

October 16, 2002

Advice 2291-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revisions to Electric Rule 21 – Generating Facility Interconnections in Compliance with Decision 02-03-057

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

To comply with Decision (D.) 02-03-057, PG&E is submitting revisions to electric Rule 21, *Generating Facility Interconnections*.

As stated in D. 02-03-057, the purpose of the rulemaking on Distributed Generation is “to develop policies and rules to facilitate deployment of distributed generation in California. Customers utilizing onsite generators must comply with interconnection requirements set forth in Rule 21 of utility tariffs. To remove unnecessary barriers to distributed generation deployment, the Commission adopted simplified and standardized interconnection requirements and associated fees governing interconnection of distributed generation facilities.”

Background

In compliance with D. 02-03-027, on April 24, 2002, PG&E submitted Advice 2229-E, which requested the establishment of the Net Energy Metering

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.

Memorandum Account (NEMMA). On July 31, 2002, the CPUC Energy Division approved this filing, with an effective date of June 3, 2002.

However, after further examining the decision and its implications, PG&E is submitting modified language to electric Rule 21, which specifies that eligible generating facilities for net energy metering under PUC Code 2827 are exempt from any costs associated with interconnection studies (both initial and supplemental reviews) and Distribution System improvements or modifications.

This added language clarifies these exemptions in electric Rule 21 and removes any ambiguity that may occur if this language was not included.

Protest

Anyone wishing to protest this filing should do so by sending a letter via postal mail and facsimile by, **November 5, 2002**, which is 20 days after 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
E-mail: jjr@cpuc.ca.gov

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.

Les Guliasi
Director, Regulatory Relations
Pacific Gas and Electric Company
P.O. Box 770000 Mail Code B10C
San Francisco, California 94177
Facsimile: (415) 973-7226
E-mail: RxDd@pge.com

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.

Effective Date

PG&E requests that this advice filing become effective **June 3, 2002**, which is the effective date of Advice 2229-E, which approved the establishment of the Net Energy Metering Memorandum Account (complying with D. 02-03-057).

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 service list parties for Rulemaking 99-10-025. Address changes should be directed to Rose Abao (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. 99-10-025



RULE 21—GENERATING FACILITY INTERCONNECTIONS
(Continued)

C. GENERATING FACILITY APPLICATION AND INTERCONNECTION PROCESS
(Cont'd.)

1. GENERATING FACILITY APPLICATION PROCESS (Cont'd.)

d. When Required, Applicant and PG&E Commit to Additional Interconnection Study Steps. When an Initial Review reveals that the proposed facility cannot be interconnected to PG&E's system by means of a Simplified Interconnection pursuant to the Rule, Sections D and J, (Testing and Certification Criteria), and that significant PG&E Interconnection Facilities or Distribution System improvements must be installed or made to PG&E's Distribution System to accommodate the interconnection of an Applicant's Generating Facility, PG&E and Applicant shall enter into an agreement that provides for PG&E to perform such additional studies, facility design, and engineering and to provide detailed cost estimates for fixed price or actual cost billing to the Applicant at the Applicant's expense. The Interconnection Study Agreement shall set forth PG&E's schedule for completing such work and the estimated or fixed price costs of such studies and engineering. Upon completion of an Interconnection Study, PG&E shall provide the Applicant with the specific requirements, costs and schedule for interconnecting the Generating Facility to accommodate execution of agreements pursuant to Section C.1.e.

1. Interconnection fees for non-exporting, non-net-metered, solar distributed generation units up to 1 MW will be waived up to \$5,000, including Initial Review and Supplemental Review Fees, if those were performed. Generating Facilities eligible for Net Energy Metering under Public Utilities Code Section 2827 are exempt from any costs associated with Interconnection Studies.

(N)
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(N)

e. Applicant and PG&E Enter Into a Generation Generating Facility Interconnection Agreement and, Where Required, a Financing and Ownership Agreement for Interconnection Facilities or Distribution System Modifications. PG&E shall provide the Applicant with an executable version of the Generating Facility Interconnection Agreement, net energy metering agreement, or power purchase agreement appropriate for the Applicant's Generating Facility and desired mode of operation. Where the Initial Review or Interconnection Study performed by PG&E has determined that modifications or additions are required to be made to its Distribution System, or that additional metering, monitoring, or protection devices will be necessary to accommodate an Applicant's Generating Facility, PG&E may also provide the Applicant with other interconnection facilities financing and ownership agreements as necessary. These agreements shall set forth both PG&E and the Applicant's responsibilities, completion schedules, and estimated or fixed price costs for the required work.

