

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298

Tel. No. (415) 703-1691



October 11, 2006

Advice Letter 2904-E

Brian K. Cherry  
Pacific Gas & Electric  
77 Beale Street  
Mail Code B10C  
San Francisco, CA 94177

RECEIVED  
REGULATORY RELATIONS DEPARTMENT

OCT 16 2006

Subject: Denial of PG&E's Request to Revise its Electric Schedule NEM Prior to the  
Effective Date of SB1

Dear Mr. Cherry:

Advice Letter 2904-E filed with the Commission on September 18, 2006 requesting the authority to increase its NEM cap prior to the effective date of SB1 is denied. SB1 gives PG&E the authority to increase its NEM cap from 0.5% to 2.5%, effective 1/1/07. The Commission does not have the authority to increase PG&E's NEM cap prior to the effective date of the legislation. The cap and effective date of the cap increase is legislatively determined. A copy of the advice letter is returned herewith for your records.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Sean H. Gallagher'.

Sean H. Gallagher, Director  
Energy Division

**Brian K. Cherry**  
Vice President  
Regulatory Relations

77 Beale Street, Room 1087  
San Francisco, CA 94105

*Mailing Address*  
Mail Code B10C  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

415.973.4977  
Internal: 223.4977  
Fax: 415.973.7226  
Internet: BKC7@pge.com

September 18, 2006

**Advice 2904-E**

(Pacific Gas and Electric Company ID U 39 G)

Public Utilities Commission of the State of California

**Subject: Revision to Schedule NEM – Net Energy Metering Service**

Pacific Gas and Electric Company (PG&E) hereby submits for filing this revision to its Electric Schedule NEM. This revision is filed to comply with Senate Bill (SB) 1, insofar as SB 1 increases the cap on retail net metering from 0.5% to 2.5% of electric service providers' aggregate customer peak demand.

**Purpose**

This Advice Filing requests authority to amend the Applicability language in Electric Schedule NEM to state that the tariff is available on a first-come, first-served basis provided a customer files a completed application before the total rated generating capacity under this tariff exceeds 2.5% of PG&E's aggregate customer peak demand.

**Background**

On August 21, 2006, Governor Schwarzenegger signed SB 1, which among other things, amended Section 2827 of the Public Utilities Code to expand retail net metering for customers installing wind and solar generation. Senate Bill 1 provides that retail net metering be made available on a first-come, first-served basis until the total rated generating capacity used by eligible customers exceeds two and one half percent of a utility's aggregate customer peak demand. Senate Bill 1 becomes effective on January 1, 2007. The cap prior to January 1, 2007, is one half of one percent of a utility's aggregate customer peak demand. PG&E believes it may reach the current cap prior to January 1, 2007. PG&E has interconnected approximately 90 MW of eligible customer-generation and is currently installing approximately 3 MW each month.

If the cap on retail net metering were increased immediately to the level scheduled to take effect on January 1, 2007, it would accomplish several positive results. First, it will provide certainty to customers who are currently installing solar

generation – especially customers who will complete installations in the last few months of 2006.

Second, making the higher cap effective now will foreclose the possibility that customers might choose to delay interconnection until after January 1<sup>st</sup>, 2007, preventing a backlog of interconnection requests in January.

Third, it will provide savings for all customers. The administrative costs of enforcing the current cap are much greater than any cost savings created by forcing a few customers to wait until after the first of the year. Enforcing the current NEM cap would include the costs of closely tracking each application to identify the last one to qualify and the first one to exceed the cap; all of the communication issues inherent in such a process; connecting customers under alternative interconnection agreements, re-assigning them to Schedule NEM and executing interconnection agreements under that tariff.

PG&E proposes to increase the cap to 2.5% immediately and asks the CPUC to approve this Advice Filing effective as of the date filed.

### **Tariff Revisions**

PG&E proposes to amend to following language in Electric Schedule NEM:

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with: (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand.

So that it reads:

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with: (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the total rated generating capacity used by eligible

customer-generators exceeds two and one-half percent of PG&E's aggregate customer peak demand.

### **Protests**

Anyone wishing to protest this filing may do so by sending a letter by **October 9, 2006**, which is 20 days from 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:

CPUC Energy Division  
Attention: Tariff Unit, 4<sup>th</sup> Floor  
505 Van Ness Avenue  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: [jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov) and [jnj@cpuc.ca.gov](mailto:jnj@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 Cherry  
Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

### **Effective Date**

PG&E requests that this advice filing become effective on **September 18, 2006** or upon Commission approval.

### **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 to the service list for R. 04-03-017. 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>**

A handwritten signature in black ink, appearing to read "Brian K. Cheyette". The signature is written in a cursive, somewhat stylized font.

