

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 10, 2009

Advice Letters 3447-E/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: Revision to SC-to-SC Trades in the Capacity Bidding
Program Tariffs and Supplemental Filing**

Dear Mr. Cherry:

Advice Letters 3447-E and 3447-E-A are effective November 9, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



September 25, 2009

Advice 3447-E-A

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Supplement: Revision to SC-to-SC Trades in the Capacity
Bidding Program Tariffs**

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

Pursuant to conversations with the California Public Utilities Commission's (Commission) Energy Division, PG&E is supplementing Advice 3447-E to include additional information regarding PG&E notifying its Direct Access Capacity Bidding Program participants of recent program changes.

Purpose

The purpose of this filing is to modify language in PG&E's E-CBP and standard form agreements as described below. This proposed changes address resolves concerns raised by the Alliance for Retail Energy Markets (AReM) in its protest to PG&E's Application for Approval of its 2009-2011 DR Programs and Budgets (Application 08-06-003), specifically AReM's request that Scheduling Coordinator Trades (SC-to-SC trades) for direct access (DA) and Community Choice Aggregation (CCA) service participation in CBP be justified or eliminated. The proposed changes also make E-CBP and the form agreements more compatible with the Market Redesign and Technology Upgrade (MRTU) of the California Independent System Operator (CAISO).

Background

On September, 29, 2008, AReM filed its protest to the investor-owned utilities (IOUs) applications, requesting that the SC-to-SC trade requirement be justified or eliminated. On November 10, 2008, the Assigned Commissioner and

Administrative Law Judge issued a Scoping Memo and Ruling in A. 08-06-003, et al., (Ruling) that acknowledged the issues raised by AReM. The Ruling found the issues to be “technical and logistical” in nature, and questioned whether the issue may be appropriate for resolution through a less formal process than hearings and litigation. The Ruling directed the IOUs and AReM work together in an effort to resolve the issues. AReM, PG&E, Southern California Edison ((SCE), and San Diego Gas and Electric (SDG&E), filed a Joint Status Report on December 16, 2008 that resolved several issues raised by AReM and committed the parties to “use their best efforts to resolve, before MRTU is implemented, through the California Independent System Operator’s (CAISO) DR Working Group or other groups as appropriate: (a) any identified technical or regulatory barriers to DA customer participation in MRTU DR Programs; (b) whether an SC-to-SC trade or a similar mechanism should continue after MRTU; and (c) any ongoing concerns (financial, logistical or other) regarding ending or continuing of SC-to-SC trades or similar mechanisms with ESPs as a result of DA customers’ participation in a DR program.”¹ SCE filed Advice 2332-E on March 18, 2009, proposing a resolution to this issue with AReM’s support. PG&E’s proposal in this advice letter is the same as SCE’s proposal.

Scheduling Coordinators (SCs) are the intermediaries between the CAISO and the retailers who serve end-use customers. They submit energy schedules to the CAISO with the specifics of where they plan to generate, transmit, and consume electricity the next day. When a DR event is called, directly-enrolled DA or CCA service customers participating in the CBP and those DA or CCA customers participating in CBP through an aggregator’s portfolio, are now required to make a SC-to-SC trade with PG&E’s scheduling agent, otherwise no incentive payment will be made for their specific DR participation. However, under MRTU the nature of SC-to-SC trades will be fundamentally different from those before MRTU. SC-to-SC trades under MRTU will be more complex with a number of specific requirements associated with the available SC-to-SC trade options including choices of physical or financial trades, choices of trade locations and choice of markets. Considering the timelines of CBP event notifications and the timelines and added complexity of the SC-to-SC trades under MRTU, PG&E proposes a more efficient alternative.

PG&E proposes to modify rate Schedule E-CBP and its associated agreements (Forms 79-1074 and 79-1076, as submitted in Advice 3447-E) to eliminate the SC-to-SC trade requirement and to eliminate the energy payment due from PG&E to DA or CCA service customers enrolled in CBP, either directly or through an Aggregator, for load reductions during CBP events and test events (\$0/kWh). DA

¹ JOINT STATUS REPORT ON ENERGY SERVICE PROVIDER ISSUES filed December 22, 2008 in A.08-06-001 et al.

or CCA service customers or their aggregators will still receive capacity payments from PG&E as applicable under CBP, based on their specific performance under the program. This modification does not prevent DA or CCA service customers from entering into arrangements with their respective Energy Service Providers (ESPs) to receive part or all of the energy benefits derived from the DA customers' load reductions during CBP events.

To ensure that participating DA or CCA customers are notified of the SC-to-SC protocol change in the CBP program, upon approval by the Commission of the modifications, PG&E will notify its participating DA and CCA customers through mailed letters or electronic mail correspondence of this change and also provide information on how to obtain a copy of this advice letter filing. PG&E will coordinate with AReM and Aggregators as to the wording of the notification in advance of sending the notice to DA customers. In addition, PG&E will be available to answer customer questions related to the advice letter filing and the provided correspondence by calling (415) 972-5900.

