Pacific Gas and Electric Company

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December 20, 2011

Advice 3951-E-A
(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

<u>Subject</u>: **Supplemental: Modifications to Advice Letter 3951-E: *Revised Schedule S, "Standby Service," Special Condition 15 for Customers Under California Independent System Operator (CAISO) Station Power Protocol in Compliance With FERC Order on Remand***

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its electric tariff sheets. The affected tariff sheets are listed on the enclosed Attachment 1.

This supplemental advice letter supersedes Advice Letter 3951-E in its entirety.

Purpose

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its electric Schedule S, "Standby Service," to allow for appropriate retail charges for standby service, consistent with the jurisdiction of the California Public Utilities Commission ("CPUC" or "Commission"), as acknowledged by the Federal Energy Regulatory Commission ("FERC"), in its "Order on Remand" issued on August 30, 2010, in Docket Nos. EL04-130-002 and ER05-849-011.[1]

In addition, this supplemental advice letter adds only one additional provision to Schedule S, Special Condition 15(j), at the request of several generator customers and in response to protests of Advice Letter 3951-E. This new provision Special Condition 15(j) affords notice that the applicable charges to CAISO SPP-certified generators may change once appeals of the relevant FERC orders are final, if and when any resultant relevant FERC orders are issued. This is the only change made in this supplemental advice letter from the tariff submitted with Advice Letter 3951-E. Pursuant to General Order 96 B, Section 7.5.1, in light of the limited nature of the additional modification, the protest period should not be re-opened.

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[1] *Duke Energy Moss Landing LLC v. California Independent System Operator Corp.,* 132 FERC 61,183 (2010) (Order on Remand).

The revised standby tariff and the accompanying "Special Agreement for Electrical Standby Service" (Form 79-285) are enclosed.

Background

Prior to 2006, PG&E's CPUC-approved standby service tariff provided for appropriate retail charges for standby service for all generator customers and was in compliance with both CPUC and FERC policies. In early 2000s, FERC began issuing a series of orders requiring adoption of FERC's station power policies, which resulted in modification of the Tariff of the California Independent System Operator Corporation ("CAISO") in 2006. The new policies conflicted with PG&E's CPUC tariff. As a result, in 2009 PG&E modified its standby service tariff to avoid charging certain generators for standby service pending resolution of the conflicting policies of the FERC and CPUC over retail charges for station power, subject to retroactive billing once the conflict was resolved. That conflict has since been resolved, as the U.S. Court of Appeals for the District of Columbia Circuit ("D.C. Circuit") has found that the state of California has jurisdiction over whether a retail sale of energy has occurred and the appropriate retail charges. Thus, in this Advice Letter, PG&E seeks to modify its standby service tariff to again provide for appropriate retail charges for standby service for all generator customers, a contingency expressly contemplated in the 2009 tariff.

The conflict between CPUC and FERC policies had its origins in the implementation of FERC's station power policies in the Tariff of the CAISO. In a series of orders involving multiple independent system operators,[2] FERC set forth its policies relating to station power procurement and delivery.[3] FERC defines "station power" as "the electric energy used for the heating, lighting, air-conditioning, and office equipment needs of the buildings on a generating facility's site, and for operating the electric equipment that is on the generating facility's site."[4] A generating facility could procure station power in any one of three ways:

[2] *See, e.g., PJM Interconnection, LLC*, 94 FERC ¶ 61,251 at 61,889 (PJM II), *clarified and reh'g denied,* 95 FERC ¶ 61,333 (2001) (PJM III); *KeySpan-Ravenswood, Inc. v. New York Independent System Operator, Inc.,* 99 FERC ¶ 61,167 (2002), *order on reh'g*, 100 FERC ¶ 61,201 (2002); *Midwest Independent Transmission System Operator, Inc.*, 106 FERC ¶ 61,073 (2004), *order on reh'g*, 110 FERC ¶ 61,383 (2005).

[3] *See Niagara Mohawk Power corp. v. Huntley Power, LLC,* 109 FERC ¶ 61,169 at P 20-35 (2004), *reh'g denied*, 111 FERC ¶ 61,120 (2005) (summarizing station power precedent as of the date of the issuance of the order).

[4] *PJM II*, 94 FERC at 61,251.

1) On-site (or local) self-supply, where station power is transmitted and consumed without the use of the transmission or distribution grid during a defined netting period;[5]

2) Remote self-supply, where the source of the station power being consumed is another remote generator owned by the same company; or

3) Third-party supply, where the station power is provided by a separate entity.

FERC held that the self-supply of station power, whether remote or on-site, does not constitute a sale of power (either wholesale or retail), and that utilities could not charge for standby service (including for stranded costs) when a generator self-supplies station power because there is no energy sale. FERC further held that whether a generator is self-supplying station power (net positive output) or must purchase station power under a retail tariff (net negative output) would be determined over a reasonable period of time (netting period). FERC found, however, that when remote self-supply (and third- party supply) involved the use of another entity's transmission and/or distribution facilities, payment for the use of these facilities is appropriate.

