

VALLEY CLEAN ENERGY ALLIANCE

Staff Report - Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
Jim Parks, Director of Customer Care and Marketing

SUBJECT: Residential Time of Use Rate Update

DATE: July 25, 2019

REQUESTED ACTION

Informational. A recommendation will be requested at the next CAC meeting.

BACKGROUND

PG&E is required by the CPUC to implement residential time of use (RTOU) rates as the default rate for eligible residential customers. The rates will be phased in over a 13-month period beginning October 2020. If VCE decides to adopt the RTOU rates, they will go into effect in February 2021.

PG&E is asking CCAs for two decisions before October 2019, meaning the CAC should make a recommendation to the VCE board for their September 12 meeting. The two decisions are:

1. Should VCE adopt PG&E's RTOU rates?
2. Should VCE offer bill protection for the first year?

To date there have been three CAC presentations on this topic; two from VCE staff and one from PG&E. PG&E staff also presented to the VCE board at the July 11 meeting.

ADDITIONAL INFORMATION

VCE will host a public meeting to get community input on the proposed RTOU rates. The meeting will be held during the next CAC meeting (August 22) in Woodland. VCE staff will provide introductory remarks, PG&E will give a brief presentation, and this will be followed by Q&A. Staff will request recommendations from the CAC following the public meeting in order to meet the October deadline.

The following table identifies questions/issues and provides answers that will be useful in developing recommendations to the VCE board.

RESIDENTIAL TIME OF USE Q&A	
Questions	Answers
Why does the rate remain the same during weekends and holidays? Those times are typically considered off-peak.	The residential load profile as a customer class does not change much during weekends and holidays, so consistent rates make sense. Residential loads tend to be temperature driven, so loads go up during hot weather regardless of time of week.
Even so, wholesale electricity prices are usually cheaper during weekends and holidays.	PG&E compensates for this by offering RTOU rates with lower peak pricing than the other IOUs.
What is the peak period?	4 p.m. to 9 p.m.
What are the impacts to VCE of offering Bill Protection during the first year?	Assuming consumption habits do not change due to RTOU, the one-year net impact on VCE's budget will be \$142,000.
Who is impacted?	Customers on the E1 rate will be transitioned.
How many VCE customers will be impacted?	Approximately 20,000 E1 customers will be transitioned.
When will VCE customers transition?	February 2021. There is a 13-month transition period across PG&E territory beginning October 2020.
What about customers on low income or medical rates?	These customers are not eligible for RTOU in VCE service territory due to the hot climate.
Can a customer opt out of RTOU?	Yes, similar to VCE's opt out policy, customers can opt out of RTOU rates.
What about other CCAs? What are they doing?	Most CCAs have verbally committed to adopting RTOU.
If VCE opts out of RTOU, will the distribution portion of the bill (PG&E's portion) be on TOU?	Yes. Eligible VCE customers will still be on TOU rates for PG&E's portion of the bill.
Pilot RTOU studies have been completed. What are the peak load reductions?	The case studies in hot climates resulted in peak load reductions in the 4-5% range.
Will customers be notified of the changes?	Yes. There is a notification process that includes 60-day and 30-day notifications plus a welcome letter. PG&E will also be running an awareness campaign and there will be a statewide campaign to promote awareness of RTOU.
Who makes money on RTOU?	The rate is designed to be revenue neutral to the utility. Individual customers will win or lose based

	on their usage profile.
Are there environmental benefits of RTOU?	Yes. RTOU reduces peak loads, which reduces the amount of energy procured by higher carbon-producing generation plants.