

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



May 31, 2006

Advice Letter 2796-E, 2796-E-A

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

RECEIVED
REGULATORY RELATIONS DEPARTMENT
JUN 6 2006

Subject: Revisions to Schedule NEM – Net Energy Metering Service

Dear Ms de la Torre:

Advice Letter Advice Letter 2796-E/2796-E-A is denied. A copy of the advice letter is returned herewith for your records.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division



Brian K. Cherry
Director
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

Mailing Address
Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

415.973.4977
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Fax: 415.973.9572
Internet: BKC7@pge.com

March 1, 2006

Advice 2796-E

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

Subject: Revisions to Schedule NEM – Net Energy Metering Service

Pacific Gas and Electric Company (PG&E) hereby submits for filing this revision to its electric Schedule NEM – *Net Energy Metering Service*. This revision is filed to provide clarity for customers regarding the implementation of the legislatively-determined cap on retail net metering.

Purpose

This advice filing requests authority to amend the Applicability language in electric Schedule NEM to state that the tariff is available on a first-come, first-served basis to all customers who file a “completed” application with PG&E, including a signed Interconnection Agreement and proof of final inspection clearance for the generator installation by the city or county with jurisdiction, prior to the last-occurring of the following three circumstances: 1) the total rated generating capacity used by eligible customer-generators exceeds 0.5 percent of PG&E’s aggregate customer peak demand; OR 2) August 31, 2006 or the final recess of the 2006 legislative session, whichever is later; OR 3) as may be otherwise authorized by statute in 2006.

Background

On September 24, 2002, Governor Davis signed Assembly Bill (AB) 58, which amended Section 2827 of the Public Utilities Code (PUC) and expanded retail net metering for customers installing wind and solar generation. AB 58 also provided that retail net metering be made available on a first-come, first-served basis until the total rated generating capacity used by eligible customers exceeds one half of 1 percent of a utility’s aggregate customer peak demand. Since PG&E is approaching this cap, it is anticipated that the cap on retail net metering will be

considered at the Legislature in 2006 and that there may be some amendment to the cap section of PUC Section 2827 with an effective date of January 1, 2007 (unless the amendment is passed as urgency legislation, in which case the effective date could be prior to January 1, 2007). PG&E anticipates that it will likely reach the 0.5 percent cap on retail net metering prior to January 1, 2007 for two reasons. First, PG&E has interconnected approximately 70 MW of solar and is installing approximately 2 MW each month. Second, the increased funding for the 2006 Self Generation Incentive Program (SGIP) will likely accelerate installation rates. PG&E estimates that the 0.5 percent cap on retail net metering may be reached by September 2006.

PG&E appreciates that customers may need reliable information about the availability of net metering when deciding whether to install a solar generator. This proposed revision to electric Schedule NEM will help customers for the following reasons:

1. The revision creates a bridge from the current legislation allowing the Legislature time to reconsider the cap on net metering.
2. It provides clarity and certainty to customers about how the legislative cap will be administered by PG&E, how applications will be counted toward the cap and reduces uncertainty about how the cap may or may not fluctuate. PG&E reached its current peak on July 14, 2005 at 5 PM. PG&E may or may not reach a higher peak this summer. PG&E will probably not know what the cap is until well after customers have to make their decisions.
3. In the event the Legislature acts to extend the cap, option 3 in the new tariff language is included so that customers will not be inconvenienced by a gap of up to several months between when the statute is enacted and the likely effective date of the statute of January 1, 2007.
4. Customers can make more informed decisions about whether to invest in solar generation. Currently with uncertainty about when the cap will be reached, customers have no way of knowing with any real assurance the full financial consequences of a decision to invest in solar energy. This could put a chill on current program activity. With this proposed revision, customers will know that if they can complete the application process and construction of their generators before the end of the year (if the statute is revised), they will receive net metering.

Tariff Revisions

PG&E proposes to amend to following language in Electric Schedule NEM:

This rate schedule is available on a first-come, first-served basis until such time as the total rated generating capacity used by eligible customer-

generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand.

So that it reads:

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the latest-occurring of the following three circumstances is reached:

1. Total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand; OR
2. August 31, 2006 or the final recess of the 2006 legislative session, whichever is later; OR
3. As may be otherwise authorized by statute in 2006.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **March 21, 2006**, 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:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@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: PGETariffs@pge.com

Effective Date

PG&E requests that this advice filing become effective on **March 31, 2006**, which is the regular thirty days from the date of 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 for 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>



Director - Regulatory Relations

Attachments

cc: Service List – R. 04-03-017

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2796-E**

Subject of AL: Revisions to Schedule NEM – Net Energy Metering Service

Keywords (choose from CPUC listing): Net metering

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **3-31-2006**

No. of tariff sheets: 3

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Schedule NEM – Net Energy Metering

Service affected and changes proposed¹: See advice letter

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2796-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
24616-E	Schedule NEM--Net Energy Metering Service	24213-E
24617-E	Table of Contents -- Rate Schedules	24614-E
24618-E	Table of Contents -- Rate Schedules	24615-E



SCHEDULE NEM—NET ENERGY METERING SERVICE

APPLICABILITY: This net energy-metering schedule is applicable to a residential, small commercial (as defined in subdivision (h) of Section 331 of the California Public Utilities Code (CPU Code)), commercial, industrial, or agricultural customer who uses a solar or wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 1,000 kilowatts that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with PG&E's transmission and distribution facilities, including wind energy co-metering customers as defined in CPU Code Section 2827.8, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer-generator" or "customer"). Certain incremental billing and metering costs set forth in this schedule that are related to net energy metering are applicable to Energy Service Providers (ESPs) serving eligible customer-generators.

This service is not applicable to a Direct Access (DA) customer where the customer's ESP does not offer a net energy metering tariff. In addition, if an eligible customer-generator participates in direct transactions with an electric provider that does not provide distribution service for the direct transactions, the electric provider, and not PG&E, is obligated to provide net energy metering to the customer.

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the latest-occurring of the following three circumstances is reached:

- 1) Total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand; OR
- 2) August 31, 2006 or the final recess of the 2006 legislative session, whichever is later; OR
- 3) As may be otherwise authorized by statute in 2006.

(T)

(T)

TERRITORY: The entire territory served.

RATES: All rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise-applicable metered rate schedule. An eligible customer-generator served under this schedule is responsible for all charges from its otherwise-applicable rate schedule including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges. The "Peak Rate Limiter" and "Average Rate Limiter" for general service otherwise-applicable-rate schedules and all other demand charges will be based on the demand in kilowatts as measured only on the energy being consumed by the customer from PG&E. The power factor, when it applies on the otherwise-applicable-rate schedule, will be based on the average power factor over the past 12 billing months of operation prior to starting on NEM. Customer-generators without 12 billing months of power factor history, will have their power factor estimated based on the nature of the connected facilities and their hours of operation. Power factor will be subsequently applied to the customer-generator's bill until the customer-generator demonstrates to PG&E's satisfaction that adequate correction had been provided. PG&E will continue to monitor and review the power factor and if warranted, change the power factor correction on the customer-generator's bills. Charges for electricity supplied by PG&E will be based on the net metered usage in accordance with Net Energy Metering and Billing (Special Condition 2, below).

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RATE SCHEDULES

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

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