December 27, 2004

Advice Letter 2541-E

Rose de la Torre
Pacific Gas & Electric
77 Beale Street, Room 1088
Mail Code B10C
San Francisco, CA 94105

Subject: Demand response programs and direct access customers

Dear Ms de la Torre:

Advice Letter 2541-E is effective July 8, 2004. A copy of the advice letter is returned herewith for your records.

Sincerely,

Paul Clanon, Director
Energy Division
August 6, 2004

Advice 2541-E
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Demand Response Programs and Direct Access Customers

Pacific Gas and Electric Company (PG&E) hereby submits for filing revisions to its electric tariffs. The affected tariff sheets are listed on the enclosed Attachment I.

Purpose

On February 25, 2004 Commissioner Michael R. Peevey issued a ruling entitled “Assigned Commissioner’s Ruling Clarifying the November 24, 2003 Ruling and Scoping Memo” in Rulemaking (R.) 02-06-001. The ruling requested, among other things, that the utilities recommend modifications to existing demand response programs for large customers in order to achieve the 2004 demand response goal established by the Commission in Decision (D.) 03-06-032.

In response to this ruling, on April 1, 2004, PG&E filed a proposal with the Commission for enhancements to its existing demand response programs.\(^1\) One of PG&E’s proposals was that DA customers be permitted to participate in PG&E’s DBP. PG&E noted that this expansion of eligibility would “allow a significant number of very large customers, previously excluded, to participate in the DBP.”

On June 2, 2004, the Administrative Law Judge (ALJ) assigned to R. 02-06-001, ALJ Michelle Cooke, issued a ruling approving several proposed modifications by PG&E to its demand response programs, including the proposed expansion of DBP eligibility to DA customers.\(^2\) The ruling stated (mimeo at 4):

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I agree with [the] suggestion that direct access customers have potential as a source of demand response and agree that they should be able to participate in the DBP. Under the DBP, the cost to bundled service customers is not affected by whether the load is bid in by a bundled service or DA customer. This proposal should be approved for all three IOUs.

The ruling went on to order the utilities to file advice letters implementing this and other approved program changes.

On June 14, 2004 PG&E filed Advice 2522-E - Advanced Metering Project-Modify Demand Response Programs for Large Customers, Revise Schedules E-CPP, E-DBP, E-BIP, E-SLRP and Agreement Forms 79-976, 79-977, in accordance with the ALJ's directive. No party protested PG&E's advice filing. On July 1, 2004, PG&E's revised tariffs were approved by the Energy Division, retroactive to June 14, 2004, including the expanded eligibility of DBP to DA customers.

SCE's advice filing made pursuant to the ALJ ruling also proposed to include DA customers in the DRP program. The advice letter was protested by the California Large Energy Consumers' Association (CLECA), which questioned some of the implementation aspects of Edison's revised DRP. The upshot of the protest was that the Resolution denies the proposal of SCE and of PG&E and SDG&E (whose advice letters had been earlier approved), to include DA customers in DBP. Ordering paragraph 4 of Resolution E-3881 requires:

Energy Division shall inform PG&E and SDG&E that DA customers shall not be allowed to participate in the Demand Bidding Program and direct both utilities to file advice letters within 7 days that delete the relevant portion of the tariff that Energy Division had approved.

On July 30, 2004, PG&E filed a request pursuant to Rule 48(b) of the Commission's Rules of Practice and Procedure requesting an extension of time to comply with this provision. PG&E argued that the deferment was justified to avoid losing for this summer -- which has already seen record-breaking electricity demand -- 35 megawatts (MW) of valuable demand response from DA customers who have already signed up for the DBP, or losing additional MW from those customers who may yet sign up as a result of PG&E's marketing efforts. PG&E also stated that the deferment was also essential to preserve the credibility of PG&E's demand response marketing programs.

Also on July 30, PG&E received a directive from the Energy Division implementing paragraph 4 of E-3881 and requiring PG&E to submit the changes to its tariffs.
On August 5, 2004, the Executive Director granted a partial deferment of PG&E’s compliance with E-3881 stating that the 35 MW of DA customer load already signed up for the DBP should be permitted to remain on the program until October 31, 2004.

