

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
Energy BranchRESOLUTION E-3030
April 8, 1987R E S O L U T I O NORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY (PG&E)
TO EXTEND THE EXPIRATION DATE OF ITS ELECTRIC DEPARTMENT
SCHEDULE A-RTP, REAL-TIME PRICING SERVICE, AND ITS
ACCOMPANYING ELECTRICITY SERVICE AGREEMENT.

By Advice Letter No. 1140-E filed February 13, 1987, in compliance with Decision 86-12-091, Pacific Gas and Electric Company (PG&E) requests authorization to extend the expiration date of its Electric Department Schedule A-RTP, Real-Time Pricing Service, and its accompanying electricity service agreement, Form No. 79-704 from March 31, 1987 to June 30, 1987.

The facts are as follows:

1. Real-Time Pricing is the practice of continually updating prices to reflect changes in the cost of producing and delivering electricity; i.e., it is based on marginal costs of electricity. Ideally, RTP can be viewed as a refinement of time-of-use rates. The RTP schedule offers customers who can adjust their patterns of use the opportunity to lower their bills. Additionally, it makes possible better use of utility capacity.
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 (RTP) applicable to large commercial and industrial users. Under this experimental program, participants were given a daily price schedule by hour of energy usage with one-day notice in advance. The Commission adopted funding of \$419,000 in 1984, adjusted for escalation. On May 1, 1985, the Commission approved PG&E's first year RTP case study implementation by Resolution E-2039; said resolution called for the tariff to expire March 31, 1986. On March 19, 1986, by Resolution E-2075, the Commission approved an extension of the experimental tariff schedule through May 31, 1986. On April 16, 1986, by Resolution E-2083, the Commission approved a one-year extension of the tariff schedule through March 31, 1987.
3. Resolution E-2083 also required PG&E to submit to the Commission a Final RTP Report on February 1, 1987, which proposed adjustments and/or refinements of the Pricing Algorithm, especially the Marginal Shortage Cost Component.

4. In PG&E's recent general rate case proceeding in Decision 86-12-091, the Commission allowed Schedule A-RTP to remain in effect, but its rate design, including the hourly rate algorithm, should be adjusted during 1987. Therefore, the schedule required an extension of time to remain in effect beyond March 31, 1987, but approval of such an extension would be contingent upon adjusting Schedule A-RTP to be consistent with the adopted TOU, curtailable, and interruptible rate design in Decision 86-12-091 for commercial and industrial schedules.

5. In compliance with Decision 86-12-091, PG&E is currently revising the real-time pricing algorithm and rate design. A draft revision has been submitted by PG&E and the Staff of the Public Staff Division (PSD) is currently reviewing PG&E's workpapers.

6. Until these changes have been approved by PSD, the current Schedule A-RTP and its accompanying service agreement, Form No. 79-704, should remain in effect; hence, PG&E's request to extend the expiration date of Schedule A-RTP to June 30, 1987.

7. The Staff of the Evaluation and Compliance Division has reviewed PG&E's request and recommends its approval.

8. No protests have been received in this matter.

9. We find that this advice letter is just and reasonable and will not increase any rate or charge, cause the withdrawal of service, nor conflict with any other schedules.

THEREFORE:

1. Pacific Gas and Electric Company is authorized by Sections 454 and 490 of the Public Utilities Code and by Section X.A. of General Order 96-A to place the above Advice Letter 1140-E into effect today.

2. Pacific Gas and Electric Company is hereby authorized to extend the expiration date Schedule A-RTP - Real-Time Pricing Service and Form No. 79-704 - Service Agreement - Experimental Real-Time-Pricing Service from March 31, 1987 through June 30, 1987.

3. Pacific Gas and Electric Company shall file a new advice letter prior to June 1, 1987, in compliance to Decision 86-12-091, reflecting a revised real-time pricing algorithm and rate design as outlined in Paragraph 4 above.

4. The effective date of this Resolution is April 8, 1987.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 8, 1987. The following Commissioners approved it:



Executive Director

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. CHANIAN
Commissioners