

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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April 18, 2005

Advice Letter 2587-E

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

Subject: Revisions to Electric Rate Schedules NEMFC---Net Energy Metering Service for
Fuel Cell Customer-Generators and E-NET--- Net Energy Metering Service

Dear Ms de la Torre:

Advice Letter 2587-E is effective December 24, 2004. A copy of the advice letter is sent herewith for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "S. H. Gallagher".

Sean H. Gallagher
Director
Energy Division



November 15, 2004

**Advice 2587-E
(Pacific Gas and Electric Company ID U39 E)**

Public Utilities Commission of the State of California (CPUC)

Subject: Revisions to Electric Rate Schedules *NEMFC—Net Energy Metering Service For Fuel Cell Customer-Generators* and *E-NET—Net Energy Metering Service*.

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 purpose of this filing is to seek California Public Utilities Commission (CPUC) approval to adjust the credit calculation for Rate Schedules *NEMFC – Net Energy Metering Service For Fuel Cell Customer Generators* (Rate Schedule NEMFC) and the Wind Energy Co-Metering provision covered in Special Condition 5 of *E-NET--Net Energy Metering Service* (Rate Schedule E-NET) so that net credit amounts are not reduced by surcharges provided for in Rate Schedule *E-EPS – Energy Procurement Surcharges*, or any successor rate schedule.

Background

On October 2, 2003, the governor of California approved Assembly Bill (AB) 1214. The bill establishes a pilot program to provide net energy metering for eligible fuel cell customer-generators. On March 1, 2004, PG&E filed Advice Letter 2479-E proposing a new rate schedule *NEMFC – Net Energy Metering Service For Fuel Cell Customer-Generators*. Advice 2479-E was approved and Rate Schedule NEMFC was made effective April 9, 2004.

On September 24, 2002, the governor signed Assembly Bill (AB) 58 into law. It amended Section 2827 of the California Public Utilities Code (PU Code) to keep in place the expanded eligibility for the net metering program otherwise set to expire on December 31, 2002. In addition, the new law added PU Code section 2827.8 setting up a Wind Energy Co-Metering program for wind generating facilities greater than 50 kW and less than 1 MW. In response to AB-58 becoming law, PG&E filed Advice 2373-E on April 14, 2003 to revise Rate

Schedule *E-NET – Net Energy Metering Service* and then a subsequent version, Advice 2373-E-B approved late in 2003 providing for a revised Rate Schedule E-NET effective retroactively, back to January 1, 2003.

Like Advice 2564-E for Rate Schedule *E-BIO – Net Energy Metering Service for Biogas Customer Generators*, filed on October 14, 2004, and still pending Commission approval, PG&E is filing this revision to include Schedule E-EPS or any successor rate schedule surcharges when calculating **both** charges and credits for the customer. While this may result in a slightly larger possible credit for Rate Schedule NEMFC and E-NET Special Condition 5 (Wind Energy Co-Metering) customers than originally provided for in AB 1214 and AB 58 respectively, this will bring PG&E's credit calculation more in line with Southern California Edison's (SCE) and San Diego Gas & Electric's (SDG&E) calculations. This is because, unlike PG&E, the other utilities' fuel cell and wind energy co-metering customers' otherwise applicable rate schedules do not include generation rate component surcharges that act to reduce customer credit amounts. In essence, this will mean that the Generation Rate Component amount used to calculate credits will be in line with the amount currently used to calculate charges. In addition to providing a benefit to NEMFC and E-NET Special Condition 5 (Wind Energy Co-Metering) customers, this will also help reduce the complexity of the billing calculation for these rate schedules.

PG&E is hereby submitting the revised tariffs.

Tariff Revisions

The attached electric Rate Schedule NEMFC modifies the previously filed tariff sheet by changing the Rates Section, Paragraph 1, the second sentence to read:

*“Only the Generation Rate Component of the Biogas Customer-Generator's OAS, **including** generation surcharges such as those from Schedule E-EPS or any successor rate schedule, if any, shall be used in the calculation of credits when the Biogas Customer-Generator is a net energy producer, on a monthly basis, for any TOU period. Only the Generation Rate Component of the Biogas Customer-Generator's OAS, including all generation surcharges, if any, shall be used to calculate the charge for generation when the Biogas Customer-Generator is a Net Energy consumer on a monthly basis, for any TOU period.”* (Text changes documented in bolded font.)

The attached electric Rate Schedule E-NET modifies the previously filed tariff sheet by changing the Special Condition 5, paragraph 3 to read:

Subject to Special Condition 2, the generation of electricity provided to PG&E by a Wind Energy Co-Metering customer-generator shall result in a credit to the eligible customer-generator priced in accordance with the generation component of the energy charge of the eligible customer-

generator's otherwise-applicable rate schedule, including generation surcharges from Schedule E-EPS or any successor rate schedule. All electricity supplied to the Wind Energy Co-Metering customer-generator by PG&E shall be priced in accordance with the customer-generator's otherwise-applicable rate schedule. (Text changes documented in bolded font.)

