

Decision 09-01-016 January 29, 2009

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company (U-39-E) for Approval of 2008-2020 Air Conditioning Direct Load Control Program.

Application 07-04-009  
(Filed April 6, 2007)

**DECISION GRANTING PETITION TO MODIFY DECISION 08-02-009**

On December 18, 2007, Pacific Gas and Electric Company (PG&E), the Division of Ratepayer Advocates (DRA), and The Utility Reform Network (TURN) entered into a settlement agreement regarding PG&E's 2008-2020 Air Conditioning Direct Load Control Program (AC Program). Decision (D.) 08-02-009 adopted the terms of the settlement agreement. It approved PG&E's request to build an AC Program of up to 305 megawatts (MW) by June 2011 but limited the size of the program to 152 MW in June 2009. The decision, including the June 2009 size limitation, was based in part on PG&E's estimate that each load control device it installed in customer premises would result in 1 kilowatt (kW) of average load reduction. In April 2008, PG&E's measurement and evaluation contractor advised the utility that actual average load reduction per device would be 1.23 kW. The result of this increase in average load reduction per switch is that PG&E now estimates it will reach the 152 MW limit by January 31, 2009.

If the June 2009 limit of 152 MW remains in place, PG&E will have to severely reduce or suspend program marketing and device installation from

February to June, 2009. Further, PG&E's installation contractor may be required to furlough employees during that period before resuming device installation.

On November 25, 2008, PG&E, DRA, and TURN filed a joint petition to modify D.08-02-009. The petition asks us to remove the June 2009 size limitation while retaining the rest of the original decision including the total load reduction of 305 MW by June 2011. A proposed amendment to the December 2007 settlement agreement is attached as an exhibit to this decision. The parties ask that we modify D.08-02-009 to include approval of the amendment.

### **Discussion**

We adopted D.08-02-009 and approved the terms of the all-party settlement agreement in order to facilitate a load reduction strategy that provided a cost-effective means of dealing with periods of peak demand without the construction of additional generation facilities. Because the switch technology has proven to be more effective in practice than anticipated at the time we issued D.08-02-009, it has become counter-productive to retain the June 2009 limitation on average load reduction. This conclusion is supported by DRA and TURN as well as PG&E. Under these circumstances, we believe it is clearly in the public interest to grant the petition.

### **Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

### **Assignment of Proceeding**

Rachelle B. Chong is the assigned Commissioner and Karl Bemederfer is the assigned Administrative Law Judge in this proceeding.

### **Findings of Fact**

1. On February 18, 2008, the Commission approved the all-party settlement agreement among DRA, TURN, and PG&E regarding PG&E's proposed AC Program.
2. The settlement agreement and the decision approving it were based on the assumption that each load control device installed on customer premises would result in average load reduction of 1 kW.
3. Actual experience has demonstrated that each load control device produces average load reduction of 1.23 kW.
4. The decision limited total load reduction to 152 MW in June 2009.
5. PG&E will reach total load reduction of 152 MW by January 31, 2009.
6. If the June 2009 load reduction limit is retained, PG&E will have to severely curtail or suspend the AC Program from February to June 2009.

### **Conclusions of Law**

1. As amended, the Settlement Agreement remains reasonable in light of the whole record and consistent with the law.
2. Modification of D.08-02-009 to eliminate the June 2009 limit on total direct load reduction as requested in the Amendment to the Settlement Agreement is in the public interest.

**O R D E R**

**IT IS ORDERED** that:

1. Decision 08-02-009 is modified to eliminate the June 2009 limitation of 152 MW on total load reduction achieved by PG&E's 2008-2020 Air Conditioning Direct Load Control Program.
2. The Amendment to Settlement Agreement Between and Among Pacific Gas and Electric Company, The Division of Ratepayer Advocates, and The Utility Reform Network attached hereto as Exhibit 1 is approved.
3. Application 07-04-009 is closed.

This order is effective today.

Dated January 29, 2009, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners

# **EXHIBIT 1**