

July 22, 2002

Advice 2259-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revisions to Demand Bidding Program (Schedule E-DBP)

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

Purpose

On July 17, 2002, as part of Phase 2 of Rulemaking (R.) 00-10-002, the Commission issued Decision (D.) 02-07-035—Interim Opinion on Demand Bidding Program, which authorized limited changes to the demand bidding programs of California utilities in order to transition the demand programs to voluntary, non-penalty-based, day-ahead and day-of reliability programs. PG&E is submitting revisions to its Schedule E-DBP—*Demand Bidding Program*, and Form 79-976—*Interruptible Program Agreement*, in compliance with D. 02-07-035.

Bidding Criteria

Under the Demand Bidding Program, utilities will solicit customer bids, evaluate offers, and make payments based on performance. D. 02-07-035 specifies that reduction requests and bids are no longer limited to three specific four-hour daily time periods during the hours of 8:00 a.m. and 8:00 p.m., but may cover any combination of hours that best match supply and demand. E-DBP Events will be implemented on a day-ahead or day-of basis following an “Alert Notice” or “Warning Notice or Stage 1, 2 or 3 Emergency” issued by the California Independent System Operator (CAISO).

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.

PG&E will notify customers on its DBP website of E-DBP events, and customers may submit bids to the website within an hour of bid solicitation. Individual bids should be a minimum of ten (10) percent of each customer account's average annual demand, but not less than 100 kW per customer account. Customers may submit one bid per day, in consecutive hours, with a minimum duration of two (2) hours, and may not simultaneously participate in another program that could provide the potential for the customer being paid twice for a single event. Bids will be accepted on a first-come, first-served basis. Acceptance of late bids by the utility will depend on current conditions. Accepted bids cannot subsequently be cancelled by the utility.

Incentive Rate

As authorized in D. 02-07-035, customers will no longer bid based on various incentive price options. DBP load reductions shall be paid at the rate of 35 cents (\$0.35) per kilowatt-hour for both the Day-Ahead and Day-Of Programs. DBP payments will continue to be recorded in PG&E's Interruptible Load Program Memorandum Account (Preliminary Statement Part BX).

Tariff Revisions

Day-Ahead and Day-Of Program provisions have been added to Schedule E-DBP—*Demand Bidding Program*, for E-DBP Events. The incentive price of \$0.35 per kWh is added to the schedule in the Incentive Payments section, replacing the "Option 1 and 2" incentive payments. Form 79-976—Interruptible Program Agreement, is being revised at the last sentence on page 1, section 5, to provide that E-DBP applicants may not also be enrolled in the CAISO's Ancillary Services Load Program, the California Power Authority's (CPA) Demand Reserves Partnership Program, or any other pay for performance program. No other changes are being made to the text of the form or any exhibits.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **August 12, 2002**, which is 21 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

In accordance with D. 02-07-035, PG&E requests that this advice filing become effective on **July 27, 2002**, which is five (5) days after the date of this filing.

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. 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



SCHEDULE E-DBP—DEMAND BIDDING PROGRAM

APPLICABILITY: The Schedule E-DBP Demand Bidding Program (Program) offers day-ahead or day-of incentives to customers for reducing energy consumption and demand during periods when the California Independent System Operator (CAISO) determines there is a need for demand/energy reduction. This Program is optional for customers who voluntarily commit to reduce a minimum of at least ten percent (10%) of their Average Annual Demand, which shall not be less than 100 kilowatt (kW) each hour, during an E-DBP Event. Under this Program, customers bid specific amounts of energy by which they commit to reduce their load during a specific time period. Pacific Gas and Electric Company (PG&E) will determine E-DBP Bid acceptances for energy reductions. Interval metering is required to receive service under this Program. This schedule is available until modified or terminated in the rate design phase of the next general rate case or similar proceeding as ordered in Decision 02-04-060.

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(T)
(D)

(D)(T)
(T)

TERRITORY: This schedule applies everywhere PG&E provides service.