This program modification is intended to be temporary while experience with DR in MRTU is gained. The parties propose to continue to work with the CAISO DR Working Groups or other groups as appropriate to ensure that any on-going scheduling coordinator issues are addressed in MRTU as it evolves. This program modification is not meant to set precedent for future DA or CCA service participation in PG&E's DR programs.

Protest Period

In accordance with GO 06-B, Section 7.5.1, "the filing of a supplement, or of additional information at the request of the reviewing Industry Division, does not automatically continue or reopen the protest period or delay the effective date of the advice letter."

Effective Date

PG&E submits this filing with a Tier 2 designation pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2. PG&E requests that this advice filing, and Advice 3447-E, become effective upon Energy Division approval.

Notice

In accordance with GO 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 R.07-01-041. Address changes should be directed to San Heng at (415) 973-2640. Advice Letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in black ink that reads "Brian K. Cheyette". The signature is written in a cursive style with a horizontal line underlining the name.

Vice President - Regulatory Relations

Attachments

cc: Service Lists – A.08-06-003; R.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) #: 3447-E-A

Tier: 2

Subject of AL: Supplement: Revision to SC-to-SC Trades in the Capacity Bidding Program Tariffs

Keywords (choose from CPUC listing):

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: CPUC Approval

No. of tariff sheets: 3

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: Schedule E-CBP

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 3447-E-A**

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

Title of Sheet

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

28428-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 7	25937-E
28429-E	ELECTRIC TABLE OF CONTENTS Sheet 1	28263-E
28430-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 5	28174-E



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 7

**ENERGY
 PAYMENT:**

All Energy Payments will be determined separately for each Capacity Nomination.

If no CBP Events were called during the operating month, then the monthly Energy Payment is zero (0).

If one or more CBP Events were called during the operating month, then the monthly Energy Payment is obtained by summing the Hourly Energy Payments. The Hourly Energy Payments will be determined as follows:

$$\begin{aligned} \text{Nominated Energy}_{HR} &= \text{Nominated Capacity}_{HR} \\ \text{Delivered Energy}_{HR} &= \text{lesser of Delivered Capacity}_{HR} \text{ or } 1.5 * \text{Nominated Energy}_{HR} \\ \text{If Delivered Energy}_{HR} &\geq \text{Nominated Energy}_{HR} \\ \text{Energy Payment}_{HR} &= \text{Delivered Energy}_{HR} * \text{Energy Price}_{HR} \\ \text{If Delivered Energy}_{HR} &< \text{Nominated Energy}_{HR} \\ \text{Energy Payment}_{HR} &= \text{Delivered Energy}_{HR} * \text{Energy Price}_{HR} \text{ less } \\ &\quad (\text{Nominated Energy}_{HR} - \text{Delivered Energy}_{HR}) * \\ &\quad \text{the higher of the ex-post energy price for the} \\ &\quad \text{event hour or the Energy Price}_{HR} \\ \text{Where the Energy Price}_{HR} &= 15,000 \text{ BTU/kWh} * \text{PG\&E citygate midpoint gas} \\ &\quad \text{price as published by Platts Gas Daily for the} \\ &\quad \text{date of the CBP Event (\$/BTU)} \end{aligned}$$

See section below for special conditions regarding DA and CC service customers' energy payments. (N)
(N)

**SPECIAL
 CONDITIONS
 FOR DIRECT
 ACCESS AND
 CCA SERVICE
 CUSTOMERS:**

DA or CCA service customers enrolling directly with the PG&E must make the necessary arrangements with their ESP before enrolling in this program. Directly-enrolled DA or CCA service customers must notify their ESP when a CBP Event has been scheduled. (T)
|
(T)

Aggregators must make the necessary arrangements with the ESP of its DA or CCA service customers before enrolling DA or CCA service customers in this program. Aggregators must notify the ESP of its DA or CCA service customers when a CBP Event has been scheduled. (T)
|
(T)
(D)

PG&E will not provide energy payments to directly-enrolled DA or CCA service customers, or Aggregator on behalf of a DA or CCA service customer, for load reductions during CBP events (\$0/kWh), due to the Scheduling Coordinator (SC) to SC trade and payment changes to the CBP program. Customers and Aggregators will still receive capacity payments from PG&E for DA or CCA customers' load as applicable under this Schedule. This provision does not prevent DA or CCA customers from entering into arrangements with their respective ESPs or CCAs to receive part or all of the energy benefits derived from the DA or CCA customers' load reductions during CBP events. PG&E will notify existing CBP participants and Aggregators of this recent SC to SC program change. (N)
|
|
|
|
|
|
|
|
|
|
(N)

(Continued)



ELECTRIC TABLE OF CONTENTS

Sheet 1

TABLE OF CONTENTS

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.	
	Title Page	28429-E	(T)
	Rate Schedules	28557, 28558, 28559, 28560-E	(T)
	Preliminary Statements	28561, 28047, 28562, 28565-E	
	Rules	28359-E	
	Sample Forms	28385, 28360, 28295, 28261, 27639, 28280, 28424, 25059-E	

