

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



October 29, 2007

Advice Letter 2997-E-A

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Subject: Supplemental Filing Containing Submission of Proposals  
for Permanent Load Shifting Program for 2007 and Beyond  
in Compliance with Decision 06-11-049

Dear Mr. Cherry:

Advice Letter 2997-E-A is effective July 26, 2007.

Sincerely,

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

Sean H. Gallagher, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

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March 29, 2007

**Advice 2997-E-A**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplemental Filing Containing Submission of Proposals for  
Permanent Load Shifting Program for 2007 and Beyond In  
Compliance with Decision 06-11-049**

In compliance with the California Public Utilities Commission (Commission) Decision 06-11-049 (D.06-11-049), Pacific Gas and Electric Company (PG&E) hereby submits for filing its proposals for a Permanent Load Shifting (PLS) Program beginning in 2007.<sup>1</sup> The proposals are described in the confidential Attachment A, which is excluded from the public version. This filing supplements Advice 2997-E submitted on February 28, 2007.

**Purpose**

This filing requests authorization to complete the negotiation of contracts with selected vendors at the costs and MW amounts described in Confidential Appendix A and to implement the contracts in 2007 and beyond. PG&E proposes to fund the PLS program through a fund shift from the demand response (DR) budget previously authorized by the Commission.

**Background**

On November 30, 2006, the Commission issued D.06-11-049 which, among other things, ordered PG&E to pursue a RFP and bilateral agreements for PLS.

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<sup>1</sup> D.06-11-049, OP 8 states: "PG&E and SCE shall pursue RFPs and bilateral arrangements for permanent load shifting for the summer of 2007. Each investor-owned utility (IOU) is directed to file an advice letter with its selected proposals by February 28, 2007. PG&E, SDG&E, and SCE are authorized to shift up to \$10 million, \$4 million, and \$10 million, respectively, of their existing demand response budgets."

PG&E issued a request for proposals (RFP) for PLS in January 2007. The RFP requested proposals for program options to be available starting in 2007 and meet PG&E's reliability requirements. The RFP was limited to thermal energy storage (TES) and water storage (WS) because PG&E believes these technologies are market ready. PG&E's RFP solicited proposals for up to five years and had the following objectives:

- Promote incorporation of PLS technology and strategies in both new construction and retrofit applications;
- Include bundled, direct access, or community choice aggregation and either residential, commercial, industrial, or agricultural customers;
- Ensure PLS projects are energy neutral or better with respect to net energy use;
- Ensure PLS project performance is measurable, repeatable, reliable, and sustainable;
- Achieve high customer satisfaction to increase customer participation, continued and consistent load shift, and technology market penetration; and
- Cap the total RFP amount at \$10,000,000. Each proposal was limited to a value between \$1,000,000 and \$3,000,000.

On February 16, 2007, PG&E received four proposals for five-year programs. All four proposals are for TES technology. These proposals varied in price, ramp up, and amount of PLS that could be delivered over the five-year term. Pertinent details of the proposals are set forth in confidential Attachment A.

On February 28, 2007, PG&E filed Advice 2997-E providing a status report on its PLS contracting process. The advice letter explained that it had not had sufficient time to complete its bid analysis. Since then, PG&E has diligently moved forward on PLS. As several parties commenting on PG&E's advice letter noted, PG&E took the time necessary to develop a comprehensive RFP so that the ultimate bids received would better match PG&E's operational and business needs. ICE Energy, an intervenor, noted (see page 5 of its protest dated March 20, 2007), "PG&E was by far the one most in alignment with the views shared by stakeholders during the process." PG&E believes its final PLS products will reflect the time and effort that went into selecting and designing the RFP.

### **Proposals**

PG&E has now completed its bid analysis and is ready to present proposals to proceed with three of the four bidders. PG&E evaluated the proposals based on various criteria, including:

- PG&E's calculated benefit /cost ratio;
- Bidder's proven experience (track record) and performance in load shifting programs;

- Quality of the methodology used for producing energy and demand savings, and energy neutrality;
- The rigor of proposed project identification process;
- Quality of project management;
- Process for commissioning;
- Bidder's ability to meet the RFP objectives;
- Qualifications of program personnel (i.e., relevance of experience with proposed tasks and depth of subject knowledge); and
- Bidder's status as a Women, Minority, or Disabled Veteran Owned Business Enterprise (WMDVBE) and/or the bidder's plan to use WMDVBE sub-contractors.

Upon completing its review, PG&E selected three proposals that it believes are best suited to provide PLS in 2007 and beyond. Aggregated information on the selected proposals is summarized in the table below:

TECHNOLOGY	YEAR	ACCUMULATIVE LOAD SHIFT	MARKET SEGMENT
Off Peak Cooling (HVAC)	2007	0.50 MW	Commercial, institutional, educational, and government
	2008	2.66 MW	
	2009	4.75 MW	
	2010	4.75 MW	
	2011	4.75 MW	

Attachment A includes a summary of the key terms, including price, MW, and schedule, under which it proposes to proceed to final contracts with the short listed bidders. Attachment A also contains estimated benefit/cost analysis of each proposal.

Attachment A contains confidential information of PG&E and the bidders, and is submitted in accordance with the provisions of Public Utilities Code Section 583, the Commission's General Order 66-C, and D. 06-06-066.

PG&E is negotiating with its short listed bidders, and if it obtains Commission approval will complete contracts on the terms shown in Attachment A by mid-May.

