

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



March 2, 2007

Advice Letter 2942-E-A

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

Subject: Revisions to PG&E's Proposal of a Day-of Option to its 2007-2008 Capacity
Bidding Program (CBP) in Compliance with Resolution E-4060

Dear Ms. de la Torre:

Advice Letter 2942-E-A is effective March 04, 2007. A copy of the advice letter and resolution
are returned herewith for your records.

Sincerely,

A handwritten signature in dark ink, appearing to read "Sean H. Gallagher".

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown	Tariffs Section
R Dela Torre	D Poster
B Lam	M Hughes
MAD 1 2 2007	
Return to _____	
cc to _____	

Brian K. Cherry
Vice President
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

February 2, 2007

Advice 2942-E-A

(Pacific Gas and Electric Company U 39 E)

Public Utilities Commission of the State of California

Subject: Revisions to PG&E's Proposal of a Day-of Option to its 2007-2008 Capacity Bidding Program (CBP) in Compliance with Resolution E-4060

In compliance with Resolution E-4060, Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to the Day-of option to its Capacity Bidding Program (CBP). The affected tariff sheets are enclosed as Attachment 1.

This Advice supersedes Advice 2942-E

Purpose

Resolution E-4060 (the Resolution) approved, with modifications, PG&E's proposal to add a Day-of option to its CBP filed in Advice 2942-E. Advice 2942-E-A is submitted to comply with Ordering Paragraph 2 of the Resolution.

Modifications to CBP Tariffs

The following modifications are proposed in compliance with Resolution E-4060:

- A fifteen-percent premium in the Day-of option capacity price above that paid for the Day-ahead option; and
- Language to clarify that customers with multiple service agreements (SA) may participate in both the day-of and day-ahead options for an event month by nominating demand reduction from a single SA to either option. Demand reductions from a single SA may not be nominated for both the Day-of and Day-ahead options for the same event month.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **February 22, 2007**, which is 20 days from the date of this filing. 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: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

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

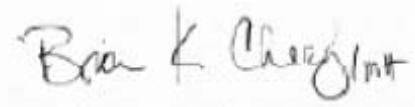
Effective Date

PG&E requests this advice letter be approved upon regular notice, **March 4, 2007**, 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 A.05-06-006. 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, appearing to read "Brian K. Chappin". The signature is written in a cursive, somewhat stylized font.

Vice President - Regulatory Relations

Attachments

cc: Service List – A.05-06-006

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) #: **2942-E-A**

Subject of AL: Revisions to PG&E's Proposal of a Day-of Option to its 2007-2008 Capacity Bidding Program (CBP) in Compliance with Resolution E-4060

Keywords (choose from CPUC listing): Demand Side Management, Agreements

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: E-4060

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: **March 4, 2007**

No. of tariff sheets: 17

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

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: Rate Schedule E-CBP and Forms, 79-1074, 79-1075, and 79-1076

Service affected and changes proposed¹: New Demand Response Program

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 and mas@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 2942-E-A**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25931-E	Schedule E-CBP--Capacity Bidding Program	25404-E
25932-E	Schedule E-CBP (Cont.)	25405-E
25933-E	Schedule E-CBP (Cont.)	25406-E
25934-E	Schedule E-CBP (Cont.)	25407-E
25935-E	Schedule E-CBP (Cont.)	25408-E
25936-E	Schedule E-CBP (Cont.)	25409-E
25937-E	Schedule E-CBP (Cont.)	25410-E
25938-E	Schedule E-CBP (Cont.)	25411-E
25939-E	Schedule E-CBP (Cont.)	25412-E
25940-E	Schedule E-CBP (Cont.)	25413-E
25941-E	Schedule E-CBP (Cont.)	New
25942-E	Sample Form 79-1074--Agreement for Customers Participating Directly in the Capacity Bidding Program	25414-E
25943-E	Sample Form 79-1075--Notice to Add or Delete Customers Participating in the Capacity Bidding Program	25415-E
25944-E	Sample Form 79-1076--Agreement for Aggregators Participating in the Capacity Bidding Program	25416-E
25945-E	Table of Contents -- Rate Schedules	25403-E
25946-E	Table of Contents -- Rate Schedules	25417-E
25947-E	Table of Contents -- Sample Forms	25418-E

Schedule E-CBP—Capacity Bidding Program

APPLICABILITY: The Capacity Bidding Program (CBP) is a voluntary demand response program that offers customers incentives for reducing energy consumption when requested by PG&E. Schedule E-CBP is available to PG&E customers receiving bundled service or Direct Access (DA) service and being billed on a PG&E commercial, industrial, or agricultural electric rate schedule. An eligible customer must continue to take service under the provisions of its otherwise applicable schedule (OAS).

TERRITORY: This schedule is available throughout PG&E's electric service territory.

ELIGIBILITY: A customer may participate in either the Day-Ahead or Day-Of option. A customer with multiple service agreements (SA) may nominate demand reductions from a single SA to either the Day-of option or Day-ahead option. A SA may not be nominated to both the Day-of and Day-ahead option during a single program month.

A customer cannot be on Schedule E-CBP and participate in any other demand response program except for E-OBMC and E-POBMC. Customers that receive electric power from third parties (other than through direct access), customers billed via net-metering (NEM, NEMFC, NEMBIO, etc.), and customers billed for standby service (either full or partial) are not eligible for the CBP.

A customer may enroll directly with PG&E or with an Aggregator. An Aggregator is an entity, appointed by a customer, to act on behalf of said customer with respect to all aspects of the CBP, including but not limited to: (1) the receipt of notices from PG&E under this program; (2) the receipt of incentive payments from PG&E; and (3) the payment of penalties to PG&E.

Aggregators and customers participating in the CBP must comply with the terms of this schedule and associated agreements.

SUBSCRIPTION LIMIT:	PG&E reserves the right to limit the subscription amount available to participate in the CBP, consistent with Commission guidelines.
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OPTIONS AND PRODUCTS: The program season is May 1 through October 31.

The program days are Monday through Friday during the program season, excluding PG&E holidays. PG&E holidays during the program season are the dates on which the following holidays are legally observed: Memorial Day, Independence Day, and Labor Day.

The program hours are 11 a.m. to 7 p.m. on program days.

The following options and products are available:

Day-Ahead Options

Product	Minimum Duration per Event	Maximum Duration per Event	Maximum Event Hours Per Operating Month	Maximum Events Per Day
1-4 Hour	1 hour	4 hours	24	1
2-6 Hour	2 hours	6 hours	24	1
4-8 Hour	4 hours	8 hours	24	1

(L)
(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

PRODUCTS
(Cont'd.):

Day-Of Options

Product	Minimum Duration per Event	Maximum Duration per Event	Maximum Event Hours Per Operating Month	Maximum Events Per Day
1-4 Hour	1 hour	4 hours	24	1
2-6 Hour	2 hours	6 hours	24	1
4-8 Hour	24hours	8 hours	24	1

AGGREGATOR'S
PORTFOLIO:

An Aggregator must submit a Notice to Add or Delete Customers Participating in the Capacity Bidding Program (Form 79-1075) to add a customer's Service Agreements (SAs) to add or delete a customer's SAs from its portfolio. PG&E will review and approve each SA before the SA can be included in an Aggregator's portfolio. Additions to the portfolio will be effective upon PG&E's approval date. Deletions from the portfolio will be effective at the end of the current calendar month in which this notice is received provided PG&E receives this notice at least 15 calendar days prior to the end of the current month. A SA can be included in only one portfolio at a time.

