

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



February 25, 2014

Advice Letter 4332-E

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
P.O. Box 770000
San Francisco, CA 94177

**SUBJECT: REVISE ELECTRIC SCHEDULE E-CBP TO MAKE IMPROVEMENTS TO THE
CAPACITY BIDDING PROGRAM**

Dear Mr. Cherry:

Advice Letters 4332-E is effective as of February 25, 2014.

Sincerely,

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

Edward Randolph
Director, Energy Division

December 24, 2013

Advice 4332-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revise Electric Schedule E-CBP to Make Improvements to the
Capacity Bidding Program**

Pacific Gas and Electric Company ("PG&E") hereby submits for filing revisions to its Electric Schedule E-CBP – Capacity Bidding Program. The affected tariff sheets are in the enclosed Attachment 1.

Purpose

The purpose of this advice letter is to revise electric rate Schedule E-CBP to generally improve the performance and reduce the administrative complexity of PG&E's Capacity Bidding Program ("CBP"), and align the CBP with PG&E's other aggregator program, the Aggregator-Managed Portfolio ("AMP") contracts. In this advice letter, PG&E aligns the CBP holiday calendar with the holiday calendar used by the California Independent System Operator ("CAISO"), clarifies the responsibility of the demand response aggregator ("Aggregator") in nominating each customer's nominated load, eliminates the requirement that Aggregators nominate load separately for Bundled Service and Direct Access ("DA")/Customer Choice Aggregation ("CCA") customers, updates the payment and penalty calculations to reflect one capacity payment calculation, revises the hourly capacity payment bands to better align with Aggregator performance, revises settlement for capacity payments to be aggregated, clarifies the Aggregator's responsibility for AutoDR-enabled customer performance, and to modify language to clarify the elimination of scheduling coordinator trades (SC-to-SC trades) for DA and CCA service participation. None of these proposed revisions will impact the cost effectiveness of the CBP.

Background

On December 18, 2013, PG&E submitted a Joint Petition for Modification of Decision ("D.") 13-01-024 which approved PG&E's 2013-2014 AMP contracts. The Joint Petition requests California Public Utilities Commission ("Commission" or "CPUC") approval of an amendment to the AMP contracts to improve them for both the Aggregators and PG&E. Since CBP is an Aggregator-based program like the AMP, it is important that the provisions of the CBP be aligned with AMP to avoid any artificial incentive for DR

customers to participate in the CBP rather than in the Aggregators' AMP contracts, or vice versa. PG&E proposes revisions to the Schedule E-CBP to improve this alignment and the performance of the CBP, and reduce its administrative complexity. PG&E proposes revisions to Schedule E-CBP to remove the unnecessary desegregation of nominated load, to better align capacity payments with performance, reduce operational risks for Aggregators, and to encourage an overall more effective performance.

Tariff Revisions

- 1) **Align Schedule E-CBP with the CAISO Calendar:** Currently, Schedule E-CBP stipulates that program days are Monday through Friday during the program season with the exception of PG&E holidays. PG&E holidays differ slightly from CAISO holidays which are the same as those defined by the North America Electric Reliability Corporation (NERC). PG&E revises Schedule E-CBP by adopting NERC-defined holidays to better align with the CAISO's holiday calendar. In addition, this revision will align the CBP calendar with PG&E's Aggregator Managed Portfolio ("AMP") contracts. Those Aggregators who have an AMP contract also participate in the CBP, so ensuring that the AMP contracts and the CBP utilize the same holiday calendar will eliminate customer and Aggregator confusion.
- 2) **Eliminates the Requirement for Customers to Elect Day-Of Adjustment:** Under the CBP, the Customer Specific Energy Baseline ("CSEB") for each Service Agreement ("SA") is the average load for each hour based on the immediate past ten similar weekdays prior to an event with the option of a day-of adjustment. The day-of adjustment allows a CSEB to be modified for an event should the SA load significantly differ on the event day from the original CSEB. The current Schedule E-CBP tariff requires each customer to elect to utilize the day-of adjustment. In actuality, the Aggregator is responsible for selecting the day-of adjustment on behalf of each customer. The current version of Schedule E-CBP incorrectly states that:

"Customers must elect or opt-in to receive this adjustment. The customer is responsible for determining the applicable baseline day-of adjustment amount at the time of an event."