ELIGIBILITY: This schedule is available to individual PG&E bundled-service customers who are not receiving electric service under the Hourly PX Pricing Option of any rate schedule or any Real Time Pricing (RTP) or Agricultural rate schedules. Each customer must take service under the provisions of their otherwise-applicable rate schedule. Customers participating in the Program must commit to reduce load by at least ten percent (10%) of their Average Annual Demand, with a minimum load reduction of 100 kW, as described in the Program Operations Section of this schedule. Average Annual Demand is defined as the sum of the previous twelve (12) months' energy usage in kilowatt-hours (kWh), divided by the number of hours per year. No aggregation of customer accounts or their associated loads is allowed under this Program.

(N)
(N)

Customers must submit a signed Interruptible Program Agreement (Form 79-976), an Inter-Act Agreement, and complete a Customer Enrollment Questionnaire in order to establish service. In addition, customers must have the required metering and notification equipment in place prior to participation in this Program.

Customers who are "Essential Customers" under PG&E's Electric Emergency Plan and as defined by the Commission in 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 exempted from rotating outages. The declaration must also state that the customer voluntarily elects to participate in this interruptible program for part or all of its load upon request by PG&E under the terms of E-DBP, while continuing to adequately meet its essential needs with backup generation or other means. In addition, an Essential Customer may commit no more than a total of 50 percent (50%) of its average peak load to all interruptible programs for each participating account.

(Continued)



SCHEDULE E-DBP—DEMAND BIDDING PROGRAM
(Continued)

**METERING
EQUIPMENT:**

Each participating customer account must have a telephone-accessible interval meter installed that can be read remotely by PG&E. Metering and telephone equipment must be in operation for at least ten (10) days prior to participating in the program to establish baseline. If required, PG&E will provide and install the metering equipment at no cost to the customer. 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.

(T)

Customers receiving an interval meter from PG&E pursuant to this rate schedule will be able to continue to use it at no additional cost even after the Program is terminated, provided that the customer remains in the Program continuously for a minimum period of one year, and submits and complies with an E-DBP Bid for at least ten (10) E-DBP Events. Non-compliance with an E-DBP Event occurs if the customer's bid is accepted and the customer fails to satisfy the energy reduction requirement necessary to earn the E-DBP incentive. A customer who receives an interval meter through this Program but later elects to leave the Program prior to the one-year anniversary date, or does not bid and comply with ten (10) E-DBP Events, may be required to reimburse PG&E for the meter and all expenses associated with the installation and maintenance of the meter. Pursuant to Electric Rule 2, Section I, such charges will be collected as a one-time payment, and any failure to pay such charges will subject the customer to service termination pursuant to Electric Rule 11.

**NOTIFICATION
EQUIPMENT:**

Customers, at their expense, must have access to the Internet and an e-mail address to receive notification of E-DBP Event(s) and to submit E-DBP Bids. 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 occurrence of an E-DBP Event, customers will be notified using one or more of the above-mentioned systems. Receipt of such notice is the responsibility of the participating customer. No evaluation will be performed, nor payment made, for load reductions undertaken without such advance confirming notification. PG&E does not guarantee the reliability of the pager system, e-mail system or Internet site by which the customer receives notification.

(Continued)



SCHEDULE E-DBP—DEMAND BIDDING PROGRAM
(Continued)

DAY-AHEAD
PROGRAM
OPERATIONS:

The CAISO shall notify PG&E when to implement an E-DBP Event when load relief is needed to mitigate shortages in operating reserves that have the potential to lead to Stage 2 or 3 emergency events. For purposes of this program, the triggering of a Day-Ahead E-DBP Event will be the issuance of an "Alert" by the CAISO, which is the first indication that there potentially will be less than seven percent (7%) operating reserves the following day. PG&E will trigger a Day-Ahead E-DBP Event based on receipt of the "Alert" notice or a more advanced notice (Warning, Stage 1, 2 or 3 Emergency Notice) from the CAISO by 2:00 p.m. on the day preceding an E-DBP Event. Unless a specific megawatt (MW) limit is requested by the CAISO, PG&E will deem all bids acceptable from customers. In the event bids are restricted, PG&E will accept bids on a first-come, first-served basis. Unless a specific time period is requested by the CAISO, the E-DBP Event shall be deemed to occur between 12 noon and 8:00 p.m. (Pacific Time).