CUSTOMER
SPECIFIC
ENERGY
BASELINE:

To participate in this program, a customer, including aggregated customers, must have a valid customer specific energy baseline (CSEB) at least 5 calendar days prior to the first day of the operating month.

A CSEB will be valid for purposes of participation if there are at least ten (10) similar days of interval data available in PG&E's CBP Website.

For directly-enrolled customers, the CSEB on any given day during the program is the hourly average based on the three (3) highest energy usage days of the immediate past ten (10) similar days. The three (3) highest energy usage days are those days with the highest total kilowatt hour usages during the program hours. The past ten (10) similar days will include Monday through Friday, excluding PG&E holidays and will additionally exclude days when the customer was paid to reduce load on an interruptible or other curtailment program or days when rotating outages were called.

For Aggregators, each Capacity Nomination will have its own CSEB based its associated aggregated group. The CSEB for the aggregated group is the hourly average based on the three (3) highest energy usage days of the immediate past ten (10) similar days for the load profile of the aggregated group. The three (3) highest energy usage days are those days with the highest total kilowatt hour usages for the aggregated group between during the program hours. The hourly load profile on any given day during the program is determined by summing the hour by hour interval data for each of the SAs in the aggregated group. The past ten (10) similar days will include Monday through Friday, excluding PG&E holidays and will additionally exclude days when the customer was paid to reduce load on an interruptible or other curtailment program or days when rotating outages were called.

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

**CAPACITY
NOMINATIONS:**

Capacity Nominations must be submitted by directly-enrolled customers and Aggregators no later than 5 calendar days prior to the operating month. Capacity Nominations must specify for each SA both an Option (Day-Ahead or Day-Of) and a Product. All Capacity Nominations are fixed for their associated operating month. All operating months begin and end at the beginning and ending of its corresponding calendar month.

(T)
|
(T)

A directly-enrolled customer cannot submit a Capacity Nomination until all requirements specified herein have been met.

An Aggregator can include only those SAs that are in its portfolio.

A directly-enrolled customer must nominate capacity in the following category for each enrolled SA:

Option (Day-Ahead or Day-Of)

(N)

Product

An Aggregator must nominate capacity in the following categories:

Option (Day-Ahead or Day-Of)

(N)

Product

Bundled/Direct Access

Congestion Zone (NP-15 or ZP-26)

No later than 5 calendar days prior to the first day of the operating month, an Aggregator must specify the SAs from its portfolio that shall be included in the aggregated group associated with each Capacity Nomination. The characteristics of selected SAs must match the categories of its associated Capacity Nomination. These aggregated groups will be used to determine the CSEB and performance during the operating month. A SA can be included in only one aggregated group and only one CSEB for a given operating month.

RATES:

The payments under this rate schedule will be determined from the following components.

1. Capacity Price
2. Capacity Payment and Capacity Penalty
3. Energy Payment

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

CAPACITY
PRICE:

Capacity Price by Month for 2007 and 2008

Aggregators in Day-Ahead Option

(T)

Product	May	June	July	August	September	October
1-4 Hour	\$0.00/kW	\$3.71/kW	\$15.60/kW	\$21.57/kW	\$13.30/kW	\$0.00/kW
2-6 Hour	\$0.00/kW	\$3.71/kW	\$15.60/kW	\$21.57/kW	\$13.30/kW	\$0.00/kW
4-8 Hour	\$0.00/kW	\$3.71/kW	\$15.60/kW	\$21.57/kW	\$13.30/kW	\$0.00/kW

Directly-Enrolled Customers in Day-Ahead Option

(T)

Product	May	June	July	August	September	October
1-4 Hour	\$0.00/kW	\$2.97/kW	\$12.48/kW	\$17.26/kW	\$10.64/kW	\$0.00/kW
2-6 Hour	\$0.00/kW	\$2.97/kW	\$12.48/kW	\$17.26/kW	\$10.64/kW	\$0.00/kW
4-8 Hour	\$0.00/kW	\$2.97/kW	\$12.48/kW	\$17.26/kW	\$10.64/kW	\$0.00/kW

Aggregators in Day-Of Option

(N)

Product	May	June	July	August	September	October
1-4 Hour	\$0.00/kW	\$4.27/kW	\$17.94/kW	\$24.81/kW	\$15.30/kW	\$0.00/kW
2-6 Hour	\$0.00/kW	\$4.27/kW	\$17.94/kW	\$24.81/kW	\$15.30/kW	\$0.00/kW
4-8 Hour	\$0.00/kW	\$4.27/kW	\$17.94/kW	\$24.81/kW	\$15.30/kW	\$0.00/kW

Directly-Enrolled Customers in Day-Of Option

Product	May	June	July	August	September	October
1-4 Hour	\$0.00/kW	\$3.42/kW	\$14.35/kW	\$19.85/kW	\$12.24/kW	\$0.00/kW
2-6 Hour	\$0.00/kW	\$3.42/kW	\$14.35/kW	\$19.85/kW	\$12.24/kW	\$0.00/kW
4-8 Hour	\$0.00/kW	\$3.42/kW	\$14.35/kW	\$19.85/kW	\$12.24/kW	\$0.00/kW

(N)

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

CAPACITY
PAYMENT AND
CAPACITY
PENALTY:

All Capacity Payments will be determined separately for each Capacity Nomination submitted by directly-enrolled customers or Aggregators as specified above.

If no CBP Events were called during the operating month, then the Capacity Payment for the operating month is equal to product of Nominated Capacity and Capacity Price for the applicable operating month.

If one or more CBP Events were called during the operating month, then the Capacity Payment for the operating month is the sum of the Adjusted Hourly Capacity Payments/Penalties for the operating month which are determined as follows:

- 1) The Hourly Delivered Capacity for the event hour is equal to the CSEB for the event hour minus the average demand during the event hour. The average demand is defined as the energy consumed during the event hour converted to demand measured in kilowatts. The Hourly Delivered Capacity cannot be greater than the Nominated Capacity or less than zero (0).
- 2) The Hourly Delivered Capacity Ratio for the event hour is Hourly Delivered Capacity divided by the Nominated Capacity.
- 3) The Unadjusted Hourly Capacity Payment equals the product of the Nominated Capacity for the operating month and the Capacity Price for the operating month divided by the number of event hours in the operating month.

