

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 17, 2004

Advice Letter 2477-E

Rose de la Torre  
Pacific Gas & Electric  
77 Beale Street, Room 1088  
Mail Code B10C  
San Francisco, CA 94105

Subject: Updated forecast of 2005 net open position

Dear Ms de la Torre:

Advice Letter 2477-E is effective February 23, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in cursive script that reads "Paul Clanon".

Paul Clanon, Director  
Energy Division



**Karen A. Tomcala**  
Vice President  
Regulatory Relations

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February 23, 2004

**Advice 2477-E  
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

**Subject: Updated Forecast of 2005 Net Open Position**

Pacific Gas and Electric Company (PG&E) hereby submits an updated forecast of its 2005 net open position conforming to Decision (D.) 04-01-050, Interim Opinion (adopting the long-term regulatory planning and procurement framework), issued on January 22, 2004.

**Purpose**

Pursuant to Ordering Paragraph (OP) 9 of D.04-01-050, PG&E submits, in Confidential Appendix A, an updated forecast of its 2005 open position. Table 1 of Confidential Appendix A presents an updated energy net open position for 2005. Table 2 of Confidential Appendix A shows the updated capacity balance with the energy and natural gas prices<sup>1</sup> shown on Tables 3 and 4.

PG&E's capacity requirements include a planning reserve margin for 2005 consistent with the phase-in to 15% - 17% by no later than January 1, 2008. For 2005, this phase-in results in a planning reserve margin of 11.25 percent. This percentage is calculated by interpolating from the derived planning reserve margin in 2004, based on the 2004 operating margin, to the 15 percent planning reserve margin in 2008. The operating reserve margin in 2004 is approximately 7.4 percent in the peak month of August. The following equation calculates the Operating Reserve Margin (ORM):

$$\frac{(((\text{Dependable Capacity (including maintenance)} - \text{Reasonably Expected Resource Outages}) / \text{Peak Load}) - 1) \times 100\%}{}$$

The following equation calculates the corresponding planning reserve margin in the peak load month of August:

$$\frac{((\text{Dependable Capacity (including maintenance)} / \text{Peak Load}) - 1) \times 100\%}{}$$

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<sup>1</sup> Natural gas and power prices are based on January 5, 2004 price quotes.

PG&E's 7.4 percent operating reserve margin corresponds to a 10.1 percent planning reserve margin in 2004. The following interim planning reserve benchmarks are derived from interpolating between 10.1 percent (or 10% rounded) planning reserve margin in 2004 to 15 percent in 2008.

| ORM   | Planning Reserve Margin |        |        |        |      |
|-------|-------------------------|--------|--------|--------|------|
|       | 2004                    | 2005   | 2006   | 2007   | 2008 |
| 7.00% | 11.25%                  | 12.50% | 13.75% | 15.00% |      |

### Background

On January 22, 2004, the CPUC issued D. 04-01-050, adopting the long-term regulatory framework under which PG&E and California's other investor-owned utilities (IOUs) will plan for and procure the energy resources and demand-side investments necessary to ensure their customers will receive reliable service at low and stable prices.

### Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 14, 2004**, which is 20 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, 4<sup>th</sup> Floor  
 San Francisco, California 94102  
 Facsimile: (415) 703-2200  
 E-mail: [jjr@cpuc.ca.gov](mailto: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.

Pacific Gas and Electric Company  
 Attention: Brian Cherry  
 Director, Regulatory Relations  
 77 Beale Street, Mail Code B10C  
 P.O. Box 770000  
 San Francisco, California 94177  
 Facsimile: (415) 973-7226  
 E-mail: [RxDd@pge.com](mailto:RxDd@pge.com)

**Effective Date**

PG&E requests that this advice filing become effective on **February 23, 2004**.

**Notice**

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter excluding the confidential appendices is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for Rulemaking (R.) 01-10-024. Non-market participants who are members of PG&E's Procurement Review Group and have signed appropriate Non-Disclosure Certificates will also receive the advice letter and accompanying confidential attachments by overnight mail.

The portions of this advice letter so marked Confidential Protected Material are in accordance with the May 20, 2003, Protective Order in R. 01-10-024 Regarding Confidentiality of Pacific Gas and Electric Company (PG&E) Power Procurement Information. As required by that Order, reviewing representatives of Market Participating Parties will not be granted access to Protected Material, but will instead be limited to reviewing redacted versions of documents that contain Protected Material.

