



Clay Faber - Director
Regulatory Affairs
8330 Century Park Court
San Diego, CA 92123-1548

Tel: 858.654.3563
Fax: 858.654.1788
cfaber@semprautilities.com

January 3, 2012

ADVICE LETTER 2324-E
(U902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: REVISIONS TO ELECTRIC RULE 25 – DIRECT ACCESS RULES AND THE
SUBMITTAL OF ELECTRIC SERVICE PROVIDER (ESP) FINANCIAL
SECURITY REQUIREMENTS IN COMPLIANCE WITH DECISION (D.)11-12-
018**

San Diego Gas & Electric Company (SDG&E) hereby submits for approval the following revisions to its electric tariffs as shown in the enclosed Attachment A.

PURPOSE

In compliance with Ordering Paragraphs (OP) 14, 15, 16 and 32 of California Public Utilities Commission's (Commission) Decision (D.) 11-12-018, SDG&E is submitting revisions to its electric Rule 25, *Direct Access Rules*, to incorporate the Electric Service Provider (ESP) financial security provisions and re-entry fee provisions applicable to an involuntary return of Direct Access (DA) customers, and its calculation of the financial security requirements applicable to the ESPs serving customers within SDG&E's service territory.

BACKGROUND

On May 24, 2007, the Commission opened an Order Instituting Rulemaking (R.07-05-025) to consider, in three phases, whether, and under what terms and conditions, to reopen the DA market. In its Phase I (D.08-02-033), the Commission concluded that it did not have the authority to lift the DA suspension absent further action by the Legislature. Subsequently, the Legislature took up the matter in Senate Bill (SB) 695. On October 11, 2009, SB 695 became law, adding Public Utilities (PU) Code Section 365.1 that provided for a phased-in, limited re-opening of DA for all non-residential customers, and maintained the DA suspension established under Assembly Bill 1X (Water Code Section 80110). On March 15, 2010, the Commission issued D.10-03-022, the Phase II decision implementing the limited re-opening of DA pursuant to SB 695. This decision addressed only matters that needed to be immediately resolved in order to implement the limited re-opening and deferred additional issues for resolution in a subsequent decision.

On December 1, 2011, the Commission issued Phase III (D.11-12-018), which, among other updates and reforms to the rate setting methodologies and rules applicable to DA service,

adopted modifications to the financial security requirements applicable to ESPs. Under PU Code Section 394.25(e), an ESP is required to post a bond or demonstrate insurance sufficient to cover the appropriate amount of any re-entry fees applicable to an involuntary return of a DA customer to utility procurement service to avoid imposing costs on bundled service customers. In D.11-12-018, the Commission concluded that re-entry fees and rate treatment for large and small customers would differ. For large commercial and industrial customers (and smaller accounts associated with a large customer), involuntarily returned DA customers are placed on Transitional Bundled Service (SDG&E's Schedule EECC-TBS), while involuntarily returned residential and small commercial customers are placed directly on the applicable Bundled Service commodity rate. The re-entry fee for large customers includes only an administrative fee of \$1.12 per customer account, which is based upon the re-entry fee previously adopted by the Commission for Community Choice Aggregation (CCA) Service¹. The re-entry fee for residential and small commercial customers involuntarily returned to utility procurement service will ultimately include both the administrative fee and incremental procurement costs. Determination of the incremental procurement cost portion of the residential and small commercial customer re-entry fee was held for a later decision. Consequently, SDG&E can provide only the total administrative cost associated with the involuntary return of an ESP's customers in all customer classes.

Attachment B contains a table showing, by ESP, the financial security requirement calculated based upon the number of customer accounts served by the ESP multiplied by the Commission-approved CCA customer re-entry fee of \$1.12. As required by OP 16, the table has been redacted to conceal confidential ESP data utilized in the calculation. An unredacted version will be provided to the Energy Division under confidential seal. Concurrent with the submission of this advice letter to the Energy Division, SDG&E will provide each ESP with an electronic copy of the advice letter, that will include the relevant data and calculation supporting its specific financial security requirement.

