

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



December 21, 2011

Advice Letter 3936-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: Clarification to Rate Schedule E-DCG Regarding Certain
Non-Net Energy Metered Generating Facilities**

Dear Mr. Cherry:

Advice Letter 3936-E is effective December 2, 2011.

Sincerely,

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

Edward F. Randolph, Director
Energy Division

November 2, 2011

Advice 3936-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Clarification to Rate Schedule E-DCG Regarding Certain Non-Net Energy Metered Generating Facilities.**Purpose**

Pursuant to General Order (G.O.) 96-B, PG&E submits this advice letter to clarify Rate Schedule E-DCG regarding the departing load requirements for customers with certain net-energy-metered-eligible generating facilities that are not taking service on a net energy metered rate schedule.

Background

In Decision (D.) 03-04-030,¹ the Commission established that “*all net-metered departing load shall not be required to pay any cost components of the CRS.*”² In discussing this exception, the Commission further stated:

*“Though one of the eligibility criteria for the net metering program is that the customer generation system be under 1 MW in size, not all CG in this size category is net metered. For example, a number of installations of solar photovoltaics are not net metered. We believe, therefore, that **certain other clean customer generation in this size category should be treated similarly regardless of its net metering status.** In particular, both the CPUC and the CEC offer financial incentives from various funding sources to encourage installation of clean self-generation. The offering of a financial incentive clearly indicates a policy preference designed to encourage the installation of such systems. We intend to continue offering these types of systems a preference in order to encourage their installation. Therefore, if a system is under 1 MW in size and eligible for participation in either the CPUC’s self-generation program or a CEC program, we will also provide an exception from payment of the full fair share for that system, and therefore the departing load it*

¹ Decision 03-04-030, *Opinion Granting, In Part, Petition For Modification Of Decision 03-04-030: Opinion On Cost Responsibility Surcharge Mechanisms For Customer Generation Departing Load* http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/25100.pdf

² *Id.*, mimeo, p. 46. (CRS is Cost Responsibility Surcharge.)

represents, from any requirement to pay any portion of the CRS.” (D.03-04-030, mimeo, p. 46, emphasis added.)

Currently, PG&E’s Schedule E-DCG specifically allows customers who are participating in a net energy metering program under Public Utilities Code Section 2827, 2827.9³ and 2827.10 (“qualified NEM programs”) to be exempt from CRS charges. However, the tariff is not clear on whether customers that are eligible for these qualified NEM programs, yet for whatever reason elect not to participate in them, should also receive the CRS exemption.

In this Advice Letter, PG&E proposes two clarifications to Schedule E-DCG so that its tariffs will be consistent with D.03-04-030, its current billing practices, and the billing practices of the other IOUs.

First, PG&E proposes language to make it clear that, for the purposes of CRS treatment, customers who are eligible for qualified NEM programs will be treated in the same fashion as those who participate in these programs.

Second, PG&E proposes to clarify that customers with generating facilities up to 5 MW who are eligible for California Solar Initiative (CSI) incentives for the first megawatt of generating capacity are exempt from power related charges on this first megawatt of generating capacity. PG&E believes this clarification is reasonable because the CSI incentive program, which was introduced subsequent to the 2003 decision, is the type of incentive program that is encompassed by D.03-04-030’s language, “*CPUC’s self-generation program or a CEC program.*”⁴

Tariff Revisions

To be consistent with the Commission’s intent as stated in Decision 03-04-030, PG&E proposes to make the following changes to Schedule E-DCG:

1. Change Special Condition 2 opening language (in the underlined portion) from:

2. *EXEMPTIONS AND EXCEPTIONS: Customer Generation Departing Load is exempted or excepted from some or all of the rates described above to the extent set forth below. ... In the case of net metered customers, these charges will be calculated based on net consumption, except as provided in future Commission decisions.*

to:

...A Customer-generator eligible for net metering based on PU Code Section

³ P.U. Code Section 2827.9 will be eliminated January 1, 2012, as a result the passage of Senate Bill 489.