In a September 2004 complaint filed at FERC, generator Duke Energy Moss Landing LLC ("Duke Energy") asserted that the treatment of station power in the CAISO Tariff did not conform to FERC's policies. In a series of orders issued from 2004 to 2006, FERC granted Duke Energy's complaint and directed the CAISO to modify its tariff accordingly. [6]

In April 2005, the CAISO made a compliance filing (Amendment 68) to conform the CAISO Tariff's treatment of Station Power with FERC policies. Amendment 68 modified the CAISO Tariff to include the Station Power Protocol ("SPP"), which allowed generators to become certified as SPP generators. The SPP further provided that utilities could not charge a SPP-certified generator for standby service where the SPP generator "self-supplies" (either on-site or remote) power (i.e. has a net positive output over a netting period) and established the CAISO SPP netting period of one calendar month. Amendment 68 became effective on April 1, 2006.

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[5] This allows a generator to net the power produced on-site, with the load on-site, allowing the generator to only schedule its net output over the netting period. The length of the netting period, whether an hour, a calendar month, or some other period, can therefore lead to different findings regarding whether the transmission of station power occurred in the time period and whether there was any retail sales of station power. The CAISO tariff allows for contemporaneous netting under its Permitted Netting tariff provisions. *See* CAISO Tariff, Section 10.1.3.1.

[6] *See Duke Energy Moss Landing LLC v. California Independent System Operator Corp.,* 109 FERC ¶ 61,170 (2004); *California Independent System Operator Corp.*, 114 FERC ¶ 61,176, at P 10 (2006); *California Independent System Operator Corp,* 125 FERC ¶ 61,072 (2008).

Following FERC's orders requiring and approving the CAISO Tariff modifications, the CPUC and Southern California Edison ("SCE") filed petitions for review with the D.C. Circuit, asserting that FERC's orders exceeded its authority to regulate wholesale sales and intruded upon the CPUC's jurisdiction to regulate the retail sales of energy in the case of self-supply. These appeals were held in abeyance pending FERC consideration of requests for rehearing.

As the CAISO Amendment 68 implementing the SPP was already effective, however, and in acknowledgment of the concerns of SPP-certified generators, which had begun paying CAISO charges under the SPP, PG&E and other utilities agreed to submit advice letters seeking CPUC approval of standby service tariffs consistent with the FERC orders and the CAISO Tariff. Accordingly PG&E submitted Advice Letter ("AL") 2856-E on July 10, 2006, which generally provided that PG&E would not charge SPP-certified generators for self-supplied station power, including non-bypassable charges ("NBCs"). The CPUC effectively suspended PG&E's AL 2856-E indefinitely, pending resolution of the requests for rehearing and appeals of the FERC orders.

In January 2009, the FERC rejected all outstanding requests for rehearing/clarification of its station power orders for the CAISO. Around this time, the CPUC voluntarily dismissed its D.C. Circuit appeal. Nevertheless, the CPUC indicated that it would not approve PG&E's AL 2856-E as SCE's appeal was still pending.

In 2009 with AL 2856-E still pending, PG&E continued to invoice its SPP customers for retail standby service including capacity and energy under PG&E's CPUC tariff effective at that time. Several of PG&E's generator retail-energy customers, however, requested reimbursement of standby service payments in light of the FERC orders on station power and implementation of the CAISO's SPP. In response to these requests for refunds, PG&E submitted new advice letter 2856-E-A on August 28, 2009, which provided for charges to SPP generators for standby service consistent with the FERC February 17, 2006, Order and the implementation of the CAISO's SPP. Specifically, AL 2856-E-A modified the Reservation Charge requirement and energy charges to eliminate retail charges to SPP-certified generators self-supplying station power as well as departing load charges[7], including the Power Charge Indifference Adjustment ("PCIA"), thereby allowing PG&E to reverse all charges, including NBCs[8]. Finally, AL 2856-E-A provided an explicit contingency for PG&E to re-bill SPP-certified customers based on the outcome of the DC Circuit review of the FERC orders and for PG&E to recover any outstanding charges including NBCs.

[7] In accord with CPUC Decision 06-07-030, ordering paragraph 9.

[8] NBC treatment is described in Appendix A of AL 2856-E-A.

Approval of AL 2856-E-A was granted on December 2, 2009, with a retroactive effective date of June 1, 2006[9], the same date as originally requested in AL 2856-E. Key to the CPUC's approval of AL 2856-E-A was that it included clear notice to SPP customers acknowledging their obligation and agreement to pay charges consistent with the resolution of the D.C. Circuit appeal, including subsequent decisions on appeal or remand, if any, for any time after the later of April 1, 2006 or when the SPP Customer received CAISO certification to operate under SPP.

On April 5, 2010, the D.C. Circuit issued a decision vacating and remanding the FERC orders requiring the CAISO to implement FERC's station power polices. The D.C. Circuit Court found that FERC had failed to provide a justification to "preempt the state's authority to set the netting period for station power – i.e., the pricing mechanism – in the retail market or to allow utilities to impose consumption charges."[10] In other words, the D.C. Circuit found that FERC had exceeded its authority in imposing its methodology to calculate whether there were retail sales of energy.