TARIFF CHANGES

In compliance with D.11-12-018, SDG&E proposes the following tariff revisions:

1. Electric Rule 25 - *Direct Access Rules*:
 - a. In Section B, *General Terms*, added a definition of "Involuntary Return."
 - b. In Section D, *ESP Service Establishment*, added a requirement that the ESP must provide certification from the Commission that it has posted a bond or demonstrated insurance sufficient to cover its financial security requirements to the registration process.

¹ SDG&E electric Schedule CCA – Transportation of Electric Power for Community Choice Aggregation Customers, Rates, Item 14 - Customer Re-entry

- c. Added a new Section Q, *ESP Financial Security Requirements*, to incorporate the Commission's adopted financial security provisions and re-entry fee provisions to cover the administrative costs applicable to an involuntary return of DA customers.
2. Attachment B - ESP FINANCIAL SECURITY REQUIREMENT provides the relevant supporting data and the calculation of each ESP's financial security amount in a redacted format which excludes any confidential ESP data utilized in the calculation. An unredacted version of Attachment B will be filed under confidential seal to the Energy Division, and each specific ESP will be served electronically with a complete and unredacted form with their calculated bond amount.

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing become effective on February 3, 2012, which is 30 days after the date filed.

PROTEST

Anyone may protest this Advice Letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received no later than January 23, 2012, which is 20 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian (jnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1879
E-mail: MCaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in R.07-05-025, by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1879 or by email to SDG&ETariffs@semprautilities.com.

CLAY FABER
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Christina Sondrini

Phone #: (858) 636-5736

E-mail: csondrini@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2324-E

Subject of AL: Revisions to Electric Rule 25 – Direct Access Rules and the Submittal of Electric Service Provider (ESP) Financial Security Requirements in Compliance with Decision (D.)11-12-018

Keywords (choose from CPUC listing): Compliance, Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:
D.11-12-018

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 2/3/12

No. of tariff sheets: 13

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: ERULE 25 & TOC

Service affected and changes proposed¹: N/A

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

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric
Attention: Megan Caulson
8330 Century Park Ct, Room 32C
San Diego, CA 92123
mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

S. Cauchois
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Cameron

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynergy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard

R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

San Diego Regional Energy Office

S. Freedman
J. Porter

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini
K. Gansecki
H. Romero

TransCanada

R. Hunter
D. White

TURN

M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi
N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties In:

R.07-05-025

ATTACHMENT A
ADVICE LETTER 2324-E

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 22714-E	RULE 25, DIRECT ACCESS RULES, Sheet 1	Original 10526-E
Revised 22715-E	RULE 25, DIRECT ACCESS RULES, Sheet 9	Revised 21675-E
Revised 22716-E	RULE 25, DIRECT ACCESS RULES, Sheet 10	Revised 21676-E
Revised 22717-E	RULE 25, DIRECT ACCESS RULES, Sheet 11	Revised 21677-E
Revised 22718-E	RULE 25, DIRECT ACCESS RULES, Sheet 12	Revised 21678-E
Revised 22719-E	RULE 25, DIRECT ACCESS RULES, Sheet 13	Revised 21679-E
Revised 22720-E	RULE 25, DIRECT ACCESS RULES, Sheet 14	Revised 21680-E
Revised 22721-E	RULE 25, DIRECT ACCESS RULES, Sheet 43	Revised 11930-E
Original 22722-E	RULE 25, DIRECT ACCESS RULES, Sheet 44	
Original 22723-E	RULE 25, DIRECT ACCESS RULES, Sheet 45	
Original 22724-E	RULE 25, DIRECT ACCESS RULES, Sheet 46	
Revised 22725-E	TABLE OF CONTENTS, Sheet 1	Revised 22710-E
Revised 22726-E	TABLE OF CONTENTS, RULES, Sheet 7	Revised 22649-E



