

Energy Branch

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3215
December 27, 1990

R E S O L U T I O N

RESOLUTION E-3215. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS AUTHORITY TO REVISE ITS EXPERIMENTAL REAL-TIME
PRICING TARIFF, SCHEDULE A-RTP.

BY ADVICE LETTER 1324-E, FILED ON November 8, 1990.

SUMMARY

1. By Advice letter 1324-E, Pacific Gas and Electric Company (PG&E) requests authority to revise its Experimental Real-Time Pricing tariff, Schedule A-RTP. The requested revisions are as follows:
 - a. Extend the experiment through December 31, 1992.
 - b. Revise the rate design.
 - c. Increase the number of participants to 50 by 1992.
2. This resolution authorizes the revisions.

BACKGROUND

1. The Real-time Pricing (RTP) experiment was authorized in Decision 83-12-068, dated December 22, 1983. The experiment is designed to provide participants daily with prices for electrical energy during each hour of the next day. The purposes of this information are:
 - a. to charge a price more closely matched to the cost of energy;
 - b. to observe and measure the effect of price changes on energy consumption patterns.
2. The experiment has had only a small number of participants. It began with four large industrial customers in 1985 and grew to 14 customers in 1990.

DISCUSSION

1. PG&E states that there are several advantages to determining, communicating, and charging the real-time prices. These advantages may be stated as goals of the program:

- a. Greater customer understanding of and control over their operations.
 - b. Potential for savings on customers' electricity bills.
 - c. More accurate and timely collection of production costs.
 - d. Potential increase in system efficiency.
2. PG&E proposes to revise the design of RTP rates. Decision 89-12-057 (dated December 20, 1989) directed PG&E to improve the accuracy of its costs reflected in the rate, and PG&E states that its proposed revision complies with that directive. Four changes are proposed to the rate:
- a. Seasonal collection of the RTP revenue is realigned to reflect production costs at the time they are incurred.
 - b. Collection of coincident Transmission and Distribution capacity costs in the summer is added.
 - c. The RTP gas adjustment mechanism is based on the average Utility Electric Generation rate.
 - d. Marginal customer cost is used as the basis for the RTP customer charge.
5. Both the Commission Advisory and Compliance Division and the Division of Ratepayer Advocates have reviewed these new rates and agree that they more accurately reflect the utility's costs.
6. Decision 89-12-057 states the Commission's desire to both extend and expand the RTP experiment. The Decision authorizes a budget which would permit expansion up to 35 participants in 1991 and up to 50 in 1992.
7. PG&E asserts that the RTP project is a "viable addition to its Demand-Side load management options," but it has not provided evidence that a load management benefit has resulted from the program.
8. PG&E should submit a complete review of the project in its next general rate case.
9. The proposed rate design in the RTP tariff will depend on the revenue allocation to be adopted in PG&E's 1990 Energy Cost Adjustment Clause proceeding, Application 90-04-005, which is expected to be effective January 1, 1991.

NOTICE

1. Public notice of this filing was made by mailing copies of the advice letter to other utilities, governmental agencies and to all interested parties who requested such notification. Notice of the advice letter filing was published in the Commission calendar on November 13, 1990.

PROTESTS

1. No protests have been received by the CACD.

FINDINGS

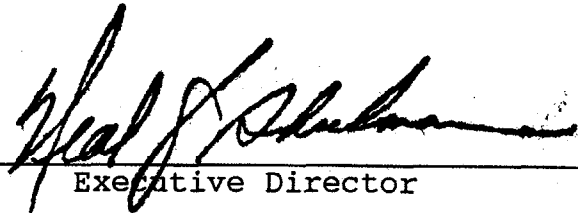
1. PG&E's proposed revision of its Real-Time Pricing experiment, Schedule A-RTP, is expected to more accurately reflect the utility's cost of service.
2. The extension and expansion of the Real-Time Pricing experiment is consistent with D. 89-12-057 and is reasonable.
3. Estimates of the load management benefits of Real-Time Pricing should be made throughout the remainder of the experiment and submitted in PG&E's annual report on the experiment to the Commission. Such estimates are necessary to determine whether the program's goals stated above are being achieved.
4. PG&E should submit a complete review of the experimental Real-Time Pricing project in its next general rate case.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to revise its experimental Real-Time Pricing tariff, Schedule A-RTP, as requested in its Advice Letter 1324-E.
2. Advice Letter 1324-E and its accompanying tariff sheets shall be marked to show they were approved by Resolution E-3214.
3. Pacific Gas and Electric Company shall estimate the load management benefits of the Real-Time Pricing experiment and submit its results in each annual report it files on the program.
4. Pacific Gas and Electric Company shall submit a complete review of Real-Time Pricing project in its next general rate case.
5. Pacific Gas and Electric Company is authorized to adjust its Real-Time Pricing rate design to reflect the revenue allocation ordered in its 1990 Energy Cost Adjustment Clause proceeding, A. 90-04-005.
6. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 27, 1990. The following Commissioners approved it:

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



Executive Director