(Continued)



RULE 21—GENERATING FACILITY INTERCONNECTIONS
(Continued)

E. INTERCONNECTION FACILITY OWNERSHIP AND FINANCING (Cont'd.)

2. RESPONSIBILITY OF COSTS OF INTERCONNECTING A GENERATING FACILITY

a. Study and Review Costs. A Producer shall be responsible for the reasonably incurred costs of the Initial Review and any Interconnection Studies conducted pursuant to Section C.2 of this Rule solely to explore the feasibility and determine the requirements of interconnecting a Generating Facility with PG&E's Distribution System. Generation Facilities eligible for Net Energy Metering under Public Utilities Code 2827 are exempt from any costs associated with Interconnection Studies.

(N)
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(N)

b. Facility Costs. A Producer shall be responsible for all costs associated with Interconnection Facilities owned by the Producer. The Producer shall also be responsible for any costs reasonably incurred by PG&E in providing, operating, or maintaining Interconnection Facilities and Distribution System Improvements required solely for the interconnection of the Producer's Generating Facility with PG&E's Distribution System (Special Facilities). Generation Facilities eligible for Net Energy Metering under Public Utilities Code 2827 are exempt from any costs associated with Distribution System improvements or modifications.

(N)
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(N)

c. Separation of Costs. Should PG&E combine the installation of Interconnection Facilities, or Distribution System Improvements with modifications or additions to PG&E's Distribution System to serve other Customers or Producers, PG&E shall not include the costs of such separate or incremental facilities in the amounts billed to the Producer for the Interconnection Facilities or Distribution System Improvements required pursuant to this Rule.

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(Continued)



RULE 21—GENERATING FACILITY INTERCONNECTIONS
(Continued)

E. INTERCONNECTION FACILITY OWNERSHIP AND FINANCING (Cont'd.)

3. INSTALLATION AND FINANCING OF INTERCONNECTION FACILITIES OWNED AND OPERATED BY PG&E

(L)

a. Agreement Required. Costs for Special Facilities shall be paid by the Producer pursuant to the provisions contained in the Generating Facility Interconnection Agreement. Where the nature and extent of the Interconnection Facilities and Distribution System improvements warrant additional detail, the detail shall be found in a separate agreement between the Producer and PG&E ("Agreement for Installation or Allocation of Special Facilities for Parallel Operation of Nonutility-Owned Generation and/or Electrical Standby Service (Form 79-280), and its Appendix A, "Detail of Special Facilities Charges" (Form 79-702)), and PG&E's applicable Tariff Schedules and Rules for Special Facilities.

b. Attachments and Modifications to Distribution System. Except as provided for in Section E.3.c. of this Rule, Interconnection Facilities connected directly to PG&E's Distribution System and Distribution System Improvements shall be provided, installed, owned and maintained by PG&E as Special Facilities.

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(Continued)