Vice President - Regulatory Relations

Attachments

cc: Service List – R. 04-03-017

# 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 U39M

Utility type:

☒ ELC

☒ GAS

☐ PLC

☐ HEAT

☐ WATER

Contact Person: Megan Hughes

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) #: **2904-E**

Subject of AL: Revision to Schedule NEM – Net Metering

Keywords (choose from CPUC listing): Net 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

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>:

Resolution Required? ☐ Yes ☒ No

Requested effective date: **09-18-06**

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 NEM

Service affected and changes proposed<sup>1</sup>: See Advice Letter

Pending advice letters that revise the same tariff sheets: N/A

**Protests 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**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**jjr@cpuc.ca.gov and jnj@cpuc.ca.gov**

**Utility Info (including e-mail)**

**Attn: Brian K. Cherry**

**Director, Regulatory Relations**

**77 Beale Street, Mail Code B10C**

**P.O. Box 770000**

**San Francisco, CA 94177**

**E-mail: PGETariffs@pge.com**

<sup>1</sup> Discuss in AL if more space is needed.

**ATTACHMENT 1  
Advice 2904-E**

<b>Cal P.U.C. Sheet No.</b>	<b>Title of Sheet</b>	<b>Cancelling Cal P.U.C. Sheet No.</b>
25378-E	Schedule NEM--Net Energy Metering Service	25189-E
25379-E	Table of Contents -- Rate Schedules	25335-E
25380-E	Table of Contents -- Rules	25362-E



SCHEDULE NEM—NET ENERGY METERING SERVICE

**APPLICABILITY:** This net energy-metering schedule is applicable to a residential, small commercial (as defined in subdivision (h) of Section 331 of the California Public Utilities Code (CPU Code)), commercial, industrial, or agricultural customer who uses a solar or wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 1,000 kilowatts that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with PG&E's transmission and distribution facilities, including wind energy co-metering customers as defined in CPU Code Section 2827.8, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer-generator" or "customer"). Certain incremental billing and metering costs set forth in this schedule that are related to net energy metering are applicable to Energy Service Providers (ESPs) serving eligible customer-generators.

This service is not applicable to a Direct Access (DA) customer where the customer's ESP does not offer a net energy metering tariff. In addition, if an eligible customer-generator participates in direct transactions with an electric provider that does not provide distribution service for the direct transactions, the electric provider, and not PG&E, is obligated to provide net energy metering to the customer.

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with: (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the total rated generating capacity used by eligible customer-generators exceeds two and one-half percent of PG&E's aggregate customer peak demand. (T)

**TERRITORY:** The entire territory served.

**RATES:** All rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise-applicable metered rate schedule. An eligible customer-generator served under this schedule is responsible for all charges from its otherwise-applicable rate schedule including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges. The "Average Rate Limiter" for general service otherwise-applicable-rate schedules and all other demand charges will be based on the demand in kilowatts as measured only on the energy being consumed by the customer from PG&E. The power factor, when it applies on the otherwise-applicable-rate schedule, will be based on the average power factor over the past 12 billing months of operation prior to starting on NEM. Customer-generators without 12 billing months of power factor history, will have their power factor estimated based on the nature of the connected facilities and their hours of operation. Power factor will be subsequently applied to the customer-generator's bill until the customer-generator demonstrates to PG&E's satisfaction that adequate correction had been provided. PG&E will continue to monitor and review the power factor and if warranted, change the power factor correction on the customer-generator's bills. Charges for electricity supplied by PG&E will be based on the net metered usage in accordance with Net Energy Metering and Billing (Special Condition 2, below).





TABLE OF CONTENTS  
(Continued)

RATE SCHEDULES

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
COMMERCIAL/INDUSTRIAL (Continued)		
E-19	Medium General Demand-Metered Time-of-Use Service .....	24158,24882,24160, 25297,25398,24884,22885,22886,24887,24165,24166,24888,24367,24889,24890-E
E-20	Service to Customers with Maximum Demands of 1,000 Kilowatts or More 24891,24892,25299,25300,24894,24895,24896,22787,24179,24368,24897,24898-E	
E-31	Distribution Bypass Deferral Rate .....	20620,24899,20622-E
E-37	Medium General Demand-Metered Time-of-Use Service to Oil and Gas Extraction Customers .....	24900,24901,25301,25302,24903,24904,24905,24906-E
ED	Experimental Economic Development Rate .....	23917,24807-E
E-CARE	CARE Program Service for Qualified Nonprofit Group-Living and Qualified Agricultural Employee Housing Facilities .....	24373-E

