

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 16, 2007

Advice Letter 2963-E

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

Subject: Proposal for Implementing Auto Demand Response for Summer 2007

Dear Ms. de la Torre:

Advice Letter 2963-E is effective April 12, 2007. A copy of the advice letter and resolution are returned herewith for your records.

Sincerely,

Sean H. Gallagher, Director
Energy Division

REGULATORY RELATIONS	
M Brown Tariffs Section	D Poster
R Dela Torre	M Hughes
B Lam	
MAY 24 2007	
Return to _____	Records _____
	File _____
cc to _____	



Brian K. Cherry
Vice President
Regulatory Relations

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San Francisco, CA 94105

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January 2, 2007

Advice 2963-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Proposal for Implementing Auto Demand Response for Summer
2007**

Pacific Gas and Electric Company (PG&E) submits a proposal for an Automated Demand Response (Auto DR) program for electric commercial, industrial, and agricultural customers for the summer of 2007. PG&E will file an application by October 31, 2007 for Auto DR program implementation in subsequent years.

Purpose

In compliance with Commission Decision (D.) 06-11-049, PG&E proposes the following proposal for implementing Auto DR for 2007.¹

Proposal

PG&E proposes to implement a full-scale Auto DR program in 2007 with the goal of increasing customer participation from 13 customer accounts from its pilot program at the end of 2006 to approximately 200 customer accounts delivering a total of 15 MW of peak load reduction by June 2007. The proposed program budget is \$5.5 million (\$2 million in one-time program development costs and \$3.5 million in Technical Assistance/Technical Incentives (TA/TI)) and will leverage enabling technology platforms that have been developed over the past two years by the Public Interest Energy Research (PIER) Demand Response Research Center (DRRC) and Lawrence Berkeley National Laboratory (LBNL) under the

¹ Ordering Paragraph 6, D.06-11-049, states, "PG&E, SDG&E and SCE shall within 30 days of this order submit to the Commission's Energy Division plans for implementing Auto DR, consistent with this order. This plan shall be for one year."

California Energy Commission (CEC)/PIER and DRRC, and funded through PG&E's Auto-CPP Pilot program.

Global Energy Partners LLC (GEP) will be retained as the primary contractor responsible for conducting the Auto DR program to achieve the 15 MW goal. GEP will retain a variety of subcontractors, and receive technical support from DRRC, who will play key roles in the program. The development of a large pool of qualified Auto DR implementation subcontractors is essential to the long-term success of this program.

The implementation plan described below is structured to address five topic areas highlighted by the Commission in D.06-11-049. The five topic areas and PG&E's response are:

1. Each utility should detail how they plan to work with the DRRC to take advantage of the knowledge they have gained in developing pilot testing shed strategies and automated communications.

For more than two years, PG&E has worked with the DRRC in conducting a pilot Auto DR study focusing on a small subset of PG&E's CPP program participants. The successes and key findings are described in the DRRC year-end program summary. The many lessons learned through the course of the pilot have already been implemented as improvements at various stages of the administration of the DRRC's pilot program. PG&E will continue working with LBNL and the DRRC to ensure that the fundamental elements of the pilot Auto DR program are retained. In 2007, the DRRC will remain under contract with PG&E to provide program guidance as well as to develop program enhancements based on regularly-conducted analyses of program performance.

2. The utilities should each describe how they intend to train and monitor third-party contractors implementing the program for quality control and customer satisfaction.

A program team, including PG&E, GEP and the DRRC, will work to transfer the DRRC's Auto DR capabilities to GEP. As the primary contractor, GEP will subcontract with Auto DR service providers, which includes recruiters and technical coordinators. The recruiters will be responsible for marketing and enrollment. The technical coordinators will be responsible for working with committed customers to specify the technical requirements for the customers' Auto DR systems, secure financial incentives for equipment costs and DR program participation, implement and verify automation functionality, and ensure continued participation.

A Request for Proposal (RFP) will be developed and issued for recruiters and technical coordinators. Qualified firms will be selected based upon a predetermined set of criteria that will be developed jointly by the program team. The team will then evaluate and rank potential firms and select winning respondents.

PG&E will conduct up to six training sessions for selected recruiter and technical coordination firms on demand response (DR), Auto DR, and Auto DR equipment and technical interfaces. Training sessions will include guest trainers from PG&E, the DRRC, leading engineering firms, and other knowledgeable DR professionals. Representative Auto DR demand reduction "packages" (including strategies, representative agreements, installation guidelines, communication materials, warranty provisions, and DR equipment) will be created and distributed to attending technical coordinators. These packages would define the types of measures and actions that would be taken by the customer in response to specific DR events. The DRRC will be extensively involved in the creation of new training materials and the leveraging of existing materials that have already been developed as part of the Auto DR pilot efforts.

GEP will deliver bi-monthly status reports to PG&E with updates on overall program performance as well as the status of individual customers that have been signed to participate in the Auto DR program. The bi-monthly report format and content will be finalized with the help of PG&E, the DRRC, and GEP. These reports will include necessary data to monitor quality control (including projections and actual load reductions achieved and the costs to achieve them) and customer satisfaction.

3. The utilities should describe how the TA/TI funds will be used for Auto DR.

The TA/TI Program will provide incentives and customer benefits that offset costs of Auto DR program participation. The TA program will be used to fund those tasks typically performed in the technical auditing process (identification & enlisting of customer sites, initial prescreening of customer facilities, and in-depth auditing of customer facilities). The total amount spent on these activities for the program will remain less than or equal to \$100/kW of average peak load savings, consistent with the Commission's approved TA funding limit.

