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,

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

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, 2827.9\(^3\) 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: jnj@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:
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.

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

Vice President, Regulation and Rates

Attachments

cc: Service Lists R.10-05-004 and A.10-03-001
Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

<table>
<thead>
<tr>
<th>Utility type:</th>
<th>Contact Person: Greg Backens</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑ ELC</td>
<td>Phone #: 415-973-4390</td>
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<tr>
<td>☑ GAS</td>
<td>E-mail: <a href="mailto:gab4@pge.com">gab4@pge.com</a></td>
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</tbody>
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**EXPLANATION OF UTILITY TYPE**

ELC = Electric  GAS = Gas  PLC = Pipeline  HEAT = Heat  WATER = Water

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  Attn: Brian K. Cherry, Vice President, Regulation and Rates

DMS Branch  77 Beale Street, Mail Code B10C  P.O. Box 770000

505 Van Ness Ave., San Francisco, CA 94102  San Francisco, CA 94177  E-mail: PGETariffs@pge.com

**Pacific Gas and Electric Company**

jnj@cpuc.ca.gov and mas@cpuc.ca.gov
<table>
<thead>
<tr>
<th>Cal P.U.C. Sheet No.</th>
<th>Title of Sheet</th>
<th>ATTACHMENT 1 Advice 3936-E Cancelling Cal P.U.C. Sheet No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>30697-E</td>
<td>ELECTRIC SCHEDULE E-DCG DEPARTING CUSTOMER GENERATION CG</td>
<td>28858-E</td>
</tr>
<tr>
<td></td>
<td>Sheet 4</td>
<td></td>
</tr>
<tr>
<td>30698-E</td>
<td>ELECTRIC SCHEDULE E-DCG DEPARTING CUSTOMER GENERATION CG</td>
<td>27054-E</td>
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<tr>
<td></td>
<td>Sheet 5</td>
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</tr>
<tr>
<td>30699-E</td>
<td>ELECTRIC TABLE OF CONTENTS</td>
<td>30579-E</td>
</tr>
<tr>
<td></td>
<td>Sheet 1</td>
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<tr>
<td>30700-E</td>
<td>ELECTRIC TABLE OF CONTENTS RATE SCHEDULES</td>
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## ELECTRIC SCHEDULE E-DCG
### DEPARTING CUSTOMER GENERATION CG

### Sheet 4

<table>
<thead>
<tr>
<th>1. DEFINITIONS: (Cont'd.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Customer Generation Departing Load: (Cont'd.)</td>
</tr>
<tr>
<td>(4) Load that physically disconnects from the utility grid.</td>
</tr>
<tr>
<td>(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&amp;E at that location.</td>
</tr>
</tbody>
</table>

| 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 Charge, 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. |

### SPECIAL CONDITIONS: (Cont'd.)

### (Continued)
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 excepted 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.

(Continued)
# ELECTRIC TABLE OF CONTENTS

## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>TITLE OF SHEET</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title Page</td>
<td></td>
<td>30699-E (T)</td>
</tr>
<tr>
<td>Rate Schedules</td>
<td></td>
<td>30580,30704,30582,30290,30739,30098,30747,29897,30472-E (T)</td>
</tr>
<tr>
<td>Preliminary Statements</td>
<td></td>
<td>30068,29900,30376,30262,30174,30405,30383-E</td>
</tr>
<tr>
<td>Rules</td>
<td></td>
<td>30402,30473,30476-E</td>
</tr>
<tr>
<td>Maps, Contracts and Deviations</td>
<td></td>
<td>29909-E</td>
</tr>
<tr>
<td>Sample Forms</td>
<td></td>
<td>29910,30353,30372,29913,30354,30740,29916,29917,30748,29919,29920,29921-E</td>
</tr>
</tbody>
</table>