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

CAPACITY
PAYMENT AND
CAPACITY
PENALTY
(Cont'd.):

4. The Adjusted Hourly Capacity Payment/Penalty is determined from the following table:

Hourly Delivered Capacity Ratio	Adjusted Hourly Capacity Payment/Penalty
= 1	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * Hourly Delivered Capacity Ratio Adjusted Hourly Capacity Penalty = 0
>= 0.90 and < 1	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * Hourly Delivered Capacity Ratio Adjusted Hourly Capacity Penalty = 0
>= 0.75 and < 0.90	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * 50% Adjusted Hourly Capacity Penalty = 0
>= 0.50 and < 0.75	Adjusted Hourly Capacity Payment = 0 Adjusted Hourly Capacity Penalty = 0
>= 0 and < 0.50	Adjusted Hourly Capacity Payment = 0 Adjusted Hourly Capacity Penalty = Unadjusted Hourly Capacity Payment * (0.50 - Hourly Delivered Capacity Ratio)

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

**ENERGY
PAYMENT:**

All Energy Payments will be determined separately for each Capacity Nomination.

If no CBP Events were called during the operating month, then the monthly Energy Payment is zero (0).

If one or more CBP Events were called during the operating month, then the monthly Energy Payment is obtained by summing the Hourly Energy Payments. The Hourly Energy Payments will be determined as follows:

$$\text{Nominated Energy}_{\text{HR}} = \text{Nominated Capacity}_{\text{HR}}$$

$$\text{Delivered Energy}_{\text{HR}} = \text{lesser of Delivered Capacity}_{\text{HR}} \text{ or } 1.5 * \text{Nominated Energy}_{\text{HR}}$$

$$\text{If Delivered Energy}_{\text{HR}} \geq \text{Nominated Energy}_{\text{HR}}$$

$$\text{Energy Payment}_{\text{HR}} = \text{Delivered Energy}_{\text{HR}} * \text{Energy Price}_{\text{HR}}$$

$$\text{If Delivered Energy}_{\text{HR}} < \text{Nominated Energy}_{\text{HR}}$$

$$\text{Energy Payment}_{\text{HR}} = \text{Delivered Energy}_{\text{HR}} * \text{Energy Price}_{\text{HR}} \text{ less } (\text{Nominated Energy}_{\text{HR}} - \text{Delivered Energy}_{\text{HR}}) * \text{the higher of the ex-post energy price for the event hour or the Energy Price}_{\text{HR}}$$

$$\text{Where the Energy Price}_{\text{HR}} = 15,000 \text{ BTU/kWh} * \text{PG\&E citygate midpoint gas price as published by Platts Gas Daily for the date of the CBP Event } (\$/\text{BTU})$$

**SPECIAL
CONDITIONS
FOR DIRECT
ACCESS
CUSTOMERS:**

DA customers enrolling directly with the PG&E must make the necessary arrangements with their ESP before enrolling in this program. Directly-enrolled DA customers must notify their ESP when a CBP Event has been scheduled.

Aggregators must make the necessary arrangements with the ESP of its DA customers before enrolling DA customers in this program. Aggregators must notify the ESP of its DA customers when a CBP Event has been scheduled.

A directly-enrolled DA customer and Aggregator on behalf of a DA customer must arrange for a Scheduling Coordinator to Scheduling Coordinator (SC-to-SC) trade with PG&E's scheduling agent for payments to be received for the DA customer's participation in the CBP. The directly enrolled DA customer and Aggregator is responsible for the following: (1) The SC-to-SC trade must be submitted in a timeframe that complies with the California Independent System Operator's (ISO) requirements and; (2) all imbalance or other additional costs incurred by PG&E or PG&E's program coordinator if the customer's SC fails to submit a SC-to-SC trade or if the SC-to-SC trade is not accepted by the ISO because of an action or inaction of the customer's SC. The directly enrolled DA customer or Aggregator shall not be entitled to any capacity or energy payment from PG&E for load dropped by a DA customer during a CBP Event unless PG&E receives a SC-to-SC trade for such load reductions during the CBP Event. If a SC-to-SC trade of sufficient capacity is not delivered to PG&E or PG&E's scheduling agent, then the directly enrolled DA customer's and Aggregator's performance on behalf of DA customers shall be deemed zero for the purpose of calculating payments and penalties due under Schedule E-CBP.

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

**SPECIAL
CONDITIONS
FOR DIRECT
ACCESS
CUSTOMERS:
(Cont'd.)**

The directly enrolled DA customer and Aggregators on behalf of DA customers are responsible for notifying the ESP that the ESP will not be compensated by PG&E for the SC-to-SC trade submitted as a result of CBP Events.

See Agreement For Customers Participating Directly In The Capacity Bidding Program (Form 79-1074) and Agreement For Aggregators Participating In The Capacity Bidding Program (Form 79-1076) for additional information.

**METERING AND
COMMUNI-
CATIONS
EQUIPMENT:**

Each customer must have an approved interval meter and approved meter communications equipment installed and operating prior to participating on this program in order to establish a valid CSEB. See Baseline section for additional details.

An approved interval meter is capable of recording usage in 15-minute intervals and being read remotely by PG&E and by PG&E's Program Coordinator. If the customer is receiving DA service, then a Meter Data Management Agent (MDMA) may also read the customer's meter on behalf of the customer's ESP.

For bundled service customers with a maximum demand of 200 kW or greater for three consecutive months in the past 12 billing months, PG&E will provide and install the metering and communication equipment at no cost to the customer if metering and communication equipment are required. For other bundled service customers, PG&E will, if required, provide and install the metering equipment at the customer's expense pursuant to Electric Rule 2, Special Facilities.

Installation of an approved interval meter and approved meter communications equipment for a DA customer is the responsibility of the customer's ESP or its MDMA. The meter and associated equipment must be installed in accordance with Electric Rule 22. If PG&E is the MDMA on behalf of the DA customer's ESP, then no additional fees will be required. If the DA customer uses a third-party MDMA, then the customer will be responsible for any and all costs associated with providing PG&E acceptable interval data on a daily basis, including any additional metering or communication equipment and any additional fees assessed by the customer's ESP.

Prior to customer's participation in the program, the customer must be able to successfully transfer meter data according to PG&E's specification on a daily basis for a period of no less than ten (10) calendar days.

For small and medium sized commercial customers enrolled through the San Francisco Community Power (SFCP) Small Customer Aggregation Pilot Program, PG&E will, pursuant to D.06-03-024, provide interval meters and communication equipment at no cost to the participant or SFCP.

All measurements for the CSEB and performance will be determined using the customer's electric revenue interval meter without loss factor adjustments.

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

**NOTIFICATION
EQUIPMENT:**

Directly-enrolled customers and Aggregators, at their expense, must have: (1) access to the Internet and an e-mail address to receive notification of a CBP Event; and (2) an alphanumeric pager that is capable of receiving a text message sent via the Internet. A directly-enrolled customer or Aggregator cannot participate in the CBP until all of these requirements have been satisfied.

If a CBP Event occurs, directly-enrolled customers and Aggregators will be notified using one or more of the above mentioned systems. It is the responsibility of the Aggregator to notify its aggregated customers.

PG&E will make best efforts to notify directly-enrolled customers and Aggregators; however receipt of such notice is the responsibility of the participating customer or Aggregator. In addition, the customer or Aggregator may check PG&E's CBP website to see if a CBP Event has been triggered. PG&E does not guarantee the reliability of the pager system, e-mail system, or website by which the customer receives notification.

**CONTRACTS
AND FORMS:**

Customers wanting to directly enroll in PG&E's CBP must submit a signed Agreement For Customers Participating Directly In The Capacity Bidding Program (Form 79-1074).

