

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 27, 2004

Advice Letter 2541-E

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

Subject: Demand response programs and direct access customers

Dear Ms de la Torre:

Advice Letter 2541-E is effective July 8, 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



August 6, 2004

415.973.4977
Internal: 223.4977
Fax: 415.973.7226
Cellular: 415.517.5067
Internet: BKC7@pge.com

**Advice 2541-E
(Pacific Gas and Electric Company ID U 39 E)**

Public Utilities Commission of the State of California

Subject: Demand Response Programs and Direct Access Customers

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.

Purpose

On February 25, 2004 Commissioner Michael R. Peevey issued a ruling entitled "Assigned Commissioner's Ruling Clarifying the November 24, 2003 Ruling and Scoping Memo" in Rulemaking (R.) 02-06-001. The ruling requested, among other things, that the utilities recommend modifications to existing demand response programs for large customers in order to achieve the 2004 demand response goal established by the Commission in Decision (D.) 03-06-032.

In response to this ruling, on April 1, 2004, PG&E filed a proposal with the Commission for enhancements to its existing demand response programs.¹ One of PG&E's proposals was that DA customers be permitted to participate in PG&E's DBP. PG&E noted that this expansion of eligibility would "allow a significant number of very large customers, previously excluded, to participate in the DBP."

On June 2, 2004, the Administrative Law Judge (ALJ) assigned to R. 02-06-001, ALJ Michelle Cooke, issued a ruling approving several proposed modifications by PG&E to its demand response programs, including the proposed expansion of DBP eligibility to DA customers.² The ruling stated (mimeo at 4):

¹ "Plan Of Pacific Gas And Electric Company (U 39-E) Regarding Modifications To Demand Response Programs For 2004 And New Programs For 2005," April 1, 2004.

² "Administrative Law Judge's Ruling Approving 2004 Schedule And Plan For The Statewide Pricing Pilot Evaluation And Customer Research Activities And Establishing Process For Evaluation Of Proposed 2005 Price Responsive Demand Programs," June 2, 2004.

I agree with [the] suggestion that direct access customers have potential as a source of demand response and agree that they should be able to participate in the DBP. Under the DBP, the cost to bundled service customers is not affected by whether the load is bid in by a bundled service or DA customer. This proposal should be approved for all three IOUs.

The ruling went on to order the utilities to file advice letters implementing this and other approved program changes.

On June 14, 2004 PG&E filed Advice 2522-E - *Advanced Metering Project-Modify Demand Response Programs for Large Customers, Revise Schedules E-CPP, E-DBP, E-BIP, E-SLRP and Agreement Forms 79-976, 79-977*, in accordance with the ALJ's directive. No party protested PG&E's advice filing. On July 1, 2004, PG&E's revised tariffs were approved by the Energy Division, retroactive to June 14, 2004, including the expanded eligibility of DBP to DA customers.

SCE's advice filing made pursuant to the ALJ ruling also proposed to include DA customers in the DRP program. The advice letter was protested by the California Large Energy Consumers' Association (CLECA), which questioned some of the implementation aspects of Edison's revised DRP. The upshot of the protest was that the Resolution denies the proposal of SCE *and of PG&E and SDG&E (whose advice letters had been earlier approved)*, to include DA customers in DBP. Ordering paragraph 4 of Resolution E-3881 requires:

Energy Division shall inform PG&E and SDG&E that DA customers shall not be allowed to participate in the Demand Bidding Program and direct both utilities to file advice letters within 7 days that delete the relevant portion of the tariff that Energy Division had approved.

On July 30, 2004, PG&E filed a request pursuant to Rule 48(b) of the Commission's Rules of Practice and Procedure requesting an extension of time to comply with this provision. PG&E argued that the deferment was justified to avoid losing for this summer -- which has already seen record-breaking electricity demand -- 35 megawatts (MW) of valuable demand response from DA customers who have already signed up for the DBP, or losing additional MW from those customers who may yet sign up as a result of PG&E's marketing efforts. PG&E also stated that the deferment was also essential to preserve the credibility of PG&E's demand response marketing programs.

Also on July 30, PG&E received a directive from the Energy Division implementing paragraph 4 of E-3881 and requiring PG&E to submit the changes to its tariffs.

On August 5, 2004, the Executive Director granted a partial deferment of PG&E's compliance with E-3881 stating that the 35 MW of DA customer load already signed up for the DBP should be permitted to remain on the program until October 31, 2004.

The modifications to Schedule E-DBP that are being submitted today and will close the Demand Bidding Program to Direct Access customers, except those Direct Access customers who signed a contract to participate in the program prior to July 8, 2004, or who demonstrated the intention to sign a contract to participate in the program prior to July 8, 2004. The participation of such Direct Access customers shall terminate on October 31, 2004.

Protests

PG&E requests that anyone wishing to protest this filing do so by sending a letter by **August 26, 2004**, which is t20 days as provided for by General Order 96-A, Section II.G. 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, 4th Floor
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian K. 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

Effective Date

In compliance with Resolution E-3881, PG&E requests that this advice filing and the tariff sheets attached hereto become effective on **July 8, 2004**, which is the date Resolution E-3881 is effective.