On August 30, 2010, in light of the D.C. Circuit decision, FERC issued an Order on Remand, [11] which concluded that "[FERC] and the states could use different methodologies when the [FERC] determines the amount of station power that is transmitted on the [FERC] - jurisdictional transmission grid and the states determine the amount of station power that is sold in state-jurisdictional retail sales." [12] Specifically FERC held that the "CAISO's tariff should address only [FERC]-jurisdictional transmission of station power and employ a [FERC]-approved monthly netting period to calculate transmission load."[13] After issuance of the Order on Remand, various entities, consisting primarily of generators, filed requests for rehearing and clarification, objecting to the FERC August 30, 2010 order. On February 28, 2011, FERC issued an Order Denying Rehearing,[14] which denied the requests for rehearing.

Consequently, the D.C. Circuit decision and FERC's Order on Remand has resolved the conflict between the FERC station power policy/CAISO SPP and the CPUC's jurisdiction over retail charges for station power, as provided in PG&E's previously-effective CPUC-approved standby service tariff. Thus, PG&E proposes in this Advice Letter to modify

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[9] While the effective date of the CAISO Amendment 68 was April 1, 2006, PG&E's first customer-generator to request station power treatment under this provision received station power certification on June 1, 2006.

[10] *Southern California Edison, Petitioner v. Federal Energy Regulatory Commission*, 603 F.3d 996, 1002 (D.C. Cir. 2010)

[11] *Order on Remand,* 132 FERC 61,183.

[12] *Id.* at P 16.

[13] *Id.*

[14] *Duke Energy Moss Landing LLC v. California Independent System Operator Corp.,* 134 FERC 61,151 (2011).

its Schedule S standby tariff to include applicable retail charges to CAISO-approved self-supplied station power consistent with CPUC jurisdiction over retail sales of standby service as well as the accompanying standby agreement.

PG&E understands, however, that these SPP customers have previously paid for energy and certain ancillary services to the CAISO under the CAISO SPP, some beginning as early as June 2006. In consideration of these payments and the back charges owed by these SPP customers, PG&E seeks CPUC approval of PG&E's proposal to bifurcate the treatment of retroactive and prospective charges.
Retroactive and prospective treatments are described below:

Retroactive Treatment:

For the period beginning when the SPP customer received SPP certification to the billing cycle following the date the CPUC approves PG&E's revised standby tariff pursuant to this Advice Letter, PG&E will compute monthly retail standby charges for SPP customer consistent with its retail tariff prior to the CAISO's adoption of SPP. As previously stated, PG&E's AL 2856-E-A, adopted December 2, 2009, included provisions notifying SPP customers of their obligation to repay all charges assessed in accordance with any DC Circuit decision or subsequent decisions thereof. Thus, SPP customers have been on notice that retroactive payment of charges for retail standby service could be required under PG&E's currently effective standby tariff. In addition, the CPUC's approval of AL2856-E-A authorizes PG&E to re-bill and make adjustments outside of Rule 17.1, which otherwise sets forth a thirty-six month statutory limit.

Notwithstanding that obligation, PG&E recognizes that these customers have previously paid energy and certain ancillary charges to the CAISO. PG&E also recognizes that these customers acted pursuant to the CAISO tariff in effect at the time. In consideration of the above facts and to resolve SPP customers' concerns about potential double billing for the same energy, PG&E proposes to give credit for charges paid by the SPP customer to the CAISO under the CAISO's SPP. PG&E does not have access to its SPP customers' CAISO monthly energy settlement data and must collect it to give the appropriate credit. Appendix 1, attached, is a customer worksheet that requests the necessary information required by PG&E to issue credit for payments made to the CAISO. PG&E also recognizes that customers may be unable to provide exact CAISO monthly settlement data for the period prior to the CAISO implementation of the Market Redesign and Technology Update ("MRTU") on April 1, 2009. Consequently, in order to qualify for these credits, SPP customers must provide good-faith estimates for CAISO monthly settlements for the period from when the SPP customer was a certified CAISO SPP generator prior to MRTU implementation.

The following process will apply for retroactive treatment of standby charges: PG&E will provide a spreadsheet with monthly retail charges for each SPP account for the period during which the SPP customer was enrolled in the CAISO SPP program through the billing cycle following the date the CPUC approves PG&E's revised standby tariff. Within thirty days of PG&E sending retail charges to SPP customer, SPP customer will:

1. Validate the data.
2. Provide CAISO monthly settlement data as directed in Appendix 1.

For customers that provide the required Appendix 1 information, the retroactive charges assessed to the customer will be the net of the retail charges billed and the settlements assessed by the CAISO.

Prospective Treatment:

For the period beginning with the SPP customer's first billing cycle following the adoption of this advice letter, or as otherwise ordered by the CPUC, SPP customers will be billed pursuant to PG&E's revised standby service tariff in this advice letter.

As of September 2011, in anticipation of PG&E receiving CPUC approval of a revised standby tariff consistent with the D.C. Circuit decision, twelve SPP-certified generating facilities in PG&E's service territory have terminated their participation in the SPP program. PG&E anticipates that in time all current SPP-certified accounts (28 accounts in total) will terminate their SPP participation and return to full retail station power service.