Aggregators must submit a signed Agreement For Aggregators Participating In The Capacity Bidding Program (Form 79-1076). Aggregators must submit a Notice to Add or Delete Customers Participating in the Capacity Bidding Program (Form 79-1075) signed by the aggregated customer to add or delete a customer from its portfolio.

**CONTRACTUAL
ARRANGEMENT
BETWEEN
CUSTOMER AND
AGGREGATOR:**

The terms and conditions of the agreement governing the relationship between the Aggregator and a customer with respect to such customer's participation in the CBP through such Aggregator are independent of PG&E. Any disputes arising between Aggregator and such customer shall be resolved by the parties.

**BILLING
DISPUTES:**

If a directly-enrolled customer or Aggregator disputes a bill issued by PG&E, the disputed amount will be deposited by the customer or Aggregator with the California Public Utilities Commission (Commission) pending resolution of the dispute under the existing Commission procedures for resolving such disputes with PG&E. No termination of participation in the CBP will occur for this dispute while the Commission is hearing the matter, provided that the full amount in dispute is deposited with the Commission.

If a customer has a billing dispute with its Aggregator, the customer will remain obligated to pay PG&E charges for its OAS in a timely manner. Neither the Aggregator nor the customer shall withhold payment of PG&E charges pending resolution of a dispute between the customer and Aggregator.

(Continued)



Schedule E-CBP—Capacity Bidding Program
(Continued)

PROGRAM	Day-Ahead Option:	(T)
TRIGGER AND		
NOTIFICATION:	PG&E will trigger a Day-Ahead CBP Event when PG&E's procurement stack is expected to require the dispatch of electric generation facilities with heat rates of 15,000 BTU/kWh or greater for the day-ahead market. Separate CBP Events will be called by congestion zone (NP-15 or ZP-26) where the customer is located.	(T)
	PG&E will notify directly-enrolled customers and Aggregators by 3:00 p.m. on a day-ahead basis of a CBP Event for the following business day. Notices will be issued by 3:00 p.m. on the business day immediately prior to a PG&E holiday or weekend if a CBP Event is planned for the first business day following the PG&E holiday or weekend.	(T)
	PG&E may call up to two (2) test Day-Ahead CBP Events per calendar year. Test CBP Events will be treated as actual CBP Events, including payments and penalties, and will count towards the product limits.	(T)
	Day-Of Option:	(N)
	PG&E will trigger a Day-Of Event when PG&E's procurement stack is expected to require the dispatch of electric generation facilities with heat rates of 15,000 BTU/kWh or greater for the hour-ahead market. Separate CBP Events will be called by congestion zone (NP-15 or ZP-26) where the customer is located.	
	PG&E will notify directly-enrolled customers and Aggregators on a day-of basis, with up to 30 minutes notice prior to the close of the ISO Hour-Ahead Market (approximately three hours notice prior to the start of a Day-Of Event).	
	PG&E may call two (2) test Day-Of CBP Events per calendar year. Test Day-Of CBP Events will be treated as actual CBP Events, including payments and penalties, and will count towards the product limits.	(N)
PROGRAM	All customers participating on this program agree to allow personnel from the California Energy Commission (CEC), PG&E, and their contracting agents, reasonable access to conduct a site visit for measurement and evaluation, access to the customer's interval meter data, and agree to complete any surveys needed to enhance this program.	(L)
RESEARCH AND		
ANALYSIS:		

(Continued)



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Original

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

25942-E
25414-E

PACIFIC GAS AND ELECTRIC COMPANY
AGREEMENT FOR CUSTOMERS PARTICIPATING DIRECTLY
IN THE CAPACITY BIDDING PROGRAM
FORM NO. 79-1074 (2/07)
(ATTACHED)

(T)

(T)

Advice Letter No. 2942-E-A
Decision No.

105900

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed February 2, 2007
Effective
Resolution No. E-4060

**AGREEMENT FOR CUSTOMERS PARTICIPATING DIRECTLY
IN THE CAPACITY BIDDING PROGRAM**

This Agreement (Agreement) for Customers participating directly in the Capacity Bidding Program (CBP) is entered into by and between Pacific Gas and Electric Company (PG&E), a California corporation, and _____ (Customer), a _____, PG&E and Customer may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (CPUC) has authorized the CBP, a capacity bidding program as set forth in PG&E’s Schedule E-CBP, (Schedule E-CBP), which is attached hereto as **Attachment A** and incorporated herein by this reference, whereby PG&E pays eligible customers for participating in the CBP; and

WHEREAS, Customer desires to participate directly in the CBP for the service agreements listed on **Attachment B** subject to the applicable PG&E tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

1. For the term of this Agreement, Customer shall receive service in accordance with Schedule E-CBP and Customer’s Otherwise Applicable Schedule filed with the CPUC, as such schedules now exist or may hereafter be amended or superseded. If the CPUC approves any modification to Schedule E-CBP, any such modification shall be incorporated herein and this Agreement will continue in full force and effect as to Schedule E-CBP as so modified, unless and until the Parties execute a new agreement, or unless and until PG&E or Customer terminates this Agreement.
2. Customer understands that Schedule E-CBP is a voluntary program whereby Customer receives Capacity and Energy Payments for delivered Capacity and delivered Energy during CBP Events. Customer understands that the Customer may receive penalties for non-performance under Schedule E-CBP.
3. PG&E reserves the right to contact Customer to confirm its Capacity Nominations, to clarify possible errors, and to remove Customer from Schedule E-CBP if Customer does not comply with the terms and conditions of Schedule E-CBP or this Agreement.
4. Schedule E-CBP has an initial term of 12 months. A directly-enrolled customer may request to terminate its participation in this program by submitting to PG&E a completed Cancellation of Contract (Form 62-4778). The termination will be effective on the later of 1) the beginning of the calendar month that is immediately after the initial 12 month term, and 2) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after PG&E received the Cancellation of Contract. Unless Customer or PG&E terminates Customer’s participation in the CBP, the Customer shall remain enrolled through December 31, 2008.
5. Direct Access (DA) customers shall be solely responsible for having an arrangement with its energy service provider (ESP) and/or scheduling coordinator for the purposes of ensuring that PG&E’s Scheduling Coordinator receives a delivery of an amount of energy that is equal to the amount of load dropped by customer during a CBP Event. The trade shall be scheduled as a Scheduling Coordinator to Scheduling Coordinator (SC-to-SC) trade to the congestion zone in which the DA customer is located. DA customers shall not be entitled to any capacity or energy payment from PG&E for the load dropped by a DA customer during a CBP Event unless PG&E receives a trade for such load reductions during the CBP Event. PG&E shall not be responsible for enforcing requirements applicable to the performance of the Scheduling Coordinators. DA customers agree to follow the SC-to-SC trade protocol in Attachment C. DA customer shall also be required to pay any imbalance charges imposed on PG&E by the California Independent System Operator arising from Customer’s failure to make a compliant SC-to-SC trade. DA

customer is responsible for notifying its ESP that the ESP will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