LIGHTING RATES

LS-1	PG&E-Owned Street and Highway Lighting .....	25303,25304,25305,24535,24536,24537,24538,24539,24540,24541-E
LS-2	Customer-Owned Street and Highway Lighting .....	25306,25307, 25308,25309,24545,24546,24547,24548,24549,24550,24551-E
LS-3	Customer-Owned Street and Highway Lighting Electrolier Meter Rate .....	25310,24553,24554,24555,24556-E
TC-1	Traffic Control Service .....	25311,24558,24559,24560-E
OL-1	Outdoor Area Lighting Service .....	25312,25313,24563,24564,24565,24379-E

OTHER

S	Standby Service .....	22972,25314,25315,24909,21425,24910, 24911,16203,24912,16205,24913,19220,24914-E
E-DCG	Departing Customer Generation .....	24212,23247,23667,23249,23250,23251,23252,23253,23254,23255-E
E-DEPART	Departing Customers .....	23235-E
E-LORMS	Limited Optional Remote Metering Services .....	20194-E
E-RRB	Rate Reduction Bonds Bill Credit and Fixed Transition Amount Charge.....	22296,22227-E
NEM	Net Energy Metering Service .....	24915,22681,24382,22683,24383,22685,22686, 25189-E (T)
NEMFC	Net Energy Metering Service for Fuel Cell Customer-Generators .....	22687,21480,21481,21482,21483-E
NEMBIO	Net Energy Metering Service for Biogas Customer-Generators .....	22675,22676,22677,22678,22679-E
E-ERA	Energy Rate Adjustments .....	25316,25317,25318,25319-E

(Continued)



## TABLE OF CONTENTS

	CAL P.U.C. SHEET NO.
Title Page .....	8285-E
Table of Contents:	
Rate Schedules .....	25380,25379,24961,24960,25364-E (T)
Preliminary Statements .....	24310,24309,24308,24307-E
Rules .....	25362-E
Maps, Contracts and Deviations.....	23053-E
Sample Forms .....	25013,24993,24994,24958,19236,20509,10572,23225-E

## RATE SCHEDULES

SCHEDULE	TITLE OF SHEET	CAL P.U.C. SHEET NO.
RESIDENTIAL RATES		
E-1	Residential Service .....	24768,24769,24770,19910,24771,24772-E
E-2	Experimental Residential Time-of-Use Service	
E-3	Experimental Residential Critical Peak Pricing Service.....	22429,24773,24774,24775, 24776,24087,24777,24089,24778,23082,22501,21243,24779,22437,24780-E
EE	Service to Company Employees .....	24091-E
EM	Master-Metered Multifamily Service .....	24781,24782,24783,20648,24784,24785-E
ES	Multifamily Service .....	24786,24787,24788,23640,24789,24790-E
ESR	Residential RV Park and Residential Marina Service	
	.....	24791,24792,24793,20657,24794,24795-E
ET	Mobilehome Park Service .....	24796,24797,24343,24798,24799,24800-E
E-6	Residential Time-of-Use Service.....	24801,24802,24803,24804,24805,24806-E
E-7	Residential Time-of-Use Service.....	24808,24809,24810,24811,24344,24812-E
E-A7	Experimental Residential Alternate Peak Time-of-Use Service	
	.....	21274,24813,24814,24855,24815,24816-E
E-8	Residential Seasonal Service Option .....	24817,24818,24546,24819-E
E-9	Experimental Residential Time-of-Use Service for Low Emission Vehicle Customers .....	24820,24821,24822,24823,24824,24825,21289,24826,24827-E
EL-1	Residential CARE Program Service.....	24118,24828,24829,24348,24830-E
EML	Master-Metered Multifamily CARE Program Service .....	24349,24667,21299,24123,22170-E
ESL	Multifamily CARE Program Service.....	24668,24669,21598,24351,24352,21307-E
ESRL	Residential RV Park and Residential Marina CARE Program Service	
	.....	24670,24671,21599,24353,24354,21313-E
ETL	Mobilehome Park CARE Program Service	
	.....	24672,24673,21600,22180,24355,21319-E
EL-6	Residential CARE Program Time-of-Use Service ....	24849,24850,24851,24852,24853,24854-E
EL-7	Residential CARE Program Time-of-Use Service	
	.....	21320,24133,24674,21601,24356,21325-E
EL-A7	Experimental Residential CARE Program Alternate Peak Time-of-Use Service .....	21326,24357,24675,19783,24358,21330-E
EL-8	Residential Seasonal CARE Program Service Option .....	24359,24676,24360,22190-E
E-FERA	Family Electric Rate Assistance .....	23963,24996,21643-E
COMMERCIAL/INDUSTRIAL		
A-1	Small General Service .....	24677,24678,24361,24362,21339-E
A-6	Small General Time-of-Use Service.....	22755,23445,24679,24680,21343,24363,21345-E
A-10	Medium General Demand-Metered Service	
	.....	24148,24681,24682,24683,24684,22757,22874,24364,24365,21354,21355-E
A-15	Direct-Current General Service .....	24685,24686,24366,24157-E