(Continued)
# ELECTRIC TABLE OF CONTENTS

## RATE SCHEDULES

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>TITLE OF SHEET</th>
<th>CAL P.U.C. SHEET NO.</th>
</tr>
</thead>
<tbody>
<tr>
<td>S</td>
<td>Standby Service</td>
<td>28399, 28400, 30059, 29985, 28238, 28239, 29240-28245, 30291, 29886, 28401-28404-E</td>
</tr>
<tr>
<td>E-DCG</td>
<td>DCG Departing Customer Generation, CG</td>
<td>30168, 30169, 23667, 30697, 30698, 28954, 28607, 23252, 23253, 28405, 23255-E</td>
</tr>
<tr>
<td>E-DEPART</td>
<td>Departing Customers</td>
<td>28589-E</td>
</tr>
<tr>
<td>E-NWDL</td>
<td>New WAPA Departing Load</td>
<td>28581, 28582, 28862, 28863, 27448-27452-E</td>
</tr>
<tr>
<td>E-NMDL</td>
<td>New Municipal Departing Load</td>
<td>27453, 28955, 28956, 28957, 28958, 28959, 26704, 26705, 26706, 26707, 26708-E</td>
</tr>
<tr>
<td>E-LORMS</td>
<td>Limited Optional Remote Metering Services</td>
<td>20194-E</td>
</tr>
<tr>
<td>E-SDL</td>
<td>Split-Wheeling Departing Load</td>
<td>28588, 28589, 28867, 28868, 27459-27464-E</td>
</tr>
<tr>
<td>E-TMDL</td>
<td>Transferred Municipal Departing Load</td>
<td>27465, 28869, 28870, 25883, 28961, 28594, 28608, 25887, 25888, 25889, 25890, 25891-E</td>
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<tr>
<td>NEM</td>
<td>Net Energy Metering Service</td>
<td>30728, 28573, 27237, 30659, 27241, 27242, 27243, 30729, 29691, 27245, 27246, 26128, 26129, 27247, 30490, 30491, 30492, 30730-E</td>
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<tr>
<td>NEMFC</td>
<td>Net Energy Metering Service For Fuel Cell Customer-Generators</td>
<td>28566, 28567, 27250, 27251, 26134, 26135, 26136, 27252-E</td>
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<tr>
<td>NEMBIO</td>
<td>Net Energy Metering Service for Biogas Customer-Generators</td>
<td>27253-27255, 26140, 27256, 26142, 27257, 26144, 27258-E</td>
</tr>
<tr>
<td>NEMCCSF</td>
<td>Net Energy Metering Service for City and County of San Francisco</td>
<td>28176, 28177, 28178, 28179-E</td>
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<td>E-ERA</td>
<td>Energy Rate Adjustments</td>
<td>30019, 30020, 30021, 30022-E</td>
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<td>E-OBF</td>
<td>On-Bill Financing Balance Account (OBFBA)</td>
<td>29490-29492-E</td>
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</table>

(Continued)
AT&T
Alcantar & Kahl LLP
Ameresco
Anderson & Poole
Arizona Public Service Company
BART
Barkovich & Yap, Inc.
Bartle Wells Associates
Bloomberg
Bloomberg New Energy Finance
Boston Properties
Braun Blaising McLaughlin, P.C.
Brookfield Renewable Power
CA Bldg Industry Association
CLECA Law Office
CSC Energy Services
California Cotton Gинners & Growers Assn
California Energy Commission
California League of Food Processors
California Public Utilities Commission
Calpine
Cardinal Cogen
Casner, Steve
Chris, King
City of Palo Alto
City of Palo Alto Utilities
City of San Jose
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
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Dept of General Services
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Downey & Brand
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Los Angeles Dept of Water & Power
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McKenzie & Associates
Merced Irrigation District
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NRG Energy, Inc.
NaturEner
Navigant Consulting
Norris & Wong Associates
North America Power Partners
North Coast Solar Resources
Northern California Power Association
Occidental Energy Marketing, Inc.
OnGrid Solar
Praxair
R. W. Beck & Associates
RCS, Inc.
Recurrent Energy
SCD Energy Solutions
SCE
SMUD
SPURR
San Francisco Public Utilities Commission
Seattle City Light
Sempra Utilities
Sierra Pacific Power Company
Silicon Valley Power
Silo Energy LLC
Southern California Edison Company
Spark Energy, L.P.
Sun Light & Power
Sunshine Design
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tecogen, Inc.
Tiger Natural Gas, Inc.
TransCanada
Turlock Irrigation District
United Cogen
Utility Cost Management
Utility Specialists
Verizon
Wellhead Electric Company
Western Manufactured Housing
Communities Association (WMA)
eMeter Corporation