The modifications to Schedule E-DBP that are being submitted today and will close the Demand Bidding Program to Direct Access customers, except those Direct Access customers who signed a contract to participate in the program prior to July 8, 2004, or who demonstrated the intention to sign a contract to participate in the program prior to July 8, 2004. The participation of such Direct Access customers shall terminate on October 31, 2004.

Protests

PG&E requests that anyone wishing to protest this filing do so by sending a letter by August 26, 2004, which is t20 days as provided for by General Order 96-A, Section II.G. 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, 4th Floor  
San Francisco, California 94102  
Facsimile: (415) 703-2200  
E-mail: jjr@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company  
Attention: Brian K. Cherry  
Director, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: RxDd@pge.com

Effective Date

In compliance with Resolution E-3881, PG&E requests that this advice filing and the tariff sheets attached hereto become effective on July 8, 2004, which is the date Resolution E-3881 is effective.
Notice

In accordance with General Order 96-A, Section III, Paragraph G, 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 list for R.02-06-001. 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

Director - Regulatory Relations

Attachments

cc: Service List R.02-06-001
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SCHEDULE E-DBP—DEMAND BIDDING PROGRAM

APPLICABILITY: The Schedule E-DBP Demand Bidding Program (Program) offers customers incentives for reducing energy consumption and demand when requested by Pacific Gas and Electric Company (PG&E) to increase system reliability. This Program is optional for customers with billed maximum demand of 200 kilowatts (kW) or greater during any one of the past 12 billing months and who voluntarily commit to reduce a minimum of 100 kW each hour for each service account during an E-DBP Event. PG&E will determine E-DBP Bid acceptances for energy reductions. Interval metering is required to receive service under this Program. Customers must receive service on a demand Time-of-Use (TOU) electric rate schedules. Customers on Schedules AG-R, AG-V, or S are not eligible for this program. A customer is not eligible to participate in this program if the revenue metering configuration is either not sale or Wholesale Transaction as specified in PG&E’s Interconnection Handbook. A customer with multiple meters at a single site may qualify for the program under the specified multiple meter provisions of this tariff. This schedule is available until modified or cancelled by the California Public Utilities Commission (CPUC).

TERRITORY: This schedule applies everywhere PG&E provides electric service.

ELIGIBILITY: This schedule is available to individual PG&E bundled-service customers. The schedule is closed to Direct Access customers except those Direct Access customers who signed a contract to participate in the program prior to July 8, 2004, or who demonstrated the intention to sign a contract to participate in the program prior to July 8, 2004. The participation of such Direct Access customers shall terminate on October 31, 2004. Each customer must take service under the provisions of their otherwise-applicable rate schedule. Customers participating in the Program must be on an eligible rate schedule and commit to reduce load by at least 100 kW during a market price DBP event and agree to reduce their load by their Committed Load Reduction Amount in the event of an Emergency DBP event.

Customers on this tariff must agree to allow the California Energy Commission (CEC) or its contracting agent to conduct a site visit for measurement and evaluation, and agree to complete any surveys needed to enhance the program. Customer must submit a signed Authorization To Receive Customer Information or Act On A Customer’s Behalf form giving the CEC authorization to request billing history and meter usage data information.

Customers must submit a signed Interruptible Program Agreement (Form 79-976) and an Customer Agreement and Password Governing use of Internet-Based Software Agreement (Form 79-977) in order to establish service. In addition, customers must have the required metering and notification equipment in place prior to participation in this Program.

Customers who are “Essential Customers” under PG&E’s Electric Emergency Plan and as defined by the Commission in Ratemaking 00-10-002, must submit to PG&E a written declaration that states that the customer is, to the best of that customer’s understanding, an Essential Customer under Commission rules and exempted from rotating outages. The declaration must also state that the customer voluntarily elects to participate in this interruptible program for part or all of its load upon request by PG&E under the terms of E-DBP, while continuing to adequately meet its essential needs with backup generation or other means. In addition, an Essential Customer may commit no more than a total of 50 percent (50%) of its average peak load to all interruptible programs for each participating account.

Customers that have multiple meters located at a single site (e.g., contiguous property, campus facilities, business parks) with individual meters that have demands less than 200 kW (as described in the Applicability Section) may participate in this program under the provisions stated in Multiple Meter Customer Section of this tariff.

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