ELECTRIC RULE NO. 22
DIRECT ACCESS

Sheet 1

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ELECTRIC RULE NO. 22
DIRECT ACCESS

The following terms and conditions apply to both PG&E customers and electric energy service providers who participate in Direct Access. Direct Access shall refer to any end-use PG&E customer electing to procure its electricity directly from electric service providers (ESPs) as defined in Rule 1. ESPs shall be registered with the California Public Utilities Commission and meet any certification requirements established by the appropriate State agencies. Pursuant to Decision (D.) 05-12-041, customers receiving Direct Access service may be automatically enrolled in a Community Choice Aggregation Program, as described in Rule 23. (D) (T)

A. CUSTOMER SERVICE ELECTIONS (D)

1. PG&E Bundled Services

This service preserves traditional PG&E electric services, where PG&E performs all energy services for the end-use customer. PG&E will acquire all its electric power requirements. All customers who have not chosen to use Direct Access or Community Choice Aggregation Service remain on default PG&E Bundled Services. Customers may choose to return to PG&E Bundled Services after having elected Direct Access or Community Choice Aggregation Service. (T) (T) (T)

2. Community Choice Aggregation Service (CCA Service)

This service permits cities, counties, a city and county, or any group of cities, counties, or cities and counties, as defined by PUC Section 331.1, whose governing boards have elected to do so, to aggregate the electric load of utility end-use customers within their service areas for the purposes of acquiring and providing their electric power needs. These entities are Community Choice Aggregators (CCAs). Customers that have not elected to opt-out of CCA Service or at the customer's election shall have their electric power procured by the CCA. Terms and conditions for CCA Service customer participation are governed by Rule 23. (T) (T)

3. Direct Access

This service election allows customers to purchase electric power and, at the customer's election, additional energy services from non-utility entities known as ESPs.

Direct Access customers who are not defined as Small Customers, as defined in Rule 1, or as otherwise provided in this Section, will be required to have in place Interval Metering, as defined below, at no expense to PG&E. Pursuant to Decision 97-05-039, these customers will be eligible to choose either PG&E or an ESP to provide meter services. After 1998, the CPUC will extend meter service elections to remaining customers. Meter service options are described in Sections G and H. (T)

(Continued)

A. CUSTOMER SERVICE ELECTIONS (Cont'd.)

3. Direct Access (Cont'd.)

Direct Access customers, who have individual service accounts with a maximum demand under fifty (50) kW in nine out of the last 12 months may elect Direct Access service using load profiles, provided that the maximum load for any one of those 12 months is less than 80 kW.

Pursuant to D.10-03-022, Direct Access customers who have individual service accounts with a maximum demand over fifty (50) kW in four (4) out of the last twelve (12) months or have a maximum load for any one of those twelve (12) months of eighty (80) kW or more, but less than two hundred (200) kW in ten (10) or more consecutive months in the last twelve (12) months may elect Direct Access service using load profiles until such time as PG&E completes its deployment of PG&E SmartMeters™ and is able to provide the required interval data. Until such time, at the option of the customer, Interval Metering, as defined below, may be installed by either PG&E or an ESP at the customer's expense. (N)

Direct Access customers who have individual service accounts with a maximum demand of two hundred (200) kW or greater for three (3) consecutive months are required to have an Interval Meter. (N)

B. GENERAL TERMS

1. Definitions

The definitions of principal terms used in this rule are found either herein or in Rule 1, Definitions. Unless otherwise stated, all references to "customer" in this rule will refer to PG&E customers who have elected Direct Access. Unless otherwise stated, all references to "small commercial customers" in this rule will be defined in Rule 1, Definitions. Unless otherwise stated, all references to "service account" shall refer to individual customer meters. Unless otherwise stated, all references to PG&E charges shall include the Trust Transfer Amount (TTA) charges.

The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

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(Continued)

B. GENERAL TERMS (Cont'd.)

2. General Obligations of PG&E (T)

a. Non-Discrimination (L)

PG&E shall discharge its responsibilities under this tariff in a neutral manner as to providers of all commodities and services which are subject to customer choice. Unless otherwise authorized by the CPUC, the FERC, or the affiliate transactions rules, PG&E shall not:

1) represent that its affiliates or customers of its affiliates will receive any different treatment with regard to the provision of PG&E services than other, unaffiliated service providers as a result of affiliation with PG&E; or (L)

2) provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, information, pricing or timing) over non-affiliated suppliers or their customers in the provision of PG&E services.

b. Requests for PG&E Services

PG&E shall process requests for similar PG&E services, such as Direct Access Service Requests (DASRs), in the same manner and within the same period of time for its affiliates and for all other market participants and their respective customers.

c. Timeliness and Due Diligence

Consistent with state law and CPUC decisions, PG&E shall exercise due diligence in meeting its obligations and deadlines under this tariff so as to facilitate customer choice as quickly as possible.

d. Transmission and Distribution Service

Subject to the terms of the ESP Service Agreement, applicable tariffs and applicable FERC rules and ESP's and customer's compliance with their terms, PG&E will provide transmission and distribution services under applicable tariffs and contracts for delivery of electric power to Direct Access customers.

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(Continued)

B. GENERAL TERMS (Cont'd.) (T)

3. General Obligations of ESPs (L)

a. Timeliness and Due Diligence

ESPs shall exercise due diligence in meeting their obligations and deadlines under this tariff so as to facilitate customer choice as quickly as possible. ESPs shall make all payments owed to PG&E under this tariff in a timely (T) manner subject to applicable payment dispute provisions. (L)

b. Arrangements with ESP Customers

ESPs shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, CPUC requirements and this tariff. PG&E shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

c. Scheduling Coordinator

As a requirement of this tariff, ESPs providing electric power shall have one or more Scheduling Coordinators, with no more than one Scheduling Coordinator per service account, for the purpose of reporting all of the ESP's end-use meter readings to the Independent System Operator (ISO). ESPs shall disclose the identity of these Scheduling Coordinators (SC) to PG&E. PG&E shall not be responsible for enforcing requirements applicable to the performance of the Scheduling Coordinators.

4. Transfer of Cost Obligations Between ESPs and Customers

Nothing in this tariff is intended to prevent ESPs and customers from agreeing to reallocate between them any costs for Direct Access services which are designated in this tariff to be paid by either of them.

5. Responsibility for Electric Purchases

ESPs will be responsible for the purchase of their Direct Access customers' electric power needs and the delivery of such purchases to designated receipt points as set forth on the schedules given to the Scheduling Coordinators.

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(Continued)

B. GENERAL TERMS (Cont'd.)

6. PG&E Not Liable for ESP Services (L)

   To the extent the customer takes service from an ESP, PG&E has no obligations to the customer with respect to the services provided by the ESP. The customer must look to the ESP to carry out the responsibilities associated with that service. (L)

7. ESP Not Liable for PG&E Services

   To the extent the customer takes service from PG&E, an ESP has no obligations to the customer with respect to the services provided by PG&E. The customer must look to PG&E to carry out the responsibilities associated with that service.

8. Load Aggregation for Procuring Electric Power

   Customers or ESPs may aggregate individually metered electric loads for procuring electric power only. Load aggregation will not be used to compute PG&E charges or for tariff applicability. The right of customers to physically aggregate by combining multiple accounts into a single metered account as permitted under CPUC-approved tariffs is not restricted by this section.

9. Split Loads Not Allowed

   Customers requesting Direct Access services may not partition the electric loads of a service account among electric service options or providers. The entire load of a service account must be nominated to only one of the electric service options or providers available to customers.

10. Small Customers

   All Small Customers, as defined in Rule 1, Definitions, except for agricultural and lighting customers, are eligible for a ten percent (10%) reduction in rates effective January 1, 1998. Service accounts of Small Customers, as defined in Rule 1, are eligible for statistical load profiling effective January 1, 1998. Small Customer service accounts will not be eligible for meter services provided by non-UDC parties until January 1, 1999.

   For new customers without a history of electric use, PG&E will estimate new meter loads using existing criteria and use these estimates to evaluate the customer's eligibility for unbundled meter services and statistical load profiles.

(Continued)

B. GENERAL TERMS (Cont'd.) (T)

11. Interval Metering

"Interval Metering" shall refer to the purchase, installation and maintenance of a meter device capable of recording minimum data required. Minimum data requirements include (a) hourly data required for the Direct Access settlement process; or (b) data required to bill PG&E distribution tariffs, including any communication systems needed to allow the customer access to meter reading usage data.

12. Statistical Load Profiles

PG&E will provide statistical load profiles, in place of Interval Metering, to permit PG&E or ESP to compute the bills for all Direct Access customers who have service accounts that do not require, or are exempt from, Interval Metering as specified above. Except for calculation of ongoing CTCs, statistical load profiles (T) will not apply to service accounts where Interval Metering is in place and used for billing. Statistical load profiles will be applied as authorized by the CPUC.

13. Master Metered Customers

Individual master metered customers who provide sub-metered tenant billings, may participate in Direct Access as a single account. A master metered customer may not partition the electric loads of a single master meter among several electric service options or providers. The entire load of a single master meter must receive service under one electric service option and provider.

14. Service Fees and Other Charges

a. For services for which the CPUC determines there are insufficient providers to ensure customer choice ("Non-discretionary Services"), service fees shall be established by PG&E based on incremental cost and shall be approved by the CPUC. Once approved, these fees will be included in the appropriate PG&E rate schedule.

b. During the interim period between the start of Direct Access and a CPUC decision approving specific fees for Non-discretionary Services, PG&E will charge the net incremental costs associated with providing Non-discretionary services to a memorandum account pending the CPUC's decision regarding service fees. Should the Commission approve such fees, PG&E may seek to collect such fees as a Direct Access implementation charge under Section 376 of the Public Utilities Code.

(Continued)

B. GENERAL TERMS (Cont'd.) (T)

14. Service Fees and Other Charges (Cont'd.)

c. For services for which there are sufficient providers to ensure customer choice ("Discretionary Services"), service fees shall be established by PG&E via an advice letter effective thirty (30) days following filing of the advice letter and included in the appropriate PG&E rate schedule.

d. PG&E may charge interim fees for the metering and billing services described in this Rule based on the incremental costs associated with providing these services as set forth in the appropriate PG&E rate schedule. During the interim period between November 1, 1997 and a CPUC decision regarding such fees, PG&E will track the fees and costs associated with providing these billing and metering services in a one-way memorandum account. If the service fees are approved by the CPUC, and such fees are lower than those included in the appropriate rate schedule, the fees previously charged will be reconciled against the approved fees and subject to refund.

e. Service charges approved by the CPUC such as service connection fees, special meter readings etc., and which are contained within or authorized by other tariffs are not affected by this Rule.

f. Fees for Direct Access services are described in PG&E Schedules E-DASR, E-ESP and E-EUS.

g. PG&E can recover the costs of Direct Access service only once (i.e., any cost recovered under one cost recovery mechanism [fees, charges, direct access implementation rates or existing rates] should not also be recovered through another mechanism).

(Continued)

B. GENERAL TERMS (Cont'd.) (N)

15. CTC Obligations

As a condition of receiving Direct Access service, Direct Access customers will be responsible to pay for all Competition Transition Charges (CTC) and other non-bypassable charges authorized by the CPUC for PG&E to recover from customers in accordance with state law. Direct Access customers are required to confirm this responsibility in writing provided to the ESP, unless the customer is exempt from the requirement to provide such a confirmation in writing pursuant to Public Utilities Code Section 370. Where the customer disputes its obligations to pay CTC for a particular account, the customer may condition its agreement on resolution of the dispute, provided that the customer has formally requested the CPUC to grant such relief. However, the existence of such a dispute does not relieve the customer from the obligation of paying CTC while the dispute is pending. PG&E will continue to bill the customer (either directly or indirectly through its ESP, depending on the billing option selected) for such charges. The customer must pay all charges, but may pay any amounts in disputes in accordance with Rule 10, pending resolution of the dispute.

16. Franchise Fees And Other Charges

Direct Access customers continue to be responsible to pay all applicable fees, surcharges and taxes as authorized by law. PG&E will bill ESPs for franchise fees as set forth in Public Utilities Code Sections 6350 to 6354, and for fees as set forth in Public Utilities Code Sections 401 to 410. The ESP and PG&E will each be responsible for calculating other fees, taxes, and surcharges for their respective services. The billing party will be responsible for billing these charges.

17. Liability In Connection With ESP Services

a. In this section, "damages" shall include all losses, harm, costs, and detriment, both direct and consequential, suffered by the customer.

b. PG&E shall not be liable to the customer and ESP for any damages caused by PG&E's conduct in compliance with, or as permitted by, PG&E's electric rules and tariffs, the ESP Agreement and associated legal and regulatory requirements related to DA Service. (N)

(Continued)

B. GENERAL TERMS (Cont'd.)

17. Liability in Connection with ESP Services (Cont'd.)

c. PG&E shall not be liable to the customer for any damages caused to the customer by any failure by ESP to comply with PG&E's electric rules and tariffs, the ESP Agreement and associated legal and regulatory requirements related to DA Service.

The CPUC shall have initial jurisdiction to interpret, add, delete or modify any provision of this tariff or the ESP Service Agreement, and to resolve disputes regarding PG&E's performance of its obligations under PG&E's electric rules and tariffs, the ESP Service Agreement and requirements related to Direct Access service, including any disputes regarding delays in the implementation of Direct Access.

d. PG&E shall not be liable to the customer for any damages caused by ESP's failure to perform any commitment to the customer, including, but not limited to the obligation to provide Electric Supply services to the customer. The ESP shall not be liable to the customer for any damages caused by PG&E's failure to perform any commitment to the customer.

e. An ESP is not PG&E's agent for any purpose. PG&E shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by ESP in connection with soliciting customers for DA Service or performing any of its functions in rendering DA Service.

f. PG&E is not the ESP's agent for any purpose. The ESP shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by PG&E in connection with soliciting customers for DA Service or performing any of its functions in rendering DA Service.