Should any SPP customer elect to continue their participation in the SPP program, they will be assessed retail standby charges consistent with PG&E's then-effective CPUC-approved tariff. For these SPP customers, their Station Power Loads will be exempt from Transmission Access Charge ("TAC") or Wheeling Access Charges only if no use is made of the CAISO Controlled Grid and/or any PG&E facilities. If any SPP customer is billed for any identical services under both PG&E's CPUC-approved tariff and the CAISO under the SPP (excluding TAC and/or wheeling charges for On-Site Self-Supply), including but not limited to energy charges, seeking and collecting reimbursement from the CAISO or other entities will be the sole responsibility of the SPP Generator owner.

Tariff Revisions

Pursuant to the D.C. Circuit's clarification regarding CPUC jurisdiction for station power charges, PG&E proposes to modify Schedule S Special Condition 15 to make applicable transmission, distribution, and NBCs typically assessed to retail standby customers apply to SPP customers.

Likewise, PG&E also proposes to revise its accompanying Standby Agreement (Form 79-285).

Under the current CAISO tariff, a customer certified under the CAISO SPP is issued one of the following types of load ID:

1) On-Site Self-Supply Load ID
2) Remote Self-Supply Load ID
3) Third-Party Supply Load ID

The applicability of transmission charges to these customers is dependent on the CAISO meter registration over a calendar-month netting period. Previously, applicability of transmission and other charges was a function of whether the SPP customer was a net producer of generation over a calendar-month Netting Period. As long as the SPP customer was net positive and no distribution facilities were employed, no standby charges were assessed. Nonetheless, PG&E maintained all the metered data in its billing system.

Under this proposed tariff modification, SPP customers may avoid standby energy charge component (kWh-based) charges and NBCs (NBCs are assessed based on the number of kWhs) altogether in a given 15-minute interval if the SPP customer meets CAISO Tariff requirements for “Permitted Netting”, as amended from time to time. Currently “Permitted Netting” under the CAISO Tariff has the following eligibility requirements:

1) In a fifteen-minute interval, energy deliveries are more than usage; and

2) The energy in that interval was supplied by a unit behind the meter and no CAISO-controlled transmission lines and/or PG&E’s distribution or local transmission facilities were employed in supplying that energy.

Subject to the Permitted Netting exception, PG&E, going forward, will assess applicable transmission charges, distribution charges, meter charges, and NBCs irrespective of whether the SPP customer is net positive or negative as long if power is transmitted over the CAISO-controlled transmission lines and/or PG&E’s distribution or local transmission facilities.

Protests

Protests of original Advice Letter 3951-E were filed by **December 8, 2011**, 20 days after the date of filing for Advice Letter 3951-E. Per General Order 96-B, Section 7.5.1, PG&E believes that in light of the limited nature of the additional modification made by this supplemental advice letter, the protest period should not be reopened.

Effective Date

PG&E submits this advice filing as a Tier 3 advice letter and requests that it become effective upon Commission approval.

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 list for A.02-11-017. Address changes to the General Order 96-B service list should be directed to PG&E at e-mail 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 Cherry

Vice President - Regulation and Rates

Attachments

cc: Service List for A.02-11-017

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 (ID U39 E)**

Utility type:	Contact Person: Kimberly Chang
☑ ELC ☐ GAS	Phone #: (415) 973-5472
☐ PLC ☐ HEAT ☐ WATER	E-mail: kwcc@pge.com

EXPLANATION OF UTILITY TYPE	(Date Filed/ Received Stamp by CPUC)
ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	

Advice Letter (AL) #: **3951-E-A** **Tier: 3**

Subject of AL: **Supplemental: Modifications to Advice Letter 3951-E: *Revised Schedule S, "Standby Service," Special Condition 15 for Customers Under California Independent System Operator (CAISO) Station Power Protocol in Compliance With FERC Order on Remand***

Keywords (choose from CPUC listing): Standby Service, Forms

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[1]: ____________________

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for:

Confidential information will be made available to those who have executed a nondisclosure agreement: ☐ Yes ☐ No

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: Upon Commission Approval No. of tariff sheets: 9

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 Rate Schedule S, Electric Sample Form 79-285

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: 3951-E

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** **jnj@cpuc.ca.gov and mas@cpuc.ca.gov**	**Pacific Gas and Electric Company** **Attn: Brian 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**

Cal P.U.C. Sheet No.	**Title of Sheet**	**Cancelling Cal P.U.C. Sheet No.**
30712-E	ELECTRIC SCHEDULE S STANDBY SERVICE Sheet 1	28399-E
30713-E	ELECTRIC SCHEDULE S STANDBY SERVICE Sheet 15	28401-E
30714-E	ELECTRIC SCHEDULE S STANDBY SERVICE Sheet 16	28402-E
30715-E	ELECTRIC SCHEDULE S STANDBY SERVICE Sheet 17	28403-E
30716-E	ELECTRIC SCHEDULE S STANDBY SERVICE Sheet 18	28404-E
30717-E	Electric Sample Form No. 79-285 Special Agreement for Electrical Standby Service	28406-E
30718-E	ELECTRIC TABLE OF CONTENTS Sheet 1	30703-E
30719-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 6	30529-E
30720-E	ELECTRIC TABLE OF CONTENTS SAMPLE FORMS Sheet 28	30505-E**

