

From: Berkovitz, Trista (GSO)
Sent: 12/14/2012 11:08:00 AM
To: 'sunil.shori@cpuc.ca.gov' (sunil.shori@cpuc.ca.gov)
Cc: Doll, Laura (/O=PG&E/OU=CORPORATE/CN=RECIPIENTS/CN=LRDD);
Christopher, Melvin J. (GSO) (/O=PG&E/OU=Corporate/cn=Recipients/cn=M6CE)
Bcc:
Subject: Response to question regarding noncore customer demand calculation

Sunil,

Thank you for meeting with Mel, Laura, and I last week to discuss PG&E's gas system winter readiness. I hope you found the meeting relevant and worthwhile.

In our meeting you requested more detail on how we calculate individual noncore customer demand on peak days. A description of our process is below:

Forecasting noncore customer demand on peak days

The process for determining noncore customers' demands on peak days was implemented in 2003 to increase reliability for both core and noncore customers during extreme weather events by more efficiently utilizing gas transmission assets. Prior to 2003, large customers were assumed to use their maximum connected load simultaneously even though this did not reflect the reality of their usage. In 2003, PG&E implemented a probabilistic approach to analyzing large gas customers demand (those with hourly load information) so that modeling of the gas system would more accurately reflect actual conditions and the diversity of load experienced. Large customers are now analyzed as a group, typically at the curtailment zone* level, to determine the amount of diversity, and this relative percentage is then applied to each individual customer's usage within the group. The use of this process also creates greater consistency across the system and is an equitable allocation of capacity among all customers.

How is each customer's projected demand determined?

The past three winters of hourly usage history is gathered for all noncore customers. Weekends, holidays, temperature-dependent customers, and customers with extremely large

demand (e.g. large power plants, storage, off-system customers) that would skew the analysis are excluded. Customers are then grouped, typically by curtailment zone, and their usage is aggregated for each day. A statistical distribution for each group is generated and the 90th percentile usage is then selected. Days with similar usage (+/- 3%) to this 90th percentile group usage are used in a statistical simulation to determine individual customer daily usage. This represents the most likely usage for that customer under that scenario and is used for design conditions and curtailment planning. For some smaller transmission systems, single-feed DFMs, and single service lines, we continue to use a reasonable maximum load for the large customer usage in order to maintain an adequate design level.

* The gas system is grouped into zones where noncore customers provide similar relief to a particular system constraint. In the event of a curtailment, these customers are curtailed by the same proportion to their design load.

Please let me know if you have any questions.

Trista