6. PG&E shall not be liable to Customer for any damages caused by PG&E's conduct in compliance with, or as permitted by, Schedule E-CBP or other tariffs, this Agreement and associated legal and regulatory requirements related to the CBP. PG&E shall not be liable for any damages caused by Customer's failure to comply with PG&E's tariffs, this Agreement and associated legal and regulatory requirements.
7. Customer shall not assign this Agreement without prior written consent of PG&E.
8. PG&E may immediately terminate this Agreement upon written notice to Customer if Customer breaches any material obligation under this Agreement and fails to cure such breach within fifteen (15) calendar days after receiving written notice of the breach. Customer must notify PG&E upon curing the identified breach.
9. Customer agrees to allow personnel from the California Energy Commission (CEC), PG&E and their contracting agents' reasonable access to conduct a site visit for measurement and evaluation, access to the Customer's interval meter data, and agree to complete any surveys needed to enhance this program.
10. This Agreement shall at all times be subject to the changes or modifications by the CPUC as the CPUC may, from time to time, direct in the exercise of its jurisdiction.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized agents to be effective on the date of PG&E's signature below provided all necessary requirements of Schedule E-CBP have been met.

Customer	Pacific Gas and Electric Company
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

The following attachments are attached hereto and incorporated by reference:

Attachment A:	Schedule E-CBP
Attachment B:	Customer Information
Attachment C:	Protocol for SC-to-SC Trade

ATTACHMENT A
Schedule E-CBP

ATTACHMENT B
Customer Information

Site Information:

Site Name: _____
Service Address: _____

Service Agreement Number: _____
Electric Meter Number: _____

Site Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Primary CBP Event Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

Secondary CBP Event Contact:

Name: _____
Title: _____
Mailing Address: _____

Telephone Number: _____
Pager Number: _____
Email Address: _____

ATTACHMENT C

Protocol for SC-to-SC Trade

Five calendar days prior to the beginning of each operating month, Customer shall provide to PG&E via PG&E's CBP website, monthly nominations of demand response broken down by Option, Product and Congestion Zone (i.e., NP-15 or ZP-26, or as currently established by the CAISO) to be made available under this Agreement.

For the Day-Ahead option, PG&E or PG&E's program coordinator shall notify Customer by 1500 hours if a dispatch is required the next business day. PG&E's notification shall specify the quantity of each Product in each hour and by Congestion Zone. Such schedules shall be for contiguous hours only. Each business day following a PG&E notification, Customer shall perform or cause to be performed a Scheduling Coordinator to Scheduling Coordinator trade to PG&E's scheduling agent at least ninety (90) minutes in advance of the CAISO's Hour-Ahead scheduling time line equivalent to the demand reduction set forth in PG&E's notification for that hour. Such traded quantity shall be adjusted by the Distribution Loss Factor for each Customer to account for delivery at the CAISO interface. The Electric Service Provider will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

For the Day-Of option, PG&E or PG&E's program coordinator shall notify Customer with up to thirty (30) minutes notice prior to the close of the CAISO Hour-Ahead Market (approximately three hours prior to the start of a Day-Of Event). PG&E's notification shall specify the quantity of each Product in each hour and by Congestion Zone. Such schedules shall be for contiguous hours only. Customer shall perform or cause to be performed a Scheduling Coordinator to Scheduling Coordinator trade to PG&E's scheduling agent prior to the close of the CAISO's Hour-Ahead Market. Such traded quantity shall be adjusted by the Distribution Loss Factor for each Customer to account for delivery at the CAISO interface. The Electric Service Provider will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

Market Redesign and Technology Upgrade

The foregoing protocols are intended for implementation under the current CAISO electric market structure. At this time, the precise treatment of Demand Response by the CAISO under Market Redesign and Technology Upgrade (MRTU) is uncertain. PG&E reserves the right to modify these protocols so that utilization of the Products can be consistent with MRTU requirements.



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Original

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

25943-E
25415-E

PACIFIC GAS AND ELECTRIC COMPANY
NOTICE TO ADD OR DELETE CUSTOMERS PARTICIPATING
IN THE CAPACITY BIDDING PROGRAM
FORM NO. 79-1075 (2/07)
(ATTACHED)

(T)
—
(T)

Advice Letter No. 2942-E-A
Decision No.

105901

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed February 2, 2007
Effective _____
Resolution No. E-4060



NOTICE TO ADD OR DELETE CUSTOMERS PARTICIPATING IN THE CAPACITY BIDDING PROGRAM

Instructions: Aggregators and Customers use this notice to officially notify Pacific Gas and Electric Company (PG&E) of your intent to add or delete PG&E customers from the Aggregator's CBP portfolio. Send the completed notice to PG&E's Demand Response Program Department by U.S. mail or fax; however, the original must be mailed as soon as possible if the notice was faxed.

Fax to: Pacific Gas and Electric Company
Demand Response Program Department
Attn: CBP Manager
FAX: 415-973-4177

Mail signed original to: Pacific Gas and Electric Company
Demand Response Program Department
Attn: CBP Manager
77 Beale, B7B
San Francisco, CA 94105

PG&E may verify the information on this notice with the Customer.

Aggregator Company Name:		Aggregator Code:	
--------------------------	--	------------------	--

This notice adds or deletes a customer's Service Agreements from the Aggregator's CBP portfolio. PG&E will review and approve each Service Agreement to be added to determine if it meets the minimum requirements as specified in Schedule E-CBP. PG&E must approve each Service Agreement before the Service Agreement can be included in an Aggregator's portfolio. Additions to the portfolio will be effective upon PG&E's approval date. Deletions from the portfolio will be effective at the end of the current calendar month in which this notice is received provided PG&E receives this notice at least 15 calendar days prior to the end of the current month.

By signing this notice, Aggregator and Customer understand that the Aggregator has the authority to act on behalf of the Customer in connection with the CBP for the Customer's Service Agreements shown below. Such authority is subject to the applicable terms and conditions of Schedule E-CBP and the Agreement For Aggregators Participating In The Capacity Bidding Program (Form 79-1076).

Customer designates the above-named Aggregator to act on its behalf as its Aggregator pursuant to Schedule E-CBP for all purposes, including, but not limited to, the receipt of payments, the payment of penalties, if any, and the receipt of all notices sent by PG&E under the E-CBP program.

Customer understands that PG&E will provide its electric usage and electric meter data for the Service Agreements to Aggregator so Aggregator can determine the payment payable to and penalties chargeable to Customer under Schedule E-CBP. Customer also agrees to allow personnel from the California Energy Commission (CEC), PG&E, and their contracting agents, reasonable access to conduct a site visit for measurement and evaluation, access to the Customer's interval meter data, and agree to complete any surveys needed to enhance this program.

Customer acknowledges that Aggregator is not PG&E's agent for any purpose. PG&E shall not be liable to the Customer for any damages resulting from any acts, omissions, or representations made by Aggregator in connection with Aggregator's solicitation of Customer or with the Aggregator's performance any of its functions in the CBP. PG&E shall not be liable to Customer for any damages caused to the Customer by any failure by Aggregator to comply with PG&E's tariffs or for any damages caused by Aggregator's failure to perform any commitment to the Customer.

