

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 1, 2012

**Advice Letter 3909-E**

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

**Subject: Modification of Energy Resource Recovery Account (ERRA) Preliminary Statement to Recover Net Surplus Compensation Payments to Eligible Net Energy Metering Customers Pursuant to Decision (D) 11-06-016 and Resolution E-4422**

Dear Mr. Cherry:

Advice Letter 3909-E is effective October 24, 2011.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division

September 23, 2011

**Advice 3909-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Modification of Energy Resource Recovery Account (ERRA) Preliminary Statement to Recover Net Surplus Compensation Payments to Eligible Net Energy Metering Customers Pursuant to Decision (D.)11-06-016 and Resolution E-4422**

**Purpose**

Pursuant to Decision (“D.”) 11-06-016<sup>1</sup> and California Public Utilities Commission (“CPUC” or “Commission”) Resolution E-4422, Pacific Gas and Electric Company (“PG&E”) submits this advice letter to modify the Energy Resource Recovery Account (“ERRA”) Electric Preliminary Statement (“Preliminary Statement”) to recover all revenues or costs related to Net Surplus Compensation for Eligible Net Energy Metering Customers.

**Background**

Assembly Bill (“AB”) 920 revised Public Utilities (“PU”) Code Section 2827 to require the Commission to adopt, by January 1, 2011, a net surplus electricity compensation valuation and to authorize compensation for net surplus electricity generated and delivered to the grid by an eligible customer-generator. The revised PU Code Section 2827 requires electric utilities to offer a standard contract or tariff to eligible customer-generators that includes net surplus compensation (“NSC”) for the value of the net surplus electricity.

On June 9, 2011, the Commission adopted D.11-06-016 to implement provisions for the NSC program required under AB 920 and pursuant to PU Code Section 2827. In the decision, among other things, the Commission:

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<sup>1</sup> [http://docs.cpuc.ca.gov/word\\_pdf/FINAL\\_DECISION/137431.pdf](http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/137431.pdf)

- Adopts a net surplus compensation rate for net surplus energy based on an average of market energy prices over the 12 months corresponding to the customer's relevant period; and
- Requires that eligible customers with relevant periods ending in January 2011 and thereafter be compensated for net surplus energy once the Commission has approved advice filings required in the Decision.

PG&E filed Advice ("AL") 3870-E<sup>2</sup> on July 11, 2011, to revise Schedules NEM and NEMVNMA<sup>3</sup> to accommodate NSC pursuant to PU Code Section 2827 and D.11-06-016. Effective with Commission approval, eligible customers may receive payments (in the form of either check or bill credit) for net surplus energy purchased by PG&E. The Commission issued Resolution 4422-E approving Advice 3870-E on September 22, 2011 which stated:

*...Effective the date of this Resolution, each utility will revise its Preliminary Statement, Energy Resource Recovery Account ("ERRA") tariff sheet to include a new and separate Accounting Procedure line item that describes the NSC debit entry to the ERRA balancing account. The ERRA balancing account records fuel and purchased power cost. In this case the debit entry will record payments (or bill credits) for the NSC expense associated with AB920 implementation. This debit entry will be made on a monthly basis concurrent with the calculation of the NSC rate for the relevant period and as an offset to a credit entry to each utility's relevant income statement account that tracks a reduction in billed revenues resulting from AB 920 implementation. This accounting procedure may include additional compensation for NSC renewable attributes where and when applicable.*

*The NSC rate energy price is to be calculated monthly based on the hourly day-ahead electricity market price at each utility's DLAP price as published on the California Independent System Operator ("CAISO") Open Access Same-Time Information System ("OASIS"), ending the twentieth day of each month.*

Pursuant to D.11-06-016, NSC payments may eventually include additional compensation for renewable attributes. PG&E may re-submit another advice letter once the details of the additional renewable attribute compensation become available.

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<sup>2</sup> AL 3870-E - [http://www.pge.com/notes/rates/tariffs/tm2/pdf/ELEC\\_3870-E.pdf](http://www.pge.com/notes/rates/tariffs/tm2/pdf/ELEC_3870-E.pdf)

<sup>3</sup> Electric Rate Schedules NEMV and NEMVMASH are pending.