The TI program will be used to fund and support Auto DR technology that will subsequently reside at the client site. These costs will include equipment, equipment upgrades or enhancements that are required, planning or implementation services supporting the installation or enhancement of the Auto DR enabling equipment, improvements to facility infrastructure that supports

the use of the Auto DR equipment, and/or the direct incentives to offset customer costs of participating in the Auto DR and TA/TI programs. The TI funding is limited to an incentive level of \$300/kW as clarified in ALJ Malcolm's Proposed Decision, "Order Correcting Errors in Decision 06-11-049", issued on December 22, 2006.

The TA & TI incentive payments will be paid by PG&E through the 3rd party program implementer (GEP). The costs of the Auto DR program will be funded by reallocating the existing demand response funds authorized in D.06-03-024.

4. The plans should include proposals for measurement and evaluation that provide real-time feedback to the program implementers as well as documentation of program impact and collection of information that will inform development of a long-term commercialization strategy.

The program team will develop a detailed program plan immediately following completion and execution of contracting agreements. This program plan will specify metrics, evaluation criteria, and reporting schedules. However, it is anticipated that the primary metrics will be a schedule of total verified load reduction that can be consistently achieved, program costs associated with achieving the load reduction, and customer satisfaction with the program. These primary metrics will be monitored and recorded throughout the program by GEP via a customer management system.

The primary metrics will be compiled and reviewed twice a month by the program team. A schedule for enrolled customers and their anticipated load reductions will be developed consistent with achieving the anticipated 15 MW of dispatchable load in 2007. As customers are recruited, enrolled, enabled, and verified, the projected dispatchable load will be updated. As DR events occur, actual load data will be used to track program performance. Load shifts will be calculated based on the "3 of last 10 day" baseline that is being used in the CPP and DBP programs. .

During customer recruitment and setup, communications between program implementers (recruiters and coordinators) will be recorded in the customer management system to identify and allow rapid resolution of issues. As in PG&E's pilot work, each customer's experience and satisfaction will be solicited after each DR event. This database will be used to generate an overall picture of customer satisfaction at the end of the program.

Additional metrics will likely include the effectiveness of recruiters and technical coordinators, their satisfaction with the business model being implemented, and technology capabilities such as communications availability and internet security. All metrics formalized in the program plan will be reported at program completion, and a plan for further commercialization in 2008 will be developed.

5. The implementation plans should provide detailed budgets identifying administrative, evaluation, and incentive costs

PG&E estimates that the 2007 Auto DR program cost is \$2 million for development and \$3.5 million for TA/TI incentives. Attachment 1 provides details of the estimates.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **January 22, 2007**, 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: 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 also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

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 that this advice filing become effective on regular notice, **February 1, 2007**, which is 30 calendar days after 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 or via U.S. mail to parties shown on the attached list and to the service lists for **A.05-06-006**. Address changes to the General Order 96-A service list 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>**.

Handwritten signature of Brian K. Cheng in black ink.

Vice President - Regulatory Relations

Attachment

cc: Service Lists – 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) #: **2963-E**

Subject of AL: Proposal for Implementing Auto Demand Response for Summer 2007

Keywords (choose from CPUC listing): Demand Side Management

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

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution: D.06-11-049

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

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

Resolution Required? Yes No

Requested effective date: **February 1, 2007**

No. of tariff sheets: 0

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: N/A

Service affected and changes proposed¹: New Demand Response Program – Auto DR

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

jn@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.

**FIGURE 1:
PROPOSED TASK OUTLINE AND BUDGET
2007 AUTO-DR PROGRAM**

Phase/Task	Task Description	Contractual Relationship:									TOTAL	
		PG&E to Global						PG&E to CIEE	PG&E to Akua	NA		
		Entity Performing the Work:										
		Global	EPRI	C&C	Recruiter Firm(s) ¹	Technical Coord. Firm(s) ²	PG&E Customer ³	LBNL	Akua	PG&E		
Development	1	Develop detailed program plan	\$75						\$28			\$103
	2	Develop marketing colateral	\$125						\$17			\$142
	3	Qualify recruitment and technical coordinator vendors	\$10	\$25					\$28			\$63
	4	DRAS development activities	\$10						\$22	\$195		\$227
	5	Train selected recruitment and technical coordinator vendors for AutoDR implementation	\$30	\$50	\$35				\$55			\$170
Deployment	6	Conduct initial customer screening, recruitment and customer agreements	\$100		\$15				\$17			\$132
	7	Conduct AutoDR assessments and formalize participation (Recruitment Coordinator Function)	\$80			\$400						\$480
	8	AutoDR coordination, installation and customer incentives	\$80				\$400	\$1,500				\$1,980
	8A	Procure and install AutoDR hardware (CLIR box)	\$40					\$1,000		\$240		\$1,280
	9	Validate AutoDR system installations	\$50	\$50					\$50			\$150
	10	Conduct AutoDR system tests	\$10	\$50								\$60
Operations	11	Host the AutoDR automation server	\$10	\$5						\$205		\$220
	12	Operate AutoDR program	\$165	\$20					\$28			\$213
Assessment	13	Assess and refine AutoDR program design	\$50	\$25					\$28			\$103
	14	Project management (PG&E function)									\$150	\$150
TOTAL -- AutoDR Program			\$835	\$225	\$50	\$400	\$400	\$2,500	\$270	\$640	\$150	\$5,470
SUBTOTAL -- AutoDR Program Development Element			\$835	\$225	\$50	\$0	\$0	\$0	\$270	\$400	\$150	\$1,930
SUBTOTAL -- AutoDR TA/TI Element			\$0	\$0	\$0	\$400	\$400	\$2,500	\$0	\$240	\$0	\$3,540

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

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 & Kahl	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	