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18. Involuntary Return

    The return of a DA customer who is being returned to PG&E bundled service is defined as an "Involuntary Return" under PG&E's direct access tariffs if: (T)

    a. PG&E has initiated the DASR process to return a customer to bundled service due to any of the following events:

        1) The Commission has revoked the ESP's registration

        2) The ESP Service Agreement has been terminated by either the ESP or PG&E

        3) The ESP or its authorized ISO SC has defaulted on its ISO SC obligations, such that the ESP no longer has an appropriately authorized ISO SC.

    b. An Involuntary Return of a DA customer does not include the following events: (T)

        1) A customer's contract with an ESP has expired.

        2) An ESP discontinues service to a customer due to that customer's default under their service agreement with the ESP.

C. CUSTOMER INQUIRIES AND DATA ACCESSIBILITY

1. Customer Inquiries

   For customers requesting information on Direct Access, PG&E will make available the following information:

   a. Customer information packets, explaining the customer's choices for electric services, and the procedures and forms needed to implement these services.

(Continued)

C. CUSTOMER INQUIRIES AND DATA ACCESSIBILITY (Cont'd.)

1. Customer Inquiries (Cont'd.)

   b. Pursuant to D.03-12-015, all ESPs are required to register with the CPUC. A list of CPUC-registered ESPs eligible to do business in PG&E's service territory is available on the CPUC's website. PG&E is under no obligation to assure the accuracy of the CPUC's list.

      New customers will receive general information concerning their choices for electric services by contacting PG&E.

2. Customer Request to Initiate Service

   For customers initiating a request for electric service from PG&E, PG&E shall inform customers of their ability to choose their electric provider and that the information described in Section C.1 is available. PG&E shall also inform customers of the toll-free number of the Electric Education Call Center so long as it remains in operation.

3. Access to Customer Usage Data

   PG&E will provide customer-specific usage data to parties specified by the customer, subject to the following provisions:

   a. Except as provided in Section E, the inquiring party must have written authorization from the customer to release such information to the inquiring party only. At the customer's request, this authorization may also indicate if customer information may be released to other parties as specified by the customer.

   b. Subject to customer authorization, PG&E will provide a maximum of the most recent twelve (12) months of customer usage data or the amount of data for that specific service account in a format approved by the CPUC. Customer information will be released to the customer or its authorized agent up to two (2) times per year per service account at no cost to the requesting party. Thereafter, PG&E will have the ability to assess a processing charge only if approved by the CPUC.

(Continued)

C. CUSTOMER INQUIRIES AND DATA ACCESSIBILITY (Cont'd.)

3. Access to Customer Usage Data (Cont'd.)

c. As a one-time requirement at the initiation of Direct Access, PG&E will make available a database containing a twelve (12) month history of customer-specific usage information with geographic and SIC information, but with customer identities removed. PG&E will have the ability to assess a charge only if approved by the CPUC.

d. By electing to take Direct Access service from an ESP, the customer consents to the release to the ESP metering information required for billing, settlement and other functions required for the ESP to meet its requirements and twelve (12) months of historical usage data.

e. ESPs serving residential and small commercial customers that are unaffiliated with a large customer and who obtain advanced metering infrastructure data shall comply with the rules regarding privacy and security protections set forth in Attachment B to D.12-08-045. For purposes of D.12-08-045, a small commercial customer, as described in D.13-01-021, is defined as a commercial service customer whose demand was less than twenty (20) kW for three (3) consecutive months that is not affiliated with a large customer (a large customer being one with demands of twenty (20) kW or more). The term "affiliated" refers to a customer service account that is, as explained in D.99-05-034 (p. 76), part of an ESP's contract to serve a medium to large commercial or industrial customer with electricity. (N)

4. Customer Inquiries Concerning Billing-Related Issues

Customer inquiries concerning PG&E's charges, services or the Trust Transfer Amount (TTA) charge should be directed to PG&E.

Customer inquiries concerning the ESP's charges or services should be directed to the ESP.

5. Customer Inquiries Related to Emergency Situations and Outages

a. PG&E will be responsible for responding to all inquiries related to distribution service, emergency system conditions, outages and safety situations. Customers contacting the ESP with such inquiries should be referred directly to PG&E. ESPs performing ESP Consolidated Billing must show PG&E's phone number on their bills for use in emergencies.

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(Continued)

C. CUSTOMER INQUIRIES AND DATA ACCESSIBILITY (Cont'd.)

5. Customer Inquiries Related to Emergency Situations and Outages (Cont'd.)

b. It may be necessary for PG&E to shed or curtail customer load at the request of the ISO, or as otherwise provided by Commission tariffs. In such cases, PG&E will give both the affected customer and ESP as much notice as reasonably possible. (L)

c. PG&E will notify the customer and ESP of planned distribution system outages for maintenance work prior to commencement of such outages if feasible. (L)

d. PG&E will be responsible for implementing Commission-approved load curtailment programs, including providing notification to participating "non-firm" customers who are the Direct Access customers of the ESP.

e. The ESP will be responsible for notifying its Scheduling Coordinator of any notice received from PG&E under Section C5.

D. ESP SERVICE ESTABLISHMENT

The ESP must satisfy the following requirements before an ESP can provide Direct Access services in PG&E 's service territory:

1. All ESPs must submit an executed standard Electric Service Provider (ESP) Agreement (ESP Service Agreement - Form No. 79-948).

2. The ESP must warrant to PG&E that the ESP has registered with the CPUC and has selected an Independent Verification Agent (IVA) for all transactions for which independent verification is required by law.

3. The ESP will provide PG&E with the CPUC certification that the ESP has posted a bond or demonstrated insurance sufficient to cover the ESP financial security requirements specified in Section Q.1.

4. The ESP must satisfy PG&E credit-worthiness requirements as specified in Section P, Credit Requirements.

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D. ESP SERVICE ESTABLISHMENT (Cont'd.)

5. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including: (L)

   a. ESP must complete all necessary electronic interfaces for the ESP and PG&E to communicate for DASRs, general communications and if providing Metering and Data Management Agent (MDMA) services, to satisfy meter reading communications including communicating to and from MDMA Servers for sharing of meter reading and usage data.

   b. The ESP must have the capability to exchange data with PG&E via the Internet. Alternative arrangements may be allowed if mutual agreement is made between PG&E and the ESP. (L)

   c. The ESP must have the capability to perform Electronic Data Interchange (EDI),and enter into appropriate agreements related thereto, if the ESP will be offering ESP Bill Ready Consolidated Billing Services.

6. If the ESP will be offering Consolidated ESP Billing services, Meter Services or MDMA Services, the ESP must demonstrate the ability to perform the functions required by this Rule. PG&E will continue to provide those service until compliance testing has been completed. The ESP's failure to complete such compliance testing shall not affect its ability to provide electric power to customers.

E DIRECT ACCESS SERVICE REQUEST (DASR)

1. Direct Access Service Requests (DASRs), in the form attached hereto as Attachment A, must be submitted electronically (unless PG&E has also approved of some alternative means of submittal) to PG&E by the customer's authorized ESP, or the customer if it is acting as its own ESP. The DASR process described herein is used for customer Direct Access elections, customer-initiated returns to default PG&E service and ESP-initiated termination of a customer agreement. ESPs must execute the ESP Service Agreement before submitting DASRs.

2. A separate DASR must be submitted for each service account. Upon request, PG&E will provide timely updates on the status of the DASR processing to the submitting ESP and customer.

3. DASRs must identify the service account participating in Direct Access, including its billing and meter service elections. A DASR that does not contain this information is materially incomplete.

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E. DIRECT ACCESS SERVICE REQUEST (Cont'd.)

4. DASR forms will be available through electronic means (e.g., PG&E's website). (L)
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5. An ESP which is providing meter services must satisfy and specify in the DASR process for each service account, the meter and data communications provisions that are contained on the DASR form attached hereto as Attachment A. (L)

6. a. For a residential or small commercial customer, a DASR shall not be submitted to PG&E by the ESP until after midnight of the third business day after the verification required under Public Utilities Code Section 366.5 has been completed, or until after midnight of the fifth business day after the mailing or provisioning of the Public Utilities Code Section 394.5 notice, whichever is later. It is the responsibility of the ESP to ensure that the requests of the residential and small commercial customers to cancel service pursuant to public Utilities Code Section 395 are honored.

   b. If a customer cancels an agreement pursuant to Public Utilities Code Section 395, a DASR shall not be submitted for that customer. If a DASR has already been submitted, the submitting party shall, within twenty-four (24) hours direct PG&E to cancel the DASR.

7. PG&E will provide an acknowledgment of its receipt of the DASR to the ESP within two (2) working days of its receipt. PG&E will exercise best efforts to provide, within three (3) working days thereafter (and no later than five (5) working days), the ESP and the customer with a DASR status notification informing them as to whether the DASR has been accepted, rejected or deemed pending further information. As of July 1998, PG&E will provide this DASR status notification within three (3) working days. If accepted, the switch date determined in accordance with paragraphs 12 or 13 of this section, will be sent to the ESP, the former ESP, if applicable, and the customer. If a DASR is rejected, PG&E will provide the reason for the rejection. If a DASR is held pending further information, it shall be rejected if the DASR is not completed within eleven (11) working days following the status notification.

8. In accordance with the provision of Rule 3, PG&E has the right to deny the ESP's request for service if the information provided by the applicant is false, incomplete, or inaccurate in any material respect.

9. PG&E will begin accepting requests for Direct Access no later than November 9, 1997.

10. If a submitted DASR complies with the DASR requirements, the DASR will be accepted and scheduled for Direct Access Implementation.

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E. DIRECT ACCESS SERVICE REQUEST (DASR) (Cont'd.) (L)

11. For a specific service account to qualify for priority queues in the processing of Direct Access requests if backlogs are experienced by PG&E, the ESP must warrant to PG&E that at least fifty percent (50%) of its electric power to that customer will come from a state-certified renewable energy resource supplier meeting the requirements of Public Utilities Code Section 365b.2. In other cases, DASRs shall be handled on a first-come, first-served basis. Each request shall be time-stamped by PG&E. PG&E has no responsibility for verifying the customer's or ESP's compliance with Section 365b.2.

12. If more than one DASR is received for a service account within a single DASR processing period (16^{th} of the month until the 15^{th} of the following month) only the first valid DASR received will be processed in that period. All subsequent DASRs will be rejected.

13. Accepted DASRs that do not require a meter change and that are received by PG&E on or before the fifteenth (15^{th}) of the month will be switched over no later than the next month's scheduled meter reading date for that service account.

14. Accepted DASRs that require a meter change by PG&E will be switched over to Direct Access on the date of installation. PG&E will endeavor to complete the meter change request within fifteen (15) days after acceptance of the DASR in the absence of a meter installation backlog. PG&E will provide notice of any current meter service backlog or the next available installation date.

15. Accepted DASRs that require a meter change by an ESP will be switched over to Direct Access on the date the meter is installed.

16. A maximum of twelve (12) months of customer usage data, or the amount available for that customer, will be sent from PG&E, or existing ESP currently serving that customer, to the new ESP no later than five (5) days before the scheduled switch date.

17. In the event that the ISO governing board declares an emergency and institutes a moratorium of UDC processing of Direct Access requests, PG&E will comply with such requests and inform ESPs or customers of the details of emergency plans. (L)

(Continued)

E. DIRECT ACCESS SERVICE REQUEST (DASR) (Cont'd.) (L)

18. PG&E, ESP and customer, on mutual agreement, may agree to a different service change date for the service changes requested in a DASR.

19. A DASR is submitted pursuant to the terms and conditions of the ESP Service Agreement and this Rule, and will also be used to define the Direct Access services that the ESP is providing the customer.

20. Customers returning to PG&E Bundled service will follow the same process and timing as DASRs to establish Direct Access service.

    a. ESPs requesting to return a Direct Access customer to PG&E Bundled service will submit a DASR and be responsible for the continued provision of the customer's electric supply service, metering and billing services until the service change date. In this case, the ESP will also be responsible for paying any Commission-approved DASR charge.

    b. Customer's requesting return to PG&E Bundled service may do so either by contacting their ESP or directly contacting PG&E. In this later case, the customer will be responsible for paying any Commission-approved DASR charge.

21. PG&E will have the ability to assess a charge for accepted DASRs only, and only if such a fee is approved by the CPUC. This charge will be billed to the ESP unless the customer is requesting to return to PG&E service where the charge will be billed to the customer.

22. Following the removal of system limitations, a customer moving to new premises may retain or start Direct Access immediately, and in any event no later than two (2) days after a DASR has been submitted, provided that the applicable metering requirements have been met. Due to current system limitations, a customer moving to new premises who wants to retain or start Direct Access must have the ESP submit a DASR to PG&E for the new premises no less than ten (10) business days, provided that beginning October 30, 1998 this shall be reduced to no less than five (5) business days, before the customer's scheduled start date at the new premises. This DASR will need a special 'new customer' notation. If the DASR is received after that date or without the notation of 'new customer,' the customer will receive PG&E's Bundled service until the DASR is processed under the procedures set forth in Section E.(13). (L)

(Continued)

E. DIRECT ACCESS SERVICE REQUEST (DASR) (Cont'd.) (L)

23. Billing options and metering options are requested through a submission of a DASR and cannot be changed more frequently than once per billing cycle.