(N)

For the Day-Ahead Program, participating customers shall submit bids to the DBP website within one hour of notification of bid solicitation by PG&E, but not later than 4:00 p.m. (Pacific Time) on the day preceding the curtailment event. Within one hour after the bid submission deadline, but not later than 5:00 p.m. (Pacific Time), for a Day-Ahead E-DBP Event, customers will receive confirmation of bid acceptance or rejection. Bid solicitations can be terminated up to this point, based on CAISO notification that load relief is no longer needed. If the customer's bid is accepted, the customer must reduce their kW load for each participating account to or above their accepted bid amount for each hour of their bid. Once a customer's bid has been accepted that bid shall not subsequently be rejected by the utility, but payment shall continue to be based on the customer's actual performance.

DAY-OF
PROGRAM
OPERATIONS:

PG&E will implement a Day-Of E-DBP Event when a "Warning" notice, or a more advanced notice (Stage 1, 2 or 3 Emergency notice) is issued by the CAISO after 2:00 p.m. on the day preceding the event and up to 11:00 a.m. on the day of the E-DBP Event. Unless a specific MW limit is requested by the CAISO, PG&E will deem all bids acceptable from customers. In the event bids are restricted, PG&E will accept bids on a first-come, first-served basis. Unless a specific time period is requested by the CAISO, the E-DBP Event shall be deemed to occur between 3:00 p.m. and 8:00 p.m. (Pacific Time).

For the Day-Of Program, participating customers shall submit bids to the DBP website within one hour of notification of bid solicitation by PG&E. Within one hour after the bid submission deadline, but not later than 2:00 p.m. (Pacific Time) for a Day-Of E-DBP Event, customers will receive confirmation of bid acceptance or rejection. Bid solicitations can be terminated up to this point, based on CAISO notification that load relief is no longer needed. Unless the CAISO directs otherwise, the Day-Of E-DBP Event will commence at 3:00 p.m. and participants are required to reduce their kW load for each participating account to or above their accepted bid amount for each hour of their bid. If the CAISO requests a different start time, the event will commence no sooner than one hour from the time that the E-DBP bid confirmation is received by the customer. A Day-Of E-DBP Event will not be issued for Warning notices or more advanced notices received from the CAISO after the 11:00 a.m. deadline.

(N)

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SCHEDULE E-DBP—DEMAND BIDDING PROGRAM
(Continued)

PROGRAM TESTING:	PG&E shall have the right to conduct no more than two (2) tests of the communications and responsiveness of customers to an E-DBP Event. During such a test, the customer shall be responsible for curtailing load consistent with the terms of this schedule. No incentive payments will be made for load reduction that occurs during a test event.	(T) (N)
INCENTIVE PAYMENTS:	PG&E will evaluate and pay for the customer's hourly load reductions realized under the Program within ninety (90) days after each curtailment E-DBP Event, depending on where the E-DBP Event falls within the participant's actual billing cycle. The incentive payments will be reflected in the customer's regular monthly bill as an adjustment.	(T) (D)
	Calculated on an hourly basis, an incentive of \$0.35 per kWh of energy reduction will be paid to participants who successfully comply with the E-DBP Event. Energy reduction for a given E-DBP Event hour will be determined as the difference between a customer's specific baseline for that hour and the customer's actual energy usage during that hour. Participants will only be paid for a maximum of 150 percent (150%) of their accepted bid (kW) load drop measured on an hourly basis. Participants must drop at least 50 percent (50%) of their bid load to qualify for any payment in any hour. In no case will a customer receive a credit payment for a given hour if it does not meet, in that hour of the event, the minimum energy reduction threshold of 10 percent (10%) of the customer's Average Annual Demand, but not less than 100 kW.	(N) (N) (N) (N)(D) (D)
FAILURE TO REDUCE LOAD:	Except as provided in the Metering Equipment section of this schedule, no additional monetary penalties will be assessed under this Program for a customer's failure to comply (reduce energy) during any or all hours of an E-DBP Event.	(T)
	A customer is in non-compliance with an E-DBP Event if they bid into an event and failed to receive any compensation for the event. If a customer is in non-compliance with three consecutive E-DBP Events, the customer will be precluded from participating in the next two E-DBP Events. Compliance with an E-DBP Event will be based on data taken directly from the customer's electric meter and posted on the E-DBP website.	(N) (N)
PROGRAM TERMS:	Customers on this Program will remain on the Program until it is terminated. Either PG&E or the customer may terminate the service agreement by giving a minimum of 30 days' written notice. Cancellation of the agreement will become effective with the first regular reading of the meter after the 30-day notice period.	