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other rate schedule or rule.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **December 6, 2004**, which is 22 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 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

PG&E requests that this advice filing become effective **December 24, 2004**, which is 40 days from 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 to the Service List R.04-03-017. 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. Cherny
Director - Regulatory Relations

Attachments

cc: Service List R. 04-03-017

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
22443-E	Schedule NEMFC – Net Energy Metering Service for Fuel Cell Customer-Generators	21479-E
22444-E	Schedule E-NET – Net Energy Metering Service (Cont'd)	20845-E
22445-E	Table of Contents – Rate Schedules (Cont'd)	22298-E
22446-E	Table of Contents	22299-E



SCHEDULE NEMFC—NET ENERGY METERING SERVICE FOR FUEL CELL CUSTOMER-GENERATORS

APPLICABILITY: This schedule is applicable to Bundled Service Customers who are served under a Time-of-Use (TOU) rate schedule, and who (1) interconnect and operate in parallel with PG&E's electrical system an Eligible Fuel Cell Electrical Generating Facility, as defined in Special Condition 5.a below pursuant to California Public Utilities Code Section 2827.10 (PU Code Section 2827.10), with a generating capacity no greater than 1,000 kW, located on or adjacent to the customers' owned, leased or rented premises as the sole source of customer generation, is interconnected and operates in parallel with PG&E grid while the grid is operational, and is sized to offset part or all of the Customers' electrical requirements, (2) are the recipient of local, state, or federal funds, or who self-finance projects designed to encourage the development of Eligible Fuel Cell Electrical Generating Facilities, and (3) use technology that meets the definition of an "ultra-clean and low-emission distributed generation," pursuant to California Public Utilities Code Section 353.2 (PU Code Section 353.2). Such a customer will be referred to hereafter as a "Fuel Cell Customer-Generator." Customers eligible for service under this schedule are exempt from any new or additional charges not included in their Otherwise Applicable Schedule (OAS).

Pursuant to PU Code Section 2827.10, this schedule is available on a first-come, first-serve basis and will be closed to new customers once 45 MW of cumulative rated generating capacity is served under this schedule.

Customers seeking preference for eligibility under this rate shall file an application with the CPUC to establish that their facilities are located in a community with significant exposure to air contaminants, or localized air contaminants, or both, including but not limited to communities of minority populations or low-income populations, or both, based on the ambient air quality standards established pursuant to Section 39607 of Health and Safety Code. The CPUC shall determine how such preference shall be implemented. In no event shall such an application, if granted, cause the cumulative rated generating capacity served by PG&E under this schedule to exceed 45 MW.

A customer's NEMFC account is not eligible for service under Schedule E-NET.

NEMFC will expire on January 1, 2006, unless extended by legislation.

TERRITORY: The entire territory served.

RATES: Only the Generation Rate Component of the Fuel Cell Customer-Generator's OAS, including generation surcharges such as those from Schedule E-EPS or any successor rate schedule, if any, shall be used in the calculation of credits when the Fuel Cell Customer-Generator is a net energy producer, on a monthly basis, for any TOU period. Only the Generation Rate Component of the Fuel Cell Customer-Generator's OAS, including any and all generation surcharges, if any, shall be used to calculate the charge for generation when the Fuel Cell Customer-Generator is a Net Energy consumer on a monthly basis, for any TOU period. All other charges, including but not limited to, Transmission Charges, Distribution Charges, Monthly Customer Charges, Minimum Charges, Demand Charges, and non-energy related charges, shall be calculated according to the Fuel Cell Customer-Generator's OAS prior to the netting of energy supplied or produced, for all energy supplied.

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SCHEDULE E-NET—NET ENERGY METERING SERVICE

(Continued)

SPECIAL
CONDITIONS:
(Cont'd.)

4. EXEMPTIONS FROM CERTAIN CHARGES: Per Section 2728.7 of the California Public Utilities Code, eligible customer-generators who have all local and state permits required to commence construction of their generating facilities on or before December 31, 2002, and have completed construction on or before September 30, 2003, shall not be required to pay non-bypassable charges on Departing Load including Public Purpose Program charges and shall be entitled to the net energy metering terms in effect on the date the local and state permits were acquired, for the life of the generating facility, regardless of any change in customer or ownership of the generating facility.

5. WIND ENERGY CO-METERING: In accordance with Section 2827.8 of the California Public Utilities Code, any customer-generator with wind energy generating facilities greater than 50 kW but not exceeding 1,000 kW taking service under this tariff is required to do so pursuant to this section. This definition includes eligible customer-generators with a hybrid system including a solar generating facility where the size of the wind energy generating facility component exceeds 50 kW and total generating facility size is less than 1,000 kW.

Wind Energy Co-Metering customer-generators are required to take service on a time-of-use (TOU) otherwise-applicable rate schedule. In addition, the customer-generator must utilize a TOU meter, or multiple TOU meters, capable of separately measuring the electricity in both directions, that is, the electricity supplied by PG&E to the customer and the electricity generated by the customer and fed back to the electric grid. If the customer's existing meter is not a TOU meter or is not capable of separately measuring the flow of electricity in both directions, the eligible customer-generator is responsible for all expenses involved in purchasing and installing a meter that is both TOU and able to separately measure electricity flow in both directions.

Subject to Special Condition 2, the generation of electricity provided to PG&E by a Wind Energy Co-Metering customer-generator shall result in a credit to the eligible customer-generator priced in accordance with the generation component of the energy charge of the eligible customer-generator's otherwise-applicable rate schedule, including generation surcharges from Schedule E-EPS, or any successor rate schedule. All electricity supplied to the Wind Energy Co-Metering customer-generator by PG&E shall be priced in accordance with the customer-generator's otherwise-applicable rate schedule.

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**PG&E Gas and Electric Advice
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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
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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
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Cross Border Inc	Modesto Irrigation Dist	WMA
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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	