### Tariff Revisions

NSC payments provided to eligible NEM customers will be recorded as purchased power costs. As with other purchased power costs, PG&E proposes to record the amount of the NSC payments in its existing ERRA. PG&E has attached the required modification to its Preliminary Statement Part CP, "Energy Resource Recovery Account," to include a debit entry to record payments made to NEM customers for their net surplus energy. Electric Preliminary Statement Part CP, Section 5, is modified to insert a new entry:

- ad) A debit entry equal to power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period.

The existing entries "ad)" and "ae)" will become "ae)" and "af)," respectively.

### 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 **October 13, 2011**, 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, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-6520  
E-mail: PGETariffs@pge.com

### **Effective Date**

PG&E requests that this advice filing become effective on regular notice, **October 24, 2011**, which is 31 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 R.10-05-004 and A.10-03-001. Address changes to the General Order 96-B service list should be directed to PG&E at e-mail address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. 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 Cherry in cursive script.

Vice President - Regulation and Rates

cc: Service Lists R.10-05-004 and A.10-03-001

Attachments

# 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: Linda Tom-Martinez

Phone #: (415) 973-4612

E-mail: lmt1@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) #: **3909-E**

Tier: **2**

Subject of AL: **Modification of Energy Resource Recovery Account (ERRA) Preliminary Statement to Recover Net Surplus Compensation Payments to Eligible Net Energy Metering Customers Pursuant to Decision (D.)11-06-016 and Resolution E-4422**

Keywords (choose from CPUC listing): Compliance, Metering

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.11-06-016 and Resolution E-4422

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<sup>1</sup>: \_\_\_\_\_

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

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: **October 24, 2011**

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 Preliminary Statement Part CP

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

**[ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)**

**Pacific Gas and Electric Company**

**Attn: Brian Cherry**

**Vice President, Regulation and Rates**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)**

**ATTACHMENT 1  
Advice 3909-E**

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

**Title of Sheet**

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

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30603-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 7	30260-E
30604-E	ELECTRIC PRELIMINARY STATEMENT PART CP ENERGY RESOURCE RECOVERY ACCOUNT Sheet 8	
30605-E	ELECTRIC TABLE OF CONTENTS Sheet 1	30532-E
30606-E	ELECTRIC TABLE OF CONTENTS PRELIMINARY STATEMENT Sheet 14	30262-E



**ELECTRIC PRELIMINARY STATEMENT PART CP**  
**ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 7

**CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.)**

**5. ACCOUNTING PROCEDURES: (Cont'd.)**

- x) A debit entry equal to incentive payments related to authorized bilateral demand response agreements;
- y) A monthly entry equal to the interest on the monthly nuclear fuel inventory at the beginning of the month and one-half the balance of the current month's activity, multiplied at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor;
- z) A credit or debit entry equal to the revenues or costs related to CRRs;
- aa) A debit entry equal to the incremental IE costs through 2010 related to RFOs seeking terms of less than five years. After 2010, a debit entry equal to all IE costs related to all RFOs;
- ab) A debit entry equal to actual wave energy project (WaveConnect) expenditures;
- ac) A credit or debit entry equal to the revenues or costs related to convergence bidding;
- ad) A debit entry equal to power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period. (N)  
I  
(N)

(Continued)



**ELECTRIC PRELIMINARY STATEMENT PART CP**  
**ENERGY RESOURCE RECOVERY ACCOUNT**

Sheet 8

- CP. ENERGY RESOURCE RECOVERY ACCOUNT (ERRA) (Cont'd.) (N)
- 5. ACCOUNTING PROCEDURES: (Cont'd.) (N)
  - ae) A monthly entry equal to interest on the average balance in the account at the beginning of the month and the balance after the above entries, at a rate equal to one-twelfth of the rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, H.15 or its successor; and (T)
  - af) A debit entry equal to the year-end balance transferred from the Long-Term Procurement Plan Technical Assistance Memorandum Account (LTAMA). (T)



