

May 16, 2002

Advice 2236-E-A

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Interruptible Load Program OIR—Phase 2
Schedule E-PBIP--Pilot Base Interruptible Program**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits this supplemental advice filing for revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.¹

Purpose

The purpose of this filing is to supplement Advice 2236-E dated May 1, 2002, wherein PG&E submitted Schedule E-PBIP--*Pilot Base Interruptible Load Program*, in accordance with Decision (D.) 02-04-060 dated April 22, 2002, which pertains to the California utilities' current interruptible load program and curtailment issues. D. 02-04-060 also authorizes a new pilot program, Schedule E-PBIP—*Pilot Base Interruptible Program*.

This supplemental filing further revises proposed Schedule E- PBIP and Form 79-976—Interruptible Program Agreement, as described below. The tariffs in this supplemental filing replace certain equivalent tariffs filed in Advice 2236-E. No changes are made to any other tariffs submitted in Advice 2236-E.

Schedule E-PBIP

The Applicability and Eligibility sections of Schedule E-PBIP now provide that customers must designate hourly committed load reduction levels that will apply for a period of four continuous hours. The average of the four designated committed load reduction levels must meet a minimum load requirement, as set forth in Schedule E-PBIP, upon which the customer's capacity payment will be based.

¹ PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

The Eligibility section eliminates the usage criteria of 200 on-peak kW during the past six summer billing months and revises the criteria to a monthly maximum demand of 200 kW or greater.

The Curtailment Event Bonus Incentive is based on the difference between the customer's recorded hourly energy usage and their hourly baseline amount, less the designated hourly committed load reduction level for that particular hour of the event. For example, during the first hour of the event, the customer's designated committed load reduction level for the first will apply, during the second hour, the customer's designated committed load reduction level for the second hour will apply, and so on.

A new section, Program Testing, will allow for up to two curtailment event tests per year, as follows:

1) Initial Test Curtailment--Customer will be tested upon acceptance into the Schedule E-PBIP program. No curtailment event bonus or non-compliance penalties will apply to the initial test.

2) Full Program Test--This tests all participants in the E-PBIP program. Event bonus and non-compliance penalties will apply during the full program test.

Form No. 79-976—Interruptible Program Agreement

The Interruptible Program Agreement (Form 79-976) has been revised to allow participants to designate four hourly levels of curtailment reduction and the average level for the four hours.

The Agreement has been modified to clarify that, under the load management programs in Schedules E-BIP, E-DBP and E-SLRP, the Applicant will receive a meter at no cost from PG&E, and that under the Schedule E-PBIP pilot program, the Applicant is required to pay for the installation of an interval meter and other required equipment.

Shortened Protest Period

In accordance with D. 02-04-060, anyone wishing to protest this filing may do so by sending a letter by **May 24, 2002**, which is **eight (8)** days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

IMC Branch Chief
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, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-7226

Effective Date

The Commission's Energy Division suspended Advice 2236-E no later than May 24, 2002, allowing for filing of this supplemental filing. PG&E therefore requests that this supplemental advice filing become effective upon Commission approval.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list, and the parties on the service list for R. 00-10-002, Phase 2. Address changes should be directed to Rose Abao at (415) 973-2218. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – R. 00-10-002 – Phase 2



SCHEDULE E-PBIP—PILOT BASE INTERRUPTIBLE PROGRAM

APPLICABILITY: Schedule E-PBIP (Program) is an experimental schedule intended to provide localized load reductions on PG&E's system on a day-of basis when the California Independent System Operator (CAISO) issues a curtailment notice. Customers enrolled in the Program will be required to curtail their load by their designated committed load reduction level within thirty (30) minutes of their notice from PG&E. This pilot program will expire on May 11, 2004, as ordered in Decision 02-04-060, or may be terminated at any time with Commission approval. (N)

TERRITORY: As a pilot program this schedule is restricted to electric customers served by PG&E in Santa Clara County only.

ELIGIBILITY: This schedule is available to PG&E's bundled-service customers in Santa Clara County. Each customer must take service under the provisions of rate Schedules A-10, E-19 (including voluntary), or E-20, or their successors, to participate in the Program and have recorded a monthly demand of 200 kW or greater.

Bundled service customers whose commodity portion of their bill is otherwise calculated as the sum of the products of the customer-specific hourly load and the hourly commodity price are not eligible to take service under this schedule.

