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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3166
December 6, 1989

RESOLUTION E-3166. PACIFIC GAS & ELECTRIC COMPANY AUTHORIZED TO FILE A SPECIAL AGREEMENT WITH CPC INTERNATIONAL INC. AND STOCKTON COGENERATION COMPANY AND TO DEVIATE FROM FILED ELECTRIC TARIFFS BY PERMITTING THE RESALE OF ELECTRICITY BY LANDLORDS OF COMMERCIAL PROPERTY.

BY ADVICE LETTER 1262-E, FILED SEPTEMBER 1, 1989.

SUMMARY

1. By Advice letter 1262-E, filed September 1, 1989, Pacific Gas & Electric Company (PG&E) requests authorization to file a special agreement with CPC International Incorporated (CPC) and Stockton Cogeneration Company (Stockton), dated December 20, 1988. This agreement seeks a deviation to the submetering restrictions of Rule 18, Supply To Separate Premises And Submetering Of Electrical Energy, which prohibits the resale of electricity by landlords of commercial property.

2. This resolution approves PG&E's request.

BACKGROUND

1. On November 30, 1984, PG&E and CPC entered into a Standard Offer 4 (SO4) Power Purchase Agreement for Long-Term Energy and Capacity (PPA), for the purchase of energy from a proposed cogeneration facility, to be located in Stockton, California.

2. CPC later leased the property for the cogeneration facility, along with all rights and obligations of the PPA, to Air Products and Chemicals Inc. (AP&C). In turn, as part of a tenant-subtenant relationship, AP&C subleased the property, along with all rights and obligations of the PPA to Stockton CoGen.

3. Stockton, in turn, constructed cogeneration facilities on the property, with a minimum capacity of at least 49.9 MW of electrical energy, which is the limit imposed by the California Energy Commission (CEC) for the production of electricity by a qualified facility (QF).

4. Stockton is under contract to sell thermal (steam) and electrical energy to CPC, as well as selling electricity to PG&E via the terms and conditions of the PPA. CPC operates a food

processing plant on a parcel contiguous to the Stockton cogeneration facilities. The CPC plant and Stockton's facilities are electrically connected. Stockton's facility is also electrically connected to PG&E.

5. Both CPC and Stockton have requested that PG&E provide electrical standby service at their facilities. However, the current electrical arrangement between CPC and Stockton does not permit PG&E to separately meter standby service to each location.

6. An alteration in the existing electrical arrangement between the two parties that would permit separate metering by PG&E could be made only at significant expense to CPC and Stockton.

7. The proposed agreement, as submitted by Advice Letter 1262-E would allow CPC to submeter Stockton's standby use and bill Stockton accordingly. To do this would require Commission approval to deviate from the provisions of PG&E's Electric Rule 18.

NOTICE

1. Public notification of this filing has been made by publication in the Commission's calendar and by mailing copies of the advice letter to other utilities, governmental agencies and to all interested parties who requested such notification.

2. To conserve mailing costs, PG&E did not mail copies of the agreement to all parties, but a copy of the agreement is available upon written request.

PROTESTS

1. No protests have been received.

DISCUSSION

1. The purpose of the proposed agreement would be to avoid unnecessary special-facility and line-extension expenses. The agreement allows CPC to submeter Stockton's standby use and to bill Stockton for that use at the same rates provided under PG&E's Schedule S, Standby Service.

2. The existing meter configuration of the property consists of a 115KV bi-directional meter owned by PG&E, one 12KV meter owned by CPC and two 12KV meters owned by Stockton.

3. PG&E's bi-directional meter is able to record the total power flow into and out of the CPC/Stockton facilities. When Stockton's generator is operating, the surplus power flow into the PG&E system is recorded by Channel A of PG&E's bi-directional meter. When the Stockton generator is not operating, power flow from the PG&E system is recorded by Channel B.

4. In order for PG&E to render separate stand-by bills to Stockton and CPC, the meter reading at the point of CPC's gross energy consumption must be subtracted from the reading at the point of PG&E's gross stand-by sales to CPC and Stockton during those periods when Stockton's generator was not operating. PG&E does not have the ability to perform the subtractive metering required to render separate and accurate stand-by bills (under all operating conditions) with the existing equipment.

5. Installation of separate 12KV feeds and separate metering facilities would be required to correct the problem. The main facility switch gear was under construction when the metering problem was discovered. Stockton has estimated that rearrangement of the feeds and switch gear would cost over \$250,000 with about 90% of the cost being the responsibility of Stockton and the remaining 10% being the responsibility of CPC.