Customer Name:		Aggregator Name	
Title:		Title	
Signature:		Signature:	
Date:		Date:	

Notice by Aggregator to Add/Delete Customers
Please Print or Type Clearly

Aggregator Name: _____

	Add/ Delete	Customer Site Name	PG&E Service Agreement Number	Electric Meter Number	Service Address and City
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					



Pacific Gas and Electric Company
San Francisco, California

Cancelling

Revised
Original

Cal. P.U.C. Sheet No.
Cal. P.U.C. Sheet No.

25944-E
25416-E

PACIFIC GAS AND ELECTRIC COMPANY
AGREEMENT FOR AGGREGATORS PARTICIPATING
IN THE CAPACITY BIDDING PROGRAM
FORM NO. 79-1076 (2/07)
(ATTACHED)

(T)

(T)

Advice Letter No. 2942-E-A
Decision No.

105902

Issued by
Brian K. Cherry
Vice President
Regulatory Relations

Date Filed February 2, 2007
Effective
Resolution No. E-4060

**AGREEMENT FOR AGGREGATORS PARTICIPATING IN THE
CAPACITY BIDDING PROGRAM**

This Agreement (Agreement) for Aggregators participating in the Capacity Bidding Program (CBP) is entered into by and between Pacific Gas and Electric Company (PG&E), a California corporation, and _____ (Aggregator), a _____ . PG&E and Aggregator may sometimes be referred to herein as a “Party” and collectively as the “Parties”.

WHEREAS, the California Public Utilities Commission (CPUC) has authorized the CBP, a capacity bidding program as set forth in PG&E’s Schedule E-CBP, (Schedule E-CBP), which is attached hereto as **Attachment A** and incorporated herein by this reference, whereby PG&E pays eligible Aggregators for participating in the CBP; and

WHEREAS, the CPUC has authorized the participation of Aggregators in the CBP, and Aggregator desires to participate in the CBP subject to the applicable PG&E tariff rules and rate schedules.

NOW, THEREFORE, in consideration of the mutual undertakings set forth below, the Parties agree as follows:

I. AGGREGATOR’S OBLIGATIONS

A. Status; Subject to Applicable PG&E Tariffs. Aggregator’s status in the CBP shall be as an “Aggregator” under Schedule E-CBP. Aggregator shall be subject to all applicable tariff rules and regulations (which rules and regulations are hereby incorporated herein as an integral part of this Agreement), including, but not limited to, the rates, terms and conditions set forth in Schedule E-CBP, as such rules and regulations may be amended from time to time.

B. Representation of Customers. Aggregator shall represent those customers in PG&E’s electric service territory eligible to participate in the CBP, who have elected to participate through Aggregator with respect to such customer’s service agreement(s), by having appropriate contractual or other arrangements with each such eligible customer whereby such customer authorizes Aggregator, as its representative, to receive payments and to pay penalty charges on behalf of such customer in connection with the customer’s participation, through Aggregator, in the CBP. Aggregator shall be solely responsible for having the appropriate contractual or other arrangements with each customer whom Aggregator represents in the CBP. PG&E shall not be responsible for monitoring, auditing, reviewing or enforcing such arrangements. Aggregator acknowledges and agrees that, in its representation of PG&E customers for the CBP, Aggregator is subject to the terms and conditions of Schedule E-CBP and this Agreement.

C. Aggregator Service Establishment. Aggregator must submit an executed Agreement for Aggregators Participating in the CBP. The Agreement becomes effective upon execution by PG&E.

D. Required Notice to Add or Delete Customers. Once Aggregator has entered into the appropriate contractual or other arrangements with each customer whom Aggregator represents in the CBP, Aggregator shall deliver to PG&E a “Notice to Add or Delete Customers Participating in the Capacity Bidding Program” in the form attached hereto as **Attachment B**, adding such customer’s service agreement(s) to Aggregator’s portfolio. The Notice shall be executed by the Aggregator and each affected customer. Aggregator shall notify PG&E that it has dropped a customer service agreement from its portfolio by delivering to PG&E a “Notice to Add or Delete Customers Participating in the Capacity

Bidding Program” signed by customer and Aggregator. Aggregator shall deliver such Notices to PG&E as specified in the Notice.

PG&E must approve each Service Agreement before the Service Agreement can be included in the Aggregator’s portfolio. Additions to and deletions from the Aggregator’s portfolio will be effective as specified in the E-CBP Tariff and the Notice.

E. Ensure Necessary Arrangements with Scheduling Coordinators for Direct Access Customers. Aggregator shall be solely responsible for having the appropriate contractual or other arrangements with the Scheduling Coordinator (SC) and/or the Energy Service Provider (ESP) for each DA customer whom Aggregator represents in the CBP to ensure that PG&E’s SC receives a of an amount of energy that is equal to the amount of load dropped by Aggregator’s customer during a CBP Event. The trade shall be scheduled as a Scheduling Coordinator to Scheduling Coordinator (SC-to-SC) trade to the congestion zone in which the DA customer is located. Aggregator shall not be entitled to any capacity or energy payment from PG&E for load dropped by a DA customer during a CBP Event pursuant to an Aggregator nomination unless PG&E’s receives a SC-to-SC trade for such load reductions during the CBP Event. If a SC-to-SC trade of a sufficient capacity is not delivered to PG&E, the DA customer’s performance shall be deemed zero for the purpose of calculating payments and penalties due under Schedule E-CBP. PG&E shall not be responsible for enforcing requirements applicable to the performance of the Scheduling Coordinators. The Aggregator agrees to follow the SC-to-SC trade protocol in **Attachment C**. Aggregator shall be required to pay any imbalance charges imposed on PG&E by the California Independent System Operator arising from the Aggregator’s failure to make a compliant SC-to-SC trade for its DA customer’s load drop. The Aggregator is responsible for notifying the ESP for its DA customers that the ESP will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

F. Secure Customer Participation in Measurement and Evaluation Activities. Aggregator shall agree, and shall cause each customer whom Aggregator represents on the CBP to agree, to (i) allow personnel from the California Energy Commission, PG&E, and their contracting agents reasonable access to customer’s facilities to conduct a site visit for measurement and evaluation of activities related to the CBP; and (ii) participate in and complete any surveys needed to enhance the CBP. Aggregator’s failure to secure these agreements may result in the termination of this Agreement and/or a determination by PG&E that Aggregator is ineligible to participate in the CBP.

G. Timeliness and Due Diligence. Aggregator shall exercise due diligence in meeting its obligations and deadlines under Schedule E-CBP and this Agreement to facilitate customer participation through Aggregator in the CBP.

II. GENERAL TERMS

A. Definitions. Except where explicitly defined herein, the capitalized terms used in this Agreement shall have the meanings set forth in Schedule E-CBP.

B. Customer-Specific Usage or Meter Data. Upon the addition of a Service Agreement to an Aggregator’s portfolio, Usage or meter data for the Service Agreement will become available on a going forward basis via the format available in PG&E’s CBP Website.

III. LIMITATION OF LIABILITIES

A. PG&E shall not be liable to the Aggregator for any damages caused by PG&E's conduct in compliance with, or as permitted by, Schedule E-CBP or other tariffs, this Agreement and associated legal and regulatory requirements related to the CBP.

