



**RULE 29**

THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

The terms and conditions of this Rule shall apply to Third-Party Marketers (referred to herein as "Marketer" or "Marketers"), who contract with SDG&E to perform functions on behalf of customers related to participation in the Base Interruptible Program ("BIP"). The Marketer shall manage BIP enrollment for customers and ensure customer compliance with applicable tariff and contract requirements. The Marketer is required to sign a Third-Party Marketer Agreement for Base Interruptible Program (Form No. 142-05215) (the "Marketer Agreement") with the Utility and, as part of such agreement, shall act on behalf of customers with respect to the receipt of incentive payments from and the payment of charges to the Utility under BIP. This Rule shall also apply to the Utility's customers participating in BIP who have designated a Marketer under Schedule BIP to act on their behalf.

Marketers are appointed by individual customers in the "Notice to Add, Change or Terminate Third-Party Marketer for Base Interruptible Program" submitted by such customers to the Utility.

The specific requirements of individual customers are described in Schedule BIP and the BIP Contract (Form No. 142-05207) between the customer and the Utility. A customer's participation in BIP through the use of a Marketer under this Rule is subject to the terms and conditions of Schedule BIP and the incentives and charges associated with Schedule BIP.

A. GENERAL

1. Eligibility and Application for Marketer Status.

- a. Marketers are required to complete a Marketer Agreement with the Utility and to furnish all financial information required by the Utility to ensure that the Marketer is able to perform its obligations under the Marketer Agreement and this Rule.
- b. Marketers approved by the Utility may market BIP to customers eligible to participate in BIP under Schedule BIP. The Marketer shall enter into and maintain signed contracts with each eligible customer electing to participate in BIP through Marketer whereby such customer authorizes Marketer, as its representative, to receive incentive payments and to pay penalty charges on behalf of such customer in connection with such customer's participation in BIP ("Customer Contract"). The Utility shall not be responsible for monitoring, auditing, reviewing or enforcing such Customer Contracts between the Marketer and such customers. Once Marketer has entered into a Customer Contract with an eligible customer, Marketer shall deliver a "Notice by Third-Party Marketer to Add or Delete Customers" adding such customer.
- c. Marketers must ensure that each customer whom it represents in BIP pursuant to a Customer Contract (i) has entered or enters into the Base Interruptible Program Contract (Form No. 142-05207), (ii) has completed a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" designating such Marketer, and (iii) has delivered all such documents, instruments, consents and agreements as may be required for such customer's participation in BIP and designation of such Marketer (including, without limitation, an "Authorization To Receive Customer Information or Act on a Customer's Behalf" ).

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**RULE 29**

Sheet 2

THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

A. GENERAL (Continued)

1. Eligibility and Application for Marketer Status (Continued)

- d. To participate as a third-party marketer in BIP, eligible customers whom Marketer represents in BIP pursuant to Customer Contracts shall have committed, in the aggregate, to provide the Utility with a minimum of 1 MW of Committed Load (as defined in Schedule BIP) on a monthly basis ("Minimum Load Reduction"). A Marketer shall not be entitled to participate as a third-party marketer in BIP if such Marketer cannot obtain or maintain the Minimum Load Reduction. If the Marketer is unable to maintain the Minimum Load Reduction by the first of each month, the Marketer will be given 14 calendar days from the date of such inability to make up the committed load capacity in order to achieve the Minimum Load Reduction. If sufficient committed load capacity is not added within such 14 calendar days, the Marketer's Marketer Agreement may be terminated, at the Utility's sole discretion, and the provisions of Section E below shall apply.
- e. The Marketer must have access to the Internet and an e-mail address to receive event notifications and communications via the Internet. In the event of a BIP curtailment event as set forth in Schedule BIP, using one or more of the above-mentioned systems, the Utility will notify the Marketer at the same time that the customers are notified under Schedule BIP. Receipt of such notice from the Utility is the responsibility of the Marketer. The Utility does not guarantee the reliability of the e-mail system or Internet site by which the Marketer receives the notification.
- f. The term of the Marketer Agreement between a Marketer and the Utility shall be 3 years, beginning on the calendar day upon which the Marketer Agreement is accepted by the Utility and ending 3 years from such date, unless terminated earlier in accordance with this Rule or the Marketer Agreement.