6. Section 2.c. of PG&E's Rule 18 states: "The Utility will furnish and meter electricity to each individual non-residential premises or space, except:.....where, in the sole opinion of the Utility, it is impractical for the the Utility to meter individually each premises or space. In such cases, the Utility will meter those premises or spaces that it is practical to meter, if any."

7. Under the existing electrical arrangement, CPC can submeter Stockton's usage of standby service at little additional expense to either party.

8. The unpredictable nature of standby usage makes an absorption of standby rates and charges into any rental charges between the two parties impractical.

9. Under the terms of the proposed agreement, PG&E will master-meter the standby service through the existing metering equipment currently in place and will bill CPC under the applicable tariff rate schedule for such standby service.

10. CPC will install, at its expense, submetering equipment at the point of interconnection between the two facilities and will submeter Stockton's use of standby service.

11. CPC will bill Stockton for such submetered standby service at the same rates and charges that would be applicable if PG&E were providing standby service directly to Stockton.

12. PG&E's Electric Rule 18 prohibits the resale of electricity by landlord of commercial property except under a schedule that specifically provides for resale service. Standby service does not meet this requirement and thus Commission approval is required for PG&E to provide service to CPC under the provisions of the agreement between CPC and Stockton.

13. Standby service is intermittent by nature and thus submetering by CPC can not be determined as real demand upon PG&E's system.

14. The Commission Advisory and Compliance Division (CACD) has reviewed this filing and believes that the proposed agreement will provide standby service to both CPC and Stockton under terms that are mutually acceptable to both parties and will provide such service without incurring unnecessary line-extension charges.

15. However, CACD believes that any submetering facilities provided by either CPC or Stockton should be subject to PG&E inspection and approval prior to the implementation of service through such facilities, and/or the approval of the proposed agreement.

16. PG&E alleges, and CACD concurs, that this filing will not increase any rate or charge, cause the withdrawal of service, nor conflict with other rate schedules or rules.

FINDINGS

1. PG&E should be allowed to deviate from the provisions of Electric Rule 18 by providing electric standby service to CPC and Stockton under the provisions of proposed agreement, as submitted by Advice letter 1262-E.

2. The agreement between PG&E, CPC and Stockton will allow for electrical standby service to both CPC and Stockton under terms that are acceptable to all parties and without the expense of PG&E providing separate metering facilities to each party.

3. Any submetering facilities installed by either customer should be subject to PG&E inspection and approval prior to service being provided through such facilities and prior to Commission authorization of this agreement.

4. Deviating from the filed tariff rules in order to provide service to these customers will in no way adversely affect the rates to PG&E's other ratepayers.

5. Nothing in the authorization of this rule deviation should be construed as precedent setting and any future requests by any party for rule deviation will require separate Commission consideration and ruling.

6. In all other aspects, the provisions for providing standby electrical service to QF's should remain in effect.

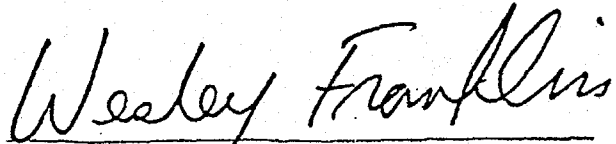
7. The Commission Advisory and Compliance Division recommends that the proposed agreement, as submitted by Advice Letter 1262-E should be approved.

THEREFORE IT IS ORDERED that:

1. Pacific Gas & Electric Company is authorized under the provisions of Section X.A. of General Order No. 96-A and under Section 455 of the Public Utilities Code to deviate from the provision of Electric Rule 18, by providing electric standby service to CPC International Incorporated and Stockton CoGen Company under the terms and conditions of the agreement filed by Advice Letter 1262-E.
2. Pacific Gas & Electric Company is also authorized to file the above agreement.
3. Such deviation from tariff rules and implementation of the provisions of the agreement shall be contingent upon PG&E inspection and approval of any submetering facilities installed by either customer.
4. Within thirty (30) days after the completion of the installation of the submetering facilities, Pacific Gas & Electric Company shall submit a letter to the Chief of the Energy Branch of the Commission's Advisory and Compliance Division which will verify the inspection and approval of any customer-installed facilities.
5. Within thirty days after the effective date of this resolution Pacific Gas & Electric Company shall file an advice letter filing amending the List of Contracts and Deviations to include the above agreement.
6. Advice letter 1262-E and accompanying agreement shall be marked to show that they were accepted for filing by Resolution E-3166.
7. This resolution is effective today.

I hereby certify that this resolution was adopted by the California Public utilities Commission at its regular meeting on December 6, 1989. The following commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners


WESLEY FRANKLIN
Acting Executive Director