Customers must submit an Interruptible Program Agreement (Form 79-976), an Inter-Act Agreement, and complete an Annual Customer Survey to assess and evaluate customer participation and program operation. In addition, customers must have the required metering and notification equipment in place prior to participation in the Program.

A customer must designate on an hourly basis, over a four-hour period, the number of kW ("committed load") by which it will minimally reduce its load by during a Program operation in Form 79-976. The average of the designated committed load reduction level for all four hours must be at least fifteen percent (15%) of the customer's highest monthly maximum demand during the summer on-peak and winter partial-peak periods over the past 12 months, with a minimum load reduction of 50 kW. If load information is unavailable, customers must demonstrate to PG&E's satisfaction that they can meet these minimum requirements.

Customers on this program may not have, or obtain, any insurance for the purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program.

Customers who are deemed essential under the Electric Emergency Plan as adopted in Decision 01-04-006 and Rulemaking 00-10-002, must submit to PG&E a written declaration that states that the customer is, to the best of that customer's understanding, an essential customer under Commission rules and exempt from rotating outages. It must also state that the customer voluntarily elects to participate in an interruptible program for part or all of its load based on adequate backup generation or other means to interrupt load upon request by the respondent utility, while continuing to meet its essential needs. In addition, an essential customer may commit no more than 50 percent (50%) of its average peak load to interruptible programs. (N)

(Continued)



SCHEDULE-PBIP – PILOT BASE INTERRUPTIBLE PROGRAM
(Continued)

METERING
EQUIPMENT:

Each account must currently have a telephone-accessible interval meter or real time metering system installed that can be read remotely by PG&E. Metering and telephone equipment must be in operation for at least 10 days prior to participating in the program. The customer is responsible for the installation and monthly fees associated with telephone equipment and a dedicated line required for the remote reading or monitoring of the interval meter.

(N)

NOTIFICATION
EQUIPMENT:

Customers, at their expense, must have access to the Internet and an e-mail address to receive notification via the Internet. In addition, all customers must have, at their expense, an alphanumeric pager that is capable of receiving a text message sent via the Internet. A customer cannot participate in the Program until all of these requirements have been satisfied.

In the event of a Program curtailment operation, customers will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the participating customer. Once notified, the customer must log into the Program's Internet web site and acknowledge participation in the curtailment. Failure to acknowledge a curtailment notice does not release the customer from its obligation to participate. PG&E does not guarantee the reliability of the pager system, e-mail system or Internet site by which the customer receives notification.

PROGRAM
DETAILS:

The CAISO, based on its forecasted system conditions and operating procedures, may request PG&E to operate all or part of the Program. The Program may also be operated in the event of a transmission system contingency.

1. Customer's may be assigned a curtailment group, and one or more curtailment groups may be called upon during curtailment events. Curtailment groups will be called upon in an unbiased manner relative to the nature of the emergency.
2. Customers will be given at least thirty (30) minutes notice before each curtailment.
3. A Program curtailment operation will be limited to a maximum of one (1) event per day and four (4) hours per event.
4. The Program will not exceed three (3) consecutive events, ten (10) events during a calendar month, or one hundred twenty (120) hours per calendar year.
5. Customers may re-designate their committed load level or discontinue participation in the Program only once each year during the month of November. Customer shall provide written notification of such changes to PG&E. Changes will become effective January 1 of the following year.
6. The Program will be operated throughout the year.
7. In the event of a curtailment event, customers on the Program will be notified as described in the Notification Equipment Section of this schedule.
8. PG&E reserves the right to terminate the Program, with Commission approval and thirty (30) days' written notice to customers.

(N)

(Continued)



SCHEDULE E-PBIP—PILOT BASE INTERRUPTIBLE PROGRAM
(Continued)

INCENTIVE
PAYMENTS:

PG&E will evaluate and credit customers and/or apply non-compliance penalties for the customer load reductions realized under Schedule E-PBIP within a period no longer than ninety (90) days after each curtailment event, depending on where the curtailment event falls within the customer's actual billing cycle. The incentive payments will be reflected in the customer's regular monthly bill as an adjustment.

(N)

The program has two types of incentive payments: (1) A monthly participation incentive; and (2) a curtailment event bonus incentive.

Monthly Participation Incentive – Customers will receive an incentive of \$8.00 per kW – month based on the customer's average designated committed load reduction level. This monthly incentive is paid year-round, and is not predicated on actual curtailment events.

