

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



August 9, 2006

Advice Letter 2850-E

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

Subject: Revisions to Schedule NEM – Net Energy Metering Service to Address Billing for Months with Zero Net Usage

Dear Ms de la Torre:

Advice Letter 2850-E is effective July 27, 2006. A copy of the advice letter is returned herewith for your records. This letter corrects the effective date in our letter of July 26, 2006.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

jjr

<b>REGULATORY RELATIONS</b>	
Tariffs Section	
M Brown	D Poster
R Dela Torre	S Ramaiya
B Lam	
AUG 1 0 2006	
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Records _____	
Return to _____	File _____
cc to _____	

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



July 26, 2006

Advice Letter 2850-E

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

Subject: Revisions to Schedule NEM – Net Energy Metering Service to Address Billing for Months with Zero Net Usage

Dear Ms de la Torre:

Advice Letter 2850-E is effective July 25, 2006. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director  
Energy Division

<b>REGULATORY RELATIONS</b>	
Tariffs Section	
M Brown	D Poster
R Deia Torre	S Ramaiya
B Lam	
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Records	
Return to _____	File _____
cc to _____	



**Brian K. Cherry**  
Senior 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  
Internal: 223.4977  
Fax: 415.973.7226  
Internet: BKC7@pge.com

June 27, 2006

**Advice 2850-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to Schedule NEM – Net Energy Metering Service to  
Address Billing for Months with Zero Net Usage**

Pacific Gas and Electric Company (PG&E) hereby submits for California Public Utilities Commission (CPUC or Commission) review this revision to its electric Schedule NEM – *Net Energy Metering Service*.

**Purpose**

This advice filing requests authority to revise Special Condition 2 entitled 'Net Energy Metering and Billing' to address baseline allocation where a net energy metering (NEM) customer's net usage for all time-of-use periods totals zero (i.e. when net generation in one or more periods exactly offsets the net usage in all other periods). An occurrence of zero net usage would currently create a billing system error and thus, PG&E files this advice letter to address such an occurrence.

**Background**

Decision (D.) 04-02-062 ordered PG&E to show energy procurement surcharges on bundled customers' bills. PG&E implemented D.04-02-062 through Advice 2465-E-A, which added the following new language to Rate Schedule E-7:

"Total bundled service charges are calculated using the total rates below. On-peak and off-peak usage is assigned to tiers on a pro-rated basis. For example, if twenty percent of a customer's usage is in the on-peak period, then twenty percent of the total usage in each tier will be treated as on-peak usage and eighty percent of the total usage in each tier will be treated as off-peak usage. Bundled service customers are billed the greater of the total minimum charge or the otherwise applicable total charge derived from total energy rates."

This modification was not intended to change customers' overall rates or bills from the previous method ('Pre-November 2004' method), including NEM customers.

As a result of NEM customers' usage being valued positively and negatively depending on whether there is net usage or net export in a specific time period (on-peak or off-peak), certain NEM customers were allocated excessive baseline values compared to non-NEM customers, using the method described above. This anomaly of excessive baselines with NEM customers is present in months that include one TOU period with net export and another TOU period with net usage. Upon noticing this particular situation in October 2005, PG&E started using absolute values in the calculation method described in E-7 tariff in an effort to improve the accuracy of these bills and address the excessive baseline values. However, as later discovered through the help of NEM customers, the previous method was actually correct because large positive values in the TOU period with net usage were offset by large negative values in the TOU period with net export such that the net result was equal to the baselines assigned to non-NEM customers. Despite the magnitude of the baselines, the resulting bills as calculated before October 2005 yielded values equal to what they would have been before the implementation of Advice 2465-E-A, whereas some bills as calculated beginning in October 2005 yielded values that were not equal.

PG&E has reviewed and determined that it should return to the previous method (also known as the method employed pre-October 2005) because total bills, all else being equal, were not to be changed as a result of the implementation of surcharges. In situations where the change in the calculation was not in the customer's favor, PG&E will provide a billing adjustment for this specific period.

