

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 25, 2008

Advice Letter 3174-E

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: Proposal for Implementing Auto Demand Response
for 2008 (Late Filed)

Dear Mr. Cherry:

Advice Letter 3174-E is effective January 5, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

December 6, 2007

Advice 3174-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 2008
(Late Filed)**

Pacific Gas and Electric Company (PG&E) submits this request to update its Automated Demand Response (Auto DR) program for electric commercial, industrial, and agricultural customers for 2008. This program proposal mirrors the program description the Commission approved for 2007 in Resolution E-4074, but requests additional program funding through 2008.

Proposal

PG&E proposes to continue its successful 2007 Auto DR program in 2008 with the goal of increasing customer participation to 30 MW of peak load reduction by June 2008. The proposed program budget for 2008 is \$3.7 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 California Energy Commission/Public Interest Energy Research (CEC/PIER) and Lawrence Berkeley National Laboratory's (LBNL) Demand Response Research Center (DRRC).

PG&E Will Build On the Success of Its 2007 Auto DR Program

On January 2, 2007, PG&E filed Advice Letter 2963-E proposing its 2007 Auto DR program. Advice 2963-E included a detailed Auto DR implementation plan that discussed: (1) PG&E's work with the DRRC; (2) PG&E's plan to train and monitor third-party contractors implementing the program for quality control and customer satisfaction; (3) PG&E's use of TA/TI funds; (4) PG&E's measurement and evaluation proposal; and (5) PG&E's budget proposal. The Commission issued Resolution E-4074 on April 12, 2007 approving Advice 2963-E.

The 2007 Auto DR program has exceeded 2007 expectations. PG&E enrolled a total of 23 customers (with a total of 81 accounts) who provided 22.64 MW of load

reduction, thus exceeding PG&E's 2007 Auto DR program goal of 15 MW. As a result, PG&E's actual 2007 Auto DR expenses exceeded PG&E's estimate by \$500,000.

PG&E called a total of 13 load reduction events during summer 2007. Auto DR customers provided an average reduction of 32% (mainly driven by large industrial participants) and an average facility reduction of 18% (for non-industrial participants).

PG&E worked closely with LBNL and its DRRC. In 2007, the DRRC provided Auto DR Program technical support and facilitated technology transfer to Global Energy Partners (GEP). In addition, DRRC assisted PG&E in the following tasks:

- developed detailed program plans and marketing materials,
- developed and maintained the Demand Response Automated Server and Client Logic Integrated Relay,
- qualified and trained GEP's recruiters and Technical Coordinators for Auto DR implementation, and
- conducted initial customer screening, recruitment, and customer agreements.

PG&E's 2008 Proposal

PG&E proposes to continue its work with DRRC to expand the Auto DR program using the DRRC's Auto DR infrastructure. PG&E will retain GEP as the primary contractor responsible for conducting the program and achieving its 30 MW goal by the summer of 2008.

PG&E is confident that it can recruit additional electric customers to meet its 2008 MW goal. During the course of the 2007 program, a total of 1089 electric accounts were identified as potential Auto DR participants based on such factors as Critical Peak Pricing (CPP) and Demand Bidding Program (DBP) eligibility. These potential participants include industrial plants, retail stores, schools and educational facilities, data centers, and commercial and government office buildings.

As mentioned above, PG&E substantially exceeded its 2007 MW program goal and has spent \$6.0 million to date (\$2.5 million for administrative and start up costs and \$3.5 million for customer participation incentives). In 2008, PG&E requests to spend \$3.7 million in TA/TI incentives for the Auto DR program. A detailed budget is attached as Attachment A. PG&E requests approval of a total 2007-2008 Auto DR Program budget of \$9.7 million.

Protest Period

Anyone wishing to protest this filing may do so by sending a letter by **December 26, 2008**, 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: ijnj@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, **January 5, 2008**, which is 30 calendar days after the date of filing.

Notice

In accordance with General Order 96-B, Section IV, 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-B service list should be directed to Rose de la Torre at (415) 973-4716. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>

Handwritten signature of Brian K. Cheyette in cursive.

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 (ID U39 M)**

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) #: 3174-E

Tier: 2

Subject of AL: Proposal for Implementing Auto Demand Response for 2008 (Late Filed)

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 #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

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

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information:

Resolution Required? Yes No

Requested effective date: January 5, 2008

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: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests, dispositions, 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

Tariff Files, Room 4005

DMS Branch

505 Van Ness Ave.,

San Francisco, CA 94102

jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

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

**ATTACHMENT 1:
PROPOSED BUDGET
2008 AUTO-DR PROGRAM**

Phase/Task	Task Description	Contractual Relationship:						TOTAL	
		PG&E to Global Energy Partners				PG&E to CIEE	PG&E to Akuacom		
		Proposed Budget for each Entity Performing the Work (\$000)							
		GEP Staff	PG&E	GEP Consultants	TI Incentive (\$300/kW)	LBNL	Akuacom		
Deployment	1	Revise program development plan	\$5				\$10		\$15
	2	Refine marketing colateral (w/ emphasis on SF targeted effort)	\$25	\$5			\$20		\$50
	3	Qualify and train recruitment and technical coordinator vendors	\$5	\$5	\$20		\$15		\$45
	4	DRAS development activities		\$5			\$35	\$135	\$175
	5	Screen, recruit and sign-up customers	\$150	\$5	\$45		\$15		\$215
	6	Conduct Auto-DR assessments and formalize participation	\$75	\$5					\$80
	7	Install Auto-DR systems, coordinate installations and process TI incentives	\$75			\$2,400		\$30	\$2,505
	8	Validate and test Auto-DR system installations (including re-testing of Auto-DR legacy customers)	\$30	\$5	\$10				\$45
Operations	9	Host the Auto-DR automation server		\$5				\$205	\$210
	10	Operate Auto-DR program	\$100	\$150			\$5		\$255
	11	Customer care for existing and new customers during DR operations period	\$25	\$10	\$10		\$10		\$55
	12	Assess and refine Auto-DR program design for 2009-2011	\$10	\$5			\$35		\$50
TOTAL -- AutoDR Program			\$500	\$200	\$85	\$2,400	\$145	\$370	\$3,700
SUBTOTAL -- AutoDR Program Deployment and Operations			\$500	\$200	\$85	\$0	\$145	\$370	\$1,300
SUBTOTAL -- AutoDR Customer Incentive			\$0	\$0	\$0	\$2,400	\$0	\$0	\$2,400

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

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 Resource Network
Chevron USA Production Co.	Maynor, Donald H.	Wellhead Electric Company
City of Glendale	MBMC, Inc.	White & Case
City of Healdsburg	McKenzie & Assoc	WMA
City of Palo Alto	McKenzie & Associates	
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	