2. Customer Elections

- a. Eligibility for BIP is limited to customers that meet the requirements set forth in Schedule BIP.
- b. Customers may designate only one Marketer at a time for each participating meter using the "Notice to Add, Change or Terminate Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216).

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Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

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**RULE 29**

THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

A. GENERAL (Continued)

2. Customer Elections (Continued)

- c. Except in the case of a termination of the Marketer Agreement between a customer's Marketer and the Utility as provided in Section E below, customers may elect to change their designation of a Marketer or terminate their Customer Contract with a Marketer only during the month of November, with such changes or termination becoming effective the following January 1. Prior to any changes in the designation or any termination of a Marketer, a customer shall deliver to the Utility a "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) notifying the Utility of such change or termination. In the event a customer whom the Marketer represents in BIP elects to change third-party marketers or to terminate its Customer Contract with the Marketer, the Marketer shall deliver to the Utility, by November 30, a "Notice by Third-Party Marketer to Add or Delete Customers" confirming such change or termination.
- d. Customers whom the Marketer represents in BIP may only elect to change its Firm Service Level during the month of November for any participating meter. As provided in Schedule BIP, the Marketer shall deliver to the Utility a written notification of such change prior to such change taking effect.

3. Rates

- a. Committed Load Incentive Payments (as defined in Schedule BIP) payable on account of a customer shall be in accordance with the rates as set forth in Schedule BIP.
- b. Excess Energy Usage Charges (as defined in Schedule BIP) and any other charges or fees due to the Utility on account of a customer shall be in accordance with the rates set forth in Schedule BIP.

4. Fees, Surcharges and Taxes

Applicable taxes will be added to all billings, including any other fees, surcharges and taxes applicable within the city of political subdivision where the electricity is actually used.

5. Release of Customer Information

The Utility must receive a signed "Authorization To Receive Customer Information or Act on a Customer's Behalf" prior to the release of customer usage data to the Marketer. Subject to customer authorization, for each request to release customer usage data, the Utility will provide a maximum of the then most recent 12 months of the customer's electric usage data (or all data available if the customer has less than 12-months usage history) to the customer or to the Marketer. If a customer, or the Marketer, requests this historic usage data more than 2 times per year for a specific customer account, the Utility shall have the ability to assess a processing charge if approved by the Commission.

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THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

**B. ESTABLISHMENT OF MARKETER'S ABILITY TO PERFORM**

1. Participation in BIP

Prior to, and as a condition to, the Marketer's execution of a Marketer Agreement, the Marketer shall be required to furnish the Utility with financial information satisfactory to the Utility, as requested by the Utility, in order for the Utility to determine whether the Marketer is able to perform its obligations under the Marketer Agreement. Based on the Utility's valuation of such information, Utility may require security in an amount to be determined by the Utility. In the event the Utility determines that a financial change has or could adversely affect the creditworthiness of the Marketer, or if the Marketer does not provide the requested financial information or required security deposit, the Utility may terminate the Marketer's participation in BIP immediately or require the Marketer to provide additional security.

All information provided by the Marketer to the Utility will remain strictly confidential.

2. Security

The Utility may require, on a case by case basis, that the Marketer provide adequate security in order to participate, or continue to participate, in BIP. Such security may be in one of the following forms, in the amounts to be determined by the Utility:

- a. Cash Deposit – Deposits will earn interest at the 3-month commercial paper rate.
- b. Letters of Credit – Irrevocable and renewable standby Letters of Credit issued by a major U.S. financial institution acceptable to the Utility.
- c. Surety Bonds – Renewable surety bonds in a form acceptable to the Utility, which are issued by a major insurance company acceptable to the Utility.
- d. Guarantees – Guarantors must furnish financial information as requested by the Utility and have credit standards acceptable to the Utility. Guarantees must be accompanied by other forms of security equal to at least 20% of the credit requested. "Other forms of security deposit" shall include those items outlined above and any other form and amount of collateral to which the Utility, in its sole discretion, agrees in writing.

