

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



February 27, 2009

**Advice Letter 3360-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: Revision to Demand Response Base Interruptible Program –  
Electric Rate Schedule E-BIP**

Dear Mr. Cherry:

Advice Letter 3360-E is effective January 29, 2009 per Resolution E-4220.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division



November 12, 2008

**Advice 3360-E**

(Pacific Gas and Electric Company ID U 39 E)

**Subject: Revision to Demand Response Base Interruptible Program –  
Electric Rate Schedule E-BIP**

Public Utilities Commission of the State of California

Pacific Gas and Electric Company (PG&E) hereby submits revisions to its electric demand response (DR) rate schedule E–BIP - Base Interruptible Program for filing. The affected tariff sheets are included as Attachment 1.

**Purpose**

The purpose of this filing is to modify tariff language in PG&E’s rate schedule E-BIP as described below. This proposed change will resolve the California Independent System Operator’s (CAISO) concern on continuing to count BIP for Resource Adequacy (RA) purposes during the 2009-2011 timeframe.

**Background**

The BIP has been an effective DR program for many years. The program currently counts towards the utilities’ RA requirements. The CAISO has expressed opposition toward continuing to count this program because it believes that resources that are counted toward maintaining the system reserve margin should be callable before an actual system emergency condition exists.<sup>1</sup>

The Commission also indicated that it expects parties to offer revised DR programs that can meet the CAISO’s needs as well as the needs of utilities’

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<sup>1</sup> The recent CAISO response to CPUC questions on the need for Stage 2 triggered programs stated “The CAISO has argued strenuously before the Commission that emergency triggered demand response programs are not useful for resource adequacy purposes and should not count as Resource Adequacy capacity” (pgs. 3 - 4 of CAISO August 15, 2008 PHC statement of CAISO in R. 07-01-041 Phase 3).

**REVISED**

customers.<sup>2</sup> The issue of counting BIP enrollment towards the utilities' RA requirements has also been raised in the recent DR OIR Phase 3 Assigned Commissioner's Ruling.

In response to these concerns, various interested parties including, PG&E, Southern California Edison (SCE), San Diego Gas and Electric (SDG&E) (sometimes referenced as "utilities"); the CAISO; the California Manufacturers and Technology Association (CMTA); and the California Large Energy Consumers Association (CLECA) (collectively the Parties) met to discuss these issues and negotiate a revision to BIP.

These negotiations and collaborative meetings resulted in the CAISO's support for continuing to include BIP towards the utilities' RA requirements, if the BIP trigger is modified so that the program may be called prior to a Stage 1 emergency. This agreement was further conditioned on the Parties continue to engage in meaningful discussions to promote the voluntary transition of large customers to a forward-bid paradigm that incorporates an option for large customers to participate in a viable, price-responsive DR program during the 2010 to 2011 timeframe. PG&E plans to engage in such discussions with the Parties. As part of the agreement to change the trigger as proposed in this filing, the Parties intend to continue to work toward further refinements to price-based programs and triggers to interruptible programs that are compatible with MRTU.

**Revisions to Existing Rate Schedule**

PG&E proposes to modify the BIP's trigger language for Option A, in order to add an additional option to call the program. PG&E proposes to add the option to operate Option A when the CAISO has publicly issued a Warning notice and has determined that a Stage 1 emergency is imminent consistent with its operating

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<sup>2</sup> D. 07-06-029 page 40-41 states " It appears that at least one preferred solution to this mismatch of resources and CAISO market rules would be to craft DR programs that are both attractive to customers and closely coordinated with the CAISO's day-ahead market processes. Subject to an appropriate transition mechanism that gives recognition to current arrangements entered into in good faith reliance on IOU tariff provisions, it may be appropriate to work toward the eventual exclusion of emergency based DR programs from the RA program. Such a determination cannot reasonably be made at this time, however."

R.07-01-041 was established to address various DR program issues, including consideration of modifications to DR programs needed to support the CAISO'S efforts to incorporate DR into market design protocols. Pending the outcome of R.07-01-041 regarding this issue, we find it is at best premature to order a reversal of our earlier decision to allow emergency and interruptible DR programs to count for RA purposes."

procedure E-508B. This change will allow the CAISO to call BIP before a Stage 1 emergency once it has exhausted all other options to prevent further degradation of its operating reserves. Any calls made under this new trigger will count towards the BIP's event limits. In addition, PG&E proposes to make a minor clarification of its applicability statement.

### **Opt-Out Window for Existing BIP Customers**

PG&E normally offers an opportunity once a year, for customers to modify their BIP firm service level or program participation during the month of November. However, since the proposed trigger change may increase the likelihood of a DR event call, PG&E proposes to offer a one-time thirty (30) day opt-out window for existing BIP customers if the BIP program changes are approved. PG&E requests that this one-time opt-out window commence fifteen (15) days after CPUC approval of this advice letter.