ELECTRIC SCHEDULE S
STANDBY SERVICE

APPLICABILITY: PG&E will supply electricity and capacity on a standby basis under the terms of this schedule for customers:

a. whose supply requirements would otherwise be delivered through PG&E-owned facilities (including Independent System Operator (ISO)-controlled transmission facilities) but are regularly and completely provided through facilities not owned by PG&E;

b. who at times take auxiliary service (by means of a double-throw switch) from another public utility and who signed Standard Form 79-285 prior to the day after the Commission ends the rate freeze ordered by Assembly Bill 1890;

c. who require PG&E to provide reserve capacity and stand ready at all times to supply electricity on an irregular or noncontinuous basis; (N)

d. whose nonutility source of generation does not qualify under items (a), (b), or (c) above, but who qualify for and elect to receive back-up service under the provisions of Special Condition 7 below; or

e. who have one or more generating units certified under the California Independent System Operator Corporation (CAISO) Tariff Station Power Protocol for which the customer Self-Supplies Station Load by netting any energy deliveries against Station Power in a given month, subject to the provisions of Special Condition 15 below.

Any customer under a time-of-use rate schedule using electric generation technology that meets the criteria as defined in Electric Rule 1 for Distributed Energy Resources is exempt from the otherwise applicable Standby Reservation Charges. Customers qualifying for this exemption will continue to pay the applicable energy, reactive demand, customer and meter charges provided for under this rate schedule, and shall be subject to the requirements outlined in Special Condition 10 of this tariff.

Customers whose:

a. premises are supplied only in part by electric energy from a non-utility source of supply, and who do not qualify for or elect to take back-up service under the provisions of Special Condition 7, and/or

b. regular non-utility source of supply is subject to an extended outage as defined under Special Condition 8,

will receive service under one of PG&E's other applicable rate schedules.

However, this service will be provided subject to the provisions of Special Conditions 1 through 6 and 8 through 9 below, and reservation charges as specified under Section 1 will also be applicable.

Solar customers who are taking service under PG&E’s net metering tariffs or who utilize solar generating facilities which are less than or equal to one megawatt to serve load and who do not sell power or make more than incidental export of power into PG&E’s power grid are exempt from standby charges. Non solar customers taking service under one of PG&E net metering schedules may be exempt from standby charges pursuant to PU Code 2827.

(Continued)

ELECTRIC SCHEDULE S
STANDBY SERVICE

SPECIAL CONDITIONS: Cont'd.)

15. **STANDBY SERVICE FOR STATION LOAD SELF-SUPPLY:** Standby Service for Station Load Self-Supply permits customers operating an On-Site Self-Supply generating unit under the CAISO tariff, Station Power Protocol (SPP) subject to the conditions described below, to determine if transmission charges apply based on the CAISO meter registration in a calendar month. All other charges apply, including distribution charges, meter charges, applicable non-bypassable charges, and assessments. (See defined terms at the end of this special condition.) This Special Condition 15 does not apply to and does not modify other tariff charges or conditions on permitted netting as defined by CAISO, Federal Energy Regulatory Commission (FERC) Electric Tariff, Replacement Vol. No. 1, Section 10.1.3 (as amended from time to time). (N) (N)/(D) (N) I (N) (N)

a) **Eligibility:** To be eligible for this Special Condition, a generating unit supplying Station Power must be:

   i) On-Site Self-Supply Only: Remote-Self-Supply and Third Party are not applicable; and (N) (N)

   ii) located in the CAISO control area, and (T)

   iii) a part of a CAISO-approved Station Power Portfolio. (T)

b) **Charges:** If a generating unit in the station power portfolio requires the use of the CAISO-controlled transmission facilities and/or PG&E's distribution facilities, it will be subject to all applicable retail standby charges. Generating units that do not use either the CAISO-controlled transmission facilities and/or PG&E's facilities will be subject to all applicable retail charges (except for the Transmission Access Charge (TAC)) if, in a calendar month, deliveries to the grid exceed station power usage. (N) I I (N)

(D)

(Continued)

ELECTRIC SCHEDULE S
STANDBY SERVICE

SPECIAL CONDITIONS: (Cont'd.)

15. STANDBY SERVICE FOR STATION LOAD SELF-SUPPLY (Cont'd)

(D)

c) **Agreement:** Customers participating in the CAISO SPP must sign PG&E's Special Agreement for Electrical Standby Service for Station Self-Supply (Form 79-285).

d) **Commencement of Rate**: Customers requesting service under SPP are required to notify PG&E of their eligibility for this service by submitting the above agreement. Eligible customers shall be billed under this Special Condition 15 after written receipt and approval of the customer's SPP agreement, or on the date of verification by PG&E of customer's eligibility under the SPP.

e) **Eligibility Change Notice**: It is the customer's responsibility to notify PG&E if there is a change in the customer's eligibility status. The customer must notify PG&E within ten (10) business days from the date that there is any change in the customer's eligibility under Schedule S, Special Condition 15. Customers shall be re-billed during periods of ineligibility under the provisions of retail standby service under Schedule S.

f) **Verification:** Information provided by the customer is subject to verification by PG&E. Refusal or failure of a customer to provide eligibility information upon request by PG&E in the form of written approval or certification by the CAISO shall delay the provisions of service under Special Condition 15.

g) **Billing:** All customer usage will be based on metered data in a Netting Period.