If the Utility determines that security is required, it is due and payable upon demand prior to the commencement of the Marketer's participation in BIP. All forms of security shall be retained as long as the Marketer is participating in BIP.

**C. FINANCIAL ARRANGEMENTS**

The Marketer Agreement shall establish the Marketer's right to receive all incentive payments due to, as well as the Marketer's obligation to pay to the Utility all penalty payments or charges incurred by, the eligible customers participating in BIP whom the Marketer represents pursuant to Customer Contracts. All incentive payments and penalty payments and charges will be calculated in aggregate on an individual customer basis by individual participating meter data pursuant to Schedule BIP.

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**RULE 29**

THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

C. FINANCIAL ARRANGEMENTS (Continued)

1. Incentive Payments to Customers

Subject to the provisions of Section D, for each customer participating in BIP via the Marketer, the Utility shall pay the Marketer the customer's monthly Committed Load Incentive Payment (as defined in Schedule BIP) in lieu of payment thereof directly to such customer ("Customer Incentive Payments"). The amount of Customer Incentive Payments due to a Marketer for all customers whom such Marketer represents in BIP shall be aggregated and paid by the Utility to such Marketer in one lump sum payment ("Aggregated Customer Incentive Payment"). Customers participating in BIP via a Marketer authorize the Utility to make such payment of Customer Incentive Payments to the Marketer in lieu of payment thereof directly to such customer, and such customers release the Utility from any and all liabilities and obligations to pay such incentive payments directly to such customers.

The Marketer is required to pay each customer whom it represents in BIP pursuant to a Customer Contract the agreed upon amount of incentive payments as set forth in such Customer Contract.

The Utility will calculate the Committed Load Incentive Payments for each customer due to Marketer and provide verified individual customer data to the Marketer within 10 business days following the end of the calendar month, subject to the Marketer Agreement and the authorization of such customer.

2. Penalty Payments or Charges to Utility

Subject to the provisions of Section D, the Marketer is required to pay the Utility the full amount of any and all penalty payments or Excess Energy Usage Charges incurred by each customer whom such Marketer represents in BIP pursuant to a Customer Contract.

The Utility will monitor customer event performance and provide verified individual customer settlement data to be included with a bill to the Marketer within 10 business days of the end of the calendar month, subject to the Marketer Agreement and the authorization of such customer.

D. BILLING AND PAYMENT TERMS

1. Billing and Payment Terms for Marketer Payments

Subject to Section D.2, the Utility shall pay the Marketer the Aggregated Customer Incentive Payment due to the Marketer within 90 days after the end of the calendar month in which such incentive payment accrued.

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**Lee Schavrien**  
Vice President  
Regulatory Affairs

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**RULE 29**

THIRD-PARTY MARKETERS FOR BASE INTERRUPTIBLE PROGRAM

D. BILLING AND PAYMENTS TERMS (Continued)

2. Billing and Payment Terms for Charges Payable by Marketer

Any and all amounts due to the Utility for Excess Energy Usage Charges incurred during a particular month by a customer whom a Marketer represents in BIP pursuant to a Customer Contract shall offset any Aggregated Customer Incentive Payments due to such Marketer in respect of such month. In the event that any portion of the Excess Energy Usage Charges due to the Utility in a particular month exceeds the Aggregated Customer Incentive Payments payable to the Marketer for such month, the Utility shall bill the Marketer for such excess amount. The bill shall be due and payable by the Marketer upon receipt.

3. Method of Payment

All payments will be submitted electronically or by wire transfer unless otherwise agreed to by the Utility.