PG&E revises Schedule E-CBP to remove this responsibility from the customer and assign it to the Aggregator.

- 3) **Combined Nomination and Capacity Payment of Bundled Service and DA/CCA Load:** The current Schedule E-CBP requires Aggregators to nominate load reductions for Bundled Service separately from DA/CCA customers. PG&E is proposing to allow the Aggregators to submit a combined nomination for Bundled Service and DA/CCA customers, and update the capacity payment and penalty calculations to reflect a combined capacity payment calculation. The current breakdown creates smaller portfolios which make formation and operation of the aggregated customer load more difficult for the Aggregator. This level of granularity

makes it harder for the Aggregators to manage their operational risks and could demotivate Aggregators from seeking DA and CCA customers that can add valuable MWs.

- 4) **Aggregate Settlement Across SLAPs:** The current capacity payment and penalties are calculated on an individual sub-load aggregation point (“SLAP”) basis. This level of granularity limits the ability of the Aggregators to manage their operational risk and creates an incentive to nominate fewer MW of load reduction. To address this, PG&E proposes to allow the aggregation of capacity payments and penalties by modifying the settlement process to allow settlement across all the SLAPs for which the CBP was dispatched. Incorporating the opportunity for aggregated settlement will reduce the operational risk of the DR Aggregators at the SLAP level, while ensuring that they provide the total amount of load reduction to which they have committed. The capacity payment and penalty calculations will reflect one capacity payment calculation.
- 5) **Revise the Settlement Bands:** The hourly capacity payment bands in Schedule E-CBP penalize the Aggregators disproportionately heavily even if they underperform by as little as 11% below their nominated load reduction. The Hourly Capacity Payment Calculation is amended to compensate the Aggregators in a manner that is more consistent with the amount of load reduction they deliver. The revised Hourly Capacity Payment Calculation is meant to make capacity payment terms more reflective of Aggregator performance.

The current settlement bands for capacity payments are:

≥ 0.90 and < 1.00 [Hourly Capacity Price] x [Hourly Capacity Ratio]

≥ 0.75 and < 0.90 [Hourly Capacity Price] x [0.50]

≥ 0.50 and < 0.75 Zero (0)

≥ 0 and < 0.50 [Hourly Capacity Price] x [(Hourly Capacity Ratio - 0.50)]

PG&E Schedule E-CBP will be modified to the following settlement bands:

$\geq 105\%$ [Hourly Capacity Price] x [1.05]

$\geq 75\%$ - $< 105\%$ [Hourly Capacity Price] x [Hourly Capacity Ratio],
(Proportional Payment)

$\geq 60\%$ - $< 75\%$ [Hourly Capacity Price] x [0.50], (50% Payment)

≥ 0 and $< 60\%$ [Hourly Capacity Price] x [(Hourly Capacity Ratio - 0.60)]

The modifications to the Hourly Capacity Payment Calculation are meant to make capacity payment terms more reflective of what the Aggregator provides, at reasonable levels of performance and is in line with Commission goals to procure all cost-effective demand response. Thus the band for 75% to 105% provides for proportional payment, (i.e., 96% for 96% performance), instead of the current provision which drops the payment to 50% for performance that is less than 90%, but more than 75%. The revised bands also provide for 50% payment for performance between 60% and 75%, instead of the current payment of nothing for performance between 50% and 75%. Finally, the penalty applies when performance falls below 60%, instead of at 50% under the current bands. The effect of these changes in the bands is to make the decline in payment less harsh when full Commitment levels are not provided, but to increase the threshold where the penalties apply from 50% to 60% performance. The changes in the payment bands will encourage and reward high performance, will be more consistent with the amount of load reduction actually delivered, and will still maintain the incentive for the DR Aggregator to avoid significant under-performance.

- 6) **Clarify Responsibility for Load Reduction During an Event:** To clarify responsibility of the Aggregators for AutoDR-enabled customer performance in CBP, additional language clarifies the DR Aggregators' continuing obligation to provide the load reduction associated with AutoDR-enabled customers in their CBP portfolio, even if any of the customers fail to receive the required signal for any reason. The Aggregators will remain responsible for delivering their Commitment Level even if there is a failure of the AutoDR signal during an event. This clarifies operation of AutoDR under CBP and will support the reliability of any nominated DR under the CBP.

