

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



**REVISED**

October 2, 2013

**Advice Letter 4259-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: Compliance Advice Filing Pursuant to D.12-04-045 Addressing Whether  
There is a Need to Change the Current Baseline and Proposing a Baseline  
Comparison Study for the Following Year.**

Dear Mr. Cherry:

Advice Letters 4259-E is effective August 17, 2013.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



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

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.7226

July 18, 2013

**ADVICE 4259-E**

(Pacific Gas & Electric Company ID U 39-E)

**ADVICE 2923-E**

(Southern California Edison Company ID U 338-E)

**ADVICE 2506-E**

(San Diego Gas & Electric Company ID U 902-E)

Public Utilities Commission of the State of California

**Subject: Compliance Advice Filing Pursuant to Decision 12-04-045  
Addressing Whether There Is a Need to Change the Current  
Baseline and Proposing a Baseline Comparison Study for the  
Following Year**

In compliance with California Public Utilities Commission (CPUC or Commission) Decision (D.) 12-04-045, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), collectively the investor-owned utilities (IOUs), hereby submit this joint advice letter which provides the IOUs' recommendation on whether there is the need to change the current baselines in statewide Demand Response (DR) programs and to propose a baseline comparison study for DR programs.

**Purpose**

In compliance with Ordering Paragraph (OP) 13 of D.12-04-045, this joint advice letter proposes to continue 1) the current plus/minus twenty ( $\pm 20$ ) percent cap on the Day-Of Adjustment (DOA) for both PG&E's and SCE's Demand Bidding Programs (DBP), and 2) the current plus/minus forty ( $\pm 40$ ) percent cap on the (DOA) for PG&E's, SCE's, and SDG&E's Capacity Bidding Programs (CBP). SDG&E does not have a DBP program in scope for this filing.

## **Background**

On March 1, 2011, the IOUs filed their 2012-2014 DR Applications (A.)11-03-001 *et al.* On April 30, 2012, the Commission issued D.12-04-045 authorizing funding for the IOUs to conduct DR programs and pilots through December 31, 2014.

OP 13 of D.12-04-045 requires that 45 days following each annual load impact workshop, the IOUs shall submit a joint Tier 2 Advice Letter addressing whether there is a need to change the current baseline along with a proposed baseline comparison study for the following year. In compliance with this directive, the IOUs recommend maintaining the current baselines for CBP and DBP for the following reasons:

First, the baseline DOA cap for CBP (day-of and day-ahead) was recently changed by OP 10 of D.12-04-045 to 40 percent, and there is no compelling empirical evidence that suggests a need to revise it again now. One of the latest baseline studies concludes that caps above 20 or 30 percent were not binding for many of the programs in 2012<sup>1</sup>. Therefore, the IOUs believe that a 40 percent cap is sufficient for DOA for CBP. Any changes at this time would be premature and confusing to customers.

Also, after review of the recent DBP baseline study and in consideration of discussions with stakeholders, the consensus of the IOUs is that the DOA's 20 percent cap for DBP should remain in place. The 2012 baseline analysis study on DBP conducted by Christensen Associates Energy Consulting found that for PG&E, a 20% DOA cap produced the most accurate baseline for DBP customers in 2012. The study also noted that SCE baseline performance is not substantially affected by the level of the DOA cap (although the presence of a DOA, regardless of the cap level, produces improved performance relative to the unadjusted baselines).<sup>2</sup> As such, it is prudent and reasonable to maintain the current DOA cap for DBP. Marginal changes to the baseline are not expected to improve customer participation or increase program enrollments.

The IOUs' proposed baseline comparison study for each program year is determined by OP 11 of D.12-04-045, which defines an analysis that shall provide a baseline comparison as part of the Load Impact Annual Filing on April 1, 2013 and 2014. The OP requires that the IOUs shall conduct this comparison of baseline settlement results using both individual and aggregated baseline with cap percentage adjustments of 20, 30, 40, 50 and no cap for the months of July, August, and

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<sup>1</sup> 2012 Statewide Load Impact Evaluation of California Aggregator Demand Response Programs Volume 2: Baseline Analysis, Christensen Associates Energy Consulting, CALMAC Study ID PGE0318.02. See page 4.

<sup>2</sup> 2012 Load Impact Evaluation of California Statewide Demand Bidding Programs (DBP) for Non-Residential Customers: Ex Post and Ex Ante Report, Christensen Associates Energy Consulting, CALMAC Study ID PGE0320, April 1, 2013, pages 32 and 36.

September of the prior year. The IOUs will compare the annual baseline settlement results with the Measurement and Evaluation results for the same year. The comparison shall include service accounts that select the adjusted energy baseline as well as all service accounts, assuming all service accounts select DOA.