### **Cost Recovery**

Decision 06-11-049 approved up to \$10 million in fund shifting from other approved demand response programs for the PLS contracts. This fund shifting will reduce the budget authorized in D.06-03-024 and could potentially contribute to a budget shortfall. PG&E will record costs associated with PLS contracts in the Demand Response Expense Balancing Account (DREBA). Pending approval of

the revisions requested in Advice 2913-E, filed October 12, 2006, no additional modifications to the DREBA preliminary statement will be necessary.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than **April 18, 2007**, which is 20 days after 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: [jjn@cpuc.ca.gov](mailto:jjn@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

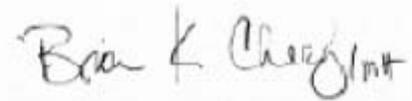
### **Effective Date**

Pursuant to Ordering Paragraph 8 of D.06-11-049, PG&E requests that this advice filing become effective upon 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 the parties on the service list 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>**

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

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) #: 2997-E-A

Subject of AL: Supplemental Filing Containing Submission of Proposals for Permanent Load Shifting Program for 2007 and Beyond In Compliance with Decision 06-11-049

Keywords (choose from CPUC listing): compliance, contracts

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

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>:

Resolution Required?  Yes  No

Requested effective date: Upon Commission approval      No. of tariff sheets: 0

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:

Service affected and changes proposed<sup>1</sup>:

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](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto: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](mailto:PGETariffs@pge.com)

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

**DECLARATION OF STEVEN DE BACKER  
SEEKING CONFIDENTIAL TREATMENT  
FOR CERTAIN INFORMATION CONTAINED  
IN ATTACHMENT A TO SUPPLEMENTAL ADVICE LETTER OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39-E)**

I, Steven De Backer, declare:

1. I have been employed by Pacific Gas and Electric Company (PG&E) from 1983 to the present. My current title is Senior Program Manager in PG&E's Customer Energy Efficiency Department. In this position, my responsibilities include designing, developing and implementing demand response programs as well as overseeing the negotiating of demand response agreements with sellers and other counter parties in the business of providing demand response. In carrying out these responsibilities, I have acquired knowledge of PG&E's demand response bidding processes, contracts with such sellers, and the negotiation of such transactions and knowledge of how companies seeking to provide demand response to utilities might determine what prices to offer.

2. Based on my knowledge and experience, I make this declaration seeking confidential treatment of Attachment A to PG&E's March 29, 2007 supplemental advice letter 2997-E-A. Attachment A reveals the business model, technology, target markets, prices and MW submitted on February 16, 2007 by the top three bidders in PG&E's permanent load shifting (PLS) request for proposals (RFP). Attachment A also sets forth PG&E's scoring results for the bids and the cost benefit analysis of the bids. The supplemental advice seeks Commission approval of the prices and MW of the top three bids received by PG&E and to permit PG&E to enter into contracts for PLS with those bidders.

3. The data for which PG&E seeks confidential treatment is (1) bid information resulting from a competitive solicitation and (2) quantitative information involved in evaluating

and scoring the bids. This information is non-public pursuant to Appendix 1 of D. 06-06-066, Item VIII (A) and (B).

4. To the best of my knowledge, the pricing and other terms PG&E seeks to maintain as confidential are not already public.

5. In my experience, energy product suppliers such as those bidding into PG&E's PLS RFP find information about other suppliers' purchase prices or terms competitively valuable. Historically, PG&E has attempted to protect the confidentiality of product-specific pricing information to the extent possible, consistent with this Commission's decisions and orders, in order to procure, on behalf of electric customers, the most favorable prices and terms with energy product suppliers.

6. If the Commission orders disclosure of the prices and other terms, PG&E would be at a disadvantage in future negotiations for demand response products. If the prices and terms of these bids were released parties negotiating with PG&E for similar products would likely use the information as a benchmark for pricing and other terms. This could limit PG&E's ability to obtain the most cost-effective demand response agreements for PG&E's customers.

7. The confidential information cannot be meaningfully aggregated, redacted, summarized, masked or otherwise protected in a way that allows additional disclosure.

I declare under penalty, under the laws of the State of California, that the foregoing is true and correct. Executed on March 29, 2007, at San Francisco, California.

  
Steven De Backer

**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	Sutherland, Asbill & Brennan
California ISO	International Power Technology	Tabors Caramanis & Associates
Calpine	Interstate Gas Services, Inc.	Tecogen, Inc
Calpine Corp	IUCG/Sunshine Design LLC	TFS Energy
Calpine Gilroy Cogen	J. R. Wood, Inc	Transcanada
Cambridge Energy Research Assoc	JTM, Inc	Turlock Irrigation District
Cameron McKenna	Luce, Forward, Hamilton & Scripps	U S Borax, Inc
Cardinal Cogen	Manatt, Phelps & Phillips	United Cogen Inc.
Cellnet Data Systems	Marcus, David	URM Groups
Chevron Texaco	Matthew V. Brady & Associates	Utility Cost Management LLC
Chevron USA Production Co.	Maynor, Donald H.	Utility Resource Network
City of Glendale	MBMC, Inc.	Wellhead Electric Company
City of Healdsburg	McKenzie & Assoc	White & Case
City of Palo Alto	McKenzie & Associates	WMA
City of Redding	Meek, Daniel W.	
CLECA Law Office	Mirant California, LLC	
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	