

Smart Rates March On

By Lisa V. Wood, executive director, Institute for Electric Efficiency

Electricity customers—and electricity rates—are getting smarter, state by state. By mid-2013, Baltimore Gas & Electric (BGE), Delmarva Power, and Pepco residential customers—more than 2 million in Delaware and Maryland—will have smart rates as their default option. As of June 2012, 2.6 million Southern California Edison residential customers had the option, as did 1.2 million San Diego Gas & Electric (SDG&E) residential and small commercial customers.

If those customers have smart meters, they receive a default smart rate—and the payoff is savings in money and energy for customer and utility alike.

In those states, customers earn a critical peak rebate (CPR, also called a peak time rebate, or PTR) if they cut their demand during a peak event, which the utility may call during certain days of the year for a certain period of the day, when energy use is expected to be extraordinarily high. During all other hours of the year, customers pay the regular residential rate.

These utilities are on track to have the majority of their residential customers enrolled in a smart rate program—the first utilities to do so. Right now, a total of more than 3.8 million residential customers in those states can use the rate, almost 11 percent of all customers with smart meters. By mid-2013, the number will be 8.2 million. With positive results from dynamic pricing pilots and with more than half of the nation's households (65 million) projected to have smart meters by mid-decade, more state commissions and utilities are expected to follow.

Rolling It Out

In June, Delmarva Power began moving nearly 7,000

of its standard-offer service customers in Delaware to a CPR default rate. They will earn a credit of \$1.25 per kilowatt-hour (KWH) saved during a peak event. The remaining residential customers will move to this rate by June 2013.

In Maryland, Pepco transitioned 5,000 residential customers to a CPR rate for a three-month initial period beginning in July. The next step will be transferring approximately 500,000 more customers by mid-2013.

The Maryland commission approved BGE's proposal to move all residential customers to a CPR default rate in mid-2013. The most recent data from BGE's pilots showed that with a CPR of \$1.25 per KWH, roughly 10 times the current price of electricity, the utility achieved peak savings of 26-36 percent—and 93 percent of participating customers were satisfied.

Pepco and Delmarva Power also will move their smaller commercial customers to default CPR rates, with the initial phase-in occurring mid-2013. Full rollout to all smaller commercial customers will be effective mid-2014.

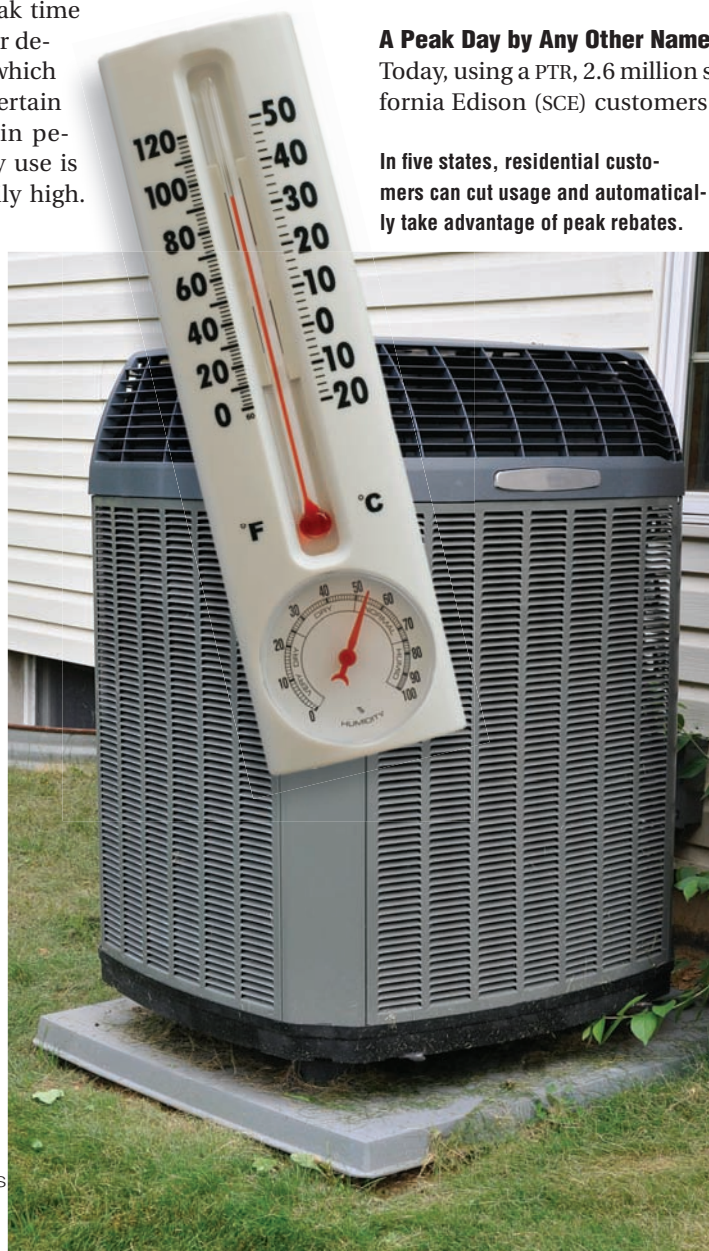
A Peak Day by Any Other Name

Today, using a PTR, 2.6 million smart-metered Southern California Edison (SCE) customers can save money by reducing

In five states, residential customers can cut usage and automatically take advantage of peak rebates.

power consumption when SCE designates a "Save Power Day." By the end of 2012, 4 million residential customers will be eligible. Every KWH reduction a smart-metered customer makes between 2:00 pm and 6:00 pm will earn that customer a \$0.75 credit. SCE's meters also will connect with certain home energy network devices, such as information displays. If a customer has a qualifying, enabling technology paired to the meter, the PTR increases to \$1.25/KWH.

SDG&E has added a PTR, too, to both its residential and small business default rate schedules, and 1.2 million smart-metered SDG&E customers are now eligible. SDG&E's approach is similar to SCE's, but the peak hours are different—11:00 am to 6:00 pm. And instead of a "Save Power Day," SDG&E calls it "Reduce Your Use Day." ♦



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