

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



December 29, 2006

Advice Letter 2923-E

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

Subject: Revision to Schedule NEM – Net Energy Metering Service

Dear Ms. de la Torre:

Advice Letter 2923-E is effective January 1, 2007. A copy of the advice letter is returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	S Ramaiya
JAN 19 2007	
Return to _____	Records _____
cc to _____	File _____



Brian K. Cherry
Vice President
Regulatory Relations

77 Beale Street, Room 1087
San Francisco, CA 94105

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Mail Code B10C
Pacific Gas and Electric Company
P.O. Box 770000
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October 31, 2006

Advice 2923-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Revision to Schedule NEM – Net Energy Metering Service

Pacific Gas and Electric Company (PG&E) hereby submits for filing a revision to its Electric Schedule NEM (NEM). This revision is filed to comply with Senate Bill (SB) 1, which increases the cap on retail net metering from 0.5% to 2.5% of electric service providers' aggregate customer peak demand. The affected tariff sheets are listed on the enclosed Attachment 1.

Purpose

This Advice filing requests authority to amend the Applicability language in NEM to state that the tariff is available on a first-come, first-served basis provided a customer files a completed application before the total rated generating capacity under this tariff exceeds 2.5% of PG&E's aggregate customer peak demand.

Background

On August 21, 2006, Governor Schwarzenegger signed SB 1, which among other things, amended Section 2827 of the Public Utilities Code to expand retail net metering for customers installing wind and solar generation. Senate Bill 1 provides 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 two and one half percent (2.5%) of a utility's aggregate customer peak demand. Senate Bill 1 becomes effective on January 1, 2007 (the effective date). The cap prior to January 1, 2007, is one half of one percent (0.5%) of a utility's aggregate customer peak demand. PG&E now believes it will not reach the current cap prior to the effective date. PG&E has interconnected approximately 90 MW of eligible customer-generation and is currently installing approximately 3 MW each month.

On June 15, 2006, PG&E filed Advice 2843-E clarifying what steps customers must complete so they can be considered on a first-come, first-serve basis until the cap is reached. It was approved July 15, 2006.

PG&E has also requested, in two previous filings (Advice 2904-E filed September 19, 2006, and Advice 2796-E filed March 21, 2006), to make the NEM rate schedule available for new applications should the cap be reached prior to the effective date. The CPUC rejected both of these filings on the grounds that it does not have the authority to increase PG&E's NEM cap prior to the effective date. Consequently, if the current cap is reached before January 1, 2007, completed applications received by PG&E prior to the effective date will have the option of either, (1) taking service as a non-NEM generator (possibly enabling them to receive state rebates sooner but not affording them any NEM rate credit benefits) until January 1, 2007, when the NEM rate schedule is again available, or (2) waiting to receive authorization to operate their NEM eligible generator in parallel with PG&E's grid until January 1, 2007.

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 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 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 total rated generating capacity used by eligible customer-generators exceeds *two and one-half* (2.5) percent of PG&E's aggregate customer peak demand.

PG&E requests an effective date of January 1, 2007.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **November 20, 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
Tariff Files, Room 4005
DMS Branch
505 Van Ness Avenue
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: jjn@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.

Brian K. Cherry
Vice President, Regulatory Relations
Pacific Gas and Electric Company
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 this advice letter be approved effective **January 1, 2007**, but that the Energy Division provides approval upon regular notice, **November 30, 2006**, which is 30 calendar 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. 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>

A handwritten signature in black ink that reads "Brian K. Cheyette". The signature is written in a cursive style and is positioned above the text "Vice President - Regulatory Relations".

Vice President - Regulatory Relations

Attachments

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 U39M

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Megan Hughes

Phone #: (415) 973-1877

E-mail: MEHr@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) #: **2923-E**

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

Keywords (choose from CPUC listing): Capacity, 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: **January 1, 2007**

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: Electric Rate Schedule NEM

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
inj@cpuc.ca.gov

Utility Info (including e-mail)
Attn: Brian K. Cherry
Vice President, 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 2923-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25419-E	Schedule NEM--Net Energy Metering Service	25045-E
25420-E	Table of Contents -- Rate Schedules	25398-E
25421-E	Table of Contents -- Rate Schedules	25046-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 total rated generating capacity used by eligible customer-generators exceeds two and one-half (2.5) percent of PG&E's aggregate customer peak demand. (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 "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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**PG&E Gas and Electric Advice
Filing List
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ABAG Power Pool	Douglass & Liddell	PG&E National Energy Group
Accent Energy	Downey, Brand, Seymour & Rohwer	Pinnacle CNG Company
Aglet Consumer Alliance	Duke Energy	PITCO
Agnews Developmental Center	Duke Energy North America	Plurimi, Inc.
Ahmed, Ali	Duncan, Virgil E.	PPL EnergyPlus, LLC
Alcantar & Elsesser	Dutcher, John	Praxair, Inc.
Ancillary Services Coalition	Dynergy Inc.	Price, Roy
Anderson Donovan & Poole P.C.	Ellison Schneider	Product Development Dept
Applied Power Technologies	Energy Law Group LLP	R. M. Hairston & Company
APS Energy Services Co Inc	Energy Management Services, LLC	R. W. Beck & Associates
Arter & Hadden LLP	Exelon Energy Ohio, Inc	Recon Research
Avista Corp	Exeter Associates	Regional Cogeneration Service
Barkovich & Yap, Inc.	Foster Farms	RMC Lonestar
BART	Foster, Wheeler, Martinez	Sacramento Municipal Utility District
Bartle Wells Associates	Franciscan Mobilehome	SCD Energy Solutions
Blue Ridge Gas	Future Resources Associates, Inc	Seattle City Light
Bohannon Development Co	G. A. Krause & Assoc	Sempra
BP Energy Company	Gas Transmission Northwest Corporation	Sempra Energy
Braun & Associates	GLJ Energy Publications	Sequoia Union HS Dist
C & H Sugar Co.	Goodin, MacBride, Squeri, Schlotz &	SESCO
CA Bldg Industry Association	Hanna & Morton	Sierra Pacific Power Company
CA Cotton Ginners & Growers Assoc.	Heeg, Peggy A.	Silicon Valley Power
CA League of Food Processors	Hitachi Global Storage Technologies	Smurfit Stone Container Corp
CA Water Service Group	Hogan Manufacturing, Inc	Southern California Edison
California Energy Commission	House, Lon	SPURR
California Farm Bureau Federation	Imperial Irrigation District	St. Paul Assoc
California Gas Acquisition Svcs	Integrated Utility Consulting Group	Stanford University
California ISO	International Power Technology	Sutherland, Asbill & Brennan
Calpine	Interstate Gas Services, Inc.	Tabors Caramanis & Associates
Calpine Corp	IUCG/Sunshine Design LLC	Tecogen, Inc
Calpine Gilroy Cogen	J. R. Wood, Inc	TFS Energy
Cambridge Energy Research Assoc	JTM, Inc	Transcanada
Cameron McKenna	Luce, Forward, Hamilton & Scripps	Turlock Irrigation District
Cardinal Cogen	Manatt, Phelps & Phillips	U S Borax, Inc
Cellnet Data Systems	Marcus, David	United Cogen Inc.
Chevron Texaco	Matthew V. Brady & Associates	URM Groups
Chevron USA Production Co.	Maynor, Donald H.	Utility Cost Management LLC
City of Glendale	MBMC, Inc.	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	
DGS Natural Gas Services	Palo Alto Muni Utilities	