24. PG&E will not hold the ESP responsible for any customer unpaid billing charges prior to the customer's switch to Direct Access. Unpaid billing charges will not delay the processing of DASRs and will remain the customer's responsibility to pay PG&E. PG&E will follow current CPUC credit rules in the event of customer non-payment, which includes the disconnection of service.

F. INDEPENDENT VERIFICATION

A request for a change in ESPs representing residential or small commercial customers shall not be submitted by an ESP until midnight of the third business day after the provisions of Sections 366.5(a) or 366.5(b) of the Public Utilities Code have been satisfied, or until after midnight of the fifth business day after the mailing or provisioning of the Public Utilities Code Section 394.5 notice, whichever is later. These provisions are not repeated herein.

PG&E may not accept a request from a residential or small commercial customer to return to PG&E's provisioning of electric power unless the provisions of Public Utilities Code Section 366.5 have been satisfied.

G. METERING SERVICES

1. Definitions

a. Meter Services

- Meter services have been proposed to be grouped into three packages for initial DA implementation. These three packages are:

- Meter Ownership

- Meter Services (Installation, maintenance, and testing)

- Meter Data Management Agent(MDMA) Services

These packages are subject to CPUC approval. These package services may be provided by PG&E or an ESP, and the parties may subcontract these services to third parties. An ESP may also subcontract with PG&E for the provision of any component service of any package, and PG&E may provide such service. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

1. Definitions (Cont'd.)

b. Interval Meter

Interval meter is defined as a meter capable of reading and storing electric consumption data at specified time intervals of no greater than one (1) hour as required for DA settlement and data required to bill applicable PG&E tariffs. The CPUC-approved DA meter data requirements are for fifteen (15) minute interval data. For customers on demand-based rate schedules which require that data be based on 15-minute increments, data must be measured in 15-minute intervals for purposes of calculating demand revenues. Utilities, ESPs or customers may own or lease interval meters used for billing purposes for direct access services, but shall (if leasing meters) continue to be responsible for the obligations of a meter owner under this Section G. Potential and current transformers shall be considered part of the distribution system and shall remain the responsibility of PG&E.

c. Eligible Customers

Customers who have individual service accounts and do not qualify for statistical load profiling must have interval meters prior to receipt of direct access service. ESPs may provide, install, read and service interval meters for any customer other than a Small Customer pursuant to CPUC regulations. For Small Customers, meter services will be unbundled on January 1, 1999, as approved by the CPUC, and all meter services will continue to be provided by PG&E until that date.

d. Meter Conformity

All meters and meter services must conform to the standards set forth in the Direct Access Standards for Metering and Meter Data (DASMMD) as approved by the CPUC. To the extent a customer taking DA Service under this tariff elects or is required to return to PG&E Bundled Service, such customer may continue to use the same meter provided it conforms to the DASMMD, and is compatible with current PG&E meter reading systems.

(L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

2. Meter Specifications

The ESP or PG&E, acting as the meter service provider (MSP) will be responsible for ensuring that all the interval meters comply with the DASMMD. Effective April 16, 1999, no interval data meter will be set if the meter does not meet the standards set forth in the DASMMD. Interval meters installed prior to April 16, 1999, which only meet the interim standards adopted in D.97-12-048 shall be retired from service no later than June 30, 2002.

Either party may test its own meters or those owned by its customers for conformance to the meter performance standards set forth in the DASMMD. Either party may request the other party to test its meter. The requesting party will receive notification of the test date, and written test results from the other party. The requesting party will also have the right to witness the testing. If the meter is found to be within the standards set forth in the DASMMD, the requesting party shall pay the other party for all expenses related to the test.

If a manufacturer's sealed meter has not previously been set, and the meter was tested within the last year and found to comply with the DASMMD, the meter shall be deemed in compliance with such standards without additional testing. Subsequent to initial installations each meter must be tested for accuracy prior to being used again. All parties will be subject to the testing standards as set forth in the DASMMD. Records on testing shall be provided within five (5) business days of a request to either party. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

3. Installation

When the MSP installs a meter for a direct access customer, the meter installer must be CPUC certified to perform meter installation. The MSP will install all Interval Meters in compliance with the DASMMD. Within three (3) business days of installation, the MSP will provide the non-MSP (i.e., the ESP or PG&E as the case may be) with the results of the initial meter calibration test, the ending reading for the meter which was removed (if applicable), the starting reading for the new meter, and information on meter identification, voltage, meter constants and other parameters required under the DASMMD. PG&E must receive from the ESP a schedule on Thursday for the following weeks planned meter installations. Joint meets will be required for the existing PG&E interval data recorder (IDR) meters if the ESP is unable to obtain the final meter reading. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

3. Installation (Cont'd.)

When PG&E has reason to believe an ESP installation does not satisfy the standards set forth in the DASMMD, PG&E retains the right to perform on-site inspections subsequent to initial meter installations. The ESP shall be charged the costs of these subsequent inspections only to the extent approved by the CPUC and only if the inspections uncover any material noncompliance with the standards set forth in the DASMMD.

The customer may elect to have the ESP or PG&E remove an existing meter at the customer's premises. Except as provided in Section G.1.d above, PG&E will not require removal of a meter meeting the standards set forth in the DASMMD as a condition of a customer's return to PG&E Bundled service. PG&E and the ESP will coordinate the removal and installation of the new meter.

The MSP shall return any meter it removes to the owner in the same condition that the meter was in prior to removal within five (5) business days, or such other time as may be mutually agreed upon.

Where telephone lines are required for the utility to read the meter, installation of such lines is the responsibility of the customer. Such installation must be completed before the utility can schedule the meter installation work. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

4. Meter Calibration and Testing

Either party may test its own meters or those owned by its customers for conformance to the DASMMD. Either party may request the other party to test its meter. The party whose meter has been requested to be tested by the other party may require a fifty dollar ($50.00) deposit prior to such testing. The requesting party has the right to witness the testing. The requesting party will receive notification of the test date and written test results from the other party. If the meter is found to be within the standards set forth in the DASMMD, the requesting party shall pay the other party for all expenses related to the test.

The MSP shall be responsible for ensuring that all Interval Meters are calibrated in accordance with the DASMMD. Records of calibrations will be provided to the appropriate parties within five (5) business days of a request to the other party.

5. Testing of Meter Functions

The MSP will ensure that all meters used for billing purposes are functioning in conformance with the DASMMD.

Records of meter function tests will be provided to the appropriate parties within five (5) business days of the request.

6. Regular Meter Maintenance and Testing

The MSP, for all meters used for billing purposes, is responsible for the routine maintenance of the meter, including, but not limited to, testing and record keeping, in accordance with the DASMMD. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

7. MDMA Services

MDMAs must be authorized in writing by PG&E prior to performing MDMA services. MDMA services will be performed in accordance with the DASMMD and will be the responsibility of the party so indicated in the customer's DASR. MDMA obligations include but are not limited to the following:

a. Meter data for DA Customers shall be read, validated, edited, and transferred pursuant to the DASMMD.

b. Regardless of whether ESP or PG&E perform MDMA services both PG&E and ESP shall have access to the MDMA server.

c. The MDMA shall provide Scheduling Coordinators (or their designated agents) reasonable and timely access to Meter Data as required to allow the proper performance of billing, settlement, scheduling, forecasting and other functions.

d. The MDMA is required to keep the most recent twelve (12) months of Customer consumption data for each DA Customer. Such data must be retained for a period of thirty-six (36) months. Such data must be released on request to the customer or, if authorized by the customer, to any ESP or to PG&E.

e. Within five (5) days after installation of the meter, the MDMA must confirm that the meter and meter reading system is working properly and that the billing data gathered is valid.

f. ESPs and the MDMAs are required to use PG&E's Metering Exchange Protocol when exchanging settlement-quality validated consumption data. This protocol is intended to be used for transmitting metering, billing and administrative information between companies.

g. MDMAs must comply with the pertinent electrical safety provisions of CalOSHA and PG&E's safety requirements as they apply to the reading of electric meters. (L)

(Continued)

G. METERING SERVICES (Cont’d.) (L)

8. Failure to Comply with CPUC Requirements for Meters or Meter Services

a. Failure is defined as the circumstance wherein the apparent absence of appropriate usage data or testing, conducted by either party or a third party, reveals non-conformance with any applicable DASMMD standard governing meters or meter and MDMA services. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

8. Failure to Comply with the DASMMD for Meters or Meter Services (Cont'd.)

   b. Upon the occurrence of undisputed failure, the party responsible for the non-complying meter or MDMA service must make corrections within three (3) calendar days.

   c. Failure to make corrections within three (3) calendar days will result in the following sequential series of actions and penalties:

      1) Whichever party is not the party responsible for the non-conformance may cure the defect at the other party's expense.

      2) Upon a demonstrated pattern of non-conformance as defined below and failure to timely cure, the party not responsible for the non-conformance may give written notice of such non-conformance, and, after five (5) days, provide all meters and meter services required by the customer as determined by the DASR or as required to receive PG&E Bundled service.

      3) Demonstrated pattern of non-conformance by an ESP is defined as more than one percent (1%) of the service accounts served by an ESP, or five (5) accounts, whichever is greater, are found to be non-conforming and are not cured during the first six (6) months of Direct Access participation; more than one half of one percent (0.5%), or three (3) accounts, whichever is greater, are found to be non-conforming and are not cured during any six (6) consecutive months thereafter.

   d. PG&E may refuse to enter into a new ESP Service Agreement with any ESP which has a demonstrated pattern of non-compliance and has failed to cure as provided in Section G.8.c. above for a period of no more than six (6) months from the date of such a determination as defined herein. This provision shall not apply where the alleged demonstrated pattern of non-compliance and failure to cure is disputed and such dispute is pending before any agency or entity with jurisdiction to resolve the dispute. (L)

(Continued)

G. METERING SERVICES (Cont'd.) (L)

8. Failure to Comply with the DASMMD for Meters or Meter Services (Cont'd.)

   e. Whenever the ESP or PG&E becomes aware of any non-conforming meters or errors in the provision of meter services affecting billing, it shall promptly notify the customer and one another. Bills found to be in error due to non-conforming meters or errors in meter services may be corrected as follows:

      1) If either PG&E or the ESP is providing consolidated billing, either of them may adjust their charges pursuant to CPUC-approved rules, if any, if such charges are affected by any non-conforming meters or erroneous meter service. In such circumstances the party providing the consolidating billing service shall cooperate with the other party to correct billing errors. PG&E will notify the affected Scheduling Coordinator.

      2) If the customer is being billed under separate PG&E/ESP billing, the ESP and PG&E shall be separately responsible for correcting billing errors in accordance with applicable CPUC rules.

9. Charges for Metering Services

   a. PG&E may charge the customer or the ESP for the provision of metering services only to the extent such charges are authorized by the CPUC. The installation of interval metering shall be at the customer's expense.

H. PG&E METER SERVICE OPTIONS AND OBLIGATIONS

1. For Direct Access customers who acquire Interval Metering, the customer may elect from PG&E three 3. grouped meter service options as described in Section G1.a. The three groupings are; PG&E will own the meter, PG&E will perform the meter installation, maintenance and testing, and PG&E will perform the meter reading services. The scope and costs of these groupings listed in Section G1.a will vary by UDC and will be approved by the CPUC, and will be provided in a separate schedule. The utilities shall offer at a minimum a tariffed service for each grouping listed in G.1.a. (L)

(Continued)

H. PG&E METER SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

2. As an alternative to 1, ESPs may subcontract to PG&E for any combination of the following unbundled meter services:

   a. Meters supplied by PG&E.

   b. Meter installations, testing, and maintenance.

   c. Meter Data Management Agent (MDMA) Services

   These unbundled meter services may vary by UDC and all services will be approved by the CPUC.

3. If PG&E installs the meter, the meter will be installed according to the implementation schedule for Valid DASRs as set forth in Section E, Direct Access Service Requests.

4. PG&E reserves the right to extend its normal installation period due to meter and installation personnel availability. Under these circumstances, PG&E shall apprise the customer of the specific reasons for the delay and the anticipated schedule for installation. PG&E shall work with the customer to find mutually agreed upon alternatives to provide metering and to expedite meter installations, if necessary. Such alternatives may include, but not be limited to, allowing the customer to have the meter installed by a non-PG&E supplier.

5. If PG&E provides meter maintenance services only, PG&E will be responsible for the accuracy, calibration, and other maintenance needs for the meter. PG&E standards for meter maintenance will conform to the existing rules on such activities for all PG&E customers. Under this specific itemized service, PG&E will not be responsible for replacing a non-PG&E meter. Upon request and for a fee, PG&E may replace a faulty meter.

6. The MDMA shall read interval meters on the utility's scheduled meter reading date, or on such other date as may be mutually determined by the MDMA and PG&E. At the customer's request the customer or the customer's ESP may elect a different meter reading date. PG&E may provide this service at its option on a first-come, first served basis (by geographic area as appropriate), subject to existing resource, capacity, and other system constraints which may exist in the geographic area where the customer is located. PG&E may assess a charge for this election only to the extent approved by the CPUC. (L)

(Continued)

H. PG&E METER SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

7. Upon the customer's request, PG&E will make available to the customer, or the customer's ESP, the data obtained from the meter in a timely manner, as agreed to between the customer and PG&E.

8. ESPs must provide PG&E with a notice (by any means acceptable to PG&E) to change their meter service election. Election changes will occur through the DASR process as specified in Section E.