⁴ Customers over 1 MW will still be required to pay Nuclear Decommissioning (ND) and Public Purpose Program (PPP) charges for their entire output as by definition these customers will no longer be eligible for the NEM schedule.

2827, Section 2827.9 or Section 2827.10 is responsible for all charges in the Rates Section based on their net consumption, except as provided in future Commission decisions.

2. Change the following language in Special Condition 2 d. to include customers with CSI eligible generating facilities greater than 1 MW but less than 5 MW from:

d. Clean Customer Generation Systems Up to 5 MW. Customer Generation Departing Load up to 5 megawatts (MW) in size that is eligible for (i) net metering; ...

to:

d. Clean Customer Generation Systems Up to 5 MW. Customer Generation Departing Load up to 5 megawatts (MW) in size that is eligible for (i) the California Solar Initiative (CSI) program;...

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 **November 22, 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: 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, 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 Tier 1 advice filing become effective on regular notice, **December 2, 2011**, 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 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 email 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>.

A handwritten signature in cursive script that reads "Brian Cherry" followed by a stylized flourish.

Vice President, Regulation and Rates

Attachments

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

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: Greg Backens

Phone #: 415-973-4390

E-mail: gab4@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) #: **3936-E**

Tier: 1

Subject of AL: **Clarification to Rate Schedule E-DCG Regarding Certain non-Net Energy Metered Generating Facilities**

Keywords (choose from CPUC listing): Self Generation, Metering

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: N/A

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

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 2, 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 Schedule E-DCG – Departing Customer Generation CG

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

jn@cpuc.ca.gov and mas@cpuc.ca.gov

Pacific Gas and Electric Company

Attn: Brian K. 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

**ATTACHMENT 1
Advice 3936-E**

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

Title of Sheet

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

30697-E	ELECTRIC SCHEDULE E-DCG DEPARTING CUSTOMER GENERATION CG Sheet 4	28858-E
30698-E	ELECTRIC SCHEDULE E-DCG DEPARTING CUSTOMER GENERATION CG Sheet 5	27054-E
30699-E	ELECTRIC TABLE OF CONTENTS Sheet 1	30579-E
30700-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 6	30529-E



ELECTRIC SCHEDULE E-DCG
DEPARTING CUSTOMER GENERATION CG

Sheet 4

SPECIAL
 CONDITIONS:
 (Cont'd.)

1. DEFINITIONS: (Cont'd.)
 - b. Customer Generation Departing Load: (Cont'd.)
 - (4) Load that physically disconnects from the utility grid.
 - (5) Changes in the distribution of load among accounts at a customer site with multiple accounts, load resulting from the reconfiguration of distribution facilities on the customer site, provided that the changes do not result in a discontinuance or reduction of service from PG&E at that location.
 - c. Otherwise Applicable Rate Schedule: The Otherwise Applicable Rate Schedule shall be the last schedule under which the customer took service before load was displaced by Customer Generation. Where the departing load was not previously served by a utility, the Otherwise Applicable Schedule will be the rate schedule the customer would have taken service under, had the load been served by PG&E.
2. EXEMPTIONS AND EXCEPTIONS: Customer Generation Departing Load is exempted or excepted from some or all of the rates described above to the extent set forth below. Unless exempted or excepted in Special Conditions 2.a. through 2.h., all usage displaced from the grid by the Customer Generation is subject to the DWR Bond Charge, Power Charge Indifference Adjustment, CTC, ND Charge, PPP Charge, and either RA Charge or ECRA Charge. A customer-generator eligible for net metering based on PU Code Section 2827, Section 2827.9 or Section 2827.10 is responsible for all charges in the Rates Section based on their net consumption, except as provided in future Commission decisions.
 - a. Load That Departed As Of February 1, 2001. Customer Generation Departing Load that began to receive service from Customer Generation on or before February 1, 2001, except during any period and to the extent that the Customer Generation Departing Load thereafter receives bundled or direct access service, is exempt from the DWR Bond Charge, Power Charge Indifference Adjustment, RA Charge, and ECRA Charge.
 - b. Grandfathered Load. Customer Generation Departing Load, not otherwise exempted under Special Condition 2.a. above, or Special Condition 2.c., 2.d., 2.e., or 2.h. below, that commenced commercial operation on or before January 1, 2003, or for which (a) an application for authority to construct was submitted to the lead agency under the California Environmental Quality Act, not later than August 29, 2001, and (b) commercial operation commenced not later than January 1, 2004, is exempted from the Power Charge Indifference Adjustment, RA Charges, and ECRA Charge.
 - c. Biogas Digesters. Customer Generation Departing Load served by an eligible biogas digester customer-generator, as defined in Public Utilities Code Section 2827.9, is exempt from the DWR Bond Charge, Power Charge Indifference Adjustment, RA Charge, ECRA Charge, ND Charge, PPP Charge, and CTC, to the extent that such load falls within the Customer Generation Cap described in Special Condition 2.g. below.