  
Vice President – Regulatory Relations

cc: Service List R. 01-10-024

**Attachments**

Confidential Appendix A: Table 1 – PG&E 2005 Energy Balance Reference Case  
Table 2 – PG&E 2005 Capacity Balance Reference Case  
Table 3 – 2005 NP15 Electric Prices (\$/MWh)  
Table 4 – 2005 Gas Prices (\$/MMBtu)

Attachment I  
Tables 1, 2, 3, 4  
(Redacted)



PG&E 2005 Capacity Balance Reference Case

|  | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>2005 Peak Load (MW)</b>             |     |     |     |     |     |     |     |     |     |     |     |     |
| Retail Sales                           |     |     |     |     |     |     |     |     |     |     |     |     |
| Direct Access                          |     |     |     |     |     |     |     |     |     |     |     |     |
| Losses                                 |     |     |     |     |     |     |     |     |     |     |     |     |
| DSM - Reliability                      |     |     |     |     |     |     |     |     |     |     |     |     |
| Other                                  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>Total</b>                           |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>Reserve Requirement<sup>1</sup></b> |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>Total Capacity Requirement</b>      |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>2005 Supply Capacity (MW)</b>       |     |     |     |     |     |     |     |     |     |     |     |     |
| URG                                    |     |     |     |     |     |     |     |     |     |     |     |     |
| - Nuclear                              |     |     |     |     |     |     |     |     |     |     |     |     |
| - Hydro                                |     |     |     |     |     |     |     |     |     |     |     |     |
| - Fossil                               |     |     |     |     |     |     |     |     |     |     |     |     |
| QFs                                    |     |     |     |     |     |     |     |     |     |     |     |     |
| Bilaterals                             |     |     |     |     |     |     |     |     |     |     |     |     |
| DWR Contracts                          |     |     |     |     |     |     |     |     |     |     |     |     |
| - Must-Take                            |     |     |     |     |     |     |     |     |     |     |     |     |
| - Dispatchable                         |     |     |     |     |     |     |     |     |     |     |     |     |
| Outages <sup>2</sup>                   |     |     |     |     |     |     |     |     |     |     |     |     |
| DSM - Price                            |     |     |     |     |     |     |     |     |     |     |     |     |
| Other                                  |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>Total</b>                           |     |     |     |     |     |     |     |     |     |     |     |     |
| <b>Purchases to Meet Reserve</b>       |     |     |     |     |     |     |     |     |     |     |     |     |

<sup>1</sup> Reserve requirement is 11.25% Total peak load

<sup>2</sup> Outages reflect Planned Maintenance outages only

| 2005 NP15 Electric Prices (\$/MWh) |            |               |          |      |
|------------------------------------|------------|---------------|----------|------|
|                                    | Super Peak | Shoulder Peak | Off Peak | 7x24 |
| Jan-05                             |            |               |          |      |
| Feb-05                             |            |               |          |      |
| Mar-05                             |            |               |          |      |
| Apr-05                             |            |               |          |      |
| May-05                             |            |               |          |      |
| Jun-05                             |            |               |          |      |
| Jul-05                             |            |               |          |      |
| Aug-05                             |            |               |          |      |
| Sep-05                             |            |               |          |      |
| Oct-05                             |            |               |          |      |
| Nov-05                             |            |               |          |      |
| Dec-05                             |            |               |          |      |

|               |                                       |
|---------------|---------------------------------------|
| Super Peak    | HE12-19 M-F                           |
| Shoulder Peak | HE 7-11 and HE 20-22 M-F, HE 7-22 Sat |
| Off Peak      | HE 1-6 and HE 23-24 M-Sat, HE 1-24 Su |

NOTE:

| 2005 Gas Prices (\$/MMBtu) |       |      |       |          |        |      |
|----------------------------|-------|------|-------|----------|--------|------|
|                            |       |      |       | PGE      |        |      |
|                            | NYMEX | AECO | Malin | Citygate | So Cal | SRAC |
| Jan-05                     |       |      |       |          |        |      |
| Feb-05                     |       |      |       |          |        |      |
| Mar-05                     |       |      |       |          |        |      |
| Apr-05                     |       |      |       |          |        |      |
| May-05                     |       |      |       |          |        |      |
| Jun-05                     |       |      |       |          |        |      |
| Jul-05                     |       |      |       |          |        |      |
| Aug-05                     |       |      |       |          |        |      |
| Sep-05                     |       |      |       |          |        |      |
| Oct-05                     |       |      |       |          |        |      |
| Nov-05                     |       |      |       |          |        |      |
| Dec-05                     |       |      |       |          |        |      |

NOTE:

**PG&E Electric Advice Filing List  
General Order 96-A, Section III(G)**

|                                    |                                       |                               |
|------------------------------------|---------------------------------------|-------------------------------|
| ABAG Power Pool                    | Duncan, Virgil E.                     | Sempra Energy                 |
| Aglet Consumer Alliance            | Dutcher, John                         | Sequoia Union HS Dist         |
| Agnews Developmental Center        | Dynegy Inc.                           | SESCO                         |
| Ahmed, Ali                         | Ellison Schneider                     | Sierra Pacific Power Company  |
| Alcantar & Elsesser                | Energy Law Group LLP                  | Silicon Valley Power          |
| Anderson Donovan & Poole P.C.      | Enron Energy Services                 | Simpson Paper Company         |
| Applied Power Technologies         | Exeter Associates                     | Smurfit Stone Container Corp  |
| APS Energy Services Co Inc         | Foster, Wheeler, Martinez             | Southern California Edison    |
| Arter & Hadden LLP                 | Franciscan Mobilehome                 | SPURR                         |
| Avista Corp                        | Future Resources Associates, Inc      | St. Paul Assoc                |
| Barkovich & Yap, Inc.              | GLJ Energy Publications               | Stanford University           |
| BART                               | Goodin, MacBride, Squeri, Schlotz &   | Sutherland, Asbill & Brennan  |
| Bartle Wells Associates            | Grueneich Resource Advocates          | Tabors Caramanis & Associates |
| Blue Ridge Gas                     | Hanna & Morton                        | Tansev and Associates         |
| Bohannon Development Co            | Heeg, Peggy A.                        | Tecogen, Inc                  |
| BP Energy Company                  | Hogan Manufacturing, Inc              | TFS Energy                    |
| Braun & Associates                 | House, Lon                            | TJ Cross Engineers            |
| C & H Sugar Co.                    | Imperial Irrigation District          | Transwestern Pipeline Co      |
| CA Bldg Industry Association       | Integrated Utility Consulting Group   | Turlock Irrigation District   |
| CA Cotton Ginners & Growers Assoc. | International Power Technology        | United Cogen Inc.             |
| CA League of Food Processors       | J. R. Wood, Inc                       | URM Groups                    |
| CA Water Service Group             | JTM, Inc                              | Utility Cost Management LLC   |
| California Energy Commission       | Kaiser Cement Corp                    | Utility Resource Network      |
| California Farm Bureau Federation  | Korea Elec Power Corp                 | Wellhead Electric Company     |
| California ISO                     | Marcus, David                         | Western Hub Properties, LLC   |
| Calpine                            | Masonite Corporation                  | White & Case                  |
| Calpine Corp                       | Matthew V. Brady & Associates         | WMA                           |
| Calpine Gilroy Cogen               | Maynor, Donald H.                     |                               |
| Cambridge Energy Research Assoc    | McKenzie & Assoc                      |                               |
| Cameron McKenna                    | McKenzie & Associates                 |                               |
| Cardinal Cogen                     | Meek, Daniel W.                       |                               |
| Cellnet Data Systems               | Mirant California, LLC                |                               |
| Childress, David A.                | Modesto Irrigation Dist               |                               |
| City of Glendale                   | Morrison & Foerster                   |                               |
| City of Healdsburg                 | Morse Richard Weisenmiller & Assoc.   |                               |
| City of Palo Alto                  | New United Motor Mfg, Inc             |                               |
| City of Redding                    | Norris & Wong Associates              |                               |
| CLECA Law Office                   | North Coast Solar Resources           |                               |
| Constellation New Energy           | Northern California Power Agency      |                               |
| CPUC                               | PG&E National Energy Group            |                               |
| Creative Technology                | Pinnacle CNG Company                  |                               |
| Crossborder Inc                    | PPL EnergyPlus, LLC                   |                               |
| CSC Energy Services                | Price, Roy                            |                               |
| Davis, Wright Tremaine LLP         | Product Development Dept              |                               |
| Davis, Wright, Tremaine, LLP       | Provost Pritchard                     |                               |
| Defense Fuel Support Center        | R. M. Hairston & Company              |                               |
| Department of the Army             | R. W. Beck & Associates               |                               |
| Department of Water & Power City   | Recon Research                        |                               |
| Dept of the Air Force              | Regional Cogeneration Service         |                               |
| DGS Natural Gas Services           | RMC Lonestar                          |                               |
| DMM Customer Services              | Sacramento Municipal Utility District |                               |
| Downey, Brand, Seymour & Rohwer    | SCD Energy Solutions                  |                               |
| Duke Energy                        | Seattle City Light                    |                               |
| Duke Energy North America          | Sempra                                |                               |