I. GENERAL TERMS AND CONDITIONS FOR DIRECT ACCESS METERS AND METERING SERVICES

1. As set forth in Section H, customers with loads that are equal to or exceed fifty (50) kW, in four (4) or more of the last 12 months, or have a maximum load equal to or greater than eighty (80) kW in one or more month(s) in the last twelve (12) months, must have interval meters to receive direct access service.

   Pursuant to D. 10-03-022, customers with loads that are equal to or exceed fifty (50) kW in four (4) or more of the last twelve (12) months or have a maximum load equal to or greater than eighty (80) kW in one or more months in the last twelve (12) months, but less than two hundred (200) kW in ten (10) or more consecutive months in the last twelve (12) months may elect Direct Access service using load profiles until such time as PG&E completes its deployment of PG&E SmartMeters™ and is able to provide the required interval data. Until such time, at the option of the customer, Interval Metering, as defined above, may be installed by either PG&E or an ESP at the customer's expense.

   Direct Access customers who have individual service accounts with a maximum demand of two hundred (200) kW or greater for three (3) consecutive months are required to have an Interval Meter.

2. PG&E will require that an ESP or ESP's Meter Service Provider install a unique meter number on each meter. This meter number is required to insure proper meter identification for billing and field personnel. PG&E will supply each ESP with a set of unique meter numbers to be installed on the ESP/customer/third party meter. This requirement may be superseded once a statewide numbering system is developed. (L)

(Continued)

J. METER READING DATA OBLIGATIONS (L)

1. Requirements for accuracy of all Direct Access meters are set forth in the DASMMD

   a. Usage data will be accurate unless otherwise indicated. Data known to be inaccurate or missing will be estimated and flagged as estimated.

   b. The MDMA will provide an infrastructure that supports retrieval of all data currently available to a MDMA client within a two (2) hour window.

2. Requirements for timeliness of Validated Meter Reading Data are set forth in the DASMMD (L)

(Continued)

J. METER READING DATA OBLIGATIONS (Cont'd.) (L)

3. Retention and Format For Meter Reading Data

a. Meter reading data will remain posted on the MDMA server for three (3) days and will be recoverable for at least three (3) years.

b. Meter reading data posted to the MDMA server will be stored in the MDMA data exchange format as approved by the CPUC.

K. BILLING SERVICE OPTIONS AND OBLIGATIONS

1. Introduction

An ESP has the right to select from three (3) billing service options: (1) Consolidated PG&E Billing, (2) Consolidated ESP Billing (partial or, with PG&E's approval and consent, full), or (3) Separate PG&E/ESP Bills. In the absence of an ESP's election of one (1) of the three (3) billing service options described below, option (3), Separate PG&E/ESP Bills, will be the default billing service option.

In addition, this section states PG&E and ESP obligations for billing information and legal and safety notices in Section 5 herein.

2. Consolidated PG&E Billing

a. Description

PG&E will provide two options for Consolidated PG&E Billing:

1) Rate Ready - The customer's authorized ESP will send its rates to the utility. The utility will in turn send a consolidated bill, containing both PG&E and ESP charges to the customer.

2) Bill Ready - The customer's authorized ESP will send its bill to PG&E. PG&E will in turn send a consolidated bill, containing both PG&E and ESP charges, to the customer.

The customer's authorized ESP will send its bill to PG&E. PG&E will in turn send a consolidated bill, containing both PG&E and ESP charges, to the customer. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

2. Consolidated PG&E Billing (Cont'd.)

b. Rate Ready PG&E Consolidated Billing

1) PG&E Obligations

a) PG&E will calculate the ESP's charges based on the Customer's usage and the rates submitted to the utility by the ESP. PG&E will calculate the ESP's charges under this billing option using the ESP's rate schedules and the same Meter data used to calculate the utility's charges. PG&E will calculate the utility users tax for both PG&E and ESP charges.

b) If billing quality Meter data is not received by PG&E from the ESP in a timely fashion, the utility may (i) send out an estimated bill for its services and the ESP's services in accordance with PG&E's applicable rules or (ii) hold its bill.

c) Under Rate Ready PG&E Consolidated Billing, if the customer is also receiving natural gas aggregation services from the ESP, by mutual agreement, such charges can be included with the consolidated bill covering the charges for PG&E electric and natural gas services for that customer as well as the charges for natural gas aggregation and electric supply services that the ESP is supplying to that customer. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.)

2. Consolidated PG&E Billing (Cont'd.)

b. Rate Ready PG&E Consolidated Billing (Cont'd.)

1) PG&E Obligations (Cont'd.)

d) PG&E charges will be based on PG&E's electric service, PG&E's natural gas service, the customer's usage and the applicable PG&E rate schedules. The ESP's electric and natural gas charges will be based on the rates and charges by ESP and on the customer's electric and natural gas usage. Unless otherwise agreed, the terms and conditions stated in this rule will apply to the consolidated gas and electric billing service.

2) ESP Obligations

a) For any ESP that elects the Rate Ready Billing option, the ESP (N)
must identify for each Service Account the ESP rate option for its
electric supply services which has the same structure as the service
account's applicable PG&E electric rate structure (excluding event
based rate elements). For the Rate Ready Billing option, the ESP (D)/(N)
rate(s) must be implementable by using the same tiers, baseline (N)
seasons, and Time-of Use (TOU) periods, i.e. structural I
components, as applied by PG&E for the Customer. The ESP can I
provide its own values to be billed using the same structural I
components as applied by PG&E for the Customer. ESP event I
based rates will not be eligible for rate ready billing. For Example: (N)

- For a Customer on a PG&E non-TOU rate, the ESP must apply its rate for a Customer's service account with a 1-tier price per kWh, i.e. a flat rate structure

- For a Customer on a PG&E TOU rate, the ESP must apply its rate(s) for a Customer's service account with a TOU rate option that uses the same TOU periods as specified in PG&E's applicable TOU schedule for the DA Customer.

b) Each submission of rate schedules by ESP should clearly identify which Service Accounts those schedules will apply to. ESP shall pay the charges set forth in the utility's electric rate schedules for each change of rate schedules by the ESP.

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

2. Consolidated PG&E Billing (Cont'd.)

b. Rate Ready PG&E Consolidated Billing (Cont'd.)

2) ESP Obligations (Cont'd.)

c) Only authorized utility personnel needed to perform, supervise or audit ESP billing under this option will have access to the ESP's rate schedules. PG&E shall treat the ESP's rate schedules as confidential information in accordance with the ESP Service Agreement, and shall not disclose those rate schedules to other than authorized utility personnel without the ESP's written consent or issuance of a valid legal order compelling the disclosure.

d) PG&E assumes responsibility for the accuracy of the calculation of ESP's charges but does not assume responsibility for any information supplied by ESP or for the accuracy of Meter data if provided by ESP.

3) Timing Requirements

a) The ESP's rate schedules and prices must be submitted to PG&E at least five (5) business days prior to the effective day of the rate.

b) The ESP may update its rate schedules no more than once per calendar month subject to the lead time described above.

c. Bill Ready PG&E Consolidated Billing

1) PG&E Obligations

a) PG&E will calculate PG&E's charges and send the bill either by mail or electronic means to the customer. PG&E will include ESP charges on the bill. PG&E is not responsible for computing or determining the accuracy of the ESP charges on the bill. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

2. Consolidated PG&E Billing (Cont'd.)

c. Bill Ready PG&E Consolidated Billing (Cont'd.)

1) PG&E Obligations (Cont'd.)

b) PG&E's bill will include a summary of ESP charges and will provide any billing-related details of ESP charges, including the ESP's telephone number. The ESP bill may be printed with the PG&E bill, or electronically transmitted exactly as provided by the ESP.

c) PG&E will process customer payments and transfer amounts paid toward ESP charges to the ESP when the payments are received as specified in Section M and in accordance with the terms and conditions of PG&E's purchase of accounts receivable (Attachment B to this Rule 22).

2) ESP Obligations

a) The ESP may offer consolidated billing services to Direct Access customers they serve once that billing service arrangement has been selected in the PG&E-ESP Service Agreement.

b) The ESP will submit the necessary billing information to facilitate billing services under this billing option according to PG&E's billing schedule and by service account.

c) The ESP will provide PG&E with a summary of ESP charges by electronic transmittal or other means acceptable to PG&E. The ESP will provide billing-related details of ESP charges on a separate page which will be included in the consolidated bill and transmitted with the summary charge. ESP charges which are not transmitted as required will not be included in the consolidated bill. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

2. Consolidated PG&E Billing (Cont'd.)

c. Bill Ready PG&E Consolidated Billing (Cont'd.)

3) Timing Requirements

a) Bills under this option will be rendered once a month. Nothing contained in this Section shall limit PG&E's ability to render bills more frequently consistent with PG&E's existing practices. However, ESP charges will only need to be calculated based on monthly billing periods.

b) Except as provided in Paragraph 3.a above, PG&E will require that ESP and PG&E charges be based on the same billing period data to avoid any confusion concerning these charges.

c) ESP charges must be received by PG&E the day following PG&E's scheduled meter reading date according to the provisions in Section J, Meter Reading Data Obligations. If billing charges have not been received from the ESP by this date, PG&E will render the bill for PG&E charges only, without ESP charges. The ESP must wait until the next billing cycle, or send a separate bill to the customer for ESP charges.

3. Consolidated ESP Billing

ESPs electing this billing option may choose partial or, with PG&E's approval and consent, Full Consolidated billing, as described below.

a. Partial Consolidated ESP Billing

1) Description

PG&E will calculate and send its bill to the ESP. The ESP will send a consolidated bill to the customer. The ESP will be obligated to provide to the customer detailed PG&E charges to the extent that the ESP receives such detail from PG&E. The ESP is not responsible for the accuracy of PG&E charges. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

a. Partial Consolidated ESP Billing (Cont'd.)

2) PG&E Obligations

a) PG&E will calculate all PG&E charges once a month and convey these charges to the ESP to be included on the ESP consolidated bill or otherwise provided to the customer pursuant to Section 5 below.

b) PG&E will provide the ESP with a summary of PG&E charges by electronic transmittal or other means which enables the ESP to prepare the customer's bill in a timely manner, although the ESP may bill the customer on any interval agreeable to the customer. PG&E may provide billing-related details of PG&E charges on a separate page which will be provided to the customer. PG&E charges which are not transmitted to the ESP as required will not be included in the consolidated bill.

c) PG&E charges will be calculated based on existing PG&E billing cycles regardless of which party provides the meter reading. PG&E charges will be conveyed to the ESP electronically or by other means acceptable to the ESP and PG&E.

3) ESP Obligations

a) The ESP may offer consolidated billing services to Direct Access customers they serve once a billing service arrangement has been signed and included in the ESP Service Agreement.

b) The ESP bill will include a summary of PG&E charges and may provide any billing-related details of PG&E charges, either on the consolidated bill or pursuant to section 5 below. PG&E bill may be printed separately with the ESP bill or electronically transmitted. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

a. Partial Consolidated ESP Billing (Cont'd.)

3) ESP Obligations (Cont'd.)

c) The ESP will prepare the bill and include both ESP and, subject to Section 5 below, PG&E charges. In addition, the ESP will process customer payments and handle its own collections responsibilities. Under this billing option, ESPs must pay all undisputed PG&E charges due to PG&E regardless of whether the customer has paid the ESP. The ESP must include all PG&E charges on the ESP consolidated bill.

d) The ESP has no obligations regarding the accuracy of PG&E charges calculated by PG&E or for related disputes. Disputed charges will be handled according to CPUC procedures.

e) Subject to the limitations of this section and with the written consent of the customer, the ESP may offer customers customized billing cycles or payment plans which permit the customer to pay the ESP for PG&E charges in different amounts for any given billing period than PG&E charges to the ESP for that period. Such plans will not, however, affect in any manner the obligation of the ESP to pay PG&E charges to PG&E as billed by PG&E. Further, such plans must ensure that the charges as billed by PG&E are provided to the customer as soon as practicable and that the customer's payment of PG&E charges is adjusted such that over a reasonable time, which shall not exceed one year, the customer pays no more than PG&E charges as billed by PG&E. Upon request, the ESP shall identify to PG&E any service accounts with such customized billing arrangements and provide a summary description of the arrangement as it pertains to PG&E charges. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

a. Partial Consolidated ESP Billing (Cont'd.)

4) Timing Requirements

a) ESPs may render bills more or less frequently than once a month. However, PG&E will continue to bill the ESP each billing cycle period for the amounts due by the customer for that billing month, provided that with the ESP's approval, PG&E may bill the ESP more frequently consistent with PG&E's existing practices.

b) PG&E will convey the billing information by service account to the ESP the day following PG&E's scheduled meter reading date according to provisions in Section J, Metering Reading Data Obligations. Meter reading data will be required on the same schedule as existing PG&E billing cycles. If PG&E fails to provide PG&E charges to the ESP by this date, the ESP may render the bill without PG&E charges included, and PG&E will either wait until the next billing period or send a separate bill to the customer for those charges.

c) The ESP is not required to estimate PG&E charges if charges are not received nor to delay the ESP billing. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

b. Full Consolidated ESP Billing

1) Description

Subject to PG&E's approval and consent, the ESP will read the meter, calculate both PG&E and ESP charges and bill the customer. The ESP will detail PG&E charges in conformance with PG&E specifications. The ESP is responsible for the accuracy of PG&E charges. This option is applicable for all customer accounts for which the ESP reads the meter.