- 7) **Modify Language to Clarify Removal of Superfluous SC-to-SC trade Reference:** On September 25, 2009, PG&E filed Advice Letter ("AL") 3447-E-A to revise rate Schedule E-CBP. The purpose of AL 3447-E-A was to resolve concerns raised by the Alliance for Retail Energy Markets ("AReM") in its protest to PG&E's Application for Approval of its 2009-2011 DR Programs and Budgets (Application ("A.") 08-06-003). Specifically, AReM requested that Scheduling Coordinator to Scheduling Coordinator (SC-to-SC) trades for DA and CCA service participation in CBP be either justified or eliminated¹. However, a reference to SC-to-SC trades is still in "Special Conditions for Direct Access and CCA Service Customers" in the Schedule

¹ AReM, PG&E, Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E), had filed a Joint Status Report on December 22, 2008, that resolved several issues raised by AReM and committed the parties to "use their best efforts to resolve, before MRTU is implemented, through the California Independent System Operator's (CAISO) DR Working Group or other groups as appropriate: (a) any identified technical or regulatory barriers to DA customer participation in MRTU DR Programs; (b) whether an SC-to-SC trade or a similar mechanism should continue after MRTU; and (c) any ongoing concerns (financial, logistical or other) regarding ending or continuing of SC-to-SC trades or similar mechanisms with ESPs as a result of DA customers' participation in a DR program."

E-CBP tariff, although it does not serve any function. Therefore, PG&E proposes to remove the superfluous SC-to-SC trade language in Schedule E-CBP². This change is consistent with the elimination of SC-to-SC trade language originally approved in AL 3447-E-A.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than January 13, 2014, 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, 4th 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 PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

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

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

²The tariff revision was originally proposed in Advice Letter 3604-E, which PG&E withdrew on December 5, 2013. Because it is necessary to implement the aggregated nomination and settlement of Bundled Service, DA, and CCA load discussed above, PG&E is proposing to incorporate this change through this new filing.

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).

Effective Date

PG&E requests that this Tier 2 advice filing become effective prior to March 1, 2014 so the tariff changes can be implemented in time for Summer 2014 Season. If the Commission's approval is granted before March 1, 2014, the tariff changes would go into effect March 1, 2014. If the Commission approves the tariff changes after March 1, 2014, the tariff changes would not go into effect until March 2015.

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 service lists A.11-03-001, A.12-09-004, R.07-01-041, and R.13-09-011. 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 Cherry /KHC

Vice President, Regulatory Relations

cc: Service Lists A.11-03-001, A.12-09-004, R.07-01-041, and R.13-09-011

Attachments

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: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@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) #: **4332-E**

Tier: 2

Subject of AL: **Revise Electric Schedule E-CBP to Make Improvements to the Capacity Bidding Program**

Keywords (choose from CPUC listing): Capacity, Text Changes

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: _____

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: **Upon Commission Approval**

No. of tariff sheets: **10**

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 E-CBP**

Service affected and changes proposed: **Modify the Capacity Bidding Program to improve the performance and reduce the administrative complexity**

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

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:

California Public Utilities Commission
Energy Division
EDTariffUnit
505 Van Ness Ave., 4th Flr.
San Francisco, CA 94102
E-mail: 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

**ATTACHMENT 1
Advice 4332-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
33265-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 2	32225-E
33266-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 3	32464-E*
33267-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 4	32465-E
33268-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 6	29537-E
33269-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 7	29538-E
33270-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 8	32466-E
33271-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 10	32468-E
33272-E	ELECTRIC SCHEDULE E-CBP CAPACITY BIDDING PROGRAM Sheet 11	32469-E
33273-E	ELECTRIC TABLE OF CONTENTS Sheet 1	33252-E
33274-E	ELECTRIC TABLE OF CONTENTS RATE SCHEDULES Sheet 9	32818-E



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 2

OPTIONS AND PRODUCTS:

The program season is May 1 through October 31.

The program days are Monday through Friday during the program season, excluding North American Electric Reliability Corporation (NERC) holidays. NERC holidays during the program season are the dates on which the following holidays are legally observed: Memorial Day, Independence Day, and Labor Day. (T)
 (T)

If Independence Day falls on a Sunday, then it is recognized the Monday immediately following that Sunday. If Independence Day falls on a Saturday, it remains on that Saturday. (N)
 (N)

The program hours are 11 a.m. to 7 p.m. on program days.

