



RULE 31

PARTICIPATING LOAD PILOT

This Rule shall apply to Aggregators (referred to herein as "Aggregator" or "Aggregators"), who contract with the Utility to perform functions on behalf of customers related to participation in the Utility's Participating Load Pilot ("Pilot"). Aggregators shall manage Pilot enrollment for customers and ensure customer compliance with applicable tariff and contract requirements. Aggregators are required to sign an Aggregator Agreement for Participating Load Pilot (Form 165-1001) (the "Aggregator Contract") 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 the Pilot. This Rule shall also apply to the Utility's customers participating in the Utility who have designated an Aggregator to act on their behalf.

Aggregators are appointed by individual customers participating in the Pilot pursuant to the "Notice to Add, Change or Terminate Aggregator for Participating Load Pilot" (Form 165-1002) submitted by such customers to the Utility.

The specific requirements of individual customers participating in the Pilot are further described in Schedule PLP and each such customer's Participating Load Pilot Customer Contract (Form 165-1000) ("Customer Contract"). A customer's participation in the Pilot through the use of an Aggregator is subject to the terms and conditions of Schedule PLP and this Rule.

A. GENERAL

1. Eligibility and Application for Aggregator Status

- a. Aggregators are required to complete an Aggregator Contract with the Utility and to furnish all financial information required by the Utility to ensure that the Aggregator is able to perform its obligations under the Aggregator Contract and this Rule.
- b. Aggregators approved by the Utility may market the Pilot to customers eligible to participate in the Pilot. Aggregators must enter into and maintain signed contracts with each eligible customer electing to participate in the Pilot through Aggregator ("Aggregator/Customer Contracts"), whereby such customer authorizes Aggregator, as its representative, to receive incentive payments on behalf of such customer in accordance with Schedule PLP. Each Aggregator/Customer Contract must contain the following:
 - (i) provisions reasonably satisfactory to the Utility allowing the Utility to test load control and meters and to audit meter data;
 - (ii) an acknowledgement to the Utility by the customer party thereto that: (A) the Utility shall not be liable under any circumstances for the failure by such customer's Aggregator, or by any other party, to pay to such customer any amounts that such Aggregator is required to pay under the Aggregator/Customer Contract or under the Pilot; and (B) in accordance with Schedule PLP, such customer may be liable for amounts due and owing by such Aggregator in the event Aggregator fails to make payment of such amounts to the Utility pursuant to the Aggregator Contract with the Utility; and

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A. GENERAL (Continued)

1. Eligibility and Application for Aggregator Status (Continued)

b. (Continued)

(iii) a waiver of any and all claims by the customer party thereto as against the Utility with respect thereto.

Further, each Aggregator/Customer Contract must contain a provision whereby the customer party thereto acknowledges and agrees that the Utility has the right to terminate its Aggregator Contract with the Aggregator if the Aggregator fails to pay customer in accordance with the terms of such Aggregator/Customer Contract. Any Aggregator/Customer Contract that fails to include the provisions above will be considered void ab initio, and any such Aggregator/Customer Contract will be deemed a material breach of the Aggregator Contract to which such Aggregator is a party.

c. Utility shall have the right to, and Aggregators shall permit Utility to, audit and review each Aggregator/Customer Contracts to which such Aggregators are a party. Notwithstanding the foregoing, the Utility shall not be responsible for monitoring, auditing, reviewing or enforcing such Aggregator/Customer Contracts.

d. Once an Aggregator has entered into an Aggregator/Customer Contract with an eligible customer, Aggregator shall deliver a "Notice by Aggregator to Add or Delete Customers for Participating Load Pilot" (Form 165-1003) adding such customer. Aggregator must notify Utility of any removal of customers from its representation by delivering to Utility the same "Notice by Aggregator to Add or Delete Customers for Participating Load Pilot" (Form 165-1003), removing such customer. Aggregator's delivery of such notice is a condition precedent to both Aggregator's representation of such customer and Aggregator's termination of its representation of such customer, as the case may be. Aggregator acknowledges that each customer it represents is subject to the terms and conditions of Schedule PLP.