B. PG&E's liability to Aggregator for any loss, cost, claim, injury, liability or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in PG&E's performance of this Agreement shall be limited to the amount of direct damage actually incurred. In no event shall PG&E be liable to Aggregator for any indirect, special, consequential or punitive damages of any kind whatsoever, whether in contract, tort or strict liability.

IV. PAYMENT

A. Payment Terms. During the term of this Agreement, PG&E shall make any payments due to Aggregator (after deducting any amounts due to PG&E) pursuant to the terms and conditions of Schedule E-CBP within sixty (60) calendar days following the end of each operating month by mailing an invoice and check payable to Aggregator to the following address:

Name: _____
Attention: _____
Address 1: _____
Address 2: _____
City, State, Zip: _____

B. Late Payments. PG&E's charges to Aggregator as provided in Schedule E-CBP and Commission rules will be considered past due if it is not paid within 15 calendar days after transmittal of an invoice by PG&E. If an Aggregator does not pay PG&E's invoice within such 15 calendar days, then:

1. A 7-day notice may be mailed to the Aggregator and to each of the customers in the Aggregator's portfolio. If the charges in the notice remain unpaid after the expiration of the 7-day notice, PG&E shall have the right to terminate the Aggregator Agreement and Aggregator's participation in the CBP. If Aggregator's participation in the CBP is terminated, the Aggregator remains responsible for all outstanding charges billed pursuant to Schedule E-CBP, even if such charges are identified after the termination becomes effective.

2. If the Aggregator agreement is not terminated, the Aggregator will be unable to add customers to its portfolio until late payments are cured.

3. PG&E may require full collateral in the form of cash, irrevocable standby letter of credit, security bond or any other security instrument deemed appropriate by PG&E if the Aggregator makes more than one late payment. If such collateral is requested and not provided by the Aggregator to PG&E, the Aggregator's participation will be subject to termination by PG&E.

V. REPRESENTATIONS AND WARRANTIES

A. Each Party represents and warrants that it is and shall remain in compliance with all applicable laws.

B. Each Party represents and warrants that (a) it has the full power and authority to execute and deliver this Agreement and to perform its terms and conditions; (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action by

such Party; and (c) this Agreement constitutes such Party's legal, valid and binding obligation, enforceable against such Party in accordance with its terms.

C. Each Party shall exercise all reasonable care, diligence and good faith in the performance of its duties pursuant to this Agreement, and carry out its duties in accordance with applicable recognized professional standards in accordance with the requirements of this Agreement.

D. With each submission of a "Notice to Add or Delete Customers Participating in the Capacity Bidding Program," and until such time as Aggregator submits such Notice for the removal of such customer from Aggregator's representation, Aggregator represents and warrants that:

1. Each customer whom Aggregator represents is eligible to participate in the CBP and has elected to participate in the CBP through Aggregator;
2. Aggregator has entered into the appropriate contractual or other arrangements with such customer whereby such customer has authorized Aggregator to receive payments from and to pay penalty charges to PG&E on behalf of such customer in connection with such customer's participation in the CBP.

VI. TERM

A. The term of this Agreement shall commence as of the Effective Date and shall continue in full force and effect until December 31, 2008, unless terminated earlier pursuant to this section or to Section VII.

B. An Aggregator may request to terminate its participation in this program by submitting to PG&E a completed Cancellation of Contract (Form 62-4778). The termination will be effective on the later of 1) the beginning of the calendar month that is immediately after the initial 12 month term, and 2) the beginning of the calendar month that is closest to but at least thirty (30) calendar days after PG&E received the Cancellation of Contract.

VII. TERMINATION

A. Termination for Default. PG&E may immediately terminate this Agreement upon written notice to Aggregator if Aggregator breaches any material obligation under this Agreement and fails to cure such breach within fifteen (15) calendar days after receiving written notice of the breach. Customer must notify PG&E upon curing identified breach

B. Effect of Termination. Upon an issuance of a notice to terminate this Agreement, PG&E shall have the right to solicit the direct participation in the CBP of customers represented by Aggregator who are eligible to participate directly in the CBP. All Service Agreements will be removed from the Aggregator's portfolio upon the effective date of the termination.

VIII. INDEMNIFICATION

A. Indemnification of PG&E. To the fullest extent permitted by law, Aggregator shall indemnify, defend and hold harmless PG&E, and its parent company, subsidiaries, affiliates and their respective shareholders, officers, directors, employees, agents, representatives, successors and assigns (collectively, the "Indemnified Parties"), from and against any and all claims, actions, suits, proceedings, losses,

liabilities, penalties, fines, damages, costs or expenses, including without limitation reasonable attorneys' fees (Claim), resulting from (a) any breach of the representations, warranties, covenants and obligations of Aggregator under this Agreement, (b) any act or omission of Aggregator, whether based upon Aggregator's negligence, strict liability or otherwise, in connection with the performance of this Agreement, or (c) any third party claims of any kind, whether based upon negligence, strict liability or otherwise, arising out of or connected in any way to Aggregator's performance or nonperformance under this Agreement.

B. Defense of Claim. If any Claim is brought against the Indemnified Parties, Aggregator shall assume the defense of such Claim, with counsel reasonably acceptable to the Indemnified Parties, unless in the opinion of counsel for the Indemnified Parties a conflict of interest between the Indemnified Parties and Aggregator may exist with respect to such Claim. If a conflict precludes Aggregator from assuming the defense, then Aggregator shall reimburse the Indemnified Parties on a monthly basis for the Indemnified Parties' reasonable defense costs through separate counsel of the Indemnified Parties' choice. If Aggregator assumes the defense of the Indemnified Parties with acceptable counsel, the Indemnified Parties, at their sole option and expense, may participate in the defense with counsel of their own choice without relieving Aggregator of any of its obligations hereunder.

C. Survival. Aggregator's obligation to indemnify the Indemnified Parties shall survive the expiration or termination of this Agreement.

IX. NOTICES

A. Mailing Address. Except for payments, which shall be made pursuant to Section IV, any formal notice, request, or demand required or permitted under this Agreement shall be given in writing by PG&E and Aggregator, and shall be (a) mailed by first-class mail, (b) mailed by registered, certified, (c) mailed by overnight mail, (d) delivered by hand, or (e) faxed with confirmation as set forth below, to the other Party as indicated below, or to such other address as the parties may designate by written notice.

To Aggregator:

Phone: _____
Facsimile: _____

To PG&E:

Phone: _____
Facsimile: _____

B. Notices. Notices delivered by hand shall be deemed received when delivered. Notices sent by facsimile shall be deemed received upon receipt but must be confirmed by mail within seventy-two (72) hours. Notices delivered by first class mail shall be deemed received forty-eight (48) hours (not including weekends and holidays) after deposit, postage prepaid, in the

U.S. mail, or if certified, registered or overnight mailing is used, as acknowledged by the signed receipt of mailing.