(Continued)

**PG&E Gas and Electric Advice  
Filing List  
General Order 96-A, Section III(G)**

ABAG Power Pool  
Accent Energy  
Aglet Consumer Alliance  
Agnews Developmental Center  
Ahmed, Ali  
Alcantar & Elsesser  
Ancillary Services Coalition  
Anderson Donovan & Poole P.C.  
Applied Power Technologies  
APS Energy Services Co Inc  
Arter & Hadden LLP  
Avista Corp  
Barkovich & Yap, Inc.  
BART  
Bartle Wells Associates  
Blue Ridge Gas  
Bohannon Development Co  
BP Energy Company  
Braun & Associates  
C & H Sugar Co.  
CA Bldg Industry Association  
CA Cotton Ginners & Growers Assoc.  
CA League of Food Processors  
CA Water Service Group  
California Energy Commission  
California Farm Bureau Federation  
California Gas Acquisition Svcs  
California ISO  
Calpine  
Calpine Corp  
Calpine Gilroy Cogen  
Cambridge Energy Research Assoc  
Cameron McKenna  
Cardinal Cogen  
Cellnet Data Systems  
Chevron Texaco  
Chevron USA Production Co.  
Childress, David A.  
City of Glendale  
City of Healdsburg  
City of Palo Alto  
City of Redding  
CLECA Law Office  
Commerce Energy  
Constellation New Energy  
CPUC  
Cross Border Inc  
Crossborder Inc  
CSC Energy Services  
Davis, Wright, Tremaine LLP  
Defense Fuel Support Center  
Department of the Army  
Department of Water & Power City

DGS Natural Gas Services  
Douglass & Liddell  
Downey, Brand, Seymour & Rohwer  
Duke Energy  
Duke Energy North America  
Duncan, Virgil E.  
Dutcher, John  
Dynergy Inc.  
Ellison Schneider  
Energy Law Group LLP  
Energy Management Services, LLC  
Exelon Energy Ohio, Inc  
Exeter Associates  
Foster Farms  
Foster, Wheeler, Martinez  
Franciscan Mobilehome  
Future Resources Associates, Inc  
G. A. Krause & Assoc  
Gas Transmission Northwest Corporation  
GLJ Energy Publications  
Goodin, MacBride, Squeri, Schlotz &  
Hanna & Morton  
Heeg, Peggy A.  
Hitachi Global Storage Technologies  
Hogan Manufacturing, Inc  
House, Lon  
Imperial Irrigation District  
Integrated Utility Consulting Group  
International Power Technology  
Interstate Gas Services, Inc.  
IUCG/Sunshine Design LLC  
J. R. Wood, Inc  
JTM, Inc  
Luce, Forward, Hamilton & Scripps  
Manatt, Phelps & Phillips  
Marcus, David  
Matthew V. Brady & Associates  
Maynor, Donald H.  
McKenzie & Assoc  
McKenzie & Associates  
Meek, Daniel W.  
Mirant California, LLC  
Modesto Irrigation Dist  
Morrison & Foerster  
Morse Richard Weisenmiller & Assoc.  
Navigant Consulting  
New United Motor Mfg, Inc  
Norris & Wong Associates  
North Coast Solar Resources  
Northern California Power Agency  
Office of Energy Assessments  
OnGrid Solar  
Palo Alto Muni Utilities

PG&E National Energy Group  
Pinnacle CNG Company  
PITCO  
Plurimi, Inc.  
PPL EnergyPlus, LLC  
Praxair, Inc.  
Price, Roy  
Product Development Dept  
R. M. Hairston & Company  
R. W. Beck & Associates  
Recon Research  
Regional Cogeneration Service  
RMC Lonestar  
Sacramento Municipal Utility District  
SCD Energy Solutions  
Seattle City Light  
Sempra  
Sempra Energy  
Sequoia Union HS Dist  
SESCO  
Sierra Pacific Power Company  
Silicon Valley Power  
Smurfit Stone Container Corp  
Southern California Edison  
SPURR  
St. Paul Assoc  
Stanford University  
Sutherland, Asbill & Brennan  
Tabors Caramanis & Associates  
Tecogen, Inc  
TFS Energy  
Transcanada  
Turlock Irrigation District  
U S Borax, Inc  
United Cogen Inc.  
URM Groups  
Utility Cost Management LLC  
Utility Resource Network  
Wellhead Electric Company  
Western Hub Properties, LLC  
White & Case  
WMA