

RETURN TO ENERGY BRANCH
ROOM 1102

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3117
November 23, 1988

R E S O L U T I O N

RESOLUTION E-3117. PACIFIC GAS AND ELECTRIC COMPANY (PG&E). AUTHORIZED TO ADJUST ENERGY COST ADJUSTMENT CLAUSE (ECAC) REVENUES TO MAKE PAYMENTS TO QUALIFYING FORMER SCHEDULE-EC CUSTOMERS.

ADVICE LETTER 1224-E, FILED SEPTEMBER 12, 1988.

SUMMARY

1. PG&E seeks to adjust Energy Cost Adjustment Clause (ECAC) revenues to make payments of \$3.50 to customers formerly served on Schedule-EC, Direct Control of Residential Customers' Air Conditioners (Experimental), who have not yet had their direct control devices removed.
2. This resolution approves the request under certain conditions discussed below.

BACKGROUND

1. PG&E's Rate Schedule-EC Direct Control of Residential Customers air conditioners (Experimental), was an implementation of the California Energy Commission's (CEC's) Load Management Standards, Sections 16 and 22, adopted pursuant to Section 25403.5 of the Public Resources Code. This was also known as the Residential Peak Load Reduction Project (RPLRP).
2. PG&E's experimentation with direct control load management started in 1977 with 300 customers. By March, 1988 the project had 40,821 participating central air conditioning customers.
3. Customers participating in the air conditioning project allowed PG&E to install remote control switches on their air conditioners. These switches are operated by PG&E during periods of low system spinning reserves to either cycle or completely turn off customers' air conditioner loads. In return for their participation in the project, the

participants received a credit from PG&E of \$4 to \$12 per month from June through September. The incentive payment was based on the type of Cycling Strategy the customer chose.

4. Analysis by PG&E of the Schedule-EC -- Direct Control of Residential Customers Air Conditioners (Experimental)-- for the years 1977 to 1988 showed declining cost-effectiveness. As a result of the current non-cost-effectiveness of the project and PG&E's projected excess capacity, the utility asked the CEC for authorization to terminate the project.

DISCUSSION

1. CEC granted the request by Docket No. 88-LMR-1, May 25, 1988, subject to certain conditions. One condition was to let PG&E "remove 20% of the currently existing cyclers by December 31, 1988."

2. The remaining 80% of the 40,821 cyclers were placed in an inactive status for the summer of 1988 until an Energy Commission hearing determines:

- a) That PG&E's progress in developing alternative meter technology is satisfactory,
- b) the need for additional generation capacity, and
- c) a plan to install advanced load management devices.

3. The direct control switches use approximately 3.3 kwh per month while connected with air conditioners. Based on the average residential rate times the average use of a direct control switch, PG&E calculated the cost of energy to keep the switches connected to the customers' air conditioners to be \$3.50 per customer, annually.

4. Schedule-EC customers do not currently receive incentive payments because the CEC allowed PG&E to discontinue incentive payments to customers as of May 25, 1988.

5. The Commission Advisory And Compliance Division (CACD) has reviewed this advice letter and believes that the customers do not currently receive any benefit from having the devices connected to their air conditioners. Since the devices consume energy while being in an inactive status, the cost of this energy should be covered by the incentive monies for conservation collected by PG&E in rates. The current balance stands at \$3.2 million.

6. Also, CACD believes that PG&E should continue paying \$3.50 annually to each customer who has not had the direct control device removed.

PROTESTS

1. No protests have been received regarding this Advice Letter.

FINDINGS

1. It is reasonable for PG&E to make annual refund payments of \$3.50 to customers on Schedule-EC who still have the direct control devices until they are removed.

2. This filing will not increase any rate or charge, cause the withdrawal of services, or conflict with any other rate schedule.

3. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company shall make annual payments of \$3.50 in the form of a credit that will appear on subject customers billing, to each and every customer formerly served on Schedule-EC, who have not yet had their direct-control switches removed.
2. Pacific Gas and Electric Company shall begin paying the credits for previous years' device consumption with the February 1989 billing cycle and continue the annual credit payments of \$3.50 in the February billing cycle to each qualifying customer until the direct-control switches are removed from the customers premises.

3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting of November 23, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director