RULE 25

Sheet 1

DIRECT ACCESS RULES

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Advice Ltr. No. 2324-E

Decision No. 11-12-018

Issued by
Lee Schavrien
Senior Vice President

Date Filed Jan 3, 2012

Effective _____

Resolution No. _____



RULE 25

DIRECT ACCESS RULES

B. General Terms (Continued)

17. Liability In Connection With ESP Services (Continued)

- d. The CPUC shall have initial jurisdiction to interpret, add, delete or modify any provision of this tariff or the ESP-UDC Service Agreement, and to resolve disputes regarding the UDC's performance of its obligations under the UDC's electric rules and tariffs, the ESP-UDC Service Agreement and requirements related to Direct Access service, including any disputes regarding delays in the implementation of Direct Access.
- e. The UDC 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 the UDC's failure to perform any commitment to the customer.
- f. An ESP is not the UDC's agent for any purpose. The UDC 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.
- g. A UDC 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 the UDC in connection with soliciting customers for DA Service or performing any of its functions in rendering DA Service.

18. Involuntary Return

The return of a DA customer who is being returned to SDG&E bundled service is defined as an "involuntary return" under SDG&E's direct access tariffs if:

- a. SDG&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 SDG&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:
 - 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.

(Continued)



RULE 25

DIRECT ACCESS RULES

C. Customer Inquiries and Data Accessibility

1. Customer Inquiries

For customers requesting information on Direct Access, the UDC 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.
- b. A list of CPUC-registered ESPs eligible to serve small customers as well as a list of all ESPs with service agreements to do business in the UDC's service territory. The UDC will endeavor to update its lists periodically, but the UDC is under no obligation to assure the accuracy of these lists.

New customers will receive general information concerning their choices for electric services by contacting the UDC.

2. Customer Request To Initiate Service

For customers initiating a request for electric service from the UDC, the UDC shall inform customers of their ability to choose their electric provider and that the information described in Section C.1. is available. The UDC 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

The UDC will provide customer-specific usage data to parties specified by the customer, subject to the following provisions:

- a. Except as provided in Section E, DASRs, 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, the UDC will provide a maximum of the most recent 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 times per year per service account at no cost to the requesting party. During the period when the commencement of the ISO and PX operations are delayed, this type of information will be provided one additional time and free of charge to the customer or their authorized agent. Thereafter, the UDC will have the ability to assess a processing charge only if approved by the CPUC.
- c. As a one-time requirement at the initiation of Direct Access, the UDC will make available a database containing a 12-month history of customer-specific usage information with geographic and SIC information, but with customer identities removed. The UDC will have the ability to assess a charge only if approved by the CPUC.

(Continued)

10P5

Issued by

Date Filed

Jan 3, 2012

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Lee Schavrien

Effective

Senior Vice President

Decision No. 11-12-018

Resolution No. _____



RULE 25

Sheet 11

DIRECT ACCESS RULES

C. Customer Inquiries and Data Accessibility (Continued)

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 12 months of historical usage data.

4. Customer Inquiries Concerning Billing-Related Issues

Customer inquiries concerning the UDC's charges or services should be directed to the UDC. 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. The UDC 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 the UDC. ESPs performing ESP Consolidated Billing must show the UDC's phone number on their bills for use in emergencies.

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

c. The UDC will notify the customer and ESP of planned distribution system outages for maintenance work prior to commencement of such outages if feasible.

d. The UDC 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 the UDC under Section C.4. Customer Inquiries Concerning Billing-Related Issues.

D. ESP Service Establishment

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

1. All ESPs must submit an executed standard Energy Service Provider Agreement (UDC-ESP Service Agreement) in the form attached hereto.

2. The ESP must warrant to the UDC that the ESP has registered with the CPUC if it intends to serve small customers and has selected an Independent Verification Agent (IVA) for all transactions for which independent verification is required by law.