The following options and products are available:

Day-Ahead Options

Product	Minimum Duration per Event	Maximum Duration per Event	Maximum Event Hours Per Operating Month	Maximum Events Per Day
1-4 Hour	1 hour	4 hours	30	1
2-6 Hour	2 hours	6 hours	30	1
4-8 Hour	4 hours	8 hours	30	1

Day-Of Options

Product	Minimum Duration per Event	Maximum Duration per Event	Maximum Event Hours Per Operating Month	Maximum Events Per Day
1-4 Hour	1 hour	4 hours	30	1
2-6 Hour	2 hours	6 hours	30	1
4-8 Hour	4 hours	8 hours	30	1

The limits shown in the tables above are applied at the Capacity Nomination. (N)

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 3

**AGGREGATOR'S
 PORTFOLIO:**

An Aggregator must submit a Notice to Add or Delete Customers Participating in the Capacity Bidding Program (Form 79-1075) to add a customer's Service Agreements (SAs) to add or delete a customer's SAs from its portfolio. PG&E will review and approve each SA before the SA can be included in an Aggregator's portfolio. Additions to the portfolio will be effective upon PG&E's approval date. Deletions from the portfolio will be effective at the end of the current calendar month in which this notice is received provided PG&E receives this notice at least 15 calendar days prior to the end of the current month. A SA can be included in only one portfolio at a time.

PG&E will assign each CBP customer to a Load Zone. As specified below, the assigned Load Zone will be either a PG&E system-level Load Zone or a PG&E subsystem-level Load Zone, which is referred to as a Load Zone.

Existing AutoDR CBP customers shall be assigned to a PG&E system-level Load Zone. Existing non-AutoDR CBP customers will be assigned to a Load Zone.

New AutoDR CBP customers shall be assigned to a PG&E system-level Load Zone. New non-AutoDR CBP customers will be assigned to a Load Zone.

The CBP customer's assigned Load Zone may change over time. PG&E will provide notice of the Load Zone change to the current Aggregator. The effective date of the change must occur at the end of a calendar month.

Customers participating in Schedule E- CBP can submit an Election To Withdraw (Form 79-1149) to initiate the process to be removed from Schedule E- CBP. Customers electing this option may not join another Portfolio in any of PG&E's Aggregator programs, which includes Schedule E- CBP program and the Aggregator Managed Program (AMP) for the remainder of the DR Season, i.e. the calendar months of May through October.

Election of Customer to withdraw from the Aggregator's Portfolio shall be effective and binding at the end of the then current calendar month in which PG&E received this form identifying the Service Agreement(s) to which the Customer withdrawal applies; provided PG&E receives the form at least fifteen (15) calendar days prior to the end of the then current month. If PG&E receives the form less than fifteen (15) calendar days prior to the end of the then current month, then Customer's withdrawal from Aggregators Portfolio will be effective the following month. PG&E shall notify the Customer's current Aggregator of the Customer's election. The notice shall include the effective date of withdraw.

**CUSTOMER
 SPECIFIC
 ENERGY
 BASELINE:**

To participate in this program, a customer must have a valid customer specific energy baseline (CSEB) at least 5 calendar days prior to the first day of the operating month.

CSEB will be valid for purposes of participation if there are at least ten (10) similar days of interval data available in PG&E's CBP Website.

Each Capacity Nomination will have its own CSEB based on its associated aggregated group. The CSEB on any given day during the program is the sum total of each individual SA's baseline in the group. Each individual SA baseline is the average for each hour based on the immediate past ten (10) similar weekdays prior to an event with the option of a day-of adjustment. The load during each hour of the ten days will be averaged to calculate an hourly baseline for each hour. The past ten (10) similar days will include Monday through Friday, excluding NERC holidays and event days prior to the event (including events of this program, or any other interruptible or curtailment programs enrolled by the customer, or days when a rotating outage was called).

(T)

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 4

CUSTOMER
 SPECIFIC
 ENERGY
 BASELINE:
 (Cont'd.)