**ELECTRIC TABLE OF CONTENTS**

Sheet 1

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<b>SCHEDULE</b>	<b>TITLE OF SHEET</b>	<b>CAL P.U.C. SHEET NO.</b>	
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(Continued)

Advice Letter No: 3909-E  
 Decision No. 11-06-016

Issued by  
**Brian K. Cherry**  
 Vice President  
 Regulation and Rates

Date Filed September 23, 2011  
 Effective October 24, 2011  
 Resolution No. E-4422



**ELECTRIC TABLE OF CONTENTS**  
**PRELIMINARY STATEMENT**

Sheet 14

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Part CD	Kern Restoration and Operation Memorandum Account.....	18509-E
Part CE	Baseline Balancing Account.....	23410,23411-E
Part CF	Net Energy Metering Memorandum Account .....	18831-E
Part CG	Utility Generation Balancing Account.....	27779,25926-E
Part CH	Utility Retained Generation Income Tax Memorandum Account.....	20502-E
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Part CJ	Negative Ongoing Transition Charge Memorandum Account .....	25999-E
Part CK	Distribution Bypass Deferral Rate Memorandum Account .....	20619-E
Part CL	Distributed Energy Resources Memorandum Account.....	19042-E
Part CN	Research, Development, and Demonstration Balancing Account .....	29676-E
Part CO	Renewables Balancing Account.....	29677-E
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Part CZ	Distribution Revenue Adjustment Mechanism.....	27780,28714,30076-E

(Continued)

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

AT&T	Dept of General Services	Northern California Power Association
Alcantar & Kahl LLP	Douglass & Liddell	Occidental Energy Marketing, Inc.
Ameresco	Downey & Brand	OnGrid Solar
Anderson & Poole	Duke Energy	Praxair
Arizona Public Service Company	Economic Sciences Corporation	R. W. Beck & Associates
BART	Ellison Schneider & Harris LLP	RCS, Inc.
Barkovich & Yap, Inc.	Foster Farms	Recurrent Energy
Bartle Wells Associates	G. A. Krause & Assoc.	SCD Energy Solutions
Bloomberg	GLJ Publications	SCE
Bloomberg New Energy Finance	GenOn Energy, Inc.	SMUD
Boston Properties	Goodin, MacBride, Squeri, Schlotz & Ritchie	SPURR
Braun Blasing McLaughlin, P.C.	Green Power Institute	San Francisco Public Utilities Commission
Brookfield Renewable Power	Hanna & Morton	Seattle City Light
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CLECA Law Office	In House Energy	Sierra Pacific Power Company
CSC Energy Services	International Power Technology	Silicon Valley Power
California Cotton Ginners & Growers Assn	Intestate Gas Services, Inc.	Silo Energy LLC
California Energy Commission	Lawrence Berkeley National Lab	Southern California Edison Company
California League of Food Processors	Los Angeles Dept of Water & Power	Spark Energy, L.P.
California Public Utilities Commission	Luce, Forward, Hamilton & Scripps LLP	Sun Light & Power
Calpine	MAC Lighting Consulting	Sunshine Design
Cardinal Cogen	MBMC, Inc.	Sutherland, Asbill & Brennan
Casner, Steve	MRW & Associates	Tabors Caramanis & Associates
Chris, King	Manatt Phelps Phillips	Tecogen, Inc.
City of Palo Alto	McKenzie & Associates	Tiger Natural Gas, Inc.
City of Palo Alto Utilities	Merced Irrigation District	TransCanada
City of San Jose	Modesto Irrigation District	Turlock Irrigation District
Clean Energy Fuels	Morgan Stanley	United Cogen
Coast Economic Consulting	Morrison & Foerster	Utility Cost Management
Commercial Energy	NLine Energy, Inc.	Utility Specialists
Consumer Federation of California	NRG West	Verizon
Crossborder Energy	NaturEner	Wellhead Electric Company
Davis Wright Tremaine LLP	Navigant Consulting	Western Manufactured Housing Communities Association (WMA)
Day Carter Murphy	Norris & Wong Associates	eMeter Corporation
Defense Energy Support Center	North America Power Partners	
Department of Water Resources	North Coast SolarResources	