(Continued)



RULE 25

Sheet 12

DIRECT ACCESS RULES

D. ESP Service Establishment (Continued)

- 3. The ESP will provide SDG&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. N
N
N
- 4. The ESP must satisfy UDC credit-worthiness requirements as specified in Section P, Credit Requirements. L T
- 5. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including: T
 - a. ESP must complete all necessary electronic interfaces for the ESP and UDC 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. L
 - b. The ESP must have the capability to exchange data with the UDC via the Internet. Alternative arrangements may be allowed if mutual agreement is made between the UDC and ESP.
 - 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 either UDC or ESP 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. The UDC will continue to provide those services 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. T

E. Direct Access Service Request (DASR)

- 1. Direct Access Service Requests (DASRs), Form 143-02059 (11/97), must be submitted electronically (unless the UDC has also approved of some alternative means of submittal) to the UDC 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 UDC service and ESP-initiated termination of a customer agreement. ESPs must execute the UDC-ESP Service Agreement before submitting DASRs.
- 2. A separate DASR must be submitted for each service account. Upon request, the UDC 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. L

(Continued)



RULE 25

Sheet 13

DIRECT ACCESS RULES

E. Direct Access Service Request (DASR) (Continued)

- 4. DASR forms will be available through electronic means (e.g., the UDC's website).
- 5. An ESP who 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 and related forms.
- 6. For Small Customers, a DASR shall not be submitted to the UDC by the ESP until after midnight of the third business day after the verification required under Section 366.5 has been completed, or until after midnight of the fifth business day after the mailing or provisioning of the Section 394.5 notice, whichever is later. It is the responsibility of the ESP to ensure that the requests of Small Customers to cancel service pursuant to Public Utilities Code Section 395 are honored.

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 24 hours, direct the UDC to cancel the DASR.

- 7. The UDC will provide an acknowledgment of its receipt of the DASR to the ESP within two (2) working days of its receipt. The UDC 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 for further information. As of July 1998, the UDC 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, the UDC will provide the reasons 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 provisions of Rule 3, the UDC 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. The UDC 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.
- 11. For a specific service account to qualify for priority queues in the processing of Direct Access requests if backlogs are experienced by the UDC, the ESP must warrant to the UDC that at least 50% of its electric power to that customer will come from a state-certified renewable energy resource supplier meeting the requirements of PU Code Section 365(b)(2). In other cases, DASRs shall be handled on a first-come, first-served basis. Each request shall be time-stamped by the UDC. The UDC has no responsibility for verifying the customer's or ESP's compliance with Section 365(b)(2).

(Continued)



RULE 25

DIRECT ACCESS RULES

E. Direct Access Service Request (DASR) (Continued)

- 12. If more than one DASR is received for a service account within a single DASR processing period (16th of the month until the 15th 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 the UDC on or before the 15th 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 the UDC will be switched over to Direct Access on the date of installation. The UDC will endeavor to complete the meter change request within 15 days after acceptance of the DASR in the absence of a meter installation backlog. The UDC 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 the UDC, 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, the UDC will comply with such requests and inform ESPs or customers of the details of emergency plans.
- 18. The UDC, 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/UDC 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 UDC 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 UDC 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 UDC bundled service may do so either by contacting their ESP or directly contacting the UDC. In this latter case, the customer will be responsible for paying any Commission-approved DASR charge.
- 21. The UDC 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 UDC service where the charge will be billed to the customer.

(Continued)



RULE 25

Sheet 43

DIRECT ACCESS RULES

P. Credit Requirements (Continued)

2. Under Consolidated ESP Billing (continued)

e. Ongoing Maintenance of Credit

To assure continued validity of established unsecured credit, the ESP shall promptly notify the UDC 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 the UDC upon request. In the event the UDC 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 the UDC 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-month period.