The IOUs propose that the previous baseline comparison study as defined in OP 11 be repeated for program year 2013. By using the same baseline comparison study methods in subsequent years, results can be compared across different weather scenarios and changes in customer participation. This effort will develop a broader body of empirical evidence to support any proposed baseline changes in the future, allowing the Commission to make more informed decisions about baseline methodology.

### **Proposal**

The IOUs propose to maintain the current 40 percent DOA cap for the statewide CBP, and the current 20 percent DOA cap for SCE's and PG&E's DBP. The IOUs will conduct another baseline comparison study in 2013 similar to studies conducted in 2011 and 2012. This study will continue to be funded under existing IOU Measurement and Evaluation DR program budgets.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **August 7, 2013**, which is 20 days after the date of this filing. Protests must be submitted to:

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

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@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 shall also be sent to the IOUs either via E-mail or U.S. mail (and by facsimile, if possible) at the addresses shown below on the same date it is mailed or delivered to the Commission:

- For PG&E:** Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177  
Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com
- For SDG&E:** Megan Caulson  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1879  
E-mail: MCaulson@semprautilities.com
- For SCE:** Megan Scott-Kakures  
Vice President, Regulatory Operations  
Southern California Edison Company  
8631 Rush Street  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: AdviceTariffManager@sce.com
- Leslie E. Starck  
Senior Vice President, Regulatory Policy & Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: Karyn.Gansecki@sce.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Tier Designation**

Pursuant to D.12-04-045, OP 13, this joint advice letter is submitted with a Tier 2 designation.

**Effective Date**

The IOUs request that this joint Tier 2 advice letter be approved on regular notice, August 17, 2013, 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 list for Application (A.) 11-03-001 et al. Address changes to PG&E's General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. Address changes to the other IOUs' General Order 96-B service list should be directed to the IOUs' email addresses shown above. 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>



Vice President, Regulatory Relations

Attachment

cc: Service List A.11-03-001, et al.

# 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:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: **Shirley Wong**

Phone #: **(415) 972-5505**

E-mail: **slwb@pge.com and PGETariffs@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) #: **PG&E AL 4259-E, et al.**

Tier: **2**

Subject of AL: **Compliance Advice Filing Pursuant to Decision 12-04-045 Addressing Whether There Is a Need to Change the Current Baseline and Proposing a Baseline Comparison Study for the Following Year**

Keywords (choose from CPUC listing): **Baseline, Compliance.**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Decision 12-04-045**

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:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: **No**

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: **August 17, 2013**

No. of tariff sheets: **N/A**

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:

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  
ED Tariff Unit  
505 Van Ness Ave., 4th Floor  
San Francisco, CA 94102  
EDTariffUnit@cpuc.ca.gov

Pacific Gas and Electric Company  
Attn: Brian K. Cherry, Vice President, Regulatory Relations  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177  
E-mail: PGETariffs@pge.com

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

1st Light Energy	Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.
AT&T	Douglass & Liddell	OnGrid Solar
Alcantar & Kahl LLP	Downey & Brand	Pacific Gas and Electric Company
Anderson & Poole	Ellison Schneider & Harris LLP	Praxair
BART	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
Barkovich & Yap, Inc.	GenOn Energy Inc.	SCD Energy Solutions
Bartle Wells Associates	GenOn Energy, Inc.	SCE
Bear Valley Electric Service	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Braun Blaising McLaughlin, P.C.	Green Power Institute	SPURR
CENERGY POWER	Hanna & Morton	San Francisco Public Utilities Commission
California Cotton Ginners & Growers Assn	In House Energy	Seattle City Light
California Energy Commission	International Power Technology	Sempra Utilities
California Public Utilities Commission	Intestate Gas Services, Inc.	SoCalGas
California State Association of Counties	Kelly Group	Southern California Edison Company
Calpine	Linde	Spark Energy
Casner, Steve	Los Angeles Dept of Water & Power	Sun Light & Power
Center for Biological Diversity	MAC Lighting Consulting	Sunshine Design
City of Palo Alto	MRW & Associates	Tecogen, Inc.
City of San Jose	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Clean Power	Marin Energy Authority	TransCanada
Coast Economic Consulting	McKenna Long & Aldridge LLP	Utility Cost Management
Commercial Energy	McKenzie & Associates	Utility Power Solutions
County of Tehama - Department of Public Works	Modesto Irrigation District	Utility Specialists
Crossborder Energy	Morgan Stanley	Verizon
Davis Wright Tremaine LLP	NLine Energy, Inc.	Water and Energy Consulting
Day Carter Murphy	NRG Solar	Wellhead Electric Company
Defense Energy Support Center	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	North America Power Partners	