STATE OF CALIFORNIA — Edmund G. Brown Jr., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

August 7, 2012

**Advice Letter 2110-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: Withdrawal of Advice Letter 2110-E Regarding Proposal for Direct Load Control Air Conditioning Pilot Program (Draft of New Schedules E-ACR and E-ACC)**

Dear Mr. Cherry:

Advice Letter 2110-E is withdrawn as requested in your letter dated July 9, 2012.

Sincerely,

Edward Randolph

Edward F. Randolph, Director
Energy Division

May 1, 2001

**Advice 2110-E**
(Pacific Gas and Electric Company ID U 39 E

Public Utilities Commission of the State of California

**Subject: Direct Load Control Air Conditioning Program**

Pacific Gas and Electric Company (PG&E) hereby submits its proposal for direct load control (DLC) pilot programs. Decision 01-04-006, issued April 3, 2001, in the Interruptible Load Programs OIR proceeding (Rulemaking 00-10-002), in part ordered PG&E and San Diego Gas & Electric Company (SDG&E) to explore the feasibility of DLC options and advice-file their findings no later than May 1, 2001. Voluntary load curtailment programs have been approved by the Commission in a separate advice filing.[1]

PG&E reserves all legal rights to challenge the decisions or statutes under which it has been required to make this advice filing, and nothing in this advice filing constitutes a waiver of such rights. Also, PG&E reserves any additional legal rights to challenge the requirement to make this advice filing by reason of its status as a debtor under Chapter 11 of the Bankruptcy Code, and nothing in this advice filing constitutes a waiver of such rights.

In addition, on April 30, 2001, PG&E filed an Emergency Petition for Modification of D. 01-04-006, the decision which directed PG&E to file this advice letter. In its Emergency Petition PG&E asks the Commission to provide adequate funding for PG&E's costs to implement the load reduction programs adopted by D. 01-04-006, based in part on potential constraints on PG&E's ability to fund these programs arising under federal bankruptcy law. PG&E also intends to file an application for rehearing of the funding provisions adopted by the Commission for these programs. The response by the Commission to PG&E's Emergency Petition and application for rehearing, and the outcome of any subsequent appeals could affect implementation of the program proposed herein.

**Direct Load Control Options**

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[1] The Base Interruptible Program, the Voluntary Demand Response Program and the Optional Binding Mandatory Curtailment Plan were approved in Advice 2099-E-A, effective April 19, 2001.

Due to the short time frame for proposing DLC options, PG&E conducted an expedited feasibility study examining the following:

- Options such as, air conditioning (A/C), electric water heating, pool and irrigation pumps, and other electric motors for peak load relief;
- A fairly extensive, albeit not exhaustive, sampling of DLC control strategies, cycling/load control technologies, and communication mediums over which to transmit the DLC operational signals;
- A range of DLC products and services provided by various manufacturers and vendors; and
- A sampling of what other utilities active in the DLC arena are offering their customers.

PG&E determined that the most cost-effective options for reducing load using direct control technology will be A/C pilot programs for residential and small commercial end-use customers. This filing discusses proposed program options for eligible customers with central A/C units not exceeding 5 tons, for peak-period load relief during the hours between noon and 6:00 p.m. on non-holiday weekdays from June 1 to September 30.

Weather patterns and high load impact potential during peak demand periods suggest that the prime target implementation areas would be in California's Central and Sacramento Valleys. Initially, pilot programs could include up to 1,000 residential customers and 1,000 commercial customers. The programs could be designed for a minimum of three years, and later expanded or discontinued depending upon workability, cost effectiveness, and other criteria. There is insufficient time to implement a full-scale pilot program during the 2001 A/C season. Therefore, full results of load reduction will not be known until PG&E has gained the results of the initial 2001-2002 program effectiveness. However, the maximum load impact for the pilot project is expected to be 9 MW in 2002.

PG&E has concluded that DLC programs would be most practical if offered on a turnkey basis (rather than in-house by PG&E), in conjunction with a vendor. Use of the outside vendor will assist PG&E in evaluating customer eligibility, arranging for control device and equipment installation, verifying operability, and meeting projected load impacts. The vendor also would coordinate the DLC program in response to notifications from the California Independent Systems Operator (CAISO) to curtail load. PG&E would be responsible for incentive payments and/or bill credits under the programs.

PG&E's DLC pilot program design should incorporate and mirror, to the extent possible, the operational aspects (cycling strategies, frequency and duration of operations, repetitive operations constraints, etc.) that are currently in place for Southern California Edison Company's DLC program. Doing so will ease the operational complexity associated with coordinating the various utilities' cycling programs operations by the California ISO.

The cost of implementing A/C pilot programs in the first year is expected to be approximately $1.5 million. Annual costs in years 2-5 are expected to average $250,000. A 5-year total cost for pilot A/C turnkey programs is estimated at $2.8 million. (The actual final total costs may be somewhat different, depending on number of customers, possible expansion of the programs, and other factors.) PG&E also intends to pursue the feasibility of sharing infrastructure with other California utilities to implement its DLC programs. If feasible, the shared infrastructure approach might allow for significant cost savings.

**Draft Tariffs**

Schedule E-ACR—Residential Air Conditioner Cycling, provides service to individually metered single-family accommodations with central electric air conditioning for customers currently on Schedules E-1, EL-1, E-7, EL-7, E-8 and EL-8. Automatic devices to control cycling are installed in customers' homes and furnished and maintained by PG&E. Customers receive a credit amount for their choice of 50 percent cycling (turn-off of A/C system for 15 of every 30 minutes during a cycle, with no limit to the number of cycles during air conditioning season), 67 percent cycling (turn-off of A/C system for 20 of every 30 minutes during a cycle, with no limit to the number of cycles during air conditioning season) or 100 percent cycling. (A/C turn-off for up to 6 continuous hours, with no limit to the number of cycles.) Service is for a minimum of one year.

Schedule E-ACC—Commercial Air Conditioner Cycling, applies to small commercial customers on Schedules A-1 or A-6. Customers receive credits based on 50, 67 or 100 percent cycling. (The A/C system turn-off rules for this tariff would be the same as for the residential tariff for each cycling percentage.) The same basic conditions of service would also apply as for residential customers. Customers on Direct Access service may not participate in this program.

PG&E also proposes to revise its recently approved Preliminary Statement Part BX--Interruptible Load Programs Memorandum Account (ILPMA). The ILPMA provides for costs associated with the various interruptible load programs and rotating outage block management activities authorized by D. 01-04-006 to be recorded to separate sub-accounts. However, the ILPMA currently provides only for the recording of those costs that are incurred on or before December 31, 2002, and so would need to be modified to allow for the recording of those DLC pilot program costs that might be incurred after that date.

**Protests**

Anyone wishing to protest this filing may do so by sending a letter within 20 days of 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:

IMC Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, CA 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mailcode B10C
P.O. Box 770000
San Francisco, CA 94177
Facsimile: (415) 973-7226

**Effective Date**

In accordance with D. 01-04-006, the proposed tariffs attached to this advice letter are draft tariffs. PG&E will submit a supplemental advice filing after these draft tariffs have been reviewed by the Energy Division and commented on by interested parties, and at that time will request an appropriate effective date for the final tariffs.

**Notice**

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached advice letter mailing list, and to parties on the service list for R. 00-10-002. Address changes should be directed to Nel Avendano at (415) 973-3529. PG&E's advice letter filings are available electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

Attachments

cc: Service List – R. 00-10-002