3. Under Separate UDC/ESP Bills

If the ESP performs separate billing services, the UDC 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 UDC 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 UDC financing statements) reasonably required from time to time to implement the provisions set forth above and to perfect any security interest granted to UDC.

Q. ESP Financial Security Requirements

As a described in Section D.3, all new and existing ESPs are required to post a bond or demonstrate insurance sufficient to cover the re-entry fees associated with the involuntary return of its DA customers to SDG&E's bundled service. The calculated bond amount will include the administrative costs related to switching a customer back to bundled service, and, subject to CPUC approval of a calculation methodology in a subsequent proceeding, the incremental procurement costs for involuntarily returned residential and small commercial customers for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service.

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RULE 25

DIRECT ACCESS RULES

Q. ESP Financial Security Requirements (Continued)

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

- a. For existing ESPs, pursuant to D.11-12-018, SDG&E will perform the initial bond calculation based upon the administrative costs of switching a customer back to bundled service and submit the proposed bond amount 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 redacted. An unredacted version of each advice letter will be filed under confidential seal to the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SDG&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 bond amount provided confidentially only to that specific ESP in complete and unredacted form. Bonds must be posted by June 30, 2012, subject to approval by the Energy Division.
- b. For a new ESP that begins service, after December 1, 2011, in Month M + 2 (where M denotes the month when SDG&E will calculate the bond amount), the bond calculation will be performed using Month M-1 data, and the bond will be for the period from the start date through the next annual calculation. SDG&E will submit the proposed bond amount 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 redacted. An unredacted version of each advice letter will be filed under confidential seal to the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SDG&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 bond amount provided confidentially only to that specific ESP in complete and unredacted form. The ESP's bond must be posted before the ESP may begin service. It is the responsibility of the ESP to provide SDG&E with an accurate forecast of the expected number of customers and load.

2. Annual Bond Calculation:

SDG&E will update the amount of an ESP's bond or demonstration of insurance once annually, and submit the updated calculation to the Energy Division by April 10 of each year. Updated bond amounts will be submitted as Tier 1 advice letter for each ESP to the Energy Division and will be deemed accepted unless suspended by the Energy Division during the review period (30 days). Any confidential data relating to an ESP utilized in the calculation shall be redacted. An unredacted version of each advice letter will be filed under confidential seal to the Energy Division. Concurrent with submitting the advice letter to the Energy Division, SDG&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 bond amount provided confidentially only to that specific ESP in complete and unredacted form.

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RULE 25

DIRECT ACCESS RULES

Q. ESP Financial Security Requirements (Continued)

2. Annual Bond Calculation: (Continued)

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

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

The posted bond may be in the form of a third-party guarantee from an investment grade guarantor, a surety bond, letter of credit, cash or cash equivalent financial instrument or security, or other financial instrument or security reasonably acceptable to SDG&E and should be payable to directly SDG&E in the event an ESP fails to timely pay the re-entry fees demanded by SDG&E pursuant to Section Q.3, below.

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

The ESP is responsible for all applicable re-entry fees for its customers that are involuntary returned, as defined in Section B.18

a. SDG&E will calculate re-entry fees within sixty (60) days of earlier of (i) the start of the involuntary return of customers, or (ii) SDG&E's receipt of the ESP's written notice of involuntary return. The re-entry fee will be a binding estimate of:

- 1) The administrative cost to switch the involuntarily returned DA customers to bundled service, plus,
- 2) The incremental procurement costs for involuntarily returned residential and small commercial customers for a safe harbor period and then for an additional six-month period for those customers remaining on bundled service.

b. SDG&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.

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RULE 25

DIRECT ACCESS RULES

Q. ESP Financial Security Requirements (Continued)

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

- c. Re-entry fees are due and payable to SDG&E within fifteen (15) days after issuance of the demand for payment. If the ESP fails to make payment within fifteen (15) days, SDG&E may call upon the financial security posted by the ESP under Sections Q.1 or Q.2. to cover the re-entry fees.
- d. The ESP is responsible for covering all applicable re-entry fees for its customers that are involuntarily returned. Only if, or to the extent, the ESP is unable to cover all of the applicable re-entry fees any unreimbursed fees from the ESP must be covered by the returned DA customers.