2) PG&E Obligations

PG&E will approve and consent to the provision of this Full ESP Consolidated billing for any ESP which demonstrates the capability to replicate PG&E charges, to the satisfaction of PG&E. PG&E will provide the ESP with the billing factors and procedures necessary for the ESP to calculate PG&E charges. PG&E charges will be calculated based on the ESP's meter reading and billing schedules.

3) ESP Obligations

a) The ESP may perform Full ESP Billing services for Direct Access customers they serve once the billing service arrangement has been signed and included in the ESP Service Agreement.

b) The ESP will calculate PG&E charges in accordance with approved tariffs and PG&E specifications. The ESP bill will include a summary of PG&E charges including any billing-related details of PG&E charges and CTCs. PG&E bill may be printed separately with the ESP bill or electronically transmitted to the customer. The ESP will furnish PG&E a report detailing PG&E portion of the ESP's bill in paper or electronic form. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

b. Full Consolidated ESP Billing (Cont'd.)

3) ESP Obligations (Cont'd.)

b) (Cont'd.)

The ESP will prepare the bill and include both ESP and PG&E charges, process customer payments, and handle its own collection responsibilities. Under this option the ESP must pay all undisputed PG&E charges to PG&E regardless of whether the customer has paid the ESP. The ESP must include all PG&E charges on the ESP Full Service bill.

4) Timing Requirements

a) ESPs may render bills more or less frequently than once a month. However, the amounts due PG&E will be remitted monthly. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

3. Consolidated ESP Billing (Cont'd.)

b. Full Consolidated ESP Billing (Cont'd.)

4) Timing Requirements (Cont'd.)

b) The ESP will convey the amounts due by service account to PG&E according to provisions in Section J, Meter Reading Data Obligations. The ESP's meter reading schedule may result in a change in PG&E's billing schedule. If necessary, a pro rated bill may be required to conform the customer's payments to the new schedule.

c) The ESP is responsible for correctly calculating PG&E charges. If underpayments are the result of ESP errors, the ESP is responsible for paying applicable late charges on the underpayment amounts.

4. Separate PG&E/ESP Bills

a. Description

PG&E and the ESP will separately send their bills directly to the customer.

b. PG&E Obligations

1) PG&E will calculate PG&E charges, prepare PG&E bill, and send PG&E bill to the customer by electronic or other means. The billing method is the sole responsibility of PG&E and its customers.

2) PG&E does not have any obligations regarding the accuracy of ESP charges or related payment disputes. Accurate and timely meter reading data must be shared between the ESP and PG&E. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

4. Separate PG&E/ESP Bills (Cont'd.)

c. ESP Obligations

1) The ESP will calculate the ESP charges, prepare the ESP bill, and send the ESP bill to the customer by electronic or other means. The billing method is completely independent of the billing method selected by PG&E.

2) The ESP has no obligations regarding accuracy of PG&E charges or related payment disputes. Accurate and timely meter reading data must be shared between the ESP and PG&E.

d. Timing

1) Meter reading data is required by PG&E on the scheduled meter reading date which conforms to existing PG&E billing cycles under this billing option.

5. Billing Information and Inserts

a. Identify PG&E and ESP Charges

PG&E bill, at a minimum, will identify PG&E charges as specified by the CPUC or its codes. If the customer elects the consolidated PG&E billing option, PG&E bill will identify, at a minimum, two (2) sets of charges: one for PG&E services and another for ESP energy services. PG&E will provide bills and notices both electronically or manually, depending upon PG&E's agreement with the ESP.

b. Required Legal and Safety Notices

All PG&E customers, including Direct Access customers, will receive mandated legal and safety notices, and PG&E will be responsible for the creation of these notices. If the ESP is providing consolidated billing services, PG&E will make available these notices to the ESP for distribution to the customer or, at the ESP's request, in electronic format to the ESP for production and communication to electronically-billed customers. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

5. Billing Information and Inserts (Cont'd.)

c. PG&E Obligations under Consolidated PG&E Billing

PG&E will design, print and insert these notices in mailed Consolidated PG&E bills. PG&E may also enclose PG&E-related bill inserts in consolidated PG&E billing as permitted by CPUC regulations.

d. ESP Obligations under Consolidated PG&E Billing

The ESP may include any information directly related to the calculation or understanding of ESP charges directly in the bill but may not include any text on the separate detail page which is not specifically related to the charges or their explanation.

e. PG&E Obligations under Consolidated ESP Billing

PG&E will design, print and deliver mandated safety and legal notices to the ESP in standard size if the ESP renders bills by mail. If the ESP renders bills electronically, PG&E will either provide the printed version or electronically transmit these notices to the ESP for communication to electronically-billed customers at the ESP's option.

f. ESP Obligations under Consolidated ESP Billing

The ESP will be required to inform their billing customers of any mandated legal and safety notices when billed by mail. At its discretion, the ESP may request PG&E to provide a separate mailing of such notices at a cost, specified in Schedule E-ESP. For electronically-billed customers, the ESP may transmit such notices by mail or electronically at its option.

The ESP shall be required to include language on its bills informing its billing customers of their rights regarding billing disputes and informing the customers of the procedures required to initiate a review of their bills.

g. PG&E Obligations under Separate PG&E/ESP Billing

PG&E will continue to mail mandated safety and legal notices in the billing envelope and may use the billing envelope as it does in current practice for providing information to all PG&E customers, including Direct Access customers, equally. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

5. Billing Information and Inserts (Cont'd.)

h. ESP Obligations under Separate PG&E/ESP Billing

The ESP has no obligation for PG&E-mandated safety and legal notices under this option.

The ESP shall be required to include language on its bills informing its billing customers of their rights regarding billing disputes and informing the customers of the procedures required to initiate a review of their bills.

6. Billing Adjustments for Meter Error and Billing Error

a. Adjustment of Bills for Meter Error

Meter error is the incorrect registration of the customer's electrical usage resulting from a malfunctioning or defective meter. Meter error can result from a fast meter, a slow meter, or a non-registering meter. Meter error is defined in Rule 17.

1) Consolidated PG&E Bill

If PG&E is providing Consolidated PG&E Billing for a Direct Access Service Account affected by meter error, PG&E will adjust the bill for the Service Account, calculated as provided in Rule 17, to the extent those charges were affected by the meter error.

2) Consolidated ESP Bill

a) If an ESP is providing Consolidated ESP Billing for a Direct Access Service Account affected by meter error, PG&E will transmit adjusted PG&E and TTA Charges, calculated as provided in the Rule 17, to the ESP. The customer will be solely responsible for obtaining refunds of ESP electric power overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.

b) Within fifteen (15) days after PG&E transmits the adjusted charges for a slow or non-registering meter, the ESP may either:

Pay PG&E the adjusted charges in accordance with the ESP Service Agreement, and assume responsibility for issuing a bill reflecting the adjusted charges to, and collecting the adjusted charges from, the DA Customer, or (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

6. Billing Adjustments for Meter Error and Billing Error (Cont'd.)

a. Adjustment of Bills for Meter Error (Cont'd.)

2) Consolidated ESP Bill (Cont'd.)

b) (Cont'd.)

Submit a DASR to PG&E to change the affected DA Service Account to the separate PG&E/ESP Billing option. After approval of the DASR requesting such change, PG&E will have the responsibility for issuing an adjusted bill to the Customer and collecting amounts owing from the Customer in accordance with this rule and the PG&E's Rule 17.

3) Separate PG&E/ESP Billing

PG&E will adjust its bill for meter error pursuant to Rule 17 for PG&E and TTA charges. The customer will be solely responsible for obtaining refunds of both current and prior ESP electric power overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.

b. Adjustment of Bills for Billing Error

1) Billing error is defined in Rule 17.1.

2) A customer shall not be entitled to a credit adjustment for a billing error involving the failure of the ESP and/or the customer to notify PG&E of changes in the customer's connected load, equipment or operation, or failure of the ESP or customer to take advantage of any noticed rate option or condition of service for which the customer becomes eligible subsequent to the date of application for Direct Access service. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

6. Billing Adjustments for Meter Error and Billing Error (Cont'd.)

   b. Adjustment of Bills for Billing Error (Cont'd.)

      3) PG&E will adjust its bills under the Separate PG&E/ESP or Consolidated PG&E Billing options for billing error pursuant to Rule 17.1. PG&E will adjust its bill to the ESP under the Consolidated ESP Billing option for billing error pursuant to Rule 17.1 for PG&E and TTA Charges. Within fifteen (15) days of the adjusted bill's transmittal by PG&E, the ESP may either assume responsibility for the adjusted charges or submit a DASR to change the affected Service Account to the separate billing option.

7. Unauthorized Usage of Energy

   a. Unauthorized energy use is defined in Rule 17.2.

   b. Once evidence of unauthorized energy use is detected, the investigations of unauthorized use of energy may be conducted by PG&E in accordance with Rule 17.2 regardless of ownership of the meter or provision of billing or metering services. Customers, ESPs, and their agents are required to preserve evidence of any unauthorized use and to cooperate in such investigations.

   c. Once evidence of unauthorized use by an end-use customer has been detected, PG&E shall notify the ESP, who in turn shall remedy the situation, or electric service to end-user shall be terminated in accordance with paragraph g. below. Once evidence of unauthorized use by an ESP has been detected, PG&E may terminate provisioning of services to the ESP in accordance with paragraph g below.

   d. At the conclusion of its investigation, if PG&E determines there has been unauthorized use, PG&E shall have the legal right to recover, from any customer, ESP, or other person who caused or benefited from such unauthorized use, the total estimated amount of the undercharge, including the Direct Access electric power component, for the full period of such unauthorized use. The utility will calculate the amount of the undercharges in accordance with Rule 17.2 and as otherwise provided by law. (L)

(Continued)

K. BILLING SERVICE OPTIONS AND OBLIGATIONS (Cont'd.) (L)

7. Unauthorized Usage of Energy (Cont'd.)

e. PG&E will issue adjusted bills for unauthorized use (including but not limited to all the costs and charges referenced in this Section) to the customer in accordance with Rule 17.2 (or to the ESP in the case of Consolidated ESP Billing).

f. Whenever possible, upon completion of PG&E's investigation, the Customer, ESP, or other person being billed for an unauthorized use adjustment will be advised of PG&E's claim. The Customer, ESP, or other person being billed will be given an opportunity to respond to the claim.

g. PG&E retains its right to collect from the ESP or the customer causing or benefiting from unauthorized use associated costs resulting from the unauthorized use as provided in Rule 17.2, or otherwise allowed by law.

L. PAYMENT AND COLLECTION TERMS

1. Under Consolidated PG&E Billing

a. PG&E will prefer but not require electronic payment services for electronically-billed ESPs. PG&E will accept cash, check or electronic payments under this billing option. PG&E is required under D. 97-05-039 to pay the ESP the amounts paid to PG&E for ESP charges only after the payment is received. Payments will be transferred to the ESP specifying the amount paid by each specific service account or group of service accounts if the customer is Summary Billed.

b. Upon receipt of PG&E's payment, the ESP is responsible for promptly and accurately posting the payment to the customer's service account. The ESP will also be responsible for any follow-up inquiries either with PG&E or the customer if there is question concerning the posting of that payment amount.

c. PG&E must remit payments to the ESP only for the amounts paid by the Direct Access customer for payment of ESP charges. Payments are due on or before the later of:

1) 17 days after the bill was rendered to the customer, or
2) the next business day after the payment is received from the customer. (L)

(Continued)

L. PAYMENT AND COLLECTION TERMS (Cont'd.) (L)

1. Under Consolidated PG&E Billing (Cont'd.)

d. PG&E will not forward any amounts owed to the ESP that have not been received from the customer. PG&E will process payments, post PG&E charges paid to customer service accounts, and transfer funds owed the ESP to the ESP. On the billing statement for the following month, PG&E will debit to the ESP any amounts resulting from returned payments and assess returned payment charges (i.e., a charge for each returned payment) to the appropriate customers.

e. The ESP has no payment obligations for customer payments under consolidated PG&E billing services. However, the ESP must remit payment for any charges, approved by the CPUC, for services provided them by PG&E within the terms of service as specified in the UDC-ESP Service Agreement with PG&E. Sundry charges will be considered past due 30 days after the date the bill is rendered. The ESP is required to settle any disputes of ESP charges with the customer.

f. The customer is obligated to pay PG&E for all PG&E and ESP charges consistent with existing tariffs.

g. The customer must notify PG&E of any disputed charges; otherwise, any outstanding balance will be handled as a late payment. Customer disputes of ESP charges must be directed to the ESP, and customer disputes of PG&E charges must be directed to PG&E.

h. If the customer disputes any PG&E charges, it shall nevertheless pay the amount billed; provided, however, that the customer may, at its election, pay that portion of the charges that the customer disputes to the CPUC in accordance with Rule 10. If the customer disputes any ESP charges, the provisions of its agreement with the ESP shall control. PG&E will forward to the ESP amounts paid to cover ESP charges. (L)

(Continued)

L. PAYMENT AND COLLECTION TERMS (Cont'd.) (L)

2. Under Consolidated ESP Billing

   a. Upon receipt of the ESP's payment, PG&E will be responsible for promptly and accurately posting the payment to the customer's account. PG&E will also be responsible for any follow-up inquiries with the ESP if there is question concerning the payment amount.

   b. The ESP is required by Decision 97-05-039 to pay amounts owed to PG&E for PG&E charges whether or not the customer has paid the ESP. Payment is due in full from the ESP within seventeen (17) days from the date PG&E charges are rendered to the ESP regardless of whether the customer has paid.

   c. PG&E has no payment obligations for customer payments under consolidated ESP billing services. However, payments of any charges, as determined by separate agreement between the ESP and PG&E, for services provided by the ESP will be considered past due thirty (30) days after the sundry bill is rendered to PG&E.

