

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 11**

To: Board of Directors

From: Mitch Sears, Interim General Manager
Rebecca Boyles, Director of Customer Care and Marketing
Sierra Huffman, Program and Community Engagement Analyst

Subject: Time-of-Use (TOU) Rate Transition Update

Date: February 10, 2022

RECOMMENDATION

None requested. Informational item.

BACKGROUND

Since April of 2021, VCE's residential customers have been transitioning from flat, tiered rates to time-of-use (TOU) rates. TOU rates are designed to better reflect the wholesale energy market and grid conditions, with elevated prices when energy is in high demand and lower prices when solar and wind energy is plentiful. TOU rates encourage customers to use energy during daylight hours or overnight, when energy is both cleaner and more abundant.

VCE's residential TOU transition began with NEM customers in March 2021, and the remainder of eligible customers will be transitioned in April 2022. These customers have received co-branded PG&E and VCE notifications, one of which details a customer's projected financial impact on the rate, including information on how the customer can decline the transition if they choose. As of 2/1/2022, about 12,500 customers are projected to be included in the April transition. While 44,000+ VCE customers are still on a non-TOU rate, there are factors that make them ineligible for the transition: medical baseline, <12 months of usage data, or enrollment/eligibility for CARE/FERA in a hot climate zone. Customers can decline the transition to stay on their current rate plan at any time.

Since nearly 12,500 individuals or about 20% of VCE's residential customers will be moved to ETOU-C, VCE staff is analyzing the impacts of providing Bill Protection for newly transitioning TOU customers. PG&E is providing Bill Protection that requires that the customer stay on the TOU rate for 12 months. After 12 months on the TOU rate, customers are credited back any additional money they spent on the TOU plan compared to E1.

If implemented by VCE, Bill Protection implementation would be done by SMUD. If VCE follows PG&E's approach to Bill Protection, SMUD would verify a VCE customers' transition, confirm they stayed on the rate for 12 months, and calculate and apply the bill credits.

Financial Impact: Estimates are being updated from the previous analysis (2019) and will be provided at the March Board meeting. Analyses will consider: the cost of implementing Bill Protection, benefiter/non-benefiter on the TOU rates, and potential revenue impacts of the transition.

CONCLUSION

Next steps for TOU and Bill Protection include an updated financial analysis, along with clarifying the options for Bill Protection consideration at the March Board meeting.