

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



November 8, 2004

Advice Letter 2567-E

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

Subject: Tariff revisions to implement California Independent System Operator market redesign

Dear Ms Smith:

Advice Letter 2567-E is effective October 1, 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



**Pacific Gas and
Electric Company**

Brian K. Cherry
Director
Regulatory Relations

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San Francisco, CA 94105

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October 15, 2004

Advice 2567-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Tariff Revisions to Implement California Independent System Operator (CAISO) Market Redesign

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

The tariff revisions in this filing are made to reflect recent changes to the names of the price components listed in electric rate Schedule TBCC – *Transitional Bundled Commodity Cost* necessitated by the October 1, 2004, rollout of the CAISO market redesign (commonly known as “Phase 1B”).

Background

PG&E initially filed Schedule TBCC in Advice 2393-E-A on December 11, 2003, with subsequent revisions filed in Advice 2393-E-B and 2393-E-C on February 5, 2004 and February 26, 2004, respectively. In Advice 2393-E-B, PG&E stated its intent to amend Schedule TBCC by advice filing in the event that the CAISO incremental (INC) price is superseded by a revised price structure. As part of the October 1, 2004, CAISO market redesign, INC and decremental (DEC) prices were eliminated and replaced by “Settlement Interval Average” prices for the purpose of charging loads for real-time energy. In addition, charge type numbers for “GMC – Energy and Transmission Services – Deviations” and “GMC – Market Usage” were revised, although the rates for these charges remain the same.

Tariff Revisions

PG&E is revising Schedule TBCC to reflect use of the “Settlement Interval Average” prices in place of the “Ex Post Incremental” prices in the development of hourly market prices. In addition, GMC Charge Types #532 and #534 have been replaced by GMC Charge Types #572 and #574, respectively.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **November 4, 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, 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 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

PG&E requests that this advice filing become effective **October 1, 2004**, which is the effective date of the CAISO market redesign rollout.

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. 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. Cherry, ASN

Director, Regulatory Relations

Attachments

<u>Cal P.U.C. Sheet No.</u>	<u>Title of Sheet</u>	<u>Cancelling Cal P.U.C. Sheet No.</u>
22309-E	Schedule TBCC – Transitional Bundled Commodity Cost	21122-E
21310-E	Table of Contents (Cont'd.) – Rate Schedules (Cont'd.)	21653-E
21311-E	Table of Contents	22023-E



SCHEDULE TBCC—TRANSITIONAL BUNDLED COMMODITY COST

APPLICABILITY: This schedule applies to Direct Access customers who: (1) elect Transitional Bundled Service (TBS) as prescribed in Rule 22.1 (Direct Access Service Switching Exemption Rules) or (2) who take Bundled Service prior to the end of the mandatory six-month notice period required to elect Bundled Service as prescribed in Rule 22.1.

TERRITORY: Schedule TBCC applies everywhere PG&E provides electric service as shown in Preliminary Statement, Part A.

RATES: This schedule will apply where the Transitional Bundled Commodity Cost (TBCC) is required for calculation of applicable power charges.

Direct Access customers who elect: (1) TBS as prescribed in Rule 22.1 or (2) take Bundled Service prior to the end of the mandatory six-month notice period required to elect Bundled Service as prescribed in Rule 22.1 will be charged the TBCC in addition to transmission, reliability services, distribution, public purpose programs, nuclear decommissioning, and fixed transition amount (where applicable) on the customer's otherwise applicable tariff, and the Direct Access Cost Responsibility Surcharge applicable under Schedule DA CRS for the duration of the period. The TBCC used for billing will consist of the market prices set forth below, adjusted by an allowance for franchise fees and uncollectibles and Distribution Loss Factors (DLFs).

1. Development of the Hourly Market Prices

The hourly market price shall consist of the straight average of the six 10-minute California Independent System Operator (CAISO) Settlement Interval Average Prices for North of Path 15 (NP15), multiplied by an allowance for Unaccounted for Energy (UFE), plus an allowance for Ancillary Services and the ISO Grid Management Charges (GMC). (T)

The UFE allowance will equal one plus the straight average of the most recent six month actual UFE percentages available from the ISO Management Report for the Board of Governors posted on the CAISO website. The UFE allowance will be revised semi-annually (January and July).

The allowance for Ancillary Services, calculated hourly, will equal the ISO's system Day Ahead and Hour Ahead Ancillary Services procurement costs divided by the total ISO control area system load. The data used to calculate the Ancillary Services rate is subject to change by the ISO without notice. Therefore, the Ancillary Service rate will be calculated using the best available data at the time of downloading.

The ISO GMC will equal the sum of the GMC - Energy and Transmission Services - Net Energy (Charge Type #571), GMC - Energy and Transmission Services - Deviations (Charge Type #572), and GMC - Market Usage (Charge Type #574) GMCs. The ISO GMC shall be charged on the customer's hourly metered demand. GMC - Congestion Management (Charge Type #522), GMC - Core Reliability Services (Charge Type #570), GMC - Forward Scheduling (Charge Type #573) and GMC - Settlements, Metering, and Client Relations (Charge Type #575) are not included in this charge. (T)

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

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