(T)
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 (T)

(Continued)



ELECTRIC SCHEDULE E-DCG
DEPARTING CUSTOMER GENERATION CG

Sheet 5

SPECIAL
 CONDITIONS:
 (Cont'd.)

EXEMPTIONS AND EXCEPTIONS: (Cont'd.)

- d. Clean Customer Generation Systems Up to 5 MW. Customer Generation Departing Load up to 5 megawatts (MW) in size that is eligible for (i) the California Solar Initiative (CSI) program; or (ii) financial incentives from the Commission's self-generation program; or (iii) financial incentives from the California Energy Commission, is exempted from the DWR Bond Charge, Power Charge Indifference Adjustment, RA Charge, ECRA Charge, and the CTC, for the first 1 MW of generation and to the extent that such excepted load falls within the Customer Generation Cap described in Special Condition 2.g. below.
 - (i) For customers providing hourly interval metered data, total departing load for each customer will be calculated as the sum, over all the hours of the month, of the hourly generator energy output. The exempt portion will be calculated as the sum, over all the hours of the month, of the smaller of either (1) the hourly generator energy output in kW; or (2) 1,000 kW.
 - (ii) For customers providing monthly metered data, total departing load will be calculated as equal to the monthly generator energy output. The exempt portion will be calculated by dividing the Commission-adopted exemption of 1 MW by the connected load of the generator (yielding an "exemption ratio"). This "exemption ratio" will then be multiplied by the monthly generator energy output to obtain the exempt portion of departing load.
 - (iii) For customers providing neither interval nor monthly metered data, or for customers proposing an alternative to subdivision 2.d(ii) above, PG&E will work with the customer to obtain some other form of information that would reasonably estimate the amount of departing load that should be exempt from the CRS. Absent any agreement on an appropriate estimation methodology, total departing load will be estimated based on historical load as set forth in Preliminary Statement Part BB, Section 5.e. The exempt portion will be calculated by dividing the Commission-adopted exemption of 1 MW by the connected load of the generator (yielding an "exemption ratio"). This "exemption ratio" will then be multiplied by the estimated monthly energy output of the generator to obtain the exempt portion of departing load.
- e. Ultra-Clean and Low-Emission Customer Generation Systems over 1 MW. Customer Generation Departing Load that is over 1 MW in size but that otherwise meets all criteria in Public Utilities Code Section 353.2 as "ultra-clean and low-emissions" is exempt from the Power Charge Indifference Adjustment, RA Charge, and ECRA Charge to the extent that such load falls within the Customer Generation Cap as described in Special Condition 2.g. below.
- f. Other Customer Generation Systems. Customer Generation Departing Load that employs best available control technology standards set by local air quality management districts and/or the California Air Resources Board, as applicable, and is not (a) back-up generation, (b) diesel-fired generation, or (c) discussed in Special Conditions 2.a. through 2.e. above, is exempted from the Power Charge Indifference Adjustment, RA Charge, and ECRA Charge to the extent that such load falls within the Customer Generation Cap described in Special Condition 2.g. below.

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**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
CA Bldg Industry Association	Hitachi	Sempra Utilities
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	