   d. The customer is obligated to pay the ESP for all PG&E and ESP charges according to the terms established between the ESP and the customer.

   e. If any charges are disputed, the customer must notify the ESP of the disputed amount. Customer disputes of ESP charges must be directed to the ESP, and customer disputes of PG&E charges, except disputes pertaining to the ESP's estimate of PG&E charges, must be directed to PG&E.

   f. If the ESP disputes any PG&E charges, it shall nevertheless pay the amount billed; provided, however, that the ESP may, at its election, pay that portion of the charges that the ESP disputes to the CPUC in accordance with Rule 10. If the customer disputes any PG&E charges, it shall address such dispute through the ESP, and may pursue the dispute in accordance with Rule 10. (L)

(Continued)

L. PAYMENT AND COLLECTION TERMS (Cont'd.) (L)

3. Under Separate PG&E/ESP Bills

a. PG&E is responsible for payment of miscellaneous charges imposed by the ESP, as per their service agreement with PG&E for Direct Access services, but PG&E has no payment obligations with respect to customer charges.

b. PG&E has no payment or collection obligations to the ESP for customer payments of ESP charges. However, PG&E must remit, within thirty (30) days, payment of any charges due the ESP for services provided by the ESP in accordance with the service agreement. A late payment penalty may be assessed on past due charges.

c. The ESP has no payment or collection obligations to PG&E for customer payments of PG&E charges. However, the ESP must remit, within thirty (30) days, payment of any charges, approved by the CPUC, due PG&E for services provided by PG&E. If authorized by the CPUC, a late payment penalty may be assessed on past due charges.

d. The customer must remit payment in full to PG&E for PG&E charges due within the terms of sale as provided for in CPUC rules.

e. If the customer disputes any PG&E charges, it shall nevertheless pay the amount billed; provided, however, that the customer may, at its election, pay that portion of the charges that the customer disputes to the CPUC in accordance with Rule 10. If the customer disputes any ESP charges, the provisions of its agreement with the ESP shall control. However, no registered ESP may discontinue service to a Small Customer for a disputed amount if that Small Customer has filed a complaint with the CPUC, and that Small Customer has paid the disputed amount into an escrow account.

M. LATE OR PARTIAL PAYMENTS AND UNPAID BILLS

1. Under Consolidated PG&E Billing

a. PG&E is responsible for collecting the unpaid balance of all charges from customers, sending notices informing customers of unpaid balances, and taking the appropriate actions to recover the unpaid amounts owed the ESP. (L)

(Continued)

M. LATE OR PARTIAL PAYMENTS AND UNPAID BILLS (Cont'd.)

1. Consolidated PG&E Billing (Cont'd.)

b. Except as provided below in Section (c), if a customer makes only a partial payment for a Service Account, the payment will be allocated proportionally between PG&E's charges and the ESP's charges. A customer may dispute these charges as provided in Section L, but will not otherwise have the right to direct partial payments for a particular Service Account. (Utility Users Taxes will be treated in accordance with current utility procedures and are not subject to this section.)

c. In evaluating a delinquent residential Service Account for service termination and to the extent required by law or CPUC regulations, partial payments will be allocated first to delinquent disconnectable charges. Uncollectible delinquent ESP charges will be reflected, as appropriate, in PG&E's account receivable bad debt adjustment procedure.*

d. Undisputed overdue balances owed PG&E will be considered late and subject to PG&E late payment procedures.

e. CPUC rules will apply to late or non-payment of PG&E charges by the customer.

2. Under Consolidated ESP Billing

a. The ESP is responsible for collecting both unpaid ESP and PG&E charges, sending notices informing customers of unpaid ESP and PG&E balances, and taking appropriate actions to recover the amounts owed. PG&E will not assume any collection obligations under this billing option.

b. PG&E will hold the ESP liable for any late payments or unpaid bills. Unpaid, undisputed overdue balances owed PG&E will be considered late and subject to late payment fees and procedures and the provisions of Section N.

c. PG&E will apply the same terms applicable to commercial accounts under default PG&E services to service accounts utilizing Consolidated ESP billing services. PG&E will notify the ESP if payment of PG&E charges has not been received within seventeen (17) days of the date delivered to the ESP.

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* Due to the COVID-19 pandemic and pursuant to CPUC Resolutions M-4842, M-4849 and (T)
D.21-06-036, PG&E has suspended Section M.1.c of Electric Rule 22 and will allocate partial (T)
payments received from residential ESP customers on a pro rata basis with ESPs for up to
one year, through September 30, 2021, as described in Advice 4244-G-A/ 5516-E-A, Advice (T)
4388-G/ 6092-E and Advice 4475-G/6290-E. (T)

(Continued)

M. LATE OR PARTIAL PAYMENTS AND UNPAID BILLS (Cont'd.)

3. Under Separate PG&E/ESP Billing

a. PG&E and the ESP are responsible for collecting their respective unpaid balances, sending notices to customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP, and customer disputes with PG&E charges must be directed to PG&E. Late fees and fees for collections may be charged by PG&E as approved by the CPUC.

b. Late payment of PG&E charges by customers will be handled in accordance with applicable CPUC rules.

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (T)

1. Service Changes

The customer may have service of electricity, billing, or metering from an ESP changed involuntarily in the following circumstances:

a. The ESP Has Been Decertified by the CPUC or receives a CPUC order that otherwise prohibits the ESP from serving that customer;

b. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and PG&E exercises a contractual right to terminate the agreement;

c. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and PG&E exercises a contractual right to change billing options;

d. The ESP has materially failed to meet its obligations under the terms of the ESP Service Agreement (including applicable tariffs) so as to constitute an event of default and PG&E exercises a contractual right to change metering options;

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.) (T)

1. Service Changes (Cont'd.)

   e. The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required.

   f. The customer fails to meet its direct access requirements and obligations under the utility's rules and tariffs.

   g. Notices of involuntary service changes or termination in Direct Access will be sent to the ESP, the MDMA if different from the ESP, and to each customer under contract as described in this Section N, and to the CPUC. (T)

2. Change of Service Election In Exigent Circumstances

   In the event PG&E finds that an ESP or the customer has materially failed to meet its obligations under this tariff or ESP Service Agreement such that PG&E seeks to invoke its remedies under this Section N (other than a termination of ESP consolidated billing under Section N.4. or metering under Section N.5.), and the failure constitutes an emergency (i.e., the failure poses a substantial threat to the reliability of the electric system or to public health and safety or the failure poses a substantial threat of irreparable economic or other harm to PG&E or the customer), or the failure relates to ESP's unauthorized energy use, then PG&E may initiate a change, or, in some cases, terminate a customer's service election, or an ESP's ability to provide certain services under Direct Access. In such case, PG&E shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this tariff. PG&E shall provide such notice and/or opportunity to cure the problem to the ESP and/or the affected customer as is reasonable under the circumstances of this section , if any is reasonable. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the customer's service election and/or the ESP's ability to provide services. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer.

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.) (T)

3. Change of Service Election Absent Exigent Circumstances

In the event PG&E finds that an ESP has materially failed to meet its obligations under this tariff or the ESP Service Agreement such that PG&E seeks to invoke its remedies under this Section N (other than a termination of ESP Consolidated Billing under Section N.4. or metering under Section N.5.), but the failure does not constitute an emergency (as defined in Section N.2) or involve ESP's unauthorized energy use, PG&E shall notify the ESP and the affected customer of such finding in writing stating specifically:

a. The nature of the alleged non-performance;

b. The actions necessary to cure it;

c. The consequences of failure to cure it and the remedy PG&E proposes to invoke in the event of a failure to cure; and

d. The name, address and telephone number of a contact person at PG&E authorized to discuss resolution of the problem.

The ESP shall have thirty (30) days from receipt of such notice to cure the alleged non-performance or reach an agreement regarding it with PG&E. If the problem is not cured or an agreement is not reached following this thirty (30) day period, PG&E may initiate the DASR process set forth in this tariff to accomplish the remedy set forth in the notice; provided that PG&E shall suspend the exercise of such remedy if, before the end of the cure period, the ESP has filed an application with the CPUC requesting an order from the CPUC that the ESP is entitled to continue the ESP Service Agreement and PG&E is not entitled to exercise the remedy it has identified in its notice. The status of the ESP shall not change pending the CPUC's review of PG&E's request provided that an emergency, as described in Section N.2. does not arise. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer. PG&E's action to defer the exercise of its remedies in accordance with this section does not constitute a waiver of any rights.

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.) (T)

4. Termination of Consolidated ESP Billing

Consolidated ESP billing services will be terminated under the following circumstances. (Among other things, this section describes the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating ESP Consolidated Billing):

a. If PG&E finds that the information provided by the ESP in ESP Service Agreement is materially false, incomplete, or inaccurate; the ESP attempts to avoid payment of CPUC-authorized PG&E charges; or the ESP files for bankruptcy, fails to have a bankruptcy proceeding filed against it dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, or is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, customers will be notified that consolidated ESP billing services will be terminated, and will be switched to Separate PG&E Billing as promptly as possible.

b. If the ESP does not pay PG&E (or dispute payment pursuant to the procedures set forth herein) the full amount of all PG&E and TTA charges by the applicable past due date, PG&E shall notify the ESP of the past due amount within two (2) days of the applicable past due date. If the full amount has not been received by PG&E (or properly disputed) within seven (7) days of the applicable past due date, the ESP's customers and the ESP will be notified on approximately the twenty-fourth (24^{th}) day following the date the bill was rendered to the ESP that Consolidated ESP Billing services will be terminated, and that they will be switched to separate PG&E billing on the first regular scheduled meter reading date for each customer approximately thirty (30) days after the bill was rendered.

c. If the ESP fails to comply within fifteen (15) calendar days of the transmittal of a written notice from PG&E of any additional or increased credit requirements as set forth in Section P, the ESP's customers and the ESP will be notified on approximately the twenty-fourth (24^{th}) day following the date of transmittal that Consolidated ESP Billing services will be terminated, and that they will be switched to separate PG&E billing on the first regular scheduled meter reading date for each customer.

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.)

4. Termination of Consolidated ESP Billing (Cont'd.)

d. Upon termination of consolidated ESP billing pursuant to this Section N, PG&E may deliver a separate bill for all PG&E charges which were not previously billed by the ESP. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the ESP's eligibility to engage in Consolidated ESP Billing.

e. At any time not less than six (6) months after termination of Consolidated ESP Billing pursuant to this Section N, the ESP's eligibility to engage in consolidated billing services shall be reinstated upon a reasonable showing by the ESP that the problems causing revocation of its consolidated billing right have been cured, including payment of any late charges and re-establishment of compliance with credit requirements under Section P.

5. Termination of ESP Metering Services

PG&E will terminate an ESP's eligibility to provide metering services in PG&E's service territory if the ESP fails to comply with industry-accepted standards approved for PG&E by the CPUC for metering services. PG&E shall provide the ESP with fifteen (15) days written notice prior to such termination. ESP failure to comply is defined in Section G, Metering. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the ESP's eligibility to provide metering services.

6. Burden of Proof Before CPUC

In any case before the CPUC the party bearing the burden of going forward and the party bearing the burden of proof shall be established in the manner normally established at the CPUC.

7. Action in the Event of Termination

Upon termination of ESP Direct Access services pursuant to this Section N, unless the customer has previously selected another ESP under the procedures set forth in Section E, service changes for the ESP's involuntarily returned customers will be in accordance with Section Q.3.e. A deregistering ESP shall (T)
follow the steps in the Deregistration Process set forth in Attachment A of D.24- |
04-009. (T)

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.)

8. Prohibition

PG&E is prohibited from using any of the involuntary service changes in an anti-competitive manner.

