to the customer is reduced to or below pre-established MLLs for the entire duration of each and every RO operation. The pre-established MLLs are defined below.
- iii. A customer must demonstrate economic damage resulting from a RO. Economic damage is defined as an unrecoverable loss valued at a minimum of \$250,000, or an equivalent alternate form of damages, per RO operation.
- iv. The customer must sign the Agreement For Optional Binding Mandatory Curtailment Plan (79-966) whereby the customer agrees to all terms and conditions set forth in this tariff and in said Agreement.

b. COMPONENTS OF AN OPTIONAL BINDING MANDATORY CURTAILMENT PLAN

Every OBMC Plan shall have the following components:

- i. Name of customer including PG&E account number, electric rate schedule, service address, mailing address, and contact information including pager and facsimile numbers
- ii. List of all non-lead customers including PG&E account number, service address, mailing address, and contact information.
- iii. The customer shall be the primary contact for the OBMC Plan. The customer shall furnish and maintain an alpha-numeric pager and facsimile machine that will be used for customer notification. The primary contact shall be responsible for contacting all non-lead customers.

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COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN
(Continued)

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b. COMPONENTS OF AN OPTIONAL BINDING MANDATORY CURTAILMENT PLAN
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- iv. A baseline must be established for the PG&E circuit that provides service to the customer(s). The baseline is equal to the calculated average of the highest circuit load measured during each of the calendar months during the prior summer season. However, the baseline shall be reduced to account for any load on the circuit that is participating in a PG&E or a CAISO load reduction program. The load measurements for the circuit shall be taken at PG&E's distribution substation.
- v. Maximum Load Levels (MLLs) shall be established by PG&E for the circuit which correspond to each of the 5, 10, 15, and 20 percent load reduction levels. The MLL for the 5 percent load reduction is equal to the product of the baseline times 0.95. The MLL for the 10 percent load reduction is equal to the product of the baseline times 0.90. The MLL for the 15 percent load reduction is equal to the product of the baseline times 0.85. The MLL for the 20 percent load reduction is equal to the product of the baseline times 0.80.
- vi. A load reduction plan that has been reviewed and approved by PG&E. The load reduction plan shall indicate the specific quantifiable measures to be utilized by the customer(s) to reduce load to or below each MLL. The customer is responsible for preparing and maintaining the load reduction plan.
- vii. Measuring equipment and means to verify that during the entire duration of the OBMC operation that the load on the circuit has been reduced to or below the applicable MLL that corresponds the required percent load reduction. This measuring equipment is further specified in below.

c. MEASURING EQUIPMENT TO VERIFY COMPLIANCE

Where the OBMC customer is on a dedicated circuit, compliance shall be determined from a telephone accessible electric revenue interval meter. Direct Access customers are required to allow PG&E telephone access to its electric revenue meter for the purposes of determining OBMC operation compliance. Where the existing meter is non-interval or is not compatible with PG&E's current telephone based meter reading systems, the customer is required to pay for the installation of an interval meter as Special Facilities pursuant to Electric Rule 2. Where a meter is not currently being read via telephone, the customer shall coordinate and pay for the installation, and pay all ongoing costs of such necessary telephone equipment and service. The OBMC Plan shall not be approved by PG&E until such metering has been installed and the data is able to be collected via telephone or until PG&E is able to access the customer-owned meter.

Where the OBMC customer is not on a dedicated circuit or if the OBMC Plan includes a group of customers, compliance for the circuit shall be determined from electronic recording equipment located in the PG&E substation. Where the circuit does not have electronic recording equipment to monitor its loads, the customer shall pay for the installation of the equipment as Special Facilities pursuant to Electric Rule 2. The OBMC Plan shall not be approved by PG&E until such electronic recording equipment has been installed and is operational.

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COMMERCIAL/INDUSTRIAL/GENERAL
SCHEDULE OBMC—OPTIONAL BINDING MANDATORY CURTAILMENT PLAN

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d. FAILURE TO COMPLY AND NON-COMPLIANCE PENALTIES

Failure to meet the load relief criteria established by an OBMC Plan shall result in a non-compliance penalty for the OBMC customer. The non-compliance penalty shall be equal to the average total load on the applicable circuit less the required MLL, times the PX market clearing price for the power, as measured during each hour of the RO. Failure to pay these penalties may result in termination of electric service pursuant to Electric Rule 11.

PG&E may, without liability, terminate any OBMC Plan immediately for failure to maintain circuit load levels at or below the MLL for the entire duration of the RO. Such termination shall occur if, in PG&E's sole discretion, the customer(s) bound by an OBMC Plan have not met or are unable to meet the load relief criteria specified therein.

e. TERM OF AGREEMENT AND TERMINATION OF AGREEMENT

An OBMC Agreement has an initial term of one (1) year but may be extended from year to year, after operational review, with the written approval of PG&E. The annual term shall commence upon the date effective start date specified in the PG&E approval letter.

Except as specified in Section d. above, the customer or PG&E may terminate the OBMC Plan upon thirty (30) days written notice prior to the end of an annual term. If a customer terminates the OBMC Plan, the customer shall not be party to a subsequent OBMC Plan for a period of at least twelve (12) months.

Upon termination, regardless of the cause, the circuit will be assigned a Rotating Outage Block (ROB) and that the ROB may or may not be the same as when the OBMC Plan was initiated.

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