

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 14, 2008

Advice Letter 3205-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: Demand Response Contract Amendments

Dear Mr. Cherry:

Advice Letter 3205-E is effective March 2, 2008.

Sincerely,

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

Sean H. Gallagher, Director
Energy Division

February 1, 2008

Advice 3205-E

(Pacific Gas and Electric Company ID U 39E)

Public Utilities Commission of the State of California

Subject: Demand Response Contract Amendments

Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to the California Public Utility Commission (CPUC) requesting that the Commission approve the demand response contract amendments which are submitted in this advice letter.

Background

PG&E issued a Request for Proposal (RFP) to over 25 potential bidders on October 27, 2006 and received bids on November 20th 2006 pursuant to D.06-11-049 directives. Agreements were negotiated with five successful bidders and the resulting contracts were submitted to the Commission for review and approval on February 28, 2007. All five contracts were approved by the Commission on May 3, 2007 in D.07-05-029.

PG&E executed the following five contracts in 2007.

1. Alternative Energy Resources

This is a five year contract with a Buyer's option for five additional years; for up to ■ MW of demand response; and was executed on February 23, 2007.

2. Ancillary Services Coalition

This is a five year contract for up to ■ MW of demand response and was executed on February 26, 2007.

3. Energy Connect

This is a five year contract for up to ■ MW of demand response and was executed on February 26, 2007.

4. Energy Curtailment Specialists

This is a five year contract with up to █ MW of demand response and was executed on February 26, 2007.

5. EnerNOC

This is a five year contract for up to █ MW of demand response and was executed on February 23, 2007.

The contracts' delivery terms began in June or July 2007 and remained callable through the end of October 2007. The next call period will be May through October of 2008. The contracts continue for the months of May to October through 2011 and are operationally called by the PG&E's Energy Procurement Short-Term Electric Supply section.

Request

PG&E executed six amendments of the new demand response contracts during the Record Period as shown below. The need to amend the contracts was primarily the result of insufficient operational history for processing aggregator portfolios and initial estimates of megawatt (MW) reductions for such third party contracts. Although each contract's Section 3.2 allows for amended MW changes, PG&E and some aggregators agreed to amendments after the Section 3.2 timeframe (due to the time period between contract approval and 2007 operations being compressed).

1. Alternative Energy Resources - Amendment 1

This amendment reduced the 2007 contract Commitment Level to █ MW from █ MW for September and to █ MW from █ MW for October.

2. Energy Connect - Amendments 1 and 2

These amendments significantly increased the Performance Assurance required beginning in 2008 and waived performance for 2007. No payments were made to Energy Connect in 2007.

3. Energy Curtailment Specialists – Amendment 1 and 2

The first amendment increased the 2007 Commitment Level from █ MW to █ MW in June and from █ MW to █ MW in July. The second amendment reduced the Commitment Level for August from █ MW to █ MW.

4. EnerNOC – Amendment 1

The amendment reduced the Commitment Level for September 2007 to █ MW from █ MW.

Confidential Appendix A

The Confidential Appendix includes the following signed amendments:

- Alternative Energy Resources
- Energy Connect
- Energy Curtailment Specialists
- EnerNOC

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 **February 21, 2008**, 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: anj@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 letter become effective on regular notice, **March 2, 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 lists for Rulemaking (R.) 01-10-024 and R.04-04-003. Address changes to the General Order 96-B service list should be directed to Rose de la Torre at (415) 973-4716 (RxDd@pge.com). Advice letter filings can also be accessed electronically at:

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

A handwritten signature in cursive script that reads "Brian K. Cheney / dc".

Vice President, Regulatory Relations

Attachments

Attachment A: Confidential Appendix A (Only available for the CPUC and PRG)

Attachment B: Declaration of Confidentiality

cc: Service Lists for – R.01-10-024, R.04-04-003
Procurement Review Group

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: Daren Chan

Phone #: (415) 973-5361

E-mail: d1ct@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) #: **3205-E**

Tier: 2

Subject of AL: Demand Response Contract Amendments

Keywords (choose from CPUC listing): Contracts

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: Yes, signed contract amendments with Alternative Energy Resources, Energy Connect, Energy Curtailment Specialists, EnerNOC

Confidential information will be made available to those who have executed a nondisclosure agreement: Yes No; All PRG members will be provided with confidential material

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _Kenneth Abreu, (415) 973-8430

Resolution Required? Yes No

Requested effective date: **March 2, 2008**

No. of tariff sheets: N/A

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

Confidential Appendix A

Attachment 2

Kenneth Abreu Declaration of Confidentiality

**PACIFIC GAS AND ELECTRIC COMPANY
ADVICE 3205-E**

**DECLARATION OF KENNETH E. ABRUE IN SUPPORT OF
ADVICE 3205-E, APPENDIX A**

I, Kenneth E. Abreu, declare:

1. I am presently employed by Pacific Gas and Electric Company (PG&E) and have been an employee from 2006 and previously from 1977 to 1999. My current title is Principal Regulatory Analyst, Demand Response. In this position, my responsibilities include policy and planning activities for demand response. In carrying out these responsibilities, I have acquired knowledge of demand response programs and demand response contracts.

2. Based on my knowledge and experience, and in accordance with the “Administrative Law Judge’s Ruling Clarifying Interim Procedures For Complying With Decision 06-06-066,” issued in Rulemaking 05-06-040 on August 22, 2006, I make this declaration seeking confidential treatment for certain data and information included as an Appendix to Advice 3205-E.

3. Attached to this declaration is a matrix that identifies the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes the particular type of data and information listed in the “IOU Matrix” attached as Appendix 1 of Decision 06-06-066. The matrix also specifies the category or categories in the IOU Matrix to which the data and information corresponds, and why confidential protection is justified. Finally, the matrix specifies that: (1) PG&E is complying with the limitations specified in the IOU Matrix for that type of data or information; (2) the information is not already public; and (3) the data cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference I am incorporating into this declaration all of the explanatory text in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct. Executed on February 1, 2008, at San Francisco, California.

/s/

KENNETH E. ABREU

PACIFIC GAS AND ELECTRIC COMPANY								
Advice 3205-E								
IDENTIFICATION OF CONFIDENTIAL INFORMATION PER DECISION 06-06-066								
February 1, 2008								
	Redaction Reference	1) The material submitted constitutes a particular type of data listed in the Matrix, appended as Appendix 1 to D.06-06-066 (Y/N)	2) Which category or categories in the Matrix the data correspond to:	3) That it is complying with the limitations on confidentiality specified in the Matrix for that type of data (Y/N)	4) That the information is not already public (Y/N)	5) The data cannot be aggregated, redacted, summarized, masked or otherwise protected in a way that allows partial disclosure (Y/N)	PG&E's Justification for Confidential Treatment	Length of Time
1	Appendix A	Y	VII.B	Y	N	N	Bilateral Contract Amemendment: Demand Response Contracts	Confidential for three years

**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	