(Continued)



SCHEDULE E-DBP—DEMAND BIDDING PROGRAM
(Continued)

CUSTOMER'S
OTHER
APPLICABLE
PROGRAMS AND
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 for any given hour of a curtailment, and customers will be paid for performance under only one program for a given load reduction. In other words, should the CAISO activate another interruptible program, an OBMC event or a rotating outage, while an E-DBP Event is in progress, those events will supersede an E-DBP Event, and no E-DBP payments will be applied for those overlapping hours. E-DBP customers shall not participate in the CAISO's Ancillary Services Load Program (also known as the Participating Load Program), Demand Response Program (DRP), California Power Authority's (CPA) Demand Reserves Partnership Program, or any other pay for performance program.

(N)
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(N)

Customers enrolled in the Scheduled Load Reduction Program (Schedule E-SLRP) may participate in E-DBP during the days when the customer's load is not scheduled for curtailment under the E-SLRP program.

EMERGENCY
STANDBY
GENERATION:

Customers may achieve energy reductions by operating back-up or onsite generation. The customer will be solely responsible for meeting all environmental and other regulatory requirements for the operation of such generation.



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Revised

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

18988-E
18898-E

PACIFIC GAS AND ELECTRIC COMPANY
INTERRUPTIBLE PROGRAM AGREEMENT
FORM NO. 79-976 (7/02)
(ATTACHED)

(T)

Advice Letter No. 2259-E
Decision No. 02-07-035

Issued by
Karen A. Tomcala
Vice President
Regulatory Relations

Date Filed July 22, 2002
Effective _____
Resolution No. _____

46446



TABLE OF CONTENTS—SAMPLE FORMS
(Continued)

FORM NO.	DATE SHOWN ON FORM	AGREEMENT/CONTRACT TITLE	CPUC SHEET NO.
MISCELLANEOUS			
62-0562	11/97	Gas and Electric Facilities Transfer Agreement	14806-E
62-0579	8/93	Construction Change Order.....	13299-E
62-0580	8/93	Engineering Change Order.....	13300-E
62-4501		Absolving Service Agreement	3190-E
62-4527	1/91	Agreement to Perform Tariff Schedule Related Work	11598-E
62-4778	12/89	Cancellation of Contract.....	11047-E
--		Electric Service Contract—Central Camp, Madera County, CA	3157-E
--		Agreement for Extending Electric Line and Supplying Electric Service Under Guarantee of Operations for Central Camp, Madera County, CA	3158-E
79-847	11/95	Transmission Load Operating Agreement.....	13863-E
79-848	11/95	Generation Operating Agreement	13864-E
79-861	9/96	Electric Data Interchange Trading Partner Agreement.....	14148-E
79-862	12/96	Interim Competition Transition Charge Agreement	14233-E
79-865	REV 1/99	Electric and Gas Monitoring Meter Pulse Agreement.....	16192-E
79-936	9/90	Deed of Conveyance	11566-E
79-937	8/90	Assignment Agreement	11567-E
79-954	12/97	Departing Load Competition Transition Charge Agreement.....	14974-E
79-955	12/97	Amendment to Pacific Gas and Electric Company's Departing Load Competition Transition Charge Agreement for Subsequently Obtained CTC Exemption	14975-E
79-957	10/98	Electric Distribution Service Line Lease Agreement.....	16074-E
79-959	1/99	Meter Retrofit Agreement	16193-E
79-960	1/99	Meter Replacement Agreement.....	16194-E
79-961	1/99	Dual Socket Metering Agreement.....	16195-E
79-964	5/99	Enabling Agreement for "Surplus Sale" QF Supplies	16376-E
79-965	5/99	Pro-forma PPA Amendment and Enabling Agreement for "Net Sale" Interim Standard Offer 4 PPAs	16377-E
79-966	REV 5/02	Agreement for Schedule E-OBMC.....	18845-E
79-976	REV 7/02	Interruptible Program Agreement	18988-E (T)
79-984	9/01	Interval Meter Installation Service Agreement.....	18693-E
79-993	5/02	Agreement for Schedule E-POBMC	18910-E