(Continued)



ELECTRIC TABLE OF CONTENTS
RATE SCHEDULES

Sheet 5

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
Rate Schedules Direct Access		
E-CREDIT	Revenue Cycle Services Credits	24944,24945,16569,24946-24947, 16572, 24948,24949,16575,24950,24951,16578-E
E-DASR	Direct Access Services Request Fees.....	14847-E
E-ESP	Services to Energy Service Providers	16109,15828,15829,27795,16221-E
E-ESPNSF	Energy Service Provider Non-Discretionary Service Fees.....	16535,16536-E
E-EUS	End User Services.....	19750,14853,19751-E
DA-CRS	Direct Access Cost Responsibility Surcharge.....	27027,28318-E
TBCC	Transitional Bundled Commodity Cost.....	25523,26743,22991,21207,20994,20995-E
E-CS	ClimateSmart.....	27554,26318-E
E-CCA	Services to Community Choice Aggregators	25510,25511,25512-25517-E
CCA CRS	Community Choice Aggregation Cost Responsibility Surcharge	27029-E
E-CCAINFO	Information Release to Community Choice Aggregators	25518-25521-E
Rate Schedules Curtailment Options		
E-BIP	Base Interruptible Program	28413,28414,27276,28415-28418-E
E-OBMC	Optional Binding Mandatory Curtailment Plan	18839,18840,18429, 27796,18431,23001-E
E-DBP	Demand Bidding Program	27278,27279,27280,27281,25686*, 27282,25688,28419,27283-E
E-SLRP	Scheduled Load Reduction Program	27284,27285,27286,26287,27032-E
E-POBMC	Pilot Optional Binding Mandatory Curtailment Plan	18903,18904,18905, 27797,18907,23003,18909-E
E-CPP	Critical Peak Pricing Program.....	27287,28555,20398,27288,27289, 27290,27034-E
EZ-20/20	California 20/20 Rebate Program	22863,22864,22865-E
E-BEC	Business Energy Coalition Program	27870,27537,27538,27539, 27871-E
E-CBP	Capacity Bidding Program	27217,27218,28272,27872,25935, 25936,28428,28274,27219,28275,27873-E
E- PEAKCHOICE	PeakChoice	27318-27328-E
Rate Schedules Energy Charge Rates		
E-RSAC	Residential Smart A/C Program.....	28320,27298,27299-E
E-FFS	Franchise Fee Surcharge	28225-E

(T)

(Continued)

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

Alcantar & Kahl	Defense Energy Support Center	North Coast SolarResources
Ameresco	Department of Water Resources	Northern California Power Association
Anderson & Poole	Department of the Army	Occidental Energy Marketing, Inc.
Arizona Public Service Company	Dept of General Services	OnGrid Solar
BART	Division of Business Advisory Services	Praxair
BP Energy Company	Douglas & Liddell	R. W. Beck & Associates
Barkovich & Yap, Inc.	Douglass & Liddell	RCS, Inc.
Bartle Wells Associates	Downey & Brand	Recon Research
C & H Sugar Co.	Duke Energy	SCD Energy Solutions
CA Bldg Industry Association	Dutcher, John	SCE
CAISO	Ellison Schneider & Harris LLP	SMUD
CLECA Law Office	FPL Energy Project Management, Inc.	SPURR
CSC Energy Services	Foster Farms	Santa Fe Jets
California Cotton Ginners & Growers Assn	G. A. Krause & Assoc.	Seattle City Light
California Energy Commission	GLJ Publications	Sempra Utilities
California League of Food Processors	Goodin, MacBride, Squeri, Schlotz & Ritchie	Sierra Pacific Power Company
California Public Utilities Commission	Green Power Institute	Silicon Valley Power
Calpine	Hanna & Morton	Southern California Edison Company
Cameron McKenna	Hitachi	Sunshine Design
Cardinal Cogen	International Power Technology	Sutherland, Asbill & Brennan
Casner, Steve	Intestate Gas Services, Inc.	Tabors Caramanis & Associates
Chamberlain, Eric	Los Angeles Dept of Water & Power	Tecogen, Inc.
Chevron Company	Luce, Forward, Hamilton & Scripps LLP	Tiger Natural Gas, Inc.
Chris, King	MBMC, Inc.	Tioga Energy
City of Glendale	MRW & Associates	TransCanada
City of Palo Alto	Manatt Phelps Phillips	Turlock Irrigation District
Clean Energy Fuels	Matthew V. Brady & Associates	U S Borax, Inc.
Coast Economic Consulting	McKenzie & Associates	United Cogen
Commerce Energy	Merced Irrigation District	Utility Cost Management
Commercial Energy	Mirant	Utility Specialists
Consumer Federation of California	Modesto Irrigation District	Verizon
Crossborder Energy	Morgan Stanley	Wellhead Electric Company
Davis Wright Tremaine LLP	Morrison & Foerster	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	New United Motor Mfg., Inc.	eMeter Corporation
	Norris & Wong Associates	