Meter data allocated to On-Site Self-Supply load ID, Remote Self-Supply load ID, and Third Party Supply load ID, which is used for billing under Special Condition 15. (D)

h) **Metering:** Prior to receiving service under Special Condition 15, the customer shall: (T)

i) Provide, own, install, and maintain all facilities necessary to accommodate any metering equipment specified by PG&E including any additional metering if the customer serves any non-Station Power load, and

ii) Provide consent to enable PG&E to receive the customer's metered data from the CAISO and shall be in acceptable format for billing under this Schedule. (D)

(Continued)

ELECTRIC SCHEDULE S
STANDBY SERVICE

SPECIAL CONDITIONS: (Cont'd.)

15. STANDBY SERVICE FOR STATION LOAD SELF-SUPPLY (Cont'd)

(D)

i) **Notice of Pending Appeal:** The charges applicable to CAISO SPP-certified generators are subject to change once appeals of relevant FERC orders are final. (N)

j) **Definitions:** (T)

Net Output: The gross energy output from a generating unit less the Station Power requirements for such generating unit during the Netting Period, or the energy available to provide Remote Self-Supply from a generating facility in another control area during the monthly Netting Period.

Net Negative Output: The Net Output over the netting period is negative, that is, over the netting period either On-Site Self-Supply, or Remote Self-Supply provides less than all (<100%) of the customer's Station Power requiring it to draw on Third Party Supply.

Net Positive Output: The Net Output over the netting period is positive, that is, over the netting period the customer relies only on either On-Site Self-Supplies, or Remote Self-Supplies for all (100%) of its Station Power.

Netting Period: A calendar month representing the interval over which the Net Output of one or many generating resources in a Station Power Portfolio is available to be attributed to the self-supply of the Station Power in that Station Power Portfolio. (D)

(Continued)

ELECTRIC SCHEDULE S
STANDBY SERVICE

SPECIAL CONDITIONS: (Cont'd.)

15. STANDBY SERVICE FOR STATION LOAD SELF-SUPPLY (Cont'd)

i) **Definitions:** (Cont'd)

(D)

Station Power: Energy for operating electric equipment, or portions thereof, located on the generating unit site owned by the same entity that owns the generating unit, which electrical equipment is used exclusively for the production of energy and any useful thermal energy associated with the production of energy by the generating unit; and for the incidental heating, lighting, air conditioning and office equipment needs of buildings, or portions thereof that are owned by the same entity that owns the generating unit; located on the generating unit site; and used exclusively in connection with the production of energy and any useful thermal energy associated with the production of energy by the generating unit. Station Power includes the energy associated with motoring a hydroelectric generating unit to keep the unit synchronized at zero real power output to provide regulation or spinning reserve. Station Power does not include any energy used to power synchronous condensers; used for pumping at a pumped storage facility; or provided during a black start procedure. Station Power does not include energy used to serve loads outside the CAISO-controlled grid.

Station Power Portfolio: One or more generation resources eligible to self-supply Station Power, including generating units in the CAISO control area and generating facilities outside of the CAISO control area, all of which are owned by the same entity.

(D)

Electric Sample Form No. 79-285
Special Agreement for Electrical Standby Service

Please Refer to Attached
Sample Form

Distribution
__ Division
__ Customer (original)
__ Customer Relations/Tariff Interpretation
__ Electric Billing Solutions

QF LOG# _______________
Premises # ______________
CDx Acct # ____________

PACIFIC GAS AND ELECTRIC COMPANY'S
SPECIAL AGREEMENT FOR ELECTRICAL STANDBY SERVICE

This is an agreement between Pacific Gas and Electric Company (PG&E), a California corporation, and ____ (Customer), a(n) ____. This agreement will be herein referred to as "Agreement".

Customer has requested PG&E to provide standby service at Customer's premises at _________________________________, County of___________ California, under one of the standby options designated below:

[ ] **Option 1 – PG&E Standby Through Non-PG&E Supply Facilities –** Standby service for customers whose supply requirements would otherwise be delivered through PG&E owned facilities (including Independent System Operator controlled transmission facilities), are regularly and completely supplied through facilities not owned by PG&E.

The non-utility owned generating facilities have a total rated capacity of approximately ______________kVA.

All PG&E power deliveries will be made under Schedule S -- *Standby Service*.

[ ] **Option 2 – PG&E Standby When Service is from Another Utility –** Standby service for customers who regularly take electric service from another public utility but desire PG&E to reserve its generation, transmission or distribution capacity for their use:

Customer currently is supplied regular electric service from another utility's generation, transmission, or distribution system; Customer may be alternately served by PG&E by means of a double-throw switch. Both PG&E and the other utility have consented to this arrangement. Customer's maximum demand from electric equipment on his premises is __________________kW.

