

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy BranchRESOLUTION E-2075
March 19, 1986RESOLUTIONORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E)
TO EXTEND A RATE SCHEDULE FOR EXPERIMENTAL ELECTRIC SERVICE.
SCHEDULE A-RTP, REAL-TIME-PRICING SERVICE

By Advice Letter 1103-E, filed February 19, 1986, Pacific Gas and Electric Company (PG&E), requests authorization to extend and modify a rate schedule for experimental electric service. The facts are as follows:

1. PG&E has submitted for filing an extension and modification of an experimental rate schedule for electric service, Schedule A-RTP, Real-Time-Pricing Service, and its accompanying electric service agreement (Form 79-704).
2. By Decision No. 83-12-068, dated December 22, 1983, in Application No. 82-12-048, the Commission authorized PG&E to conduct an experiment in real-time-pricing applicable to large commercial industrial users. Under the experimental program participants are given a daily price schedule by hour of energy usage with 24-hour notice in advance. The notification is at 4:00 p.m. the day before. The Commission adopted funding of \$419,000 in 1984, adjusted for escalation, to implement and monitor the program.

PG&E filed Advice Letter 1064-E, dated March 18, 1985 with the intent to utilize the new rate schedule, A-RTP--Real-Time-Pricing Service, to make its initial test of the feasibility and potential of real-time-pricing (RTP).

3. By Resolution E-2039, dated May 1, 1985, the Commission authorized the implementation of Schedule A-RTP--Experimental Real-Time Pricing Service and Form 79-704, Electric Service Agreement - Experimental Real-Time-Pricing Service to accompany Schedule A-RTP. The Resolution specified that the schedule and service agreement would be effective only through March 31, 1986.
4. Schedule A-RTP provides electric service using RTP. Real-time pricing is the practice of changing prices frequently (e.g.,

hourly) to reflect PG&E's continually changing costs of producing electricity. RTP is being evaluated for its potential as a load management technique, and as a means of pricing electricity more accurately. In addition, it offers customers who change their energy use patterns an opportunity to lower their electric bills.

5. To gain further experience with this experimental rate option, PG&E requests that Schedule A-RTP be extended to March 31, 1989, three years beyond its current expiration date.

6. Additionally, PG&E is requesting three changes to the Schedule:

- (1) The addition of Golden Gate and Redwood Regions to the territory where this rate schedule is offered, per the RTP project plan;
- (2) Incorporating the capability, up to ten times a year, to update the hourly RTP prices after the initial 4:00 p.m. notification. The purpose of this update would be to invoke the variable component of the marginal shortage cost on days when spinning reserves are expected to be low; and
- (3) Modification of the pricing algorithm used to calculate hourly RTP rates. The new algorithm incorporates a refined approach towards the energy cost and capacity cost components of the real-time price.

7. A meeting was held with representatives from PG&E and Commission staff highlighting the above revisions. The RTP rate schedule as well as the overall design of the experiment, reflects the Commission staff's strong interest and input. PG&E has been working closely with the staff in developing the scope and direction of the project.

8. PG&E requests that these rate schedule modifications be made effective on April 1, 1986. The current Schedule A-RTP is due to expire on March 31, 1986.

9. PG&E has stated that it will provide a report on the 1985 case study no later than March 24, 1986, for review by the staff.

10. Public notification of this filing has been made by mailing copies of the advice letter to other utilities and to governmental agencies. The Commission staff has received no protests in this matter.

11. The Energy Branch of the Evaluation and Compliance Division has reviewed this filing and recommends approval be granted for an

extension of the current Schedule A-RTP to May 31, 1986. This will allow for further consideration of the merits of this program.

12. We find in all other respects that this advice letter should be rejected and that PG&E be instructed to re-file the proposed changes pending the outcome of staff's analysis of the 1985 case study as noted above.

THEREFORE;

1. PG&E is hereby authorized to extend Schedule A-RTP-- Experimental Real-Time Pricing Service and its current Electric Service Agreement (Form 79-704) to be effective only through May 31, 1986.
2. PG&E is further ordered to file a new Advice Letter requesting, in substance, the findings and recommendations of the Commission staff regarding further modifications and extension of Schedule A-RTP.
3. The above mentioned Advice Letter 1103-E and accompanying tariff sheets shall be marked to show that they were rejected by Commission Resolution E-2075. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular conference on March 19, 1986. The following Commissioners approved it:


Executive Director

DONALD WAL
President
VICTOR CALVO
PRISCILLA C. GREY
WILLIAM T. BAGLEY
FREDERICK H. DUDA
Commissioners