4. Late Payment

The Utility's bill to Marketer will be considered past due if it is not paid within 15 calendar days after transmittal. If a Marketer does not pay any bill rendered to it by the Utility within such 15 calendar days, then:

a. A 7-day notice may be mailed to the Marketer and to each of the customers whom it represents in BIP pursuant to a Customer Contract. If the charges in the notice remain unpaid after the expiration of the 7-day notice, the Utility shall have the right to either (i) terminate the Marketer Agreement and Marketer's participation in BIP or (ii) make a draw under any security provided by the Marketer for such outstanding amounts. If Marketer's participation in BIP is terminated, the Marketer remains responsible for all outstanding charges incurred by each customer whom Marketer represented in BIP prior to such termination, even if such charges are identified after the termination becomes effective; and

b. The Marketer will be unable to add eligible customers until late payments are cured.

If a Marketer pays late 3 or more times by 7 days or less, or pays late one or more time by greater than 7 days in any contiguous 12-month period, then, in addition to all other rights of the Utility resulting from such late payments (or any non-payments), the Utility may require full collateral in the form of cash, irrevocable standby letter of credit, security bond or any other security instrument deemed appropriate by the Utility. If such collateral is requested and not provided by the Marketer to the Utility, the Marketer's participation will be subject to termination by the Utility.

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**RULE 29**

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D. BILLING AND PAYMENTS TERMS (Continued)

5. Customer Liability for Marketer Obligations

Any draw by the Utility under any security deposit provided by the Marketer to pay any outstanding charges owed by such Marketer in connection with its participation in BIP as a Marketer shall be applied pro rata to each customer whom such Marketer represents in BIP that incurred such charges, which pro rata basis shall be based upon the amount of such customer's portion of such outstanding charges in relation to the aggregate amount of such outstanding charges. If any security provided by the Marketer has not been provided or does not adequately cover the outstanding charges owed by the Marketer to the Utility, such customers will be liable for any remaining outstanding charges to the extent still owing on the account of such customer.

E. TERMINATION OF MARKETER AGREEMENT

If a payment is not received within 7 days of the issuance of a past due notice, the Marketers participation in BIP pursuant to the Marketer Agreement will be subject to termination. In addition, if the Utility receives any notification that the Marketer has filed or will be filing any type of bankruptcy, or is closing its business, the Marketers participation pursuant to the Marketer Agreement will be terminated immediately and all of the Marketer's rights thereunder shall be terminated.

Upon termination of the Marketer Agreement between the Utility and the Marketer:

1. Termination notices will be sent to the Marketer and to each of the customers whom the Marketer represents in BIP;
2. All fees, charges and other obligations of the Marketer to Utility shall be immediately due and payable without further notice of demand; and
3. At the time of termination, if the Marketer has not paid Utility billings, any security provided by Marketer shall be applied to recoup unpaid bills.

The customers whom the Marketer represented in BIP will have 14 days from the date of termination of the Marketer Agreement in which to continue their participation in BIP through another Marketer or directly with the Utility without the designation of a Marketer. Such customers shall submit a "Notice to Add, Change or Terminate a Third-Party Marketer" (Form No. 142-05216) setting forth their election. If such customer does not submit such "Notice to Add, Change or Terminate a Third-Party Marketer for Base Interruptible Program" (Form No. 142-05216) by the time specified above, such customer will be deemed to have elected to continue its participation in BIP directly with the Utility without the designation of a Marketer.

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F. ARBITRATION OF DISPUTES

The terms and conditions of the agreement governing the relationship between the Marketer and a customer with respect to such customer's participation in BIP through such Marketer are independent of the Utility. Any disputes arising between Marketer and such customer shall be handled between those parties.

If a customer disputes a Utility bill, the disputed amount will be deposited with the California Public Utilities Commission (hereinafter referred to as "Commission") pending resolution of the dispute under the existing Commission procedures for resolving such disputes with the Utility. If a customer has a billing dispute with its Marketer, the customer will remain obligated to pay Utility charges in a timely manner. The Marketer shall not withhold payment of any such Utility charges pending resolution of any such disputes. If a Marketer disputes a Utility bill, the disputed amount will be deposited with the Commission pending resolution of the dispute under existing Commission procedures. No termination of participation in BIP will occur for this dispute while the Commission is hearing the matter, provided that the Marketer has deposited the full amount in dispute with the Commission or with the Utility.

G. UTILITY SERVICES

The Utility shall continue to read customer meters and provide customers with all other regular utility services.