9. Involuntary Returns

a. An Involuntary Return is defined in Section B.18 herein. The ESP is encouraged to provide up to a one (1) year advanced written notice, but is required to provide six (6) months written advance notice, to the Commission and PG&E of the ESP's intention to discontinue its ESP Service. ESP service terminations that provide at least 6 months written advance notice to the Commission and PG&E result in Planned Involuntary Returns and Planned Deregistration. ESP service terminations that fail to provide the Commission and PG&E at least 6 months advance written notice result in Unplanned Involuntary Returns and Unplanned Deregistration. An ESP initiating an Involuntary Return and/or deregistration shall follow the steps in the Deregistration Process in Attachment A of D.24-04-009, which serves as a procedural checklist for LSEs operating in California to outline the steps they need to take to safely deregister and return customers to the Provider of Last Resort (POLR) while maintaining compliance with all CPUC programs. An ESP may not deregister until it has stopped serving all load. (T)/(N)

For consumer protection purposes, ESPs are required to meet all procurement obligations while they continue to serve load. The Integrated Resources Planning (IRP), Resource Adequacy (RA), and Renewables Portfolio Standards (RPS) procurement obligations and rules are reflected in the Deregistration Process in Attachment A of D.24-04-009; however, these obligations are subject to modification in their respective proceedings. LSEs must file their Month-Ahead (MA) Resource Adequacy (RA) requirements up to the date the LSE returns load, and the Year-Ahead requirements for the years in which they have submitted a binding load forecast. If an ESP submits a Notice of Intent to Deregister following the submission of its binding load forecast, it is financially obligated to cover the cost of its Year Ahead Resource Adequacy (RA) requirements. If the ESP is unable to meet its RA obligation due to bankruptcy, the RA cost shall be applied to the Re-Entry Fees. In this event, PG&E shall file updated RA load forecast(s) and may request a temporary waiver via a Tier 2 advice letter. Because RA compliance involves forward obligations that inure to the ESP during the year before it begins serving load, and to avoid cost shifting, PG&E is permitted to draw on a deregistering ESP's posted FSR to recover incremental RA costs incurred by PG&E when assuming the RA obligations of an ESP that deregisters before it starts serving load. (N)

(L)

(Continued)

N. INVOLUNTARY SERVICE CHANGES AND INVOLUNTARY RETURNS (Cont'd.) (T)/(L)

b. Action in the Event of Involuntary Return (L)

Upon the Involuntary Return of a DA customer, the customer will be returned to default PG&E bundled service on a transitional basis pursuant to Section Q.3 and Rule 22.1, unless the customer has previously selected another ESP under the procedures set forth in Section E. (T)/(L) (L)

O. SERVICE DISCONNECTIONS AND RECONNECTIONS

1. Consolidated PG&E Billing

a. PG&E will notify the customer of PG&E's right to disconnect electric service for the non-payment of PG&E charges pursuant to electric Rule 8 and 11. The customer, and not PG&E, is responsible for contacting the ESP in the event it receives notice of late payment or service termination from PG&E for any of its DA Service Accounts. If a customer has been disconnected, and is not reconnected within two (2) days, PG&E will promptly notify the ESP. To the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.

b. PG&E will not disconnect electric service to the customer for the non-payment of ESP charges. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the service account to PG&E Bundled service according to Section E.

c. PG&E will reconnect electric service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met. (L)

(L)

(L)

(Continued)

O. SERVICE DISCONNECTIONS AND RECONNECTIONS (Cont'd.) (L)

2. Consolidated ESP Billing

a. PG&E will not disconnect electric service to the customer for either the non-payment of ESP charges by the customer, or the non-payment of PG&E charges by the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the service account to PG&E Bundled service according to Section E.

b. If an ESP fails to pay in full the charges that PG&E has transmitted to it (consisting of PG&E charges and the TTA charges) by the applicable past due date, the provisions of Section N.4.b. of this rule shall govern.

c. In accordance with CPUC rules, PG&E has the right to disconnect electric service to the customer for the non-payment of prior PG&E closing bills or any past due charges by the customer, and evidences of safety violations, energy theft, or fraud, by the customer. If a customer has been disconnected, and is not reconnected within two (2) days, PG&E will promptly notify the ESP. To the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.

d. PG&E will reconnect electric service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met.

3. Separate PG&E/ESP Bills

a. In accordance with CPUC rules, PG&E may disconnect electric service to the customer for the non-payment of PG&E charges by the customer, but PG&E will not disconnect electric service to the customer for the non-payment of ESP charges. If a customer has been disconnected, and is not reconnected within two (2) days, PG&E will promptly notify the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the service account to PG&E Bundled service according to Section E. In the event of non-payment of PG&E charges, and to the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.

b. PG&E will reconnect electric service for a service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met. (L)

(Continued)

P. CREDIT REQUIREMENTS (L)

1. Under Consolidated PG&E Billing

If PG&E performs consolidated billing services, PG&E may require the ESP to establish its creditworthiness through evaluations, deposits, or other security in the manner described in Section P.2, to cover CPUC-approved charges incurred as a result of Direct Access participation. That is, the creditworthiness only applies to the PG&E charges that are billed directly to the ESP.

2. Under Consolidated ESP Billing

If the ESP performs consolidated billing services, PG&E will require the ESP to establish its creditworthiness to cover CPUC-approved charges incurred as a result of Direct Access participation. The ESP may establish its creditworthiness through any one of the following. Upon the establishment of such creditworthiness, PG&E upon request will refund, in accordance with CPUC requirements, the customer's security deposits then being held to secure payment of those energy services being assumed by the ESP.

a. Credit Evaluation

An ESP with a demonstrable current credit rating of Baa2 or higher from Moody's or BBB or higher from Standard and Poor's, Fitch or Duff & Phelps, is deemed to be creditworthy unless PG&E determines that a material change in the ESP's creditworthiness has occurred. PG&E requires ESPs to complete a credit application including financial information reasonably necessary to establish credit. The creditworthiness evaluation may be conducted by an outside credit analysis agency, determined by PG&E, with final credit approval granted by PG&E. This evaluation will be completed within ten (10) business days. Credit reports will remain strictly confidential between the credit analysis agency and PG&E. A credit application processing fee, as approved by the CPUC, may be charged to offset the cost of determining the ESP's creditworthiness. (L)

(Continued)

P. CREDIT REQUIREMENTS (Cont'd.) (L)

2. Under Consolidated ESP Billing (Cont'd.)

b. Security Deposits

The ESP may submit and maintain a cost-based security deposit in lieu of submitting to or being qualified under a creditworthiness evaluation. The amount of the security deposit required to establish credit will be twice the estimated maximum monthly bill for PG&E charges, where such estimate is based on the last twelve (12) months of historical usage. The initial value of the security deposit will be estimated by the ESP to cover its expected customer base and will be adjusted as necessary from time to time to meet the security requirements based on changes in the ESP's customer base. Security deposits may be in the form of (1) cash deposits, with interest earned at the 3-month commercial paper rate, (2) letters of credit, defined as irrevocable and renewable issued by a major financial institution acceptable to PG&E, (3) surety bonds, defined as renewable and issued by a major insurance company acceptable to PG&E, or (4) guarantees, with guarantors with a credit rating of Baa2 or higher from Moody's or BBB or higher from Standard and Poor's, Fitch or Duff & Phelps, unless PG&E determines that a material change in the guarantor's creditworthiness has occurred, or, in other cases, through the credit evaluation process described above. Security deposits must be posted with PG&E prior to the ESP's participation in Direct Access. Security deposits posted with PG&E which are in excess of outstanding unpaid bills owed to PG&E will be returned to the ESP within approximately sixty (60) days after the ESP has terminated consolidated ESP billing services in PG&E's service territory. While the ESP is conducting Consolidated ESP billing, deposits cannot be used as payment for past due bills in order to avoid or delay the switch to separate PG&E/ESP billing resulting from the ESP's non-payment of bills owed to PG&E. (L)

(Continued)

P. CREDIT REQUIREMENTS (Cont'd.) (L)

2. Under Consolidated ESP Billing (Cont'd.)

c. Security Deposit Payment Timetable

ESPs are obligated to post security deposits with PG&E prior to the ESP's participation in Direct Access. Such a deposit shall not be required until three (3) days before the ESP's customers begin receiving direct access service. If the deposit in the required amount as specified in Section P.2.b has not been received from the ESP, PG&E will continue to bill the customer under the same conditions prior to the scheduled change of service. PG&E will issue a notice to both the ESP and the customer, informing both parties that the ESP will not provide consolidated billing services for that customer until the security deposit has been received by PG&E.

d. Interest on Cash Deposit

PG&E will pay interest on cash deposits, except as provided below, calculated on a daily basis, and compounded at the end of each calendar month, from the date fully paid to the date of refund by check or credit to the ESP's account. The interest rate applicable in each calendar month shall be set forth in Rule 7; except that when a refund is made within the first fifteen (15) days of a calendar month the interest rate applicable in the previous month shall be applied for the elapsed portion of the month in which the refund is made.

No interest will be paid if the ESP's right to continue providing ESP Consolidated Billing services is temporarily or permanently discontinued for nonpayment of bills. No interest will be paid for periods covered by bills paid after becoming past due. (L)

(Continued)

P. CREDIT REQUIREMENTS (Cont'd.) (L)

2. Under Consolidated ESP Billing (Cont'd.)

e. Ongoing Maintenance of Credit

To assure continued validity of established unsecured credit, the ESP shall promptly notify PG&E of any material change in its credit rating or financial condition. ESP shall also furnish evidence of an acceptable credit rating or financial condition, as set forth above, to PG&E upon request. In the event PG&E determines that the ESP's, or the ESP's guarantor's, creditworthiness has materially changed, as set forth above, and the ESP does not rectify or provide a security deposit commensurate with the change in creditworthiness, then PG&E may revert to Separate Billing.

f. Re-establishment of Credit

An ESP whose Consolidated Billing service option has been terminated, revoked or suspended under this section may reestablish its credit worthiness by the provision of a security deposit, or by any other manner described in this Section P following a six (6) month period.

3. Under Separate PG&E/ESP Bills

If the ESP performs separate billing services, PG&E may require the ESP to establish its creditworthiness through evaluations, deposits, or other security in the manner described in Section P.2, to cover CPUC-approved charges incurred as a result of Direct Access participation. That is, the creditworthiness only applies to PG&E charges that are billed directly to the ESP.

4. Additional Documents

The ESP shall execute and deliver all documents and instruments (including, without limitation, security agreements and PG&E financing statements) reasonably required from time to time to implement the provisions set forth above and to perfect any security interest granted to PG&E. (L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (L)

As described in Section D.3, all new and existing ESPs are required to post a bond, an irrevocable letter of credit, a cash deposit, a guarantee from an investment grade rated guarantor and/or other financial security reasonably acceptable to CPUC and should be payable directly to CPUC (collectively, "financial security") sufficient to cover the re-entry fees associated with the Involuntary Return of its DA customers to PG&E's bundled service. The required financial security amount shall be the higher of the amounts determined based on PU Code Section 394.25(e) determined in accordance with the Ordering Paragraphs of D.13-01-021 (as corrected by D.13-02-017, D.13-04-001 and D.24-04-009), or the deposit required in D.99-05-034 for ESP registration pursuant to PU Code Section 394(b)(9). The calculated financial security amount will include the incremental administrative costs related to switching a customer back to bundled service and pursuant to the methodology set forth in Section R herein, the incremental procurement costs for involuntarily returned residential and small commercial service accounts that are not affiliated with a large DA customer for a sixty (60) day safe harbor period and then for an additional six-month period. For purposes of the ESP financial security amount, as described in D.13-01-021, a commercial service account is considered "small" if it has a billing demand of less than twenty (20) kW for three (3) consecutive months. The incremental administrative costs shall be calculated for each involuntarily returned customer service account using the Customer Re-Entry Fee set forth in rate Schedule E-CCA, in effect at the time the financial security is calculated. As described in Sections Q.1.b and Q.2, below, the ESP is responsible for the identification and certification of the residential and small commercial service accounts that are affiliated with a large DA customer. Residential and small commercial service accounts that are not timely certified by the ESP as being affiliated with a large DA customer will be deemed to be an unaffiliated residential or small commercial service account for purposes of determining the financial security amount.

(L) (T)/(L) (L) (L) (T)/(L) (L) (L) (T)/(L) (L)

1. The initial financial security for existing and new ESPs will be established as follows:

   a. For existing ESPs, pursuant to D.11-12-018, PG&E will perform the initial financial security calculation based upon the administrative costs of switching an ESP's customer back to bundled service and submit the proposed financial security amount in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. For purposes of calculating the number of customer service accounts for each ESP, any customers that have submitted Direct Access Service Requests (DASRs) to switch to DA service may be included in the calculation of the respective ESP's financial security amount, and any customers that have submitted DASRs to switch to Bundled Service may be excluded. Any confidential data relating to an (L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (L)

1. The initial financial security for existing and new ESPs will be established as follows: (Cont'd)

   a. (Cont'd)

      ESP utilized in the calculation shall be redacted. Concurrent with submitting the advice letter to the CPUC's Energy Division, PG&E will serve by electronic means on each applicable ESP a copy of the advice letter, with the relevant supporting data and calculations of each respective ESP's financial security amount provided confidentially only to that specific ESP in complete and unredacted form. Financial security amounts must be posted by June 30, 2012, subject to approval by the Energy Division.

   b. Per D.13-01-021, D.13-02-017, and D.13-04-001, for a new ESP that begins service in Month M + 2 (where M denotes the month when PG&E will calculate the financial security amount), the financial security calculation will be performed using Month M-1 data, and the financial security will be for the period from the start date through the next semi-annual calculation. Customers that have submitted Direct Access Service Requests (DASRs) to switch to DA service may be included in the calculation of the respective ESP's financial security amount. PG&E will submit the proposed financial security amount for each ESP in separate Tier 2 advice letter filings for each applicable ESP for CPUC approval. Any confidential data relating to an ESP utilized in the calculation shall be removed from the public version of the advice letter. Upon CPUC approval of the relevant ESP financial security amounts, the Energy Division will notify each ESP of the final financial security amounts due on an aggregate statewide basis. The ESP's financial security amount most be posted with the CPUC before the ESP may begin serving customers. It is the responsibility of the ESP to provide PG&E with an accurate forecast of the expected number of customers and associated loads, including a break-down by unaffiliated residential and small commercial service accounts, in the format and by the date specified by PG&E.

2. Semi-annual Financial Security Calculation:

   On an annual basis, the ESP shall provide PG&E with a certified list of the residential and small commercial service accounts that are affiliated with a large DA customer for use in the semi-annual financial security calculations. Upon request, PG&E will provide the ESP with a list of residential and small commercial service accounts for use in the certification process. Residential (L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (L)

2. Semi-annual Financial Security Bond Calculation: (Cont'd)

and small commercial service accounts not certified by the ESP as being affiliated with a large DA customer will be deemed to be an unaffiliated residential or small commercial service account. If PG&E does not receive the information from the ESP by no later than thirty (30) calendar days before the date PG&E's semi-annual update filing is due to the CPUC, PG&E may proceed with the semi-annual update based upon the assumption that none of the ESP's residential and small commercial service accounts are affiliated with a large DA customer.

