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CPUC Energy Division  
Energy Division Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102

**Re: Pacific Gas and Electric Company's Reply to the Independent Energy Producers Association's Partial Protest of Advice 3951-E-B – Second Supplement: Modifications to Advice Letter 3951-E-A: Revised Schedule S, "Standby Service," Special Condition 15 for Customers Under California Independent System Operator (CAISO) Station Power Protocol in Compliance With FERC Order on Remand**

Dear Energy Division Tariff Unit:

Pacific Gas and Electric Company (PG&E) hereby replies to the November 14, 2013 Independent Energy Producers Association's (IEP) partial protest to PG&E's Advice Letter 3951-E-B. PG&E filed the Advice Letter on October 25, 2013.

IEP's comments with regard to the 15-minute netting period are without merit and should be dismissed. IEP objects to the proposed 15-minute netting period for prospective charges as if it were a new provision that requires extensive Commission review and proceedings. In fact, the 15-minute netting practice has been implemented to determine generator standby charges for decades and is consistent with the existing treatment for PG&E's generation units. The 15-minute netting period refers to netting taking place on-site at a single location when the generator is running. The 15-minute netting period allows the netting of standby load (station power) only when the generator itself is running (Permitted Netting), and does not allow netting when a generating unit supplies energy to and receives energy from the transmission grid at different connections or at different times.

The changes proposed to Schedule S (Standby Service) under Advice Letter 3951-E-B and its predecessors (3951-E and 3951-E-A) simply apply PG&E's existing tariff policies to generators that qualify under Special Condition 15: that is, those customers that qualified under the CAISO's Station Power Protocol. This is consistent with the application of PG&E's standby service tariff before changes were implemented to apply the FERC decisions on station power. In other words, by approving PG&E's advice letter, the Commission would allow the existing 15-minute netting period to be applied across the board to all generation customers.

Likewise IEP's unsupported assertion that a 15-minute netting period somehow disadvantages fast starting or fast ramping units is immaterial. As discussed above, PG&E does not seek to implement a new netting period to the detriment of a subset of generators. To the contrary, PG&E proposes to revert to the pre-FERC station power decision paradigm and apply its existing tariff provisions to all generators.

An examination of the CPUC's long-standing policy on permitted netting is unnecessary for approval of this advice letter. This advice letter seeks to reinstate appropriate station power policies, in accordance with the reversal of the FERC station power decision and affirmation that the CPUC has jurisdiction over station power charges.

Sincerely

A handwritten signature in black ink that reads "Brian Cherry /KAC". The signature is written in a cursive style.

Vice President, Regulatory Relations

cc: Edward Randolph, Director, Energy Division  
Brian T. Cragg, Attorneys for the Independent Energy Producers Association  
Steven Kelly, for Independent Energy Producers Association