PG&E will make a strong effort to retain all customers in the program. This effort will include: 1) sending letters to all current BIP customers explaining that the program trigger has changed to include an additional trigger, and 2) a one-time opt-out period to allow the customers to change their firm service level or participation in the program. In addition, PG&E Sales and Service representatives will be available to meet with the customers to ensure that they fully understand the changes to the BIP trigger.

### **Protest Period**

Anyone wishing to protest this filing may do so by sending a letter by **December 2, 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: [anj@cpuc.ca.gov](mailto:anj@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**

PG&E submits this as a Tier 2 advice letter and, as such, requests that this advice filing become effective on regular notice, **December 12, 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 or via U.S. mail to parties shown on the attached list and to the service lists for A.08-06-003 and A.07-01-041. 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](http://www.pge.com/tariffs)**.



Vice President - Regulatory Relations

Attachments

cc: Service Lists – A.08-06-003; A.07-01-041

# 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 Lawson

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) #: 3360-E

Tier: 2

Subject of AL: Revision to Demand Response Base Interruptible Program Rate Schedule E-BIP

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 AL:

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: N/A

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: December 12, 2008

No. of tariff sheets: 4

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: Electric Rate Schedule E-BIP

Service affected and changes proposed:

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  
Advice 3360-E**

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

**Title of Sheet**

**Cancelling Cal  
P.U.C. Sheet No.**

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27828-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 1	27274-E
27829-E	ELECTRIC SCHEDULE E-BIP BASE INTERRUPTIBLE PROGRAM Sheet 4	26277-E
27830-E	ELECTRIC TABLE OF CONTENTS Sheet 1	27761-E
27831-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 5	27758-E



**ELECTRIC SCHEDULE E-BIP  
 BASE INTERRUPTIBLE PROGRAM**

Sheet 1

**APPLICABILITY:** This schedule is available until modified or terminated in the rate design phase of the next general rate case or in another proceeding. The E-BIP Program (Program) is intended to provide load reductions on PG&E's system on a day-of basis when the California Independent System Operator (CAISO) issues a curtailment notice. Customers enrolled in the Program will be required to reduce their load down to their firm service level (FSL). This program may be closed by PG&E without notice when the interruptible program limits set forth in CPUC Decision 01-04-006 and Rulemaking 00-10-002 have been fully subscribed. (T)

Decision 07-09-004 in the rate design phase of PG&E's 2007 General Rate Case proceeding ordered that all existing non-firm customers be transferred off of Schedule E-NF on or before January 1, 2008. Affected customers may elect to take service on Schedule E-BIP, Option A.

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

**ELIGIBILITY:** This schedule is available to bundled-service, Community Choice Aggregation Service (CCA Service), and Direct Access (DA) commercial, industrial, and agricultural customers. Each customer, both directly enrolled and those in an aggregator's portfolio, must take service under the provisions of a demand time-of-use rate schedule to participate in the Program and have at least an average monthly demand of 100 kilowatt (kW). Customers being served under Schedules AG-R or AG-V are not eligible for this program. Customers taking service under Direct Access must meet the metering requirements prescribed in the Metering Equipment section of this rate schedule.

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 Program, 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.

Each customer, both directly enrolled and those in an aggregator's portfolio, must designate the number of kW ("firm service level") to which it will reduce its load down to or below during a Program operation. The FSL must be no more than eighty-five percent (85%) of each customer's highest monthly maximum demand during the summer on-peak and winter partial-peak periods over the past 12 months with a minimum load reduction of 100 kW. If load information is unavailable, customers must demonstrate to PG&E's satisfaction that they can meet these minimum requirements.

Customers on this program may not have, or obtain, any insurance for the purpose of paying non-compliance penalties for willful failure to comply with requests for curtailments. Customers with such policy will be terminated from the Program, and will be required to pay back any incentives that the customer received for the period covered by the insurance. If the period cannot be determined, the recovery shall be for the entire period the customer was on the program.

Customers who are deemed essential under the Electric Emergency Plan as adopted in Decision 01-04-006 and Rulemaking 00-10-002, must acknowledge that the customer is voluntarily electing to participate in this program for part or all of its load based on adequate backup generation or other means to interrupt load upon request by the respondent utility, while continuing to meet its essential needs. In addition, an essential customer may commit no more than 50% of its average peak load to interruptible programs.

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**ELECTRIC SCHEDULE E-BIP**  
**BASE INTERRUPTIBLE PROGRAM**

Sheet 4

PROGRAM  
 DETAILS:

A. Program Options

Customers participating in the program must elect one of the two options below. Each SA can only enroll in either Option A or Option B. Customers who participate in E-BIP prior to November 30, 2006, will be automatically defaulted to Option A.

An aggregator's customers will be grouped into portfolios by the following categories: (1) Option A or B, (2) Bundled, CCA Service, or Direct Access, and (3) PG&E BIP Curtailment Zone. Note, all customers in an aggregator's group must be in the same PG&E BIP Curtailment Zone. The BIP Curtailment Zone is determined by the geographic location of the participating service agreement.