In this review of the methodology, PG&E realized that the current NEM tariff does not address a unique situation in which a NEM customer's net usage for all time-of-use periods totals zero (i.e. net generation in one or more periods exactly offsets the net usage in one or more periods). Thus, in this filing, PG&E proposes to address such a situation by including language in its NEM tariff to state that the value of usage and/or generation for this particular case will be calculated using Tier 1 rates. This has the effect of ensuring that customers in this situation will see no change in their bill total, all other factors being equal, between pre- and post- November 2004.

### **Tariff Revisions**

PG&E proposes to add the following language to Electric Schedule NEM in Special Condition 2 Section b:

In the event that at the end of the monthly billing cycle, an eligible customer-generator's net usage for all time-of-use periods totals zero (i.e. net generation in

one or more periods exactly offsets the net usage in all other periods), then the value of usage and/or generation will be calculated using Tier 1 rates (as set forth in the otherwise applicable rate schedule).

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **July 17, 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, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: [jir@cpuc.ca.gov](mailto:jir@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on **July 27, 2006**, which is the regular notice of 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.06-03-004. 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. Chenya*

Director - Regulatory Relations

cc: Service List – R. 06-03-004

# 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 U39E

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) #: **2850-E**

Subject of AL: Revisions to Schedule NEM – Net Energy Metering Service to Address Billing for Months with Zero Net Usage

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 AL<sup>1</sup>: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **7-27-2006**

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 proposed<sup>1</sup>: 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](mailto:jjr@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT 1  
Advice 2850-E**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
25052-E	Schedule NEM--Net Energy Metering Service	22683-E
25053-E	Table of Contents -- Rate Schedules	25046-E
25054-E	Table of Contents -- Rate Schedules	25047-E



SCHEDULE NEM—NET ENERGY METERING SERVICE  
(Continued)

SPECIAL  
CONDITIONS:  
(Cont'd.)

2. NET ENERGY METERING AND BILLING: (Cont'd.)

In the event that the electricity supplied by PG&E during the 12-month period exceeds the electricity generated by the eligible customer-generator during the same period, the eligible customer-generator is a net electricity consumer and PG&E shall bill the eligible customer-generator for the net consumption during the 12-month period based on the eligible customer-generator's otherwise-applicable rate schedule, as set forth below.

Except as provided in Special Condition 5, for customer-generators taking service on otherwise-applicable rate schedules, any net monthly consumption or production shall be valued as follows:

a) Baseline Rates

For eligible customer-generators taking service on otherwise-applicable baseline rate schedules, any net consumption or production shall be valued monthly as follows:

If the eligible customer-generator is a net consumer, the eligible customer-generator will be billed in accordance with the eligible customer-generator's otherwise-applicable rate schedule.

If the eligible customer-generator is a net generator, the net kWh generated shall be valued at the rate for the kWh up to the baseline quantity, with any excess kWh generated, valued at the rate for the appropriate tier level in which the equivalent kWh of usage would fall.

b) Time of Use

For eligible customer-generators taking service on otherwise-applicable time-of-use rate schedules, any net consumption or production shall be valued monthly as follows:

If the eligible customer-generator is a net consumer during any discrete time-of-use period, the net kWh consumed shall be billed in accordance with that same time-of-use period in the eligible customer-generator's otherwise-applicable rate schedule.

If the eligible customer-generator is a net generator during any discrete time-of-use period, the net kWh produced shall be valued at the same price per kWh as the same time-of-use period in the eligible customer generator's otherwise-applicable rate schedule.

In the event that at the end of the monthly billing cycle, an eligible customer-generator's net usage for all time-of-use periods totals zero (i.e. net generation in one or more periods exactly offsets the net usage in all other periods), then the value of usage and/or generation will be calculated using Tier 1 rates (as set forth in the otherwise applicable rate schedule).

(N)  
—  
(N)

c) Minimum Charges

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