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.02-06-001. Address changes should be directed to Rose De La Torre at (415) 973-4716. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

Brian K. Cherrif / BKC
Director - Regulatory Relations

Attachments

cc: Service List R.02-06-001

| Cal P.U.C. Sheet No. | Title of Sheet | Cancelling Cal P.U.C. Sheet No. |
|---------------------------------|--|--|
| 22096-E | Electric Rate Schedule E-DBP – Demand Bidding Program (E-DBP) | 21679-E |
| 22097-E | Table of Contents – Rate Schedules (Continued) | 21693, 21705-E |
| 22098-E | Table of Contents | 21694-E |



SCHEDULE E-DBP—DEMAND BIDDING PROGRAM

APPLICABILITY: The Schedule E-DBP Demand Bidding Program (Program) offers customers incentives for reducing energy consumption and demand when requested by Pacific Gas and Electric Company (PG&E) to increase system reliability. This Program is optional for customers with billed maximum demand of 200 kilowatts (kW) or greater during any one of the past 12 billing months and who voluntarily commit to reduce a minimum of 100 kW each hour for each service account during an E-DBP Event. PG&E will determine E-DBP Bid acceptances for energy reductions. Interval metering is required to receive service under this Program. Customers must receive service on a demand Time-of-Use (TOU) electric rate schedules. Customers on Schedules AG-R, AG-V, or S are not eligible for this program. A customer is not eligible to participate in this program if the revenue metering configuration is either net sale or Wholesale Transaction as specified in PG&E's Interconnection Handbook. A customer with multiple meters at a single site may qualify for the program under the specified multiple meter provisions of this tariff. This schedule is available until modified or cancelled by the California Public Utilities Commission (CPUC).

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

ELIGIBILITY: This schedule is available to individual PG&E bundled-service customers. The schedule is closed to Direct Access customers except those Direct Access customers who signed a contract to participate in the program prior to July 8, 2004, or who demonstrated the intention to sign a contract to participate in the program prior to July 8, 2004. The participation of such Direct Access customers shall terminate on October 31, 2004. Each customer must take service under the provisions of their otherwise-applicable rate schedule. Customers participating in the Program must be on an eligible rate schedule and commit to reduce load by at least 100 kW during a market price DBP event and agree to reduce their load by their Committed Load Reduction Amount in the event of an Emergency DBP event.

(T)
(N)
|
|
|
(N)

Customers on this tariff must agree to allow the California Energy Commission (CEC) or its contracting agent to conduct a site visit for measurement and evaluation, and agree to complete any surveys needed to enhance the program. Customer must submit a signed Authorization To Receive Customer Information or Act On A Customer's Behalf form giving the CEC authorization to request billing history and meter usage data information.

Customers must submit a signed Interruptible Program Agreement (Form 79-976) and an Customer Agreement and Password Governing use of Internet-Based Software Agreement (Form 79-977) 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.

Customers that have multiple meters located at a single site (e.g., contiguous property, campus facilities, business parks) with individual meters that have demands less than 200 kW (as described in the Applicability Section) may participate in this program under the provisions stated in Multiple Meter Customer Section of this tariff.

(Continued)



TABLE OF CONTENTS
(Continued)

RATE SCHEDULES

| SCHEDULE | TITLE OF SHEET | CAL P.U.C. SHEET NO. |
|----------------------------|---|---|
| DIRECT ACCESS | | |
| E-CREDIT | Revenue Cycle Services Credits 19747,16568,16569,19748,16571,16572,19749,16574,16575,16576,16577,16578-E | |
| E-DASR | Direct Access Services Request Fees..... | 14847-E |
| E-ESP | Services to Energy Service Providers..... | 16109,15828,15829,15830,16221-E |
| E-ESPNSF | Energy Service Provider Non-Discretionary Service Fees..... | 16535,16536-E |
| E-EUS | End User Services..... | 19750,14853,19751-E |
| DA-CRS | Direct Access Cost Responsibility Surcharge..... | 20800-E |
| CURTAILMENT OPTIONS | | |
| E-BIP | Base Interruptible Program..... | 21675,20383,20384-E |
| E-OBMC | Optional Binding Mandatory Curtailment Plan..... | 18839,18840,18429,20385,18431,18432-E |
| E-SLRP | Scheduled Load Reduction Program..... | 21676,21677,21678,18842,20387-E |
| E-DBP | Demand Bidding Program..... | 22096,21680 to 21685-E |
| E-PBIP | Pilot Base Interruptible Program..... | 18894,18895,18896,18897-E |
| E-POBMC | Pilot Optional Binding Mandatory Curtailment Plan | 18903,18904,18905,20395,18907,18908,18909-E |
| E-CPP | Critical Peak Pricing Program | 21686,21469,20398,21687,21818,21688,21689,21511,20403-E |
| E-SAVE | Voluntary Reduction incentive Program..... | 21698 to 21701-E |
| ENERGY CHARGE RATES | | |
| E-FFS | Franchise Fee Surcharge..... | 20801-E |