OPTION A

1. Notification Period – Customers will be given at least thirty (30) minutes notice before each curtailment.
2. Event Limits – A Program curtailment operation will be limited to a maximum of one (1) event per day and four (4) hours per event. The Program will not exceed ten (10) events during a calendar month, or one hundred twenty (120) hours per calendar year.

A customer may be required to participate in a test event when they sign-up for the Program and up to two additional test events per year to ensure that the notification equipment is operational and to verify the expected load drop. Test events will be operated, paid, and counted as actual curtailment events.

3. Program Participation Incentive Payments – Incentive payments will be paid on a monthly basis based on the directly enrolled customer's or aggregated portfolios' monthly potential load reduction (PLR) amount:

Potential Load Reduction	Incentive
1 kW to 500 kW	\$8.00/kW
501 kW to 1,000 kW	\$8.50/kW
1,001 kW and greater	\$9.00/kW

The PLR (described below) will be multiplied by the appropriate incentive level to determine the monthly incentive payment.

4. Failure to Reduce Loads during an Event – Customers will be penalized \$6.00 per kilowatt-hour (kWh) for energy usage over its FSL during a curtailment. Penalties will be evaluated on an hourly basis.
5. Trigger – The CAISO may request PG&E to operate all or part of the customers on Option A when 1) it has publicly issued a Warning notice and has determined that a Stage 1 emergency is imminent consistent with its operating procedure E-508B, 2) during a Stage 2 event; 3) based on its forecasted system conditions and operating procedures, or 4) in the event of a transmission system contingency.

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(Continued)



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Sheet 1

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

Aglet	Department of the Army	Northern California Power Association
Agnews Developmental Center	Dept of General Services	Occidental Energy Marketing, Inc.
Alcantar & Kahl	Division of Business Advisory Services	OnGrid Solar
Ancillary Services Coalition	Douglas & Liddell	PPL EnergyPlus, LLC
Anderson & Poole	Douglass & Liddell	Pinnacle CNG Company
Arizona Public Service Company	Downey & Brand	Praxair
BART	Duke Energy	R. W. Beck & Associates
BP Energy Company	Duncan, Virgil E.	RCS, Inc.
Barkovich & Yap, Inc.	Dutcher, John	RMC Lonestar
Bartle Wells Associates	Ellison Schneider & Harris LLP	Recon Research
Blue Ridge Gas	Energy Management Services, LLC	SCD Energy Solutions
Braun & Associates	FPL Energy Project Management, Inc.	SCE
C & H Sugar Co.	Foster Farms	SESCO
CA Bldg Industry Association	Foster, Wheeler, Martinez	SMUD
CAISO	Franciscan Mobilehome	SPURR
CLECA Law Office	G. A. Krause & Assoc.	Santa Fe Jets
CSC Energy Services	GLJ Publications	Seattle City Light
	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sempra Utilities
California Cotton Ginners & Growers Assn	Green Power Institute	Sequoia Union HS Dist
California Energy Commission	Hanna & Morton	Sierra Pacific Power Company
California League of Food Processors	Heeg, Peggy A.	Silicon Valley Power
California Public Utilities Commission	Hitachi	Smurfit Stone Container Corp
Calpine	Hogan Manufacturing, Inc.	Southern California Edison Company
Cameron McKenna	Imperial Irrigation District	St. Paul Assoc.
Cardinal Cogen	Innercite	Sunshine Design
Casner, Steve	International Power Technology	Sutherland, Asbill & Brennan
Cerox	Intestate Gas Services, Inc.	TFS Energy
Chamberlain, Eric	J. R. Wood, Inc.	Tabors Caramanis & Associates
Chevron Company	JTM, Inc.	Tecogen, Inc.
Chris, King	Los Angeles Dept of Water & Power	Tioga Energy
City of Glendale	Luce, Forward, Hamilton & Scripps LLP	TransCanada
City of Palo Alto	MBMC, Inc.	Turlock Irrigation District
City of San Jose	MRW & Associates	U S Borax, Inc.
Clean Energy Fuels	Manatt Phelps Phillips	United Cogen
Coast Economic Consulting	Matthew V. Brady & Associates	Utility Cost Management
Commerce Energy	McKenzie & Associates	Utility Resource Network
Commercial Energy	Meek, Daniel W.	Utility Specialists
Constellation	Merced Irrigation District	Vandenberg Air Force
Constellation New Energy	Mirant	Verizon
Consumer Federation of California	Modesto Irrigation District	Wellhead Electric Company
Crossborder Energy	Morgan Stanley	Western Manufactured Housing Communities Association (WMA)
		White & Case
Davis Wright Tremaine LLP	Morrison & Foerster	eMeter Corporation
Day Carter Murphy	New United Motor Mfg., Inc.	
Defense Energy Support Center	Norris & Wong Associates	
Department of Water Resources	North Coast SolarResources	