Curtailment Event Bonus Incentive – During a curtailment event a customer may earn and receive a bonus incentive payment of \$0.15 per kWh for energy reduction that is in excess of the customer's designated hourly committed load reduction level. The bonus incentive payment will be calculated as the difference between the customer's recorded hourly energy usage and their hourly baseline amount less the designated hourly committed load reduction level times the incentive payment. During the first hour of a curtailment event, the designated hourly committed load reduction level for the first hour, as designated in the Interruptible Program Agreement (Form 79-796) would be used to determine the bonus incentive. During the second hour of the curtailment event, the designated hourly committed load reduction level for the second hour would be used. The same bonus incentive payment calculation process for the third and fourth hours would follow. The bonus incentive will only be paid if the customer is in full compliance of the entire event and a non-compliance penalty has not been levied for any hour for the curtailment event. The additional bonus incentive cannot be earned on load reductions for which the customer is already receiving monthly participation incentives. The bonus incentive may be earned during each hour of a curtailment event until the curtailment event is terminated.

The baseline for evaluating load response for the program shall be the average of the immediate past 10-days prior to the curtailment event, excluding weekends, holidays, curtailment events, and when a customer was subject to a rotating outage. The baseline will be calculated on an hourly basis using the average of the same hour for the 10 days. PG&E will post the customer specific baseline on PG&E's InterAct web site.

FAILURE TO
REDUCE LOAD:

On an hourly basis customers will be penalized \$6.00 per kWh for failing to satisfy their hourly committed load reduction level during a curtailment event. PG&E may elect to evaluate and assess the non-compliance penalties, and/or bonus incentive associated with several curtailment events as a single adjustment.

(N)

(Continued)



SCHEDULE-PBIP – PILOT BASE INTERRUPTIBLE PROGRAM
(Continued)

TESTING OF
E-PBIP PILOT
PROGRAM:

PG&E reserves the rights to conduct test curtailment events in order to gather data to evaluate the effectiveness of the E-PBIP pilot program.

(N)

1. INITIAL TEST CURTAILMENT

- a. After the customer has been accepted into the E-PBIP pilot program and the E-PBIP pilot program's notification system has been tested, the customer will arrange with PG&E within thirty (30) days to conduct a prearranged solo test of the customer's ability to curtail their load by their designated hourly committed load reduction amount. A notice of a test curtailment event will be sent to the customer and the customer must curtail their load during the four-hour test period.
- b. On the next day following the Initial Test Curtailment event, PG&E will provide customer-specific load information in response to the test through the E-PBIP pilot program's Internet web site.
- c. Other than the Monthly Participation Incentive, no Curtailment Event Bonus Incentives or noncompliance penalties will be assessed on the Initial Test.

2. FULL PROGRAM TEST

- a. PG&E reserves the rights to conduct a maximum of two Full Program Test curtailment events on an annual basis for all participants in the E-PBIP pilot program.
- b. A notice of a Full Program Test curtailment event will be sent to the customer. The customer must curtail their load during the four-hour test period.
- c. On the next day following the Full Program Test event, PG&E will provide customer-specific load information in response to the test through the program's Internet web site.
- d. Upon review and evaluation of the data during the Full Program Test event, Curtailment Event Bonus Incentives or noncompliance penalties will be assessed accordingly.

INTERACTION
WITH
CUSTOMER'S
OTHER
APPLICABLE
CHARGES:

Participating customers' regular electric service bills will continue to be calculated each month based on their actual recorded monthly demands and energy usage.

Customers who participate in a CAISO or a third party sponsored interruptible load program must immediately notify PG&E of such activity.

Load can only be committed to one program at a time, and participants will be paid for performance under only one program for a given load reduction. Customers currently enrolled in a PG&E interruptible program must complete all annual obligations to that program before being eligible for E-PBIP. In addition, E-PBIP customers shall not participate in other agencies load management programs.

(N)

(Continued)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

18898-E
18451-E

PACIFIC GAS AND ELECTRIC COMPANY
INTERRUPTIBLE PROGRAM AGREEMENT
FORM NO. 79-976 (5/02)
(ATTACHED)

(T)

Advice Letter No. 2236-E-A
Decision No. 02-04-060

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed May 16, 2002
Effective _____
Resolution No. _____



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