The day-of adjustment is the ratio of a) the average load of the first three of the four hours prior to the event to b) the average load of the corresponding hours from the past 10 similar weekdays, as discussed above. The day-of adjustment will be limited to +/- 40% of each individual SA baseline in the group, and will be based on the first three of the four hours prior to the start of the event. The day-of adjustment is applied by multiplying it by each hourly baseline value. The Aggregator must elect or opt-in to receive this adjustment on behalf of the customer. The Aggregator is responsible for determining the applicable baseline day-of adjustment amount at the time of a nomination. PG&E will only be responsible for determining the applicable baseline day-of adjustment following each event for the purpose of evaluating customer compliance. If more than one event (either within the same or across multiple programs) occurs on the same day, the day-of adjustment from the event with the earliest start time will be used for the individual SA's events that day requiring a day-of adjustment.

(T)
 I
 (T)

The hourly load profile on any given day during the program is determined by summing the hour by hour interval data for each of the SAs in the aggregated group.

CAPACITY
 NOMINATIONS:

Capacity Nominations must be submitted by Aggregators no later than 5 calendar days prior to the operating month. All Capacity Nominations are fixed for their associated operating months. All operating months begin and end at the beginning and ending of its corresponding calendar month.

An Aggregator can include only those SAs that are in its portfolio.

An Aggregator must nominate capacity in the following categories:

- Option (Day-Ahead or Day-Of)
- Product
- Load Zone

(D)
 (D)

No later than 5 calendar days prior to the first day of the operating month, an Aggregator must specify the SAs from its portfolio that shall be included in the aggregated group associated with each Capacity Nomination. The characteristics of selected SAs must match the categories of its associated Capacity Nomination. These aggregated groups will be used to determine the CSEB and performance during the operating month. A SA can be included in only one aggregated group and only one CSEB for a given operating month.

RATES:

The payments under this rate schedule will be determined from the following components.

1. Capacity Price
2. Capacity Payment and Capacity Penalty
3. Energy Payment

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 6

CAPACITY PAYMENT AND CAPACITY PENALTY:	All Capacity Payments will be determined for each Capacity Nomination as specified below. The Aggregator will receive Capacity Payments and Capacity Penalties for Bundled, DA, CCA Service customers.	(T) (N) (N)
	If a CBP Event was not called for a Capacity Nomination during the operating month, then the Capacity Payment for the operating month is equal to the product of Nominated Capacity and Capacity Price for the applicable operating month, option, and product.	(T) (T)
	If one or more CBP Events were called for a Capacity Nomination during the operating month, then the Capacity Payment for the operating month will be determined for each called Capacity Nomination as follows:	(T) (T)
	1) The Hourly Delivered Capacity for the event hour is equal to the sum of the baselines for each individual SA in the Capacity Nominations called for the event hour minus the sum of the average demands for each individual SA in the Capacity Nominations called for the event hour. The average demand is defined as the sum of the energy consumed during the event hour for each of the SAs in the Capacity Nomination converted to demand measured in kilowatts.	(T) (T)
	2) The Hourly Delivered Capacity Ratio for the event hour is the sum of Hourly Delivered Capacity for all Capacity Nominations called for that hour divided by the sum of the Nominated Capacity for all Capacity Nominations called for that hour. When a CBP event is called for one or more Load Zones, the Hourly Delivered Capacity Ratio for the event hour will be calculated on a cumulative basis for Aggregator's performance in all Load Zones that received a Notice of the CBP event for the hour.	(T) (T)
	3) The Unadjusted Hourly Capacity Payment for a Capacity Nomination equals the product of the Nominated Capacity for the operating month and the Capacity Price for the operating month divided by the number of event hours in the operating month for the Capacity Nomination.	(T) (T)

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 7

CAPACITY
 PAYMENT AND
 CAPACITY
 PENALTY
 (Cont'd.):

- 4) The Adjusted Hourly Capacity Payment/Penalty is determined from the following table: (T)

Hourly Delivered Capacity Ratio	Adjusted Hourly Capacity Payment/Penalty	
≥ 1.05 (I)	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * 1.05 (I) Adjusted Hourly Capacity Penalty = 0	(T)
≥ 0.75 (R) and < 1.05 (I)	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * Hourly Delivered Capacity Ratio Adjusted Hourly Capacity Penalty = 0	(T)
≥ 0.60 (R) and < 0.75 (R)	Adjusted Hourly Capacity Payment = Unadjusted Hourly Capacity Payment * 50% Adjusted Hourly Capacity Penalty = 0	(T)
≥ 0 (R) and < 0.60 (R)	Adjusted Hourly Capacity Payment = 0 Adjusted Hourly Capacity Penalty = Unadjusted Hourly Capacity Payment * (0.60 - Hourly Delivered Capacity Ratio)	(T) (N) (N)
< 0	Adjusted Hourly Capacity Payment = 0 Adjusted Hourly Capacity Penalty = Unadjusted Hourly Capacity Payment * (0.60) (I)	(T) (T)

- 5) The Capacity Payment for the Capacity Nomination is the sum of the Adjusted Hourly Capacity Payment/Penalty for the operating month. (N)
(N)

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 8

**ENERGY
 PAYMENT:**

All Energy Payments will be determined separately for each Capacity Nomination.

