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June 15, 2006

Advice 2843-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Revisions to Schedule NEM – Net Energy Metering Service to
Provide Customers with Clarity on Administration of the Cap**

Pacific Gas and Electric Company (PG&E) hereby submits for filing this revision to its electric Schedule NEM – *Net Energy Metering Service*.

Purpose

In light of approaching the legislatively-determined cap on retail net metering in PG&E's service territory, PG&E proposes a revision to electric Schedule NEM in this filing to provide clarity to customers regarding the steps they must complete to be considered on a first-come, first-serve basis under the cap.

Background

On September 24, 2002, Governor Davis signed Assembly Bill (AB) 58, which amended Section 2827 of the Public Utilities Code (PUC) and expanded retail net metering for customers installing wind and solar generation. AB 58 also provided that retail net metering be made available on a first-come, first-serve basis until the total rated generating capacity used by eligible customers reaches one half of one percent of a utility's aggregate customer peak demand.

Currently, PG&E has interconnected approximately 83 MW of solar and is installing approximately 2 MW each month. PG&E anticipates that it will likely reach the one-half percent cap, amounting to about 94 MW for PG&E, on retail net metering prior to January 1, 2007. Therefore, PG&E filed Advice 2796-E and 2796-E-A to provide customers with: (1) a bridge from the current legislation to proposed legislation expanding the cap, effective January 1, 2007¹; (2) details of how applications toward the cap would be counted; and (3) certainty that all

¹ This date could be earlier if urgent legislation is passed and made effective immediately.

applications submitted before the end of 2006 would be accepted for net metering. The Commission denied that advice letter. While its letter rejecting this advice filing did not provide a reason, PG&E understands that Energy Division believes the Commission does not have authority to extend net metering beyond the legislatively-established cap. Therefore, PG&E files this advice letter only proposing to detail what steps customers must complete so they can be considered on a first-come, first-serve basis until the cap is reached.

Thus in this filing, PG&E proposes to amend the Applicability language in electric Schedule NEM to state that the tariff is available on a first-come, first-serve basis to all customers who file a "completed" application with PG&E, including a signed Interconnection Agreement and proof of final inspection clearance for the generator installation by the governmental entity with jurisdiction, until such time as the total rated generating capacity used by eligible customer-generators exceeds one-half percent of PG&E's aggregate customer peak demand.

PG&E believes this proposed revision to electric Schedule NEM will help provide customers with clarity about how the legislative cap will be administered by PG&E.

Tariff Revisions

PG&E proposes to amend to following language in Electric Schedule NEM:

This rate schedule is available on a first-come, first-served basis until such time as the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand.

So that it reads:

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with: (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand.

Protests

Anyone wishing to protest this filing may do so by sending a letter by **July 5, 2006**, which is 20 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, California 94102
Facsimile: (415) 703-2200
E-mail: jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address. The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Brian Cherry
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-7226
E-mail: PGETariffs@pge.com

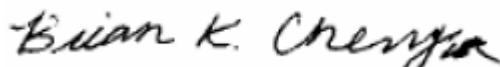
Effective Date

PG&E requests that this advice filing become effective on **July 15, 2006**, which is the regular thirty days from the date of filing.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this Advice Letter is being sent electronically and via U.S. mail to parties shown on the attached list and to the service list for R.04-03-017 and R.06-03-004. Address changes should be directed to Rose de la Torre at (415) 973-4716. Advice Letter filings can also be accessed electronically at:

<http://www.pge.com/tariffs>



Director - Regulatory Relations

Attachments

cc: Service Lists – R.04-03-017 and R.06-03-004

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Pacific Gas and Electric Company U39E

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Shilpa Ramaiya

Phone #: (415) 973-3186

E-mail: srrd@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **2843-E**

Subject of AL: Revisions to Schedule NEM – Net Energy Metering Service to Provide Customers with Clarity on Administration of the Cap

Keywords (choose from CPUC listing): Net metering

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: **7-15-2006**

No. of tariff sheets: 3

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Schedule NEM – Net Energy Metering

Service affected and changes proposed¹: See advice letter

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

jjr@cpuc.ca.gov and jnj@cpuc.ca.gov

Utility Info (including e-mail)

Attn: Brian K. Cherry

Director, Regulatory Relations

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: PGETariffs@pge.com

¹ Discuss in AL if more space is needed.

**ATTACHMENT 1
Advice 2843-E**

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
25045-E	Schedule NEM--Net Energy Metering Service	24915-E
25046-E	Table of Contents -- Rate Schedules	24962-E
25047-E	Table of Contents -- Title Page	25027-E



SCHEDULE NEM—NET ENERGY METERING SERVICE

APPLICABILITY: This net energy-metering schedule is applicable to a residential, small commercial (as defined in subdivision (h) of Section 331 of the California Public Utilities Code (CPU Code)), commercial, industrial, or agricultural customer who uses a solar or wind turbine electrical generating facility, or a hybrid system of both, with a capacity of not more than 1,000 kilowatts that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with PG&E's transmission and distribution facilities, including wind energy co-metering customers as defined in CPU Code Section 2827.8, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer-generator" or "customer"). Certain incremental billing and metering costs set forth in this schedule that are related to net energy metering are applicable to Energy Service Providers (ESPs) serving eligible customer-generators.

This service is not applicable to a Direct Access (DA) customer where the customer's ESP does not offer a net energy metering tariff. In addition, if an eligible customer-generator participates in direct transactions with an electric provider that does not provide distribution service for the direct transactions, the electric provider, and not PG&E, is obligated to provide net energy metering to the customer.

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with: (a) a completed Net Energy Metering Application including all supporting documents and required payments; AND (b) a completed signed Net Energy Metering Interconnection Agreement; AND (c) evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the generating facility; until such time as the total rated generating capacity used by eligible customer-generators exceeds one-half of 1 percent of PG&E's aggregate customer peak demand.

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TERRITORY: The entire territory served.

RATES: All rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise-applicable metered rate schedule. An eligible customer-generator served under this schedule is responsible for all charges from its otherwise-applicable rate schedule including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges. The "Average Rate Limiter" for general service otherwise-applicable-rate schedules and all other demand charges will be based on the demand in kilowatts as measured only on the energy being consumed by the customer from PG&E. The power factor, when it applies on the otherwise-applicable-rate schedule, will be based on the average power factor over the past 12 billing months of operation prior to starting on NEM. Customer-generators without 12 billing months of power factor history, will have their power factor estimated based on the nature of the connected facilities and their hours of operation. Power factor will be subsequently applied to the customer-generator's bill until the customer-generator demonstrates to PG&E's satisfaction that adequate correction had been provided. PG&E will continue to monitor and review the power factor and if warranted, change the power factor correction on the customer-generator's bills. Charges for electricity supplied by PG&E will be based on the net metered usage in accordance with Net Energy Metering and Billing (Special Condition 2, below).

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RATE SCHEDULES

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**PG&E Gas and Electric Advice
Filing List
General Order 96-A, Section III(G)**

ABAG Power Pool
Accent Energy
Aglet Consumer Alliance
Agnews Developmental Center
Ahmed, Ali
Alcantar & Elsesser
Ancillary Services Coalition
Anderson Donovan & Poole P.C.
Applied Power Technologies
APS Energy Services Co Inc
Arter & Hadden LLP
Avista Corp
Barkovich & Yap, Inc.
BART
Bartle Wells Associates
Blue Ridge Gas
Bohannon Development Co
BP Energy Company
Braun & Associates
C & H Sugar Co.
CA Bldg Industry Association
CA Cotton Ginners & Growers Assoc.
CA League of Food Processors
CA Water Service Group
California Energy Commission
California Farm Bureau Federation
California Gas Acquisition Svcs
California ISO
Calpine
Calpine Corp
Calpine Gilroy Cogen
Cambridge Energy Research Assoc
Cameron McKenna
Cardinal Cogen
Cellnet Data Systems
Chevron Texaco
Chevron USA Production Co.
Childress, David A.
City of Glendale
City of Healdsburg
City of Palo Alto
City of Redding
CLECA Law Office
Commerce Energy
Constellation New Energy
CPUC
Cross Border Inc
Crossborder Inc
CSC Energy Services
Davis, Wright, Tremaine LLP
Defense Fuel Support Center
Department of the Army
Department of Water & Power City
DGS Natural Gas Services
Douglass & Liddell
Downey, Brand, Seymour & Rohwer
Duke Energy
Duke Energy North America
Duncan, Virgil E.
Dutcher, John
Dynergy Inc.
Ellison Schneider
Energy Law Group LLP
Energy Management Services, LLC
Enron Energy Services
Exelon Energy Ohio, Inc
Exeter Associates
Foster Farms
Foster, Wheeler, Martinez
Franciscan Mobilehome
Future Resources Associates, Inc
G. A. Krause & Assoc
Gas Transmission Northwest Corporation
GLJ Energy Publications
Goodin, MacBride, Squeri, Schlotz &
Hanna & Morton
Heeg, Peggy A.
Hitachi Global Storage Technologies
Hogan Manufacturing, Inc
House, Lon
Imperial Irrigation District
Integrated Utility Consulting Group
International Power Technology
Interstate Gas Services, Inc.
IUCG/Sunshine Design LLC
JTM, Inc
Kaiser Cement Corp
Luce, Forward, Hamilton & Scripps
Manatt, Phelps & Phillips
Marcus, David
Masonite Corporation
Matthew V. Brady & Associates
Maynor, Donald H.
McKenzie & Assoc
McKenzie & Associates
Meek, Daniel W.
Mirant California, LLC
Modesto Irrigation Dist
Morrison & Foerster
Morse Richard Weisenmiller & Assoc.
Navigant Consulting
New United Motor Mfg, Inc
Norris & Wong Associates
North Coast Solar Resources
Northern California Power Agency
Office of Energy Assessments
OnGrid Solar
Palo Alto Muni Utilities
PG&E National Energy Group
Pinnacle CNG Company
Plurimi, Inc.
PPL EnergyPlus, LLC
Praxair, Inc.
Price, Roy
Product Development Dept
R. M. Hairston & Company
R. W. Beck & Associates
Recon Research
Regional Cogeneration Service
RMC Lonestar
Sacramento Municipal Utility District
SCD Energy Solutions
Seattle City Light
Sempra
Sempra Energy
Sequoia Union HS Dist
SESCO
Sierra Pacific Power Company
Silicon Valley Power
Smurfit Stone Container Corp
Southern California Edison
SPURR
St. Paul Assoc
Stanford University
Sutherland, Asbill & Brennan
Tabors Caramanis & Associates
Tansev and Associates
Tecogen, Inc
TFS Energy
Transcanada
Turlock Irrigation District
U S Borax, Inc
United Cogen Inc.
URM Groups
Utility Cost Management LLC
Utility Resource Network
Wellhead Electric Company
Western Hub Properties, LLC
White & Case
WMA