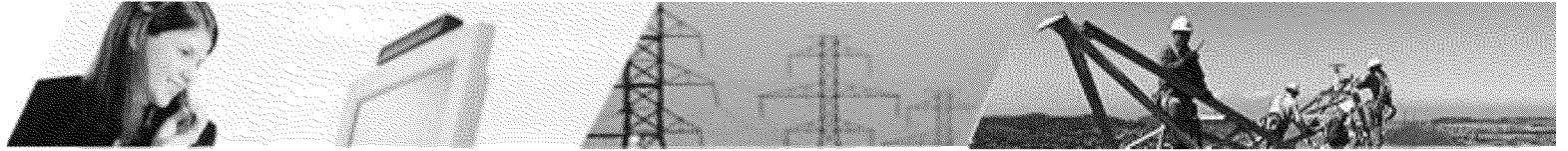


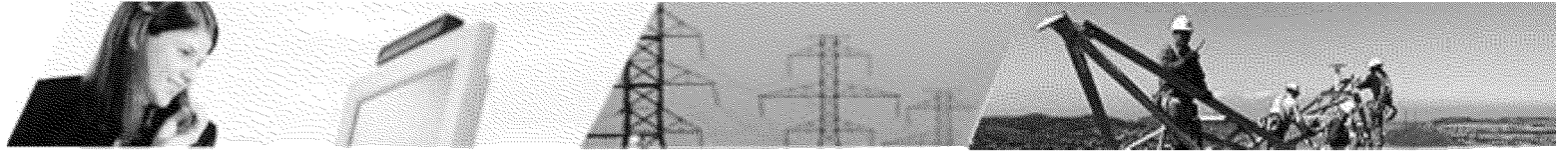
Why PeakChoice for 2010 PDR pilot?

May 10, 2010



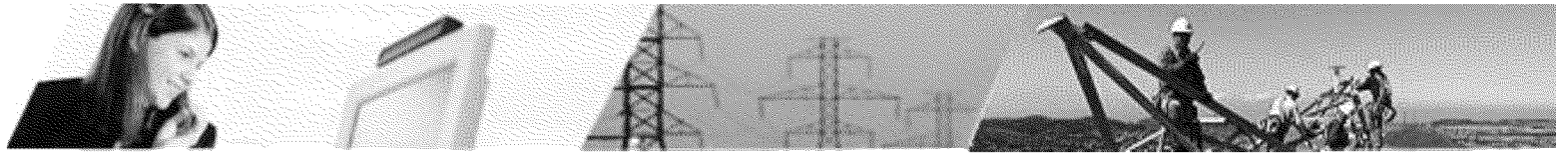
PeakChoice was Designed for bidding into CAISO markets

- Ability to call locationally
- Ability to individually select customers to call. This allows for more accurate forecast of MW and the ability to call more customers if performance is not being met.
- Visibility of DR to Operations and Procurement
- Ability to forecast load reductions
- Quicker feedback as the event progresses



Quotes from PeakChoice Application and Decision

- The PeakChoice program was proposed July 13, 2007 in Advice Letter 3085-E was approved on February 28, 2008 in Resolution E-4127.
- Resolution E-4127 ordered PG&E to design the PeakChoice system "sufficiently flexible to allow it to be used to manage and operate existing and future DR programs."
- Changes proposed in Advice 3558-E-A and approved on May 5, 2010, "modify the [PeakChoice] event notification time to no later than 2:00 p.m. the day preceding an event to align with the California Independent System Operator (CAISO) market." Per COL 7 of D.09-08-027.
- On March 23, 2010, PG&E filed Advice 3635-E in compliance with OP 25 of D.09-08-027, and proposed to make the following changes to the PeakChoice Program:
 - OP25: "Within 30 days of the filing of CAISO's Proxy Demand Resource tariff with the Federal Energy Regulatory Commission, the utilities shall propose modifications to one or more existing demand response programs that will make at least 10 percent of the megawatts enrolled in the demand response programs authorized in this decision comply with the requirements of CAISO's Proxy Demand Resource."
 - "Add a new trigger that will allow the program to be called when PG&E receives a market award or dispatch instruction from the CAISO.
 - Add language to allow PG&E to release information to the CAISO to facilitate direct participation of retail demand response resources in the CAISO wholesale market."



PeakChoice™

- PeakChoice allows customers to create a semi-customized DR program to fit business needs by electing options that facilitate their DR participation

Reduction Amount & Commitment Level

*How many kW you can reduce
Making a best effort to reduce vs. committing to reduce*

Event Duration

Number of hours you have to reduce for each event

Event Notification Lead Time

*Minimum notice you need before you
reduce energy*

Event Window

What time of day an event can occur

Maximum Number of Events

Number of events you will participate in

Number of Consecutive Event Days

*Number of consecutive event-days you
can participate in*