All PG&E power deliveries will be made under Schedule S.

This option is closed to all new customers after January 19, 2001.

[ ] **Option 3 – PG&E Standby for Non-Continuous/Irregular PG&E Supply –** Standby service for customers who require PG&E to reserve transmission or distribution capacity and stand ready at all times to deliver electricity on an irregular or non-continuous basis:

Customer has a) a premise which is normally, in part but not in whole, served by non-utility owned generation facilities with a total rated capacity of less than 50 percent of Customer's maximum demand for that premise, or b) a premise which qualifies for back-up service under the provisions of Special Condition 7 of Schedule S (See Option 4) but chooses not to elect Option 4 or currently lacks the necessary on-site metering to bill Option 4 properly, or c) electrical equipment which is used on an irregular or non-continuous basis. The total rated capacity of Customer's generation facilities or irregularly utilized equipment is ______ kVA.

Customer will be billed for all PG&E power deliveries on the otherwise applicable rate schedule; however, Special Conditions 1 through 6 and 8, 9, and 10 of Schedule S will also apply to Customer's service.

[ ] **Option 4 – PG&E Supplemental (Back-up and Maintenance) Standby Service –** Standby service for customers who do not meet the criteria described in Option 1 and 2 above, but elect to receive back-up and maintenance portion of their total standby requirements under the provisions of Special Condition 7 of Schedule S:

At least 50 percent of Customer's maximum electric demand is served by a non-utility owned generator, and all necessary metering has been installed (by May 1, 1994, or the effective date of the contract) by PG&E to separately measure Customers net on-site generation and on-site load requirements. Customer would otherwise, except for such generation, qualify for service under Schedule E-19 (mandatory), E-20 or E-37.

Customer will be billed for the back-up and maintenance portion of the premises' total service requirements under the provisions of Special Condition 7 of Schedule S, and for its ordinary supplemental power requirements (on-site load in excess of the capability of the customer's non-utility owned generation) under the provisions of the otherwise applicable rate schedule. All back-up and maintenance power deliveries by PG&E will be billed in accordance with Schedule S. The total rated capacity of Customer's generation is kVA.

[ ] **Option 5 – PG&E Standby for Station Load Self-Supply –** Standby service for customers, whose supply requirements would otherwise be delivered through PG&E owned facilities (including Independent System Operator controlled transmission facilities), where the customers' Station Power requirements are regularly supplied through generating units pursuant to CAISO-approved Station Power Portfolio (SPP) of the California Independent System Operator Corporation (CAISO).

PU Code 353 exemption:

Standby service for customers who qualify for exemption under PU Code 353 and elect to take this exemption.

[ ] ***Customers does NOT qualify for PU Code 353 exemption***

[ ] Customers with supplemental power requirements:

For customers with supplemental power requirements (on-site load in excess of the capability of the customer's non-utility owned generation) under the provisions of the otherwise applicable rate schedule, Special Conditions 1 through 7 of Schedule S will ***not*** *apply. (Option 3)*

[ ] Customers with excess generation:

For those customers who operate electric generation equipment capable of serving their entire load and elect to take this exemption, Special Condition 1 (reservation capacity) will ***not*** *apply. All other applicable charges of Schedule S will apply. (Options 1, 2 and 4)*

Terms and Conditions

1. Customer has requested PG&E to stand ready at all times to deliver or supply and deliver electric energy to Customer's premises on an as-needed basis. Such standby service shall be provided to Customer in accordance with and subject to PG&E's applicable rates and rules as established from time to time by, and on file with, the California Public Utilities Commission (Commission).

2. PG&E shall be granted, without cost to it, all necessary rights-of-way and easements, satisfactory to PG&E, in both location and form of document, to establish such service.

3. All necessary service facilities to accommodate Customer's load shall be furnished by PG&E and Customer as specified in electric line extension and service rules or the otherwise appropriate extension agreements. Any necessary extensions and reinforcements of PG&E's distribution and transmission facilities that are furnished by PG&E at Customer's expense in accordance with either a separate line extension or special facilities agreement, in accordance with the applicable tariffs.

4. All facilities furnished by PG&E to provide electric service at all times shall be and remain the property of PG&E notwithstanding that they may be affixed to Customer's property. PG&E may remove such facilities upon termination of the Agreement.

5. During the term of this Agreement, Customer grants to PG&E the right to operate, maintain, replace, and repair PG&E's facilities on Customer's premises necessary to provide standby service hereunder and all rights necessary for access to and from such facilities at all reasonable times.

6. All standby electric service provided shall be _____ phase, 60 hertz, alternating current at an electromotive force of approximately ___ volts. Allowable variations in this frequency and voltage are specified in PG&E's electric Rule 2. The delivery point for PG&E's standby service shall be considered the point where conductors owned, or under license by Customer, contact PG&E's conductors, or as otherwise designated by applicable rules.