e. Aggregators must ensure that each customer whom it represents in the Pilot: (i) has entered or enters into a Customer Contract with Utility; (ii) has completed a "Notice to Add, Change or Terminate an Aggregator for Participating Load Pilot" (Form 165-1002) designating such Aggregator; and (iii) has completed, executed and delivered all such documents, instruments, consents and agreements as may be required for such customer's participation in the Pilot and for the designation of such Aggregator (including, without limitation, an "Authorization To: Receive Customer Information or Act on a Customer's Behalf" .

f. Each Aggregator must provide a certification satisfactory to the Utility that none of the customers it represents will receive duplicative benefits from participating in multiple demand reduction programs. The certification must include names, locations and meter numbers of all such customers so that the Utility can confirm or verify with the Commission or other appropriate entity that no customer listed by such Aggregator is receiving any such duplicative benefits.

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A. GENERAL (Continued)

1. Eligibility and Application for Aggregator Status (Continued)

g. Aggregators shall also meet and comply with all of the requirements and obligations for "Aggregators" as set forth in Schedule PLP and in their Aggregator Contracts with the Utility.

2. Rates

Load Reduction Incentive Payments (defined in Schedule PLP) and any other charges or fees due to each Aggregator on account of the customers such Aggregator represents shall be paid by Utility in accordance with the rates and amounts therefore as set forth in Schedule PLP.

3. 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.

4. Release of Customer Information

The Utility must receive a signed "Authorization To: Receive Customer Information or Act on a Customer's Behalf" from a customer participating in the Pilot via an Aggregator prior to the release of such customer's usage data to such Aggregator. Subject to customer authorization, for each request to release customer usage data, the Utility will provide a maximum of the then most recent twelve (12) months of the customer's electric usage data (or all data available if the customer has less than twelve (12)-months' usage history) to the customer or to the Aggregator.

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B. ESTABLISHMENT OF AGGREGATOR'S ABILITY TO PERFORM

1. Participation in the Pilot

Prior to, and as a condition to, the Aggregator's execution of an Aggregator Contract, the Aggregator 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 Aggregator is able to perform its obligations under the Aggregator Contract and the Pilot. 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 Aggregator, or if the Aggregator does not provide the requested financial information or required security deposit, the Utility may terminate the Aggregator Contract to which such Aggregator is a party and such Aggregator's participation in the Pilot immediately or require the Aggregator to provide additional security.

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

Aggregators currently qualified as such on the Capacity Bidding or Base Interruptible Programs are pre-qualified as Aggregators for PLP to the extent they are not required to supply the above financial information. They are still required to sign the PLP Aggregator Agreement.

2. Security

The Utility may require, on a case by case basis, that the Aggregator provide adequate security in order to participate, or continue to participate, in the Pilot. 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 Aggregator's participation in the Pilot. All forms of security shall be retained as long as the Aggregator is participating in the Pilot.

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C. BILLING AND PAYMENT TERMS

1. Billing and Payment Terms for Aggregator Payments

Subject to Paragraph C.2, the Utility shall pay the Aggregator any Load Reduction Incentive Payments due to the Aggregator under the Pilot within 30 days after the end of each operating month of the Pilot but no later than 60 days after the end of such operating month.

2. Billing and Payment Terms for Charges Payable by Aggregator

Any and all amounts due to the Utility from an Aggregator shall offset any payments due to such Aggregator in respect of such month. In the event that any portion of such amounts due to the Utility in a particular month exceeds the payments payable to the Aggregator for such month, the Utility shall bill the Aggregator for such excess amount. The bill shall be due and payable by the Aggregator 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 an Aggregator will be considered past due if it is not paid within 15 calendar days after transmittal. Such Aggregator will be unable to add eligible customers until late payments are cured.

D. TERMINATION OF AGGREGATOR CONTRACT

Upon termination of the Aggregator Contract between the Utility and the Aggregator:

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

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E. RESOLUTION OF DISPUTES

The terms and conditions of the Aggregator/Customer Contract between the Aggregator and a customer are independent of the Utility. Any disputes arising between Aggregator 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 Aggregator, the customer will remain obligated to pay Utility charges in a timely manner. The Aggregator shall not withhold payment of any such Utility charges pending resolution of any such disputes. If an Aggregator 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 the Pilot will occur for this dispute while the Commission is hearing the matter, provided that the Aggregator has deposited the full amount in dispute with the Commission or with the Utility.

F. UTILITY SERVICES

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

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