If no CBP Events were called during the operating month, then the monthly Energy Payment is zero (0).

If one or more CBP Events were called during the operating month, then the monthly Energy Payment is obtained by summing the Hourly Energy Payments. The Hourly Energy Payments will be determined as follows:

$$\text{Nominated Energy}_{HR} = \text{Nominated Capacity}_{HR}$$

$$\text{Delivered Energy}_{HR} = \text{lesser of Delivered Capacity}_{HR} \text{ or } 1.5 * \text{Nominated Energy}_{HR}$$

$$\text{If Delivered Energy}_{HR} \geq \text{Nominated Energy}_{HR}$$

$$\text{Energy Payment}_{HR} = \text{Delivered Energy}_{HR} * \text{Energy Price}_{HR}$$

$$\text{If Delivered Energy}_{HR} < \text{Nominated Energy}_{HR}$$

$$\text{Energy Payment}_{HR} = \text{Delivered Energy}_{HR} * \text{Energy Price}_{HR} \text{ less } (\text{Nominated Energy}_{HR} - \text{Delivered Energy}_{HR}) * \text{the higher of the ex-post energy price for the event hour or the Energy Price}_{HR}$$

$$\text{Where the Energy Price}_{HR} = 15,000 \text{ BTU/kWh} * \text{PG\&E citygate midpoint gas price as published by Platts Gas Daily for the date of the CBP Event } (\$/\text{BTU})$$

See section below for special conditions regarding DA and CCA service customers' energy payments.

**SPECIAL
 CONDITIONS
 FOR DIRECT
 ACCESS AND
 CCA SERVICE
 CUSTOMERS:**

Aggregators must make the necessary arrangements with the ESP of its DA or CCA service customers before enrolling DA or CCA service customers in this program.

PG&E will not provide energy payments to Aggregator on behalf of a DA or CCA service customer, for load reductions during CBP events (\$0/kWh). Aggregators will still receive capacity payments from PG&E for DA or CCA customers' load as applicable under this Schedule. This provision does not prevent DA or CCA customers from entering into arrangements with their respective ESPs or CCAs to receive part or all of the energy benefits derived from the DA or CCA customers' load reductions during CBP events. (D)

See Agreement For Aggregators Participating In The Capacity Bidding Program (Form 79-1076) for additional information.

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 10

**NOTIFICATION
 EQUIPMENT:**

Aggregators, at their expense, must have: (1) access to the Internet and an e-mail address to receive notification of a CBP Event; and (2) an alphanumeric pager or cellular telephone that is capable of receiving a text message sent via the Internet, and/or a facsimile machine to receive notification messages. An Aggregator cannot participate in the CBP until all of these requirements have been satisfied.

If a CBP Event occurs, Aggregators will be notified using one or more of the above mentioned systems. It is the responsibility of the Aggregator to notify its aggregated customers.

PG&E will make best efforts to notify Aggregators; however receipt of such notice is the responsibility of the Aggregator. PG&E does not guarantee the reliability of the pager system, e-mail system, or website by which the Aggregator receives notification.

(D)

**COORDINATION
 WITH AUTODR:**

In the event a customer in the AutoDR program opts out of a CBP Event, or if the AutoDR notification to the customer's AutoDR enabled equipment fails for any reason, the Aggregator shall not be relieved of its obligation to provide its full Capacity Nominations.

(N)
 |
 |
 (N)

**CONTRACTS
 AND FORMS:**

Aggregators must submit a signed Agreement For Aggregators Participating In The Capacity Bidding Program (Form 79-1076). Aggregators must submit a Notice to Add or Delete Customers Participating in the Capacity Bidding Program (Form 79-1075) signed by the aggregated customer to add or delete a customer from its portfolio.

