

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking into the operation of interruptible load programs offered by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company and the effect of these programs on energy prices, other demand responsiveness programs, and the reliability of the electric system.

Rulemaking 00-10-002
(Filed October 5, 2000)

Phase 2

**ADMINISTRATIVE LAW JUDGE'S RULING REGARDING
DEMAND BIDDING PROGRAM OR ALTERNATIVES**

This proceeding remains open for further consideration of the demand bidding program (DBP). (Decision (D.) 02-04-060, Ordering Paragraph 21.) In particular:

“...we keep this proceeding open to examine the future of the DBP. DWR [Department of Water Resources] may or may not be able to fund the DBP for Summer 2002. We want continuation of this program, or a smooth transition to a similar program, because this or a similar program provides unique flexibility for customer participation and payment based on performance. Customers are familiar with DBP, and both hardware and software are in place for its implementation. The Assigned Commissioner and Administrative Law Judge should seek comment on alternatives as appropriate for our further consideration and resolution before this summer.” (D.02-04-060, mimeo., page 54.)

DBP may or may not be needed to moderate prices in Summer 2002 given that California's wholesale electricity market has at least temporarily stabilized. That stability may be from price caps implemented by the Federal Energy

Regulatory Commission, DWR's role in procuring each utility's net short requirement, or other causes. If not for price moderation, DBP may still be useful in Summer 2002 to address reliability or other concerns.

DWR says the DBP "will be reactivated in June of 2002 or in the event of a Stage II or III ISO [Independent System Operator] Emergency, whichever occurs first." (December 13, 2001 DWR letter to the California ISO attached to the Ruling dated January 11, 2002.) Another alternative may be for each utility to fund and operate DBP for Summer 2002. This might be accomplished by modifying D.01-07-025. (See Attachment A.) A further alternative might be for each utility to reinstate its Voluntary Demand Response Program. (See D.01-04-006, mimeo., Attachment A, pages 4-5.)

Parties may file and serve comments and reply comments on these alternatives. Parties may also propose other alternatives, and may file and serve reply comments on those alternatives.

IT IS RULED that parties may file and serve comments and reply comments on the future of the demand bidding program (DBP). Comments on the future of the DBP, comments on the alternative stated in Attachment A to this Ruling, comments on reinstating the Voluntary Demand Response Program, and other alternative proposals for the future of DBP shall be filed and served within six days of the date of this Ruling. Replies shall be filed and served within four days of the date by which comments and alternatives must be filed.

Dated May 14, 2002, at San Francisco, California.

/s/ BURTON W. MATTSON

Burton W. Mattson
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by regular mail, and by electronic mail on those parties with an electronic mail address, this day served a true copy of the original attached Administrative Law Judge's Ruling Regarding Demand Bidding Program or Alternatives on all Phase 2 parties of record in this proceeding or their attorneys of record.

Dated May 14, 2002, at San Francisco, California.

/s/ JACQUELINE GORZUCH
Jacqueline Gorzoch

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.