(Continued)



TABLE OF CONTENTS
 (CONTINUED)

RATE SCHEDULES

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
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CURTAILMENT OPTIONS

E-BIP	Base Interruptible Program	18838,18049,18050-E	
E-OBMC	Optional Binding Mandatory Curtailment Plan	18839,18840,18429,18442,18431,18432-E	
E-SLRP	Scheduled Load Reduction Program	18841,18277,18278,18842,18443-E	
E-DBP	Demand Bidding Program.....	18982,18983,18984,18985,18986,18987-E	(T)
E-PBIP	Pilot Base Interruptible Program	18894,18895,18896,18897-E	
E-POBMC	Pilot Optional Binding Mandatory Curtailment Plan	18903,18904,18905,18906,18907,18908,18909-E	

(Continued)



TABLE OF CONTENTS

		<u>CAL P.U.C. SHEET NO.</u>	
Title Page		8285-E	
Table of Contents:			
Rate Schedules	18991,18775,18990-E		(T)
Preliminary Statements	18687,18912-E		
Rules, Maps, Contracts and Deviations	18925-E		
Sample Forms	18596,18581,18847,18989,17337,16759-E		(T)

RATE SCHEDULES

<u>SCHEDULE</u>	<u>TITLE OF SHEET</u>	<u>CAL P.U.C. SHEET NO.</u>
RESIDENTIAL RATES		
E-1	Residential Service	18717,18814,18187-E
EE	Service to Company Employees	18188-E
EM	Master-Metered Multifamily Service	18718,18815,15242,18189-E
ES	Multifamily Service	18719,18816,18190,18191-E
ESR	Residential RV Park and Residential Marina Service	18720,18817,15250,18192-E
ET	Mobilehome Park Service	18721,18818,18193,18194-E
E-7	Residential Time-of-Use Service.....	18469,18722,18819,18195-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	18470,18723,18820,18196-E
E-8	Residential Seasonal Service Option.....	18724,18198-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers	18472,18725,18726,18821,18627,18199-E
EL-1	Residential CARE Program Service.....	18727,18822,18475-E
EML	Master-Metered Multifamily CARE Program Service	18728,18823,18631-E
ESL	Multifamily CARE Program Service.....	18729,18824,18479,18203-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	18730,18825,18204,18205-E
ETL	Mobilehome Park CARE Program Service.....	18731,18826,18484,18207-E
EL-7	Residential CARE Program Time-of-Use Service.....	18485,18732,18827,18208-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service.....	18486,18733,18828,18210-E
EL-8	Residential Seasonal CARE Program Service Option	18734,18212-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service	18735,18213-E
A-6	Small General Time-of-Use Service.....	18489,18736,18214,18215-E
A-10	Medium General Demand-Metered Service.....	18737,15307,18216,18217,18691,18692-E
A-T	Nondomestic Interruptible Service	11862-E
A-RTP	Experimental Real-Time-Pricing Service	18219,16483-E
A-15	Direct-Current General Service.....	18738,17090-E
E-19	Medium General Demand-Metered Time-of-Use Service	18491,17092,17093, 18739,18740,18741,15321,18221,18222,18037,18864,18039,18040,18865,17900,16414, 15330,18742,18743,18744,16416,18223,16418,16419,16420,18224,17094,17095,18042-E
E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More	18492,17254,18745, 18746,18747,15348,18225,15350,18226,18866,18044,18045,18867,15356,16430,15358, 18748,18749,18750,16432,18227,16434,16435,16436,18228,17099,17100,17101,18047-E
E-25	Restricted Variable-Peak-Period Time-of-Use Service to Water Agencies.....	18493,18751,18752,18753,15376,18229,15378,18230,18231-E
E-36	Small General Service to Oil and Gas Extraction Customers	18494,18754,18496-E
E-37	Medium General Demand-Metered Time-of-Use Service to Oil and Gas Extraction Customers	18497,17108,18755,15690,15691,18233,17109-E
ED	Experimental Economic Development Rate.....	18234,17110-E
E-CARE	CARE Program Service for Qualified Nonprofit Group-Living and Qualified Agricultural Employee Housing Facilities	18335-E

(Continued)