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San Diego Gas & Electric Company
San Diego, California

Revised Cal. P.U.C. Sheet No. 22726-E
Canceling Revised Cal. P.U.C. Sheet No. 22649-E

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**SAN DIEGO GAS & ELECTRIC
ADVICE LETTER 2324-E
ATTACHMENT B (Public Version)
Administrative Costs for Re-entry Fee Per ESP**

ESP Information	No. of Customers 11/30/2011	Fee	Total	Methodology = No. of Customers * \$1.12
<u>3 Phases Renewables, LLC</u> ESP # 1373 2100 SEPULVEDA BLVD., SUITE 37 MANHATTAN BEACH, CA 90266 Phone: (310) 939-1283 Fax: (310) 939-1284 E-mail: energy@3phasesrenewables.com		\$1.12		
<u>BlueStar Energy Solutions</u> ESP # 1379 363 WEST ERIE STREET, SUITE 700 CHICAGO, IL 60654 Phone: (312) 628-8666 Fax: (312) 628-8668 E-mail: jcasadont@bluestarenergy.com		\$1.12		
<u>Calpine PowerAmerica-CA, LLC</u> ESP # 1362 717 TEXAS AVEUNUE, SUITE 1000 HOUSTON, TX 77002 Phone: (713) 830-8362 Fax: (713) 830-8902 E-mail: jarmenta@calpine.com		\$1.12		
<u>Commerce Energy, Inc.</u> ESP # 1092 1 CENTERPOINTE DRIVE, SUITE 350 LA PALMA, CA 90623 Phone: (714) 259-2508 Fax: (714) 481-6589 E-mail: igoodman@commerceenergy.com		\$1.12		
<u>Constellation NewEnergy, Inc.</u> ESP # 1359 100 CONSTELLATION WAY, SUITE 500C BALTIMORE, MD 21202 Phone: (410) 470-3148 Fax: (000) 000-0000 E-mail: kate.fleche@constellation.com		\$1.12		

**SAN DIEGO GAS & ELECTRIC
ADVICE LETTER 2324-E
ATTACHMENT B (Public Version)
Administrative Costs for Re-entry Fee Per ESP**

ESP Information	No. of Customers 11/30/2011	Fee	Total	Methodology = No. of Customers * \$1.12
<u>Direct Energy Business</u> ESP # 1351 7220 AVENIDA ENCINAS, SUITE 120 CARLSBAD, CA 92009 Phone: (916) 759-7052 Fax: (805) 980-4728 E-mail: andrea.morrison@directenergy.com		\$1.12		
<u>ENERCAL USA, LLC</u> ESP # 1380 7660 WOODWAY DRIVE, SUITE 471A HOUSTON, TX 77063 Phone: (877) 398-9705 Fax: E-mail: info@enercalusa.com		\$1.12		
<u>Glacial Energy Of California, Inc.</u> ESP # 1377 24 ROUTE 6A SANDWICH, MA 02563 Phone: (888) 452-2425 Fax: (214) 594-0000 E-mail: jessica.evans@glacialenergy.com		\$1.12		
<u>Liberty Power Delaware LLC</u> ESP # 1372 1901 W. CYPRESS CREEK RD, SUITE 600 FORT LAUDERDALE, FL 33309 Phone: (954) 598-7060 Fax: E-mail: asantiago@libertypowercorp.com		\$1.12		
<u>Liberty Power Holdings LLC</u> ESP # 1371 1901 W. CYPRESS CREEK RD, SUITE 600 FORT LAUDERDALE, FL 33309 Phone: (954) 598-7060 Fax: (954) 208-0207 E-mail: asantiago@libertypowercorp.com		\$1.12		