X. CONFIDENTIALITY

A. Confidentiality. Aggregator shall not disclose any Confidential Information obtained pursuant to this Agreement to any third party, including any affiliates of Aggregator, without the express prior written consent of PG&E. As used herein, the term "Confidential Information" means proprietary business, financial and commercial information pertaining to PG&E, customer names and other information related to customers, including energy usage data (Customer Information), any trade secrets and any other information of a similar nature, whether or not reduced to writing or other tangible form. Confidential Information shall not include: (a) information known to Aggregator prior to obtaining the same from PG&E; (b) information in the public domain at the time of disclosure by Aggregator; (c) information obtained by Aggregator from a third party who did not receive the same, directly or indirectly, from PG&E; or (d) information approved for release by express prior written consent of an authorized representative of PG&E.

B. Use of Confidential Information. Aggregator hereby agrees that it shall use the Confidential Information solely for the purpose of performing under this Agreement. Aggregator agrees to use at least the same degree of care Aggregator uses with respect to its own proprietary or confidential information, which in any event shall result in a reasonable standard of care to prevent unauthorized use or disclosure of the Confidential Information.

C. Authorized Disclosure. Notwithstanding any other provisions of this Section Aggregator may disclose any of the Confidential Information in the event, but only to the extent, that, based upon advice of counsel, Aggregator is required to do so by the disclosure requirements of any law, rule, regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or regulatory authority. Prior to making or permitting any such disclosure, Aggregator shall provide PG&E with prompt written notice of any such requirement so that PG&E (with Aggregator's assistance if requested by PG&E) may seek a protective order or other appropriate remedy.

D. Term. The confidentiality provisions set forth in this Section shall remain in full force and effect with respect to any Confidential Information until the date that is five (5) years after the date of PG&E's disclosure of such Confidential Information to Aggregator pursuant to this Agreement; provided, further, that such confidentiality provisions shall remain in full force and effect with respect to any Customer Information in perpetuity.

E. Remedies. The Parties acknowledge that the Confidential Information is valuable and unique, and that damages would be an inadequate remedy for breach of this Section and the obligations of Aggregator are specifically enforceable. Accordingly, the Parties agree that in the event of a breach or threatened breach of this Section by Aggregator, PG&E shall be entitled to seek an injunction preventing such breach, without the necessity of proving damages or posting any bond. Any such relief shall be in addition to, and not in lieu of, monetary damages or any other legal or equitable remedy available to PG&E.

XI. MISCELLANEOUS

A. Assignment. This Agreement, and the rights and obligations granted and/or obtained by Aggregator hereunder, shall not be further transferred or assigned by Aggregator without the prior written consent of PG&E. Any assignment in violation of this section shall be void.

B. Independent Contractor. Aggregator shall perform its obligations under this Agreement as an independent contractor, and no principal-agent or employer-employee relationship or joint venture or partnership shall be created with PG&E.

C. Choice of Law. This Agreement shall be carried out and interpreted under the laws of the State of California, without regard to any conflict of law principles thereof. Except for matters and disputes with respect to which the CPUC is the proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Francisco, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder. The Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

D. Resolution of Disputes. Any dispute arising between the Parties relating to the interpretation of this Agreement or to the performance of a Party's obligations hereunder shall be reduced to writing and referred to the Parties' designated representative for resolution. The Parties shall be required to meet and confer in an effort to resolve any such dispute.

E. Waiver. Any failure or delay by either Party to exercise any right, in whole or part, hereunder shall not be construed as a waiver of the right to exercise the same, or any other right, at any time thereafter.

F. CPUC Jurisdiction: This Agreement shall be subject to all of PG&E's applicable tariffs on file with and authorized by the Commission and shall at all times be subject to changes or modifications as the Commission may, from time to time, direct in the exercise of its jurisdiction.

G. Entire Agreement; Amendments. This Agreement, including the Attachments listed below, sets forth the entire understanding of the Parties as to the subject matter hereof, and supersedes any prior discussions, offerings, representations or understanding (whether written or oral), and shall only be superseded by an instrument in writing executed by both Parties. This Agreement shall not be modified by course of performance, course of conduct or usage of trade.

Attachment A: Schedule E-CBP

Attachment B: Notice to Add or Delete Customers Participating in the Capacity Bidding Program

Attachment C: Protocol for SC-to-SC Trade

H. Survival. Notwithstanding the expiration or termination of this Agreement, the Parties shall continue to be bound by the provisions of this Agreement, which, by their nature, survive completion or termination.

I. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

J. Headings. The headings contained in this Agreement are solely for the convenience of the Parties and shall not be used or relied upon in any manner in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the authorized representatives of PG&E and Aggregator have executed this Agreement as of the Effective Date.

AGGREGATOR

PACIFIC GAS AND ELECTRIC COMPANY

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

ATTACHMENT A
SCHEDULE E-CBP

ATTACHMENT B

Notice to Add or Delete Customers Participating in the Capacity Bidding Program

ATTACHMENT C

Protocol for SC-to-SC Trade

Five calendar days prior to the beginning of each operating month, Aggregator shall provide to PG&E via PG&E's CBP website, monthly nominations of demand response broken down by Option, Product and Congestion Zone (i.e., NP-15 or ZP-26, or as currently established by the CAISO) to be made available under this Agreement.

For the Day-Ahead option, PG&E or PG&E's program coordinator shall notify Aggregator by 1500 hours if a dispatch is required the next business day. PG&E's notification shall specify the quantity of each Product in each hour and by Congestion Zone. Such schedules shall be for contiguous hours only. Each business day following a PG&E notification, Aggregator shall perform or cause to be performed a Scheduling Coordinator to Scheduling Coordinator trade to PG&E's scheduling agent at least ninety (90) minutes in advance of the CAISO Hour-Ahead scheduling time line equivalent to the demand reduction set forth in PG&E's notification for that hour. Such traded quantity shall be adjusted by the Distribution Loss Factor for each Customer to account for delivery at the CAISO interface. The Electric Service Provider will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

For the Day-Of option, PG&E or PG&E's program coordinator shall notify Customer with up to thirty (30) minutes notice prior to the close of the CAISO Hour-Ahead Market (approximately three hours prior to the start of a Day-Of Event). PG&E's notification shall specify the quantity of each Product in each hour and by Congestion Zone. Such schedules shall be for contiguous hours only. Customer shall perform or cause to be performed a Scheduling Coordinator to Scheduling Coordinator trade to PG&E's scheduling agent prior to the close of the CAISO's Hour-Ahead Market. Such traded quantity shall be adjusted by the Distribution Loss Factor for each Customer to account for delivery at the CAISO interface. The Electric Service Provider will not be compensated by PG&E for SC-to-SC trades submitted as a result of CBP Events.

Market Redesign and Technology Upgrade

The foregoing protocols are intended for implementation under the current CAISO electric market structure. At this time, the precise treatment of Demand Response by the CAISO under Market Redesign and Technology Upgrade (MRTU) is uncertain. PG&E reserves the right to modify these protocols so that utilization of the Products can be consistent with MRTU requirements.

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

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Kahl
Ancillary Services Coalition
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services

Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
J. R. Wood, Inc
JTM, Inc
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Matthew V. Brady & Associates
Maynor, Donald H.
MBMC, Inc.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
Palo Alto Muni Utilities

PG&E National Energy Group
Pinnacle CNG Company
PITCO
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA