Residential Time-of-Use Rate Transition

Don Bray
Director of Account Services & Community Relations
Overview

• Background
• Timeline
• SVCE Participation Key Considerations
  o Rate Setting
  o Bill Protection
  o Marketing, Education & Outreach (ME&O)
Statewide TOU Transition

- California residential electric customers will begin transitioning to a new Time-of-Use (TOU) rate plan as approved by the CPUC
  - Lower-priced power when demand is lower
  - Greater use of renewable energy
  - More customer choice and control
  - Path to a more reliable and sustainable energy future for California
  - Removes penalty for strategic electrification
Changing Grid Dynamics

Net load - March 31

Ramp need
~13,000 MW
in three hours

Potential over generation
E-1 Rate Structure

- 208,000 (87%) residential customers are on the tiered E-1 rate schedule
- Schedule’s pricing based on volume
- Pricing signals intended to encourage overall usage reduction
- Ineffective in mitigating steep ramping demand between 4 p.m – 9 p.m.
How will TOU work?

- When you use electricity is as important as **how much** you use
  - Electricity rates will be lower 19 hours a day
  - Customers benefit from lower pricing when electricity usage is shifted to off-peak times
Timeline

• **Residential Customers**
  o 10 waves from October 2020 through October 2021

• **Commercial/Non-Res Customers**
  o Opt-in period – spring 2019 through spring 2020
  o Transition – spring 2020

• **Agricultural**
  o Opt-in period – 2020
  o Transition – winter 2021
SVCE Customer Transition

- All PG&E customers in Santa Clara County will be transitioned in October 2020.
- Other territories in the 13-month rollout plan are based on climate zones.
- Customers can change their rate plan at anytime, before or after transition.
- No geographic rollout for non-res accounts.
CCA TOU
Transition Pilots
TOU Transition Pilot

- PG&E Phase 1 TOU transition pilot for 150,000 customers
- Included 18,000 MCE and Sonoma Clean Power customers, as well as ~7,500 SVCE Milpitas customers
Joint Communications

- PG&E worked with participating CCAs to collaborate on messaging and co-branded customer notifications
Preliminary Results

• Early indication that customers have reduced load
  o Further analysis needed to determine if it was an overall reduction or usage shift
• 79% opted to participate in the pilot
• 11% chose to switch to another TOU rate
• 10% of pilot customers chose to remain on E-1 rate
Joint Planning with CCAs

• PG&E and CCAs have ongoing meetings to work on joint communications strategies
• Implementing lessons learned and best practices from spring 2018 pilots
Considerations
Under the new TOU plan, customers will either see a smaller bill, or small annual bill increase – this assumes no change in energy use.

<table>
<thead>
<tr>
<th>CUSTOMER 1*</th>
<th>CUSTOMER 2*</th>
<th>CUSTOMER 3*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakersfield non-CARE household with average annual electricity usage</td>
<td>Milpitas CARE household with high annual electricity usage**</td>
<td>San Luis Obispo household with low annual electricity usage</td>
</tr>
<tr>
<td>3 bed 1 bath, 1700 sqft home 7500 kWh annual usage</td>
<td>4 bed, 3 bath, 2500 sqft home 15,700 kWh annual usage</td>
<td>2 bed, 1 bath, 800 sqft home 2,300 kWh annual usage</td>
</tr>
<tr>
<td>Current Rate Plan: $1,921/year</td>
<td>Current Rate Plan: $2,741/year</td>
<td>Current Rate Plan: $517/year</td>
</tr>
<tr>
<td>Time-of-Use: $1,998/year</td>
<td>Time-of-Use: $2,666/year</td>
<td>Time-of-Use: $513/year</td>
</tr>
</tbody>
</table>

* Represents analysis of actual customers in phase 1 population

**Customers will not incur a high-usage surcharge under the Time-of-Use rate plan
Bill Protection

• CPUC requires IOUs offer bill protection for the first 12 months to allow customers to try new TOU rate risk-free
  o If customers pay more than they would have on their former rate plan, PG&E will credit them the difference
  o CCAs offered bill protection for TOU pilots
• Need financial impact analysis
  o CCAs still waiting on bill protection cost for phase 1 pilot customers
Customer Notifications

• Customers are provided a rate comparison in the notification period
• Customers may choose to opt out to remain with tiered rate, or choose another TOU plan
Marketing, Education & Outreach (ME&O)

- 60 day notification letter provides rate comparison, so customers are informed of their rate choices

<table>
<thead>
<tr>
<th>Your Rate Plan Options</th>
<th>Current Rate Plan</th>
<th>Transition Rate Plan</th>
<th>Optional Rate Plan</th>
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<tbody>
<tr>
<td></td>
<td>Tiered (E-1)</td>
<td>Time-of-Use (Peak Pricing 4–9 p.m. Every Day)</td>
<td>Time-of-Use (Peak Pricing 4–9 p.m. Weekdays)</td>
</tr>
<tr>
<td></td>
<td>Two pricing levels based on monthly usage. Price does not vary by hour of the day.</td>
<td>Higher prices 4–9 p.m. every day. Lower prices at all other times.</td>
<td>Higher prices 4–9 p.m. on weekdays. Lower prices at all other times.</td>
</tr>
<tr>
<td>Total Electricity Costs*</td>
<td>$3,064/year</td>
<td>$3,164/year</td>
<td>$3,217/year</td>
</tr>
</tbody>
</table>

Your lowest cost rate plan is: [NAME]

* Estimates assume current PG&E prices and will not match your previous 12 months’ bill.
ME&O Continued

• Customer notification schedule and process
• Subject to change
ME&O Continued

- PG&E is hosting ongoing workshops with CCAs for partner communications

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1 Major TOU transition deliverables: notifications, default process, exclusions, online tools for rate comparison and bill protection, on-bill messages, rate build, etc.
Next Steps
Next Steps

1. In Summer timeframe, confirm participation with PG&E for CPUC filings
   - Confirm SVCE TOU transition, rate structure and timing
   - Confirm SVCE will offer bill protection for first year

2. In late-2019/early-2020, perform financial modeling and rate analysis for E-1 to TOU
   - Setting of 2020 E-1 and E-TOU rates
Questions?
Changing our Stakeholder Engagement Process for 2019

Executive Committee
January 29, 2019
SVCE’s 2019 Priorities

• Legislative & Regulatory Activities
• C&I Customer Retention/Direct Access
• Programs Roadmap Implementation

→ Focus of this slidedeck & discussion
Timeline of Stakeholder Engagement

Needs for Programs

**2017-2018**

The “big what”

- Big picture
- Broad representation
- Define scope of activities

**Input Groups & Mechanisms:**

- CPAG
- Design charrette
- MAWG
- C&I/Watts for Lunch
- Environ. advocates
- Customers
- Public outreach
- Customer surveys
- Etc.

**2019-2020**

The “big how”

- Sector-specific
- Technical
- Subject matter expertise

**Input Groups & Mechanisms:**

- RFIs
- Stakeholder Webinars/Workshops
- Sector-Specific Working Groups
- Customer focus groups
- Vendors
- MAWG
- C&I/Watts for Lunch
- Etc.
Programs Roadmap Implementation

• CPAG helpful for 2018 roadmap development, to set SVCE trajectory (the “big what”)
• 2019 activities shifting toward program design, launch & implementation (the “big how”)
• Stakeholder engagement needs vary depending on program and stage in program lifecycle
Stakeholder Input/Output through Program Lifecycle

- Concept
- Research & Design
- Review & Approval
- Launch
- Lessons Learned
- Program Implementation
- Roadmap Implementation
- Decarb Roadmap Portfolio Review
Stakeholder Input/Output through Program Lifecycle

- CPAG (for roadmap)
- Design charrette
- MAWG
- Watts for Lunch forum
- Environ. advocates
- Customers
- Proactive vendors
- Public outreach
- Customer surveys

Research & Design
- Academia
- Vendor interviews
- Focus groups
- Customers
- Industry experts
- Other program administrators

Concept
- Board of Directors
- Board committees
- Staff

Review & Approval
- Targeted marketing & outreach
- MAWG
- Environmental advocates

Launch
- Cont. marketing & outreach
- Program participants
- Program partners
- Contractors

Lessons Learned
- Academia
- Evaluation, Measurement & Verification
- Program participants
- Program partners
- Contractors

Program Implementation
- Community/stakeholder workshops
- Board of Directors
- Board committees
- Staff

Decarb Roadmap Portfolio Review

Existing/Planned Stakeholder Engagement Mechanisms
Stakeholder Input/Output through Program Lifecycle

Copied/rearranged from prior slide:

- Concept
  - CPAG
  - Design charrette
  - MAWG
  - Watts for Lunch forum
  - Envir. advocates
  - Customers
  - Proactive vendors
  - Public outreach
  - Customer surveys

- Research & Design
  - Academia
  - Vendor interviews
  - Focus groups
    - Customers
    - Industry experts
    - Other program administrators

- Review & Approval
  - Board of Directors
  - Board committees
  - Staff

- Launch
  - Targeted marketing & outreach
    - MAWG
    - Envir. advocates

- Program Implementation
  - Cont. marketing & outreach
    - Program partners
    - Program partners
    - Contractors

- Lessons Learned
  - Academia
  - Evaluation, Measurement & Verification
    - Program participants
    - Program partners
    - Contractors

Input more technical, sector-specific during program design, launch and implementation
Timeline of Stakeholder Engagement

Needs for Programs

2017-2018
The “big what”

- Big picture
- Broad representation
- Define scope of activities

Focus of Customer & Stakeholder Input

Input Groups & Mechanisms:

- CPAG
- Design charrette
- MAWG
- C&I/Watts for Lunch
- Environ. advocates
- Customers
- Public outreach
- Customer surveys
- Etc.

2019-2020
The “big how”

- Sector-specific
- Technical
- Subject matter expertise

- RFIs
- Stakeholder Webinars/Workshops
- Sector-Specific Working Groups
- Customer focus groups
- Vendors
- MAWG
- C&I/Watts for Lunch
- Etc.
Recommendation for 2019 Stakeholder Input

• Use existing & planned stakeholder engagement mechanisms for 2019 (slide 6)
  • Sector-specific working groups, stakeholder workshops/webinars, RFIs, customer focus groups, innovation challenges, etc.
  • Allows for experimentation to see what works/doesn’t work for BOD, staff and community
• Return to BOD in early 2020 with debrief on successes & improvements and proposal for how to move forward
Questions & Discussion
Thank you
Options for Future Stakeholder Input

• Key principles for potential standing group:
  1. Clear charter
  2. Limited term (e.g. sunset date with option to extend)
  3. Complement existing stakeholder engagement activities

• Other considerations
  • Technical vs. community outreach focus (reflected in charter)
  • Member selection (process, criteria)
  • Brown Act vs. non-Brown Act
CPAG Recap

- “Customer Programs Advisory Group” formed in Dec 2017
- Ad hoc advisory group of residential customer volunteers to provide input on program selection
- Finite term: Jan 2018 - Sep 2018, extended to Dec 2018
- Members selected by application
  - One nomination per Director/jurisdiction
  - 3 CEO-appointed at-large members*
- Meetings held monthly, 2-hours, Brown Acted

*CEO could appoint additional members for jurisdictions with no applicants
# CPAG Feedback on Experience

From facilitated brainstorming exercises:

## What Worked Well

- Saturday workshop to provide background education
- Agendas and mechanics of group discussion
- Standard meeting time/place
- In-person meetings
- Staff communication/organization
- Voice of customer & community
- Broad-based/broad geographic representation

## Potential Improvements

- Provide agendas & slides together
- Mid-day meetings a challenge
- Coordination/communication between CPAG member & city’s Director or environmental commission
- No tangible output
- Reporting back to community
- Opportunity to add subcommittees for more focus

**Final CPAG meeting report to be included in Feb BOD packet**
CPAG Input on Potential Value of Future Advisory Group

From facilitated brainstorming exercises:

- Provides community input for decision-making at staff & BOD levels
- Can serve as focus group
- Leverage for outreach to enhance program reach
- Members are community ambassadors
## Stakeholder Needs by Priority

<table>
<thead>
<tr>
<th></th>
<th>General</th>
<th>Key Stakeholders</th>
<th>Proposed Stakeholder Engagement Mechanisms</th>
</tr>
</thead>
</table>
| **Legislative & Regulatory** | • Community/stakeholder engagement primarily outbound-focused for advocacy support  
  • Requests/needs surface irregularly, can have short response deadlines | • Key contacts in the community, including city staff, electeds, etc.  
  • ROC, BOD committees, full BOD | • Written communications  
  • 1:1 calls, interactions |
| **Direct Access**         | • Limited stakeholder pool: primarily C&I customers  
  • No clear benefits from public stakeholder engagement | • C&I customers  
  • ROC, BOD committees, full BOD  
  • Potentially leadership from other CCAs | • Watts for Lunch  
  • 1:1 interviews and interactions with C&I customers, supported by consultants  
  • Monthly ROC updates, leading up to full BOD review |
| **Programs Roadmap**      | • Significant community/stakeholder engagement to meet both inbound/outbound needs*  
  • Programs in various stages of development, but most seeking sector-specific industry feedback  
  • SVCE has new mechanisms for getting feedback across customer base (e-mail surveys, focus groups, etc.) | • MAWG  
  • Industry actors (buildings, EV/EVSE, VPP)  
  • Vendor communities  
  • Exec. Committee, full BOD | • PS: See DA  
  • BE: MAWG, stakeholder workshops, coordination with other program administrators, focus groups  
  • MO: MAWG, stakeholder workshops, establish monthly EVSE interest group (non-Brown Acted, invitation-only but broad participation welcome),  
  • GI: 1:1 vendor interviews, RFI, 2-3 stakeholder webinars/workshops  
  • EO: community workshops, MAWG channels, focus groups & CPAG already gave significant input  
  • IN: Stakeholder engagement via prizes, challenges, hackathons  
  • All programs: BOD committees, full BOD, community workshops for annual review of Programs Roadmap |

*Inbound example: seeking customer feedback on program design;  
Outbound example: leveraging stakeholders to advertise a program that is launched
Stakeholder Engagement for Programs Roadmap

- Initial work on programs started in 2017
- Months-long stakeholder engagement process
BOD Motion to form CPAG

“Establish a committee to provide input on program selection, to authorize each Board Member to appoint one residential SVCE customer, to authorize the CEO to appoint three at-large members from applicants, to have a uniform application, to have the application include conflict of interest screening (per legal counsel), to adhere to the Brown Act, to have minutes published, to have Committee report to Board, to have a nine-month timeline, and to have staff reports reflect Sustainability Manager Roundtable and Customer Program Advisory Group, with the addition of a refinement that if a Director cannot identify a candidate, the position would be given to the CEO to fill, and each jurisdiction will provide, per their will and availability, a pool of applicants for the CEO to use to fill the three-at-large positions or other positions.”
Key Groups Providing Input

- Customer Program Advisory Group (CPAG)
- Stakeholder Workshop Participants
- Member Agency Working Group (MAWG)
- SVCE Board & Staff
- C&I Customers

SVCE’s Decarb Strategy & Programs Roadmap
Broader Stakeholder Landscape

Research
Universities & National Labs

National Environmental Non-profits

Grassroots Organizations

Labor

Financiers

Member Agencies

Original Equipment Manufacturers

Cleantech Companies

PG&E & Local Munis Practitioners

Federal, State & Regional Government & Regulatory Entities

CCE Peers

Industry Agencies

Accelerator & Innovation Partners

Architects & Builders

And more!
## Other CCE Advisory Groups

<table>
<thead>
<tr>
<th>CCE</th>
<th>MCE</th>
<th>Sonoma Clean Power</th>
<th>Peninsula Clean Energy</th>
<th>East Bay Community Energy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Community Power Coalition</td>
<td>Community Advisory Committee</td>
<td>Citizen Advisory Committee</td>
<td>Community Advisory Committee</td>
</tr>
<tr>
<td><strong>Membership</strong></td>
<td>- ~25 members</td>
<td>- 7-11 members</td>
<td>- 15 members</td>
<td>- 9 members</td>
</tr>
<tr>
<td></td>
<td>- No term limits</td>
<td>- 4 year terms</td>
<td>- Serve 1-3 year terms</td>
<td>- 4 year terms</td>
</tr>
<tr>
<td></td>
<td>- Invited by staff</td>
<td>- Members apply and are selected by Board of Directors</td>
<td>- Members apply and are selected by Board of Directors</td>
<td>- Members apply and are selected by Board of Directors</td>
</tr>
<tr>
<td><strong>Member Representation</strong></td>
<td>- Must work or reside in service area</td>
<td>- Members are customers and technical experts from relevant sectors (energy, engineering, finance, ratepayer advocacy, etc.)</td>
<td>- Must work or reside in service area</td>
<td>- Members represent advocacy groups, faith, labor, union, solar industry and individual residential customers</td>
</tr>
<tr>
<td></td>
<td>- Represent organizations &amp; stakeholders (trade groups, unions, environmental, social justice groups)</td>
<td>- Represent geographically diverse areas</td>
<td>- Relevant background or expertise in energy, outreach</td>
<td>- Chairs sits as non-voting member of the Board</td>
</tr>
</tbody>
</table>
## Other CCE Advisory Groups

<table>
<thead>
<tr>
<th>CCE</th>
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<th>East Bay Community Energy</th>
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</thead>
<tbody>
<tr>
<td><strong>Meeting Format</strong></td>
<td></td>
<td>- Meets as needed</td>
<td>- Meets monthly</td>
<td>- Meets as needed</td>
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<tr>
<td></td>
<td>- Monthly webinar</td>
<td>- Brown Act</td>
<td>- Brown Act</td>
<td>- Brown Act</td>
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<td></td>
<td></td>
<td>- Required by JPA</td>
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<tr>
<td><strong>Role</strong></td>
<td></td>
<td>- Reviews programs, budget, rates, and advises Board on</td>
<td>- Provide feedback on policy and operational</td>
<td>- Provides input on operations, policies,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>general planning and business issues</td>
<td>objective</td>
<td>program funding</td>
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<td></td>
<td></td>
<td>- Reviews contracts over $100k</td>
<td>- Discuss GHG reduction programs</td>
<td>- May review draft budget and give</td>
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<tr>
<td></td>
<td></td>
<td>- May direct staff for research and analysis</td>
<td>- Policy advocacy</td>
<td>recommendations to Board</td>
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<td></td>
<td></td>
<td></td>
<td>- Community liaisons</td>
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<td>- Reviews Board agenda</td>
<td>- Reviews Board agenda</td>
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<tr>
<td><strong>Support</strong></td>
<td></td>
<td>- Staff</td>
<td>- Staff</td>
<td>- Staff</td>
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<td></td>
<td></td>
<td>- CEO</td>
<td>- CEO</td>
<td>- CEO</td>
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<tr>
<td></td>
<td></td>
<td>- General Counsel</td>
<td>- General Counsel</td>
<td>- General Counsel (occasional)</td>
</tr>
</tbody>
</table>

- **Meeting Format**
  - Monthly webinar
- **Role**
  - Provide input on community priorities such as Energy Efficiency rebates, Low-income solar installs, local generation build outs
  - Community liaisons
- **Support**
  - Dedicated full-time staff member
SVCE Design Charrette

Participants Academics, entrepreneurs, financiers, industry thought leaders & practitioners, in addition to representatives from key advisory groups

Objectives
• Share SVCE’s internal vision for decarb and initial thoughts on a roadmap, for coaching & feedback
• Incorporate broader set of participants into the roadmap development process
• Collaboratively develop conceptual design of handful of flagship programs

Outcomes
• Charrette was a success: objectives achieved
• Results integrated into proposed decarb strategy and roadmap