DRA/TURN JOINT CONCERNS

- Cost-effectiveness
- Coordination with CAISO's MRTU markets to avoid double payment for capacity
- Integration into AMI
- Title-24 Regulations

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PG&E AC Direct Load Program
(A.07-04-009)

PROPOSED RECOMMENDATIONS

DRA

DRA Preferred Recommendation

One-year budget of approx. $23.5 million to install up to 50,000 devices in 2008, with 10% cap on PCT devices.

DRA Alternate Recommendation

Approval of a three-phase budget:

(1) Authorize a four-year budget (2008-2011) to install 300 MW based on DRA's recommended assumptions (approx. $137 million)

- Slower ramp: up to 50,000 devices in 2008
- 10% cap PCTs
- No risk based allowance

(2) After summer 2008, if necessary, file an advice letter for additional funding through 2011 to address specific changes to the program design (e.g., incentive levels).

(3) PG&E files an application in 2011 to maintain the program.

TURN

TURN Preferred Recommendation

1. Delay installation of any additional AC cycling units until R.07-01-041 is concluded
2. Direct PG&E to meet with CAISO and Energy Division
3. Make PG&E's program cost-effective by following recommendations in TURN's opening brief
4. Direct PG&E to perform load impact study on persistence of demand reduction from PCTs

TURN Alternative Recommendation

1. DRA's preferred recommendation
2. Direct PG&E to perform load impact study on persistence of demand reduction from PCTs
3. Direct PG&E to meet with CAISO and Energy Division