7. The initial reserved capacity for standby service shall be ___kW (Reservation Capacity) and shall be billed monthly at the rate described in the "Rates" section of Schedule S. If the Customer is already receiving standby service from PG&E under a preceding contract, that contracted or reserved capacity, or the amount of capacity to which that contract has been subsequently ratcheted, shall automatically become the Customer's Reservation Capacity, until the ratchet period ends unless the Reservation Capacity has been increased in accordance with the preceding paragraph.

8. Customer elects to receive any backup and maintenance service that is to be billed under the provisions of Schedule S under the following terms: ______ Firm Service Only.

9. If Customer has a generator and wishes to operate that generator in parallel with PG&E's system, Customer must also execute either a power purchase agreement, or parallel operation agreement, or applicable interconnection agreement with PG&E. Interconnection and operation of all non-utility owned generation paralleling with PG&E's system will be treated in accordance with electric Rule 21. Customers may need to meet those requirements as imposed by other governing entities having jurisdiction including the Independent System Operator and the Western Systems Coordinating Council.

10. Customer shall pay PG&E the monthly charges for the standby service provided hereunder at any established office of PG&E.

11. The initial term of this Agreement shall be for a period of one (1) year from the date the standby service under this Agreement is first made available to Customer as such date is established in PG&E's records and shall continue thereafter from year to year. Customer may terminate this Agreement at the expiration of the initial or any subsequent one-year term, or PG&E may terminate this Agreement in accordance with its tariffs, provided that written notice of such termination is given to the other party at least thirty (30) days prior to such termination date.

12. Customer may, with PG&E's prior written consent, assign this Agreement to a subsequent owner of the premises if the assignee agrees in writing to perform the obligations of this Agreement.

13. This Agreement shall, at all times, be subject to such changes or modifications by the Commission as it may from time to time direct in the exercise of its jurisdiction.

Dated this _______ day of _______________, _____.

Customer	**PACIFIC GAS AND ELECTRIC**
BY: ______________________________ (Signature)	BY: ______________________________ (Signature)
______________________________ (Type / print name)	______________________________ (Type / print name)
TITLE: ___________________________	TITLE: ______________________________
DATE:___________________________	DATE:______________________________
Mailing Address: __________________	Mailing Address: Pacific Gas and Electric Co
________________________________	77 Beale St. B8M
________________________________	San Francisco, CA 94105

ELECTRIC TABLE OF CONTENTS

Sheet 1

TABLE OF CONTENTS

SCHEDULE TITLE OF SHEET	CAL P.U.C. SHEET NO.	

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ELECTRIC TABLE OF CONTENTS
RATE SCHEDULES

Sheet 6

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ELECTRIC TABLE OF CONTENTS
SAMPLE FORMS

Sheet 28

(Continued)

APPENDIX A - Example for Form to Supply Information Required by PG&E to Issue Credit for Payments Made to the CAISO

Custmer Name	
Address	
Address	
State / Zip	
Contact	

CAISO SETTLEMENT DATA SUBMISSION TEMPLATE			
CAISO LOAD ID			
	Date		Date
SERVICE PERIOD		through	
TOTAL CAISO SETTLEMENTS FOR PERIOD ABOVE			$
TOTAL PAYMENTS FOR PERIOD ABOVE			$

PG&E SERVICE IDs UNDER CAISO - LOAD ID #

	SERVICE PERIOD	MM/DD/20XX	through	MM/DD/20XX	PAYMENT ALLOCATED
SERVICE ID					
1	service id number				
2	service id number				
3	service id number				
4	service id number				
	TOTAL				TOTAL DOLLARS = CAISO payments

Please note that the sum of all the allocated payments must equal the total CAISO payments.

For the period prior to the CAISO's implementation of the Market Redesign and Technology Update (MRTU) on 4/1/2009, please provide a good faith estimate of monthly CAISO settlement broken in to PG&E service Ids.

PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV

AT&T
Alcantar & Kahl LLP
Ameresco
Anderson & Poole
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 Ginners & 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
City of Santa Rosa
Clean Energy Fuels
Coast Economic Consulting
Commercial Energy
Consumer Federation of California
Crossborder Energy
Davis Wright Tremaine LLP
Day Carter Murphy
Defense Energy Support Center
Department of Water Resources
Dept of General Services
Douglass & Liddell
Downey & Brand
Duke Energy
Economic Sciences Corporation
Ellison Schneider & Harris LLP
Foster Farms
G. A. Krause & Assoc.
GLJ Publications
GenOn Energy, Inc.
Goodin, MacBride, Squeri, Schlotz & Ritchie
Green Power Institute
Hanna & Morton
Hitachi
In House Energy
International Power Technology
Intestate Gas Services, Inc.
Lawrence Berkeley National Lab
Los Angeles Dept of Water & Power
Luce, Forward, Hamilton & Scripps LLP
MAC Lighting Consulting
MBMC, Inc.
MRW & Associates
Manatt Phelps Phillips
McKenzie & Associates
Merced Irrigation District
Modesto Irrigation District
Morgan Stanley
Morrison & Foerster
NLine Energy, Inc.
NRG West
NaturEner
Navigant Consulting
Norris & Wong Associates
North America Power Partners
North Coast SolarResources
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