PG&E will update the amount of an ESP's financial security requirement semi-annually, and submit the updated calculation to the Energy Division by May 10 and November 10 of each year, and any adjustments to the financial security amount would be implemented on the following July 1 or January 1, respectively except that for the first ESP FSR posting following the approval of the tariffs implementing D.24-04-009, ESPs have an additional 60 days to comply, with the first designated FSR amount due on the 1st day of the fourth month following PG&E's submission of its first calculation pursuant to D.24-04-009. Updated financial security amounts for each ESP will be submitted in a Tier 2 advice letter to the Energy Division. Any confidential data relating to an ESP utilized in the calculation shall be removed in the public version of the advice letter. (L) (T)/(L) (T) (T) (L)

The ESP shall adjust the required posted financial security amount if and when it is more than ten percent (10%) above or below the ESP's current posted financial security amount. Upon CPUC approval of the relevant ESP financial security amounts, the Energy Division will notify each ESP of the final financial security amounts due on an aggregate statewide basis.

An ESP is required to post the aggregated financial security amounts within thirty (30) days of notification by the Energy Division, subject to correction for any errors. If an ESP believes that a portion of the financial security amount calculated by PG&E has been calculated inaccurately or in conflict with the adopted processes, the ESP will confer with PG&E to resolve the inaccuracies, and may file comments with the Energy Division, and served upon PG&E, indicating any appropriate corrections with relevant supporting explanation and detail within twenty (20) days of the advice letter filing.

The posted financial security may be a bond, an irrevocable letter of credit, a cash deposit, a guarantee from an investment grade rated guarantor and/or other financial security reasonably acceptable to the CPUC and should be payable directly to the CPUC. The issuer of a bond or irrevocable standby letter of credit must have an investment grade rating equivalent to at least an A- by S&P and A3 by Moody's and must be acceptable to the CPUC. Furthermore, the bond forms, irrevocable standby letter of credit forms, and guarantee forms must be (L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (L)

acceptable to the CPUC. In the event an ESP fails to timely pay the re-entry fees demanded by PG&E pursuant to Section Q.3, below, PG&E will notify the CPUC's Executive Director in writing of the amount of the unpaid re-entry fee owed by the ESP along with the relevant supporting data and calculation. Upon notification by PG&E, the CPUC will take the necessary measures to secure funds from the ESP's financial security instrument to cover the ESP's re-entry fee liability. Following its review and approval of PG&E's request for reimbursement, the CPUC will disburse the funds for payment of the ESP's re-entry fee liability to PG&E. (L)

3. Re-Entry Fees For The Involuntary Return Of Customers (L)

The ESP is responsible for all applicable re-entry fees for its customers that are involuntarily returned. When an Involuntary Return is initiated, PG&E may, at its sole discretion, elect to track actual incremental administrative and/or procurement costs during the Involuntary Return, in which case it will follow the process in Section Q.3.a for Re-Entry Fees using one or more tracked incremental cost components. If, alternatively, PG&E elects to use the tariffed calculations of Re-Entry Fees in Section R below, PG&E will follow the process in Section Q.3.b. (L) (L)/(N) (N) (N)

a. Re-Entry Fees Using One or More Tracked Incremental Cost components. (N)

Incremental costs are those that, but for the ESP-caused Involuntary Return, PG&E would not have incurred during the designated forward period; therefore tracked incremental costs will not involve negative values. If PG&E elects to track the incremental administration and/or procurement costs caused by the Involuntary Return, PG&E will submit a Tier 1 Advice Letter within 30 days of its initiation to:

i. notify the Commission of the ESP-initiated Involuntary Return;

ii. indicate whether advance written notice was provided by the ESP;

iii. notify the Commission that PG&E is electing to track actual costs caused by the Involuntary Return; (N)

(L)

(L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (N)

3. Re-Entry Fees For The Involuntary Return Of Customers (Cont'd)

a. Re-Entry Fees Using One or More Tracked Incremental Cost components. (Cont'd)

iv. advise whether PG&E elects to track incremental procurement costs, or incremental administration costs, or both as separate categories. If the ESP provides at least eight (8) months advance written notice, PG&E will not track procurement costs because those costs will be zero for the Re-Entry Fee calculation. However, incremental administration costs may be tracked for the full eight-month forward period;

v. designate the forward period(s) over which the incremental costs will be tracked;

vi. establish a memorandum account for tracking purposes, if not already established.

Upon conclusion of the eight-month forward period identified in the initial Tier 1, PG&E will submit a second Tier 1 Advice Letter setting forth the ESP's Re-Entry Fee, which will include the actual tracked costs per PG&E's up-front election; and the tariffed calculation of incremental costs, if applicable. If PG&E elects to track actual incremental costs, those tracked costs must be used in the Re-Entry Fee calculation. Any disputed Re-Entry Fee costs, as calculated in the Tier 1 advice letter, must be paid in full and will be subject to a refund as determined through a Commission resolution. (N)

b. PG&E will calculate re-entry fees pursuant to the methodology set forth in Section R herein within sixty (60) days of the earlier of (i) the start of the Involuntary Return of customers, or (ii) PG&E's receipt of the ESP's written notice of Involuntary Return. The re-entry fee will be a binding estimate of: (T)/(L) (T)/(L)

1) The administrative cost to switch the involuntarily returned large DA customers service accounts and their affiliated residential and small commercial service accounts to bundled service, which will be established for each customer service account using the Customer Re-Entry Fee set forth in rate Schedule E-CCA; plus, (L)

2) The administrative cost to switch the involuntarily returned unaffiliated residential and small commercial DA service accounts to bundled service, which will be established for each customer service account using the Customer Re-Entry Fee set forth in rate Schedule E-CCA; plus, (L)

(L)
(L)

(Continued)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (L)

3. Re-Entry Fees For The Involuntary Return Of Customers (Cont'd) (T)/(L)

b. (Cont'd) (T)/(L)

3) The incremental procurement costs for involuntarily returned residential and small commercial service accounts, that are not certified by the ESP as being affiliated with a large DA customer, for a sixty (60) day safe harbor period, as described in electric Rule 22.1, and then for an additional six-month period for those customers remaining on bundled service as set forth in Section R herein. (L) | | | (L) (T)/(L)

At no time shall the sum of the administrative costs and the incremental procurement costs for involuntarily returned customers be less than zero dollars ($0). The re-entry fees calculated pursuant to Section R will not be subject to true-up. (L) (L) (T) (L)

PG&E's demand to the ESP for payment of the re-entry fees shall be made no later than sixty (60) days after the start of the Involuntary Return of DA customers to utility procurement service. (N) | (N)

(D)

c. Re-entry fees are due and payable to PG&E within fifteen (15) days after issuance of the demand for payment. An Involuntary Return by an ESP and the failure of the ESP to make payment within fifteen (15) days of PG&E's demand shall be an event of default under the ESP's financial security instrument, entitling PG&E to immediately draw upon the financial security posted by the ESP under Sections Q.1 or Q.2 to cover the re-entry fees. PG&E is also entitled to recover incremental RA costs when PG&E incurs the RA obligations of an ESP that deregisters before it begins serving load. (L) (T)/(L) (L) | | (L) (T)/(L) (T) (T)

d. The ESP is responsible for covering all applicable re-entry fees for its customers that are Involuntarily Returned. To the extent, the ESP is unable to discharge its obligation to pay the re-entry fees, any fees not recovered from the ESP will be recovered from the involuntarily returned DA customers. Any re-entry fees not recovered from the ESP shall be paid by the Involuntarily Returned DA customers over a time period specified by PG&E, but not to exceed the bundled service commitment period. If PG&E subsequently recovers additional re-entry fees from the ESP, a refund up to the recovered amount will be provided to the involuntarily returned DA customers in proportion to the amount collected by PG&E. (L) (T)/(L) (L) | (L) (T)/(L) (L) | | (L)

(L)

Q. ESP FINANCIAL SECURITY REQUIREMENTS (Cont'd) (L)

3. Re-Entry Fees For The Involuntary Return Of Customers (Cont'd)

e. Service changes for the ESP's involuntarily returned customers will be as follows:

i. Unaffiliated residential and small commercial service accounts will be switched to Bundled Portfolio Service, but are otherwise subject to the same rights and obligations of other DA customers with respect to Transitional Bundled Service, advance notices required for switching, and the minimum stay provisions in PG&E's authorized direct access tariffs.

ii. Large customers and their affiliated residential and small commercial service accounts will be switched to Transitional Bundled Service and be subject to the then current Switching Exemption Rules. (L)

R. FSR / RE-ENTRY FEE CALCULATION METHODOLOGY (N)

The following steps shall apply for purposes of determining ESP Financial Security Requirements (FSR) and reentry fees for incremental costs associated with the Involuntary Return to bundled service of Direct Access (DA) small commercial customers and residential customers in accordance with Public Utilities Code Section 394.25(e) and Decision (D.) 13-01-021, as amended by D.13-02-017, D.13-04-001, and D.24-04-009.

1. Step 1 Forecast Energy Price

To forecast incremental energy procurement costs for the ESP financial security requirement, a forward price shall be calculated using the same forward pricing data source that the Energy Division uses to calculate the Market Price Benchmark. Forward prices shall use the average of daily peak and off-peak energy prices for all trading days in Month M-1 for Months M+1 to Month M+8, inclusive, where Month M denotes the month when the financial security amount is calculated. The average of the most recent two years of historical usage data for DA customers to whom the ESP intends to offer services may be used if the ESP forecast is lower than the historical average by more than 10%, unless a collaborative load forecast has been established. (N)

(Continued)

R. FSR / RE-ENTRY FEE CALCULATION METHODOLOGY (Cont'd) (N)

1. Step 1 Forecast Energy Price (Cont'd)

The forward price calculation will apply the following formulas:

- PF ($/Megawatt-hours (MWh)) = Average of daily peak prices in month M-1 for Months M+1 to M+8, inclusive.
- OF ($/MWh) = Average of daily off-peak prices in month M-1 for Months M+1 to M+8, inclusive.
- PL (MWh) = Estimated ESP customers' Peak Period usage for 8 forward months.
- OL (MWh) = Estimated ESP customers' Off-Peak Period Usage for 8 forward months.
- AF ($/MWh) = Load Shape Adjusted Flat Forward Price = [(PF*PL)+(OF*OL)/(PL+OL).

2. Step 2: Resource Adequacy (RA) Adder

The Investor-owned Utility (IOU)--specific RA adder (in $/MWh) shall be added, as derived from the revised Market Price Benchmark calculation for the IOU's most recent Transitional Bundled Service (TBS) rate. This will take into account the appropriate weighting for RA capacity.

The calculation is:

- RA Adder = [RA adder in $/MWh from the MPB for the IOUs' most recent TBS rate].

3. Step 3: Renewable Portfolio Standard Adder

The Renewable Portfolio Standard (RPS) adder (in $/MWh) shall be used, derived from the revised Market Price Benchmark (MPB) calculation for the IOUs' most recent TBS rate. This will take into account the application of the appropriate weighting for RPS energy.

The calculation is:

- RPS Adder = [RPS adder in $/MWh from the MPB for the IOUs' most recent TBS rate. (N)

(Continued)

R. FSR / RE-ENTRY FEE CALCULATION METHODOLOGY (Cont'd) (N)

4. Step 4: Forecast Price of New Power to Serve Involuntarily Returned DA Customers

The Forecast Price of New Power to serve involuntarily returned DA customers is the total forecasted price of power (on a per-MWh basis) to be added to the IOUs' bundled portfolio to serve the involuntarily returned DA customers for an eight-month period after an Involuntary Return. The IOU specific loss factor used in the MPB should be applied to all component parts.

The calculation is:

- Forecast Price of New Power = (AF + RA Adder + RPS Adder) * IOU Loss Factor.

5. Step 5: IOU System-Average Bundled Generation Rate

Determine the IOU system-average Bundled Generation Rate by using the system-average bundled generation rate in the most recent rate change filing.

6. Step 6: Incremental Procurement Cost Exposure

The forecasted exposure to incremental procurement costs, to be covered by the ESP financial security, is equal to the IOU system-average Bundled Generation Rate subtracted from the Forecast Price of New Power, and multiplied by the annual ESP load (in MWh). For purposes of calculating the incremental procurement cost exposure, only customers with load less than 20 kW shall be included. Customers with load equal to or greater than 20 kW (and small customers affiliated with large customers) shall not be included in the calculation of incremental procurement cost exposure.

Assumptions for the calculation:

- ESP load from Step 1 should be used.
- Negative incremental costs are set to zero. (i.e., if the Forecast Price of New Power is lower than the IOU system-average Bundled Generation Rate, then there is zero incremental procurement cost exposure).

The calculation is:

- Incremental Procurement Cost Exposure = MAX [(Forecast Price of New Power – IOU system-average Bundled Gen Rate)* ESP Load in MWh, 0]. (N)

(Continued)

R. FSR / RE-ENTRY FEE CALCULATION METHODOLOGY (Cont'd) (N)

7. Step 7: ESP Financial Security Amount

To determine the ESP Financial Security Amount, add the Incremental Procurement Cost Exposure to the forecasted incremental administrative costs, calculated by multiplying the IOUs' tariffed administrative reentry fee by the number of small commercial and residential customer service accounts forecasted to be served by the ESP.

Assumptions for the calculation:

- If the Incremental Procurement Cost Exposure is negative, use a zero value for the Incremental Procurement Cost Exposure in the following calculation:
- ESP Financial Security Amount = Incremental Procurement Cost Exposure + Incremental Administrative Cost.
- Incremental Administrative Cost = [IOU's tariff-authorized administrative reentry fee]*Forecasted number of ESP customer accounts. (N)

(Continued)