TABLE OF CONTENTS
(Continued)
RULES

RULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
1	Definitions	14855,16368,14857 to 14871,15564,14873,14874-E
2	Description of Service	11257,11896,11611,14079, 11261 to 11264,11498,11266,11267,11499,11269 to 11278,14055,11280 to 11283-E
3	Application for Service	11714,18973-E
4	Contracts.....	13612-E
5	Special Information Required on Forms	11287,14192,11289-E
6	Establishment and Re-establishment of Credit.....	14193,14194-E
7	Deposits	11300,11301-E
8	Notices	14144,14145,13137,14146,13139-E
9	Rendering and Payment of Bills.....	16369,14877,14878,13986,14317,14318-E
10	Disputed Bills	11308 to 11310-E
11	Discontinuance and Restoration of Service	13140 to 13150,14080,13152-E
12	Rates and Optional Rates	16872,16873,16874-E
13	Temporary Service.....	15573,15574-E
14	Shortage of Supply and Interruption of Delivery	15526,15527-E
15	Distribution Line Extensions.....	15575,15576,15577,15578,17850,17851, 17852,15582,15583,17853,17854,17855,15587,15588,17856,17857,15591,16986,15593-E
16	Service Extensions.....	15594, 15595,14880,14881,15596 to 15598,16987,15600 to 15608,14254,13775,15609,15610-E
17	Meter Tests and Adjustment of Bills for Meter Error	14885,12050 to 12052-E
17.1	Adjustment of Bills for Billing Error.....	14886,12054-E
17.2	Adjustment of Bills for Unauthorized Use.....	14887,12056 to 12058-E
18	Supply to Separate Premises and Submetering of Electric Energy	14329,14330,13396,13276-E
19	Medical Baseline Quantities.....	18974,18975,18976-E
19.1	California Alternate Rates for Energy for Individual Customers and Submetered Tenants of Master-Metered Customers	16391,18922,16393,16394-E
19.2	California Alternate Rates for Energy for Nonprofit Group-Living Facilities	13728,18923,13589,13730,13591-E
19.3	California Alternate Rates for Energy for Qualified Agricultural Employee Housing Facilities	13899,18924,13901,13902-E
20	Replacement of Overhead with Underground Electric Facilities	11239 to 11241,16664,16665,15611,11244-E
21	Generating Facility Interconnections	17786,17787,18598,17789,19230,17791 to 17799,19231 to 19232,17800 to 17807, 17809,17836-E
22	Direct Access Service	14888,14889, 15565,14891 to 14901,16448,14903,14904,16449,16235 to 16243,14913,16244,16245, 16384,14917,15833 to 15836,14920,14921,15568,14923,15569,14925,14926,15190,15191, 14929,14930,16385,16386,14933,16387,14935,14936,15192,14938 to 14946,16388-E
SERVICE AREA MAPS:		
	Boundary Lines.....	10534-E
	Map A Lassen Municipal Utility District/Surprise Valley	10423-E
	Map B Sacramento Municipal Utility District.....	4524-E
	Map C Modesto Irrigation/Turlock Irrigation District.....	4525-E
	Map D SoCalEdison	4671-E
	Map E Palo Alto.....	4672-E
	Map F Redding.....	13310-E
	Map G Healdsburg.....	13079-E
	Map H Lompoc	13372-E
	Map I Gridley.....	13780-E
LIST OF CONTRACTS AND DEVIATIONS:		
		13819,13794,14452,12000,12001,13672,12003,13456,11435, 12004,17021,12006,14162,12008,12009,11191,12010,11193,11194,11195,12969, 15050,12012,13466, 12014,12015,13296,12955,14221,12018 to 12024,17259,12026,13092,11211,12027,12028,16703,12030, 12031,14035,11217,12032,12033,11219,12034,12035,12036,11223,11986,11987,17007,16898,11227-E
(Continued)		



TABLE OF CONTENTS

Title Page	CAL P.U.C. SHEET NO. 8285-E	
Table of Contents:		
Rate Schedules	19234,18775,18913-E	(T)
Preliminary Statements	18687,18968-E	
Rules, Maps, Contracts and Deviations	19233-E	(T)
Sample Forms	18596,18581,18847,18911,17337,16759-E	

RATE SCHEDULES

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
RESIDENTIAL RATES		
E-1	Residential Service	18944,18814,18187-E
EE	Service to Company Employees	18188-E
EM	Master-Metered Multifamily Service	18945,18815,15242,18189-E
ES	Multifamily Service	18946,18816,18190,18191-E
ESR	Residential RV Park and Residential Marina Service	18947,18817,15250,18192-E
ET	Mobilehome Park Service	18948,18818,18193,18194-E
E-7	Residential Time-of-Use Service.....	18469,18949,18819,18195-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	18470,18950,18820,18196-E
E-8	Residential Seasonal Service Option.....	18951,18198-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers	18472,18952,18953,18821,18627,18199-E
EL-1	Residential CARE Program Service.....	18954,18822,18475-E
EML	Master-Metered Multifamily CARE Program Service	18955,18823,18631-E
ESL	Multifamily CARE Program Service.....	18956,18824,18479,18203-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	18957,18825,18204,18205-E
ETL	Mobilehome Park CARE Program Service.....	18958,18826,18484,18207-E
EL-7	Residential CARE Program Time-of-Use Service.....	18485,18959,18827,18208-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service.....	18486,18960,18828,18210-E
EL-8	Residential Seasonal CARE Program Service Option	18961,18212-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service	18962,18213-E
A-6	Small General Time-of-Use Service.....	18489,18963,18214,18215-E
A-10	Medium General Demand-Metered Service.....	18964,15307,18216,18217,18691,18692-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	18491,17092,17093,18965,18966,18967,15321,18221,18222,18037,18864,18039,18040,18865,17900,16414,15330,18742,18743,18744,16416,18223,16418,16419,16420,18224,17094,17095,18042-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)

Advice Letter No. 2291-E

Issued by

Date Filed October 16, 2002

Decision No. 97-09-055

Karen A. Tomcala

Effective June 3, 2002

Vice President

Resolution No. _____

Regulatory Relations