**CONTRACTUAL
 ARRANGEMENT
 BETWEEN
 CUSTOMER AND
 AGGREGATOR:**

The terms and conditions of the agreement governing the relationship between the Aggregator and a customer with respect to such customer's participation in the CBP through such Aggregator are independent of PG&E. Any disputes arising between Aggregator and such customer shall be resolved by the parties.

**BILLING
 DISPUTES:**

If an Aggregator disputes a bill issued by PG&E, the disputed amount will be deposited by the Aggregator with the California Public Utilities Commission (Commission) pending resolution of the dispute under the existing Commission procedures for resolving such disputes with PG&E. No termination of participation in the CBP will occur for this dispute while the Commission is hearing the matter, provided that the full amount in dispute is deposited with the Commission.

If a customer has a billing dispute with its Aggregator, the customer will remain obligated to pay PG&E charges for its OAS in a timely manner. Neither the Aggregator nor the customer shall withhold payment of PG&E charges pending resolution of a dispute between the customer and Aggregator.

(Continued)



**ELECTRIC SCHEDULE E-CBP
 CAPACITY BIDDING PROGRAM**

Sheet 11

**PROGRAM
 TRIGGER AND
 NOTIFICATION:**

PG&E may call up to two (2) test CBP Events per calendar year. Test CBP Events will be treated as actual CBP Events, including payments and penalties, and will count towards the product limits.

Day-Ahead Option:

PG&E may trigger a Day-Ahead CBP Event for one or more Load Zones when:
 1) PG&E's procurement stack is expected to require the dispatch of electric generation facilities with heat rates of 15,000 BTU/kWh or greater for the day-ahead market,
 2) PG&E receives a market award or dispatch instruction from the CAISO for a Proxy Demand Response bid, 3) when PG&E, in its sole opinion, forecasts that generation resources or electric system capacity may not be adequate, or 4) for forecasted temperature for a Load Zone exceeds the temperature threshold for the Load Zone. PG&E reserves the right not to call an event even when these thresholds are reached when PG&E, in its sole opinion, forecasts that resources may be adequate.

PG&E will notify the affected Aggregators by 3:00 p.m. on a day-ahead basis of a CBP Event for the following business day. Notices will be issued by 3:00 p.m. on the business day immediately prior to a NERC holiday or weekend if a CBP Event is planned for the first business day following the NERC holiday or weekend.

(T)
 (T)

Day-Of Option:

PG&E may trigger a Day-Of Event for one or more Load Zones when: 1) PG&E's procurement stack is expected to require the dispatch of electric generation facilities with heat rates of 15,000 BTU/kWh or greater for the real-time market, 2) PG&E receives a market award or dispatch instruction from the CAISO for a Proxy Demand Response bid, 3) PG&E, in its sole opinion, forecasts that generation resources or electric system capacity may not be adequate, or 4) the forecasted temperature for a Load Zone exceeds the temperature threshold for the Load Zone. PG&E reserves the right not to call an event even when these thresholds are reached when PG&E, in its sole opinion, forecasts that resources may be adequate.

PG&E will notify the affected Aggregators on a day-of basis, with at least three hours notice prior to the start of a Day-Of Event.

**PROGRAM
 RESEARCH AND
 ANALYSIS:**

All customers participating on this program agree to allow personnel from the California Energy Commission (CEC), PG&E, and their contracting agents, reasonable access to conduct a site visit for measurement and evaluation, access to the customer's interval meter data, and agree to complete any surveys needed to enhance this program.

PG&E may release customer information to the CAISO in order to facilitate direct participation of retail demand response resources in the CAISO wholesale market.

(Continued)



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

1st Light Energy	Douglass & Liddell	OnGrid Solar
AT&T	Downey & Brand	Pacific Gas and Electric Company
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Praxair
Anderson & Poole	G. A. Krause & Assoc.	Regulatory & Cogeneration Service, Inc.
BART	GenOn Energy Inc.	SCD Energy Solutions
Barkovich & Yap, Inc.	GenOn Energy, Inc.	SCE
Bartle Wells Associates	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	K&L Gates LLP	Southern California Edison Company
Calpine	Kelly Group	Spark Energy
Casner, Steve	Linde	Sun Light & Power
Center for Biological Diversity	Los Angeles Dept of Water & Power	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	
Division of Ratepayer Advocates	Occidental Energy Marketing, Inc.	