

Price Caps Revisited

Ensuring a Demand Program for Summer 2001

July 6, 2000

Grid Services

A/S Self Provision

In Scheduling, A/S requirements are based on posted percentages.

In Settlements, A/S requirements are based on Rational Buyer.

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June 22nd Meeting Issues

Demand Response Program

Issue: Last minute changes to Agreement.

Solution: Fully executed Agreements arrived Monday, June 26th.

Ancillary Services Program

Issue: 60 day lead time on hardware.

Solution: PO signed June 26th with 20 day delivery schedule.

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June 28th Decision

The Price Cap Decision reads in part:

2.b. The two summer 2000 trial load programs will be exempted from this change in price caps.

2.e. Management shall reduce its purchases of replacement reserves and cap capacity payments at \$100.

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June 28th Decision Issues

DRP

Energy payment is based on last BEEP Interval Price. For DRP, is this assumed to be \$750?

Ancillary Services

How is Replacement Reserve allocated when the ISO wants 200 MW and there are 400 MW of generation bids and 100 MW of load bids (over \$100)?

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Price Caps and Demand

The special compensation for the Demand programs may facilitate continued participation in 2000.

The lack of clear price signals in the Summer of 2000 will negatively impact Demand programs in 2001.

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Demand Response Timetable

Summer 2000

- Proof of Process (will it work?)

Summer 2001

- Proof of Value (herding the consumer)

- Proof of Profit (seducing the investor)

Market Redesign + one year

- Var support

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Future Programs

Aggregated generation

Generation behind load

Residential loads

- Leverage existing home security systems

- Alternatives to costly metering

- Renewable support

Load center var support

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SDG&E Residential Tariff

	DR Tariff Generation	PX Credit Average	Percent Difference
Baseline	0.03888	0.04509	16
Non-Baseline	0.05129	0.04509	-12

- DOES NOT INCLUDE AUGUST CREDIT OF APPROXIMATELY \$260 (ON \$50 BILL)
- DR Generation - Generation component in cents/kwh as effective 1/1/99
- PX Avg - 12 month average PX credit values in cents/kwh from Utility Web site

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SCE Residential Tariff

	D Tariff Generation	PX Credit Average	Percent Difference
Baseline	0.06703	0.04865	-27
Non-Baseline	0.07983	0.04865	-39

- D Generation - Generation component in cents/kwh from Web site. Summer/Winter values were averaged
- PX Avg - 12 month average PX credit values in cents/kwh from Utility Web site

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PG&E Residential Tariff

	E-1 Tariff Generation	PX Credit Average	Percent Difference
Baseline	0.05944	0.05573	-6
Non-Baseline	0.06606	0.05573	-15

- E-1 Generation - Generation component in cents/kwh from Web site
- PX Avg - 12 month average PX credit values in cents/kwh from Utility Web site

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Recommendation

Option 1: Remove Price Cap

Option 2: Return Price Cap to \$750

Option 3: Leave last weeks decision in place

Not an Option: Reduce the existing Price Cap

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