(T)

(Continued)



TABLE OF CONTENTS

| | |
|---|---|
| Title Page | CAL P.U.C. SHEET NO. 8285-E |
| Table of Contents: | |
| Rate Schedules | 22098,22086,22085,22097-E (T) |
| Preliminary Statements | 21813,21010,21644-E |
| Rules, Maps, Contracts and Deviations | 21627-E |
| Sample Forms | 19880,20472,21583,19236,20509,19572,21472-E |

RATE SCHEDULES

| SCHEDULE | TITLE OF SHEET | CAL P.U.C. SHEET NO. |
|------------------------------|---|---|
| RESIDENTIAL RATES | | |
| E-1 | Residential Service | 21708,22028,21219,19910,21220,21221-E |
| E-2 | Experimental Residential Time-of-Use Service | 21222,21710,22029,21712,22030,21227,22031,21229,22032,21231,21614,21232,21233-E |
| E-3 | Experimental Residential Critical Peak Pricing Service | 21234,21716,22033,21718,22034,21239,22035,21241,22036,21243,21615,19896,21244-E |
| EE | Service to Company Employees | 21245-E |
| EM | Master-Metered Multifamily Service | 21722,22037,21248,20648,21249,21250-E |
| ES | Multifamily Service | 21724,22038,21253,21254,21255,21256-E |
| ESR | Residential RV Park and Residential Marina Service | 21726,22039,21259,20657,21260,21261-E |
| ET | Mobilehome Park Service | 21728,22040,21264,21265,21266,21267-E |
| E-7 | Residential Time-of-Use Service | 21268,21730,22041,21271,21272,21273-E |
| E-A7 | Experimental Residential Alternate Peak Time-of-Use Service | 21274,21732,22042,21277,21278,21279-E |
| E-8 | Residential Seasonal Service Option | 21734,22043,21571,21283-E |
| E-9 | Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers | 20891,21736,22044,21738,22045,21288,21289,21290,21291-E |
| EL-1 | Residential CARE Program Service | 21292,22046,21294,21295,21296-E |
| EML | Master-Metered Multifamily CARE Program Service | 21297,22047,21299,21300,21301-E |
| ESL | Multifamily CARE Program Service | 21742,22048,21304,21305,21306,21307-E |
| ESRL | Residential RV Park and Residential Marina CARE Program Service | 21744,22049,21310,21311,21312,21313-E |
| ETL | Mobilehome Park CARE Program Service | 21746,22050,21316,21317,21318,21319-E |
| EL-7 | Residential CARE Program Time-of-Use Service | 21320,21321,22051,21323,21324,21325-E |
| EL-A7 | Experimental Residential CARE Program Alternate Peak Time-of-Use Service | 21326,21327,22052,19783,21329,21330-E |
| EL-8 | Residential Seasonal CARE Program Service Option | 21331,22053,21572,21334-E |
| COMMERCIAL/INDUSTRIAL | | |
| A-1 | Small General Service | 21751,22054,21337,21338,21339-E |
| A-6 | Small General Time-of-Use Service | 21340,21753,22055,21343,21344,21345-E |
| A-10 | Medium General Demand-Metered Service | 21346,22056,22057,22058,22059,21351,21352,21353,21354,21355-E |
| A-15 | Direct-Current General Service | 22060,21357-E |
| E-19 | Medium General Demand-Metered Time-of-Use Service | 21358,17092,21359,17900,21760,22061,21762,22062,21364,20932,20723,21365,18864,18039,20933,18865,16414,15330,20512,21764,22063,21368,20935,21369,20729,19805,21370,21371-E |
| E-20 | Service to Customers with Maximum Demands of 1,000 Kilowatts or More | 21372,21373,21766,22064,21377,21376,19314,20736,21378,18044,20942,18867,15356,21379,15358,20513,21768,22065,21382,20944,17101,20945,21383-E |

(Continued)

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

ABAG Power Pool
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Constellation New Energy
CPUC
Creative Technology
Crossborder Inc
CSC Energy Services
Davis, Wright Tremaine LLP
Davis, Wright, Tremaine, LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
Dept of the Air Force
DGS Natural Gas Services
DMM Customer Services
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America

Duncan, Virgil E.
Dutcher, John
Dynegy Inc.
Ellison Schneider
Energy Law Group LLP
Enron Energy Services
Exeter Associates
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Grueneich Resource Advocates
Hanna & Morton
Heeg, Peggy A.
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
J. R. Wood, Inc
JTM, Inc
Kaiser Cement Corp
Korea Elec Power Corp
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
PG&E National Energy Group
Pinnacle CNG Company
PPL EnergyPlus, LLC
Price, Roy
Product Development Dept
Provost Pritchard
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra

Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Simpson Paper Company
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
TJ Cross Engineers
Transwestern Pipeline Co
Turlock Irrigation District
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA