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September 22, 2009

ADVICE LETTER 2077-E-A
(U 902-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: SUPPLEMENTAL FILING: REMOVAL OF SC-TO-SC TRADES FOR
ELECTRIC SCHEDULE CAPACITY BIDDING PROGRAM (CBP)**

San Diego Gas & Electric Company (SDG&E) hereby transmits for filing the following changes to its electric tariffs, as shown in Attachment A.

PURPOSE

Pursuant to discussions with EnerNOC and the California Public Utilities Commission's (Commission) Energy Division, SDG&E is supplementing Advice Letter 2077-E to include additional information regarding providing notification to its Direct Access Capacity Bidding Program participants of recent program changes.

The purpose of this filing is to modify language in SDG&E's Schedule CBP to make it compatible with the implementation of the Market Redesign and Technology Upgrade (MRTU) of the California Independent System Operator's (CAISO). SDG&E is required to change Special Condition 2 of Schedule CBP, which sets forth the Scheduling Coordinator to Scheduling Coordinator (SC-to-SC) trade requirement because it became outdated once the CAISO's MRTU went live. Consequently, SDG&E proposes to modify Schedule CBP to provide that Direct Access (DA) and Community Choice Aggregation (CCA) customers on the CBP will no longer receive energy payments from SDG&E for their load reductions, but will continue to collect capacity payments from SDG&E, as applicable. This change would *not* prevent DA customers from entering into arrangements with their respective Energy Service Providers (ESPs) to receive part or all of the energy benefits derived from the DA customers' load reductions during CBP events.

BACKGROUND

On September, 29, 2008, the Alliance for Retail Energy Markets (AReM) filed a protest to the investor-owned utilities (IOUs) Demand Response (DR) Amended Applications (A.08-06-001 et

al) raising several issues related to DA customers' participation in the IOUs' DR programs, one of which was the requirement of the SC-to-SC trade. On November 10, 2008, the Assigned Commissioner and Administrative Law Judge issued a Scoping Memo and Ruling (Ruling) in A. 08-06-003, et al., that directed the IOUs and AReM work together in an effort to resolve the issues addressed.

AReM and the IOUs filed a *Joint Status Report on Energy Service Provider Issues* on December 16, 2008 which resolved several issues raised by AReM and committed the parties to "use their best efforts to resolve, before MRTU is implemented, through the California Independent System Operator's (CAISO) DR Working Group or other groups as appropriate: (a) any identified technical or regulatory barriers to DA customer participation in MRTU DR Programs; (b) whether an SC-to-SC trade or a similar mechanism should continue after MRTU; and (c) any ongoing concerns (financial, logistical or other) regarding ending or continuing of SC-to-SC trades or similar mechanisms with ESPs as a result of DA customers' participation in a DR program." SCE filed Advice 2332-E on March 18, 2009 and Supplemental Advice 2332-E-A on July 10, 2009, and PG&E filed Advice 3447-E on April 3, 2009 proposing a resolution to this issue with AReM's support. SDG&E's proposal in this advice letter is similar to SCE's and PG&E's proposals.

The CBP program is one of a variety of DR programs designed to offer customers a choice of commitment, compensation, and risk levels for DR participation. The CBP is available to CCA, DA, and Bundled Service customers who can choose to enroll in CBP through an aggregator or directly with SDG&E.

Scheduling Coordinators (SCs) are the intermediaries between the CAISO and the retailers who serve end-use customers. They submit energy schedules to the CAISO with the particulars of where they plan to generate, transmit, and consume electricity the next day. Currently, CBP requires the ESPs of DA or CCA customer participants to complete an SC-to-SC trade with SDG&E for the excess energy accumulated after a DA customer drops load during a CBP event. In the past, this SC-to-SC trade has been a trade of energy between the ESP and SDG&E. However, once MRTU was implemented, the nature of SC-to-SC trades was fundamentally different from those before MRTU and there is no longer a mechanism to enable the SC-to-SC energy trade to occur.

TARIFF REVISIONS

SDG&E proposes to modify rate Schedule CBP to eliminate the SC-to-SC trade requirement and eliminate the energy payment due from SDG&E to DA or CCA customers enrolled in CBP (directly or through an aggregator) for load reductions during CBP events. DA or CCA customers or their aggregators will still receive capacity payments from SDG&E as applicable under CBP, based on their specific performance under the program. This modification does not prevent DA or CCA customers from entering into arrangements with their respective ESPs to receive part or all of the energy benefits derived from the DA customers' load reductions during CBP events.

To ensure that participating DA and CCA customers are notified of the SC-to-SC protocol change in the CBP program, upon approval by the Commission of the modifications, SDG&E will notify its participating DA and CCA customers through mailed letters or electronic mail

correspondence of this change and also provide information on how to obtain a copy of this advice letter filing. SDG&E will coordinate with AReM and Aggregators as to the wording of the notification in advance of sending the notice to DA customers. Additionally, SDG&E will be able to answer customer questions related to this program change through its DRP Hotline at (866) 377-4735 or by emailing drp@semprautilities.com.

This program modification is intended to be temporary while knowledge/understanding of DR in MRTU is increased. SDG&E plans to continue to work with the CAISO DR Working Groups or other groups as appropriate to ensure that any continuing scheduling coordinator issues are addressed in MRTU as it continues to develop. This program modification is not meant to set precedent for future DA or CCA participation in SDG&E's DR programs.

EFFECTIVE DATE

SDG&E believes this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SDG&E respectfully requests that this filing be approved effective October 22, 2009, 30 days from the date filed.

PROTEST

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impacts, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the CPUC. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Public Utilities Commission
CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Honesto Gatchallian (ijnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: mcaulson@semprautilities.com

NOTICE

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.08-06-002, by either providing them a copy electronically or by mailing them a copy hereof properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by email at SDG&ETariffs@semprautilities.com.

RON VAN DER LEEDEN
Director – Rates, Revenues & Tariffs

(cc list enclosed)

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. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Megan Caulson

Phone #: (858) 654-1748

E-mail: MCaulson@SempraUtilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2077-E-A

Subject of AL: Supplemental Filing: Removal of SC to SC trades for Electric Schedule Capacity Bidding Program (CBP).

Keywords (choose from CPUC listing): Compliance, Demand Response

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 N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: _____

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 10/22/09

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: Electric Schedule CBP, Table of Contents

Service affected and changes proposed¹: N/A

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

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling
S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
S. Gallagher
H. Gatchalian
D. Lafrenz
M. Salinas

CA. Energy Commission

F. DeLeon
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes
G. Lonergan
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill
J. Pau

Dept. of General Services

H. Nanjo
M. Clark

Douglass & Liddell

D. Douglass
D. Liddell
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg
J. Heather Patrick
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark
M. Huffman
S. Lawrie
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties

A.08-06-002

ATTACHMENT
ADVICE LETTER 2077-E-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21352-E	SCHEDULE CBP, CAPACITY BIDDING PROGRAM, Sheet 2	Original 19647-E
Revised 21353-E	TABLE OF CONTENTS, Sheet 1	Revised 21346-E
Revised 21354-E	TABLE OF CONTENTS, SCHEDULE OF RATES, Sheet 5	Revised 21341-E



SCHEDULE CBP

CAPACITY BIDDING PROGRAM

SPECIAL CONDITIONS

1. Definitions: The Definitions of terms used in this schedule are found either herein or in Rule 1, Definitions.

2. Qualifying Customer: Service under this schedule is available to all non-residential time-of-use metered customers with demand in excess of 20 kW who elect to participate. Customers electing to participate in the Program must meet and comply with all of the requirements for such participation as set forth in this Schedule. Participating customers must have the required metering and operable communications equipment installed prior to and while participating in the Program. See Metering Requirement Special Condition 13, for additional details. Participating customers must have the required notification equipment in place prior to participation in the Program. See Event Notification/Communication Special Condition 8, for additional details.
 - a. Aggregators: In the event customers elect to participate in the Program via an Aggregator, such participation, and such Aggregator's participation in the Program, are subject to the terms and conditions of this schedule and Rule 30, Aggregators for the Capacity Bidding Program (CBP). Customers participating in the Program may designate only one Aggregator at a time for each participating meter and may change such designation only after the expiration of the Minimum Term in respect of such participating meter (unless terminated earlier, as set forth in Term, Special Condition 19). Prior to any changes in the designation or any termination of an Aggregator, a customer shall deliver to the Utility a "Notice to Add, Change or Terminate an Aggregator for Capacity Bidding Program" (Form 142-05302) notifying the Utility of such change or termination.

 - b. Direct Access and Community Choice Aggregation Customers: The Utility will no longer provide energy payments to Participants or Aggregators for load reductions from DA or CCA customers during CBP events (\$0/kWh), due to the Scheduling Coordinator (SC)-to-SC trade and payment changes to the CBP program. Participants and Aggregators will still receive capacity payments from the Utility for DA or CCA customers' load as applicable under this Schedule. This provision does not prevent DA or CCA customers from entering into arrangements with their respective ESPs or CCAs to receive part or all of the energy benefits derived from the DA or CCA customers' load reductions during CBP events. The Utility will notify existing CBP Participants and Aggregators of this recent SC-to-SC program change.

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Advice Ltr. No. 2077-E-A

Decision No. _____

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Sep 22, 2009

Effective Sep 24, 2009

Resolution No. _____



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