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SOUTHERN CALIFORNIA EDISON

POWER BULLETIN

COMMERCIAL SEGMENT

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SCE Previews Projected 2012 “Dynamic Pricing” Rate Changes

In 2012, Southern California Edison’s (SCE) rates will change significantly for business, government and agricultural customers. Because of California Public Utilities Commission (CPUC) requirements, SCE plans to begin moving all non-residential customers to mandatory Time-of-Use (TOU) rates in January 2012.

In addition, small and medium business customers and large agricultural and pumping customers will be changed to Critical Peak Pricing (CPP) rates in conjunction with TOU rates beginning in January 2012, but will be able to opt out of the CPP rate to a TOU rate. Large commercial and industrial customers began defaulting to the CPP rate in October 2009.

In compliance with CPUC orders, on Sept. 1, 2010, SCE filed its proposal for implementing these changes in its Dynamic Pricing Application (A.10-09-002). With the exception of large agricultural customers, SCE proposed that customers’ rates be changed only after installation of the new Edison SmartConnect™ meters and after customers have received 12 months of billing information from these meters.

With Edison SmartConnect meters, customers’ usage will be recorded every 15 minutes and will be made available online. Having a better understanding of daily electricity usage will allow customers to (1) better manage electricity costs, (2) understand how bills may fluctuate under TOU rates, and (3) determine if a CPP rate is right for them.

SCE plans to notify customers who become eligible for the new rates approximately two months prior to the date of the rate change. SCE also will provide customers with a rate analysis to help them select the rate option that best fits their needs.

What Are TOU Rates?

Time-of-Use (TOU) rates are designed to vary during specific time periods throughout the day and year. For example, electricity rates are highest during the on-peak period, defined as noon to 6 p.m. on weekdays during the summer season (June 1 to Sept. 30). By reducing electricity use during the highest-demand on-peak periods, customers can reduce their electricity bills.

What Is CPP?

The Critical Peak Pricing (CPP) rate is designed to provide an incentive to customers to reduce or shift electricity usage during four-hour CPP events, when the demand and price of electricity are higher. CPP provides reduced monthly on-peak demand charges during the summer season in exchange for the short-term energy price increases during CPP events. By reducing electricity usage during each CPP event, participants can avoid these higher prices and benefit from lower electricity bills.

In addition, participants receive bill protection for the first year on CPP, meaning the total amount they pay on CPP for the first 12 months will not exceed what they would have paid on their TOU base rate.

Summary of Projected 2012 Changes by Customer Class

Large Customers

All large customers (i.e. demands 200 kilowatts (kW) and greater) on CPP will receive a new capacity reservation option. To use this option, customers will select a Capacity Reservation Level, in kilowatts, similar to the Firm Service Level that applies to the Base Interruptible Program (BIP). Usage at or below the designated kW level would remain subject only to the applicable TOU rate; however, usage above the designated kW level would be billed on the CPP rate, receiving CPP credits and being subject to CPP event charges.

Small and Medium Business Customers

For customers with demands less than 200 kW currently on GS-1 and GS-2 rates, SCE is proposing two CPP rate options: CPP-Lite and the full CPP rate. CPP-Lite will be similar to the full CPP rate except that its CPP event energy rates and credits will be set at 50% of the full CPP rate. Beginning in 2012, eligible customers will be placed on CPP-Lite unless they opt out to a mandatory TOU rate or select the full CPP rate.

Agricultural and Pumping Customers

In 2012, SCE is proposing to divide agricultural and pumping customers into two rate groups: 1) customers with maximum demands below 200 kW and 2) customers with maximum demands equal to or greater than 200 kW. Those below 200 kW will be placed on mandatory TOU rates with the option to be placed on a CPP rate. Customers with demands 200 kW or greater will be placed on CPP rates unless they opt off.

Stay tuned for more updates on pending 2012 rate changes. You may also contact your account representative for any questions, plus information on how to save energy and money using SCE’s wide array of energy solutions.

Reminder: Register for Fall Electricity Outlook Meetings

Learn more about electric utility issues, with a special emphasis on 2011 changes for rates, Demand Response programs and Direct Access, at one of SCE’s Fall 2010 Electricity Outlook sessions. Each session takes place from 8 a.m. to 9:30 a.m., with continental breakfast at 7:30 a.m.

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- Oct. 8, 2010: Torrance Doubletree, Event #26850
- Oct. 12, 2010: SCE's Customer Technology Application Center (Irwindale), Event #26641
- Oct. 15, 2010: Ventura Marriott, Event #26851
- Oct. 19, 2010: Santa Ana Embassy Suites, Event #26852
- Oct. 20, 2010: San Bernardino Hilton, Event #26853
- Oct. 26, 2010: SCE's Agricultural Technology Application Center (Tulare), Event #27306 (**NOTE:** New date/event number for this location)

You also can join an Electricity Outlook Webinar on Oct. 12, 2010, from 8 a.m. to 9:30 a.m. (event #26642). To register for a session, call 626.812.7537 or 800.336.2822, extension 42537.

COMMERCIAL SEGMENT FOCUS

Retailer Brings Home Savings Through Smart Energy Management

At the world's largest home improvement specialty retailer, doing business means managing energy wisely—leading to lower costs and fewer greenhouse gas emissions.

Since 2004, The Home Depot said, it has reduced its energy-per-square-foot consumption by 16% in its U.S. stores, including the approximately 80 in SCE's service territory—for a reported savings of 2.6 billion kilowatt-hours (kWh).

Senior Manager of Energy Management Craig D'Arcy called his company an "early adopter," starting several years ago with the conversion of high-intensity discharge lamps to more efficient T5 lamps for sales floor light fixtures. This change, he noted, saved about 10% of total building electricity usage, not including utility rebates that he said SCE was a "major player" in bringing.

The company also reworked its operational processes to align stocking hours more closely with store operating hours, further reducing lighting needs.

"Every initiative we've undertaken has made financial sense to The Home Depot," D'Arcy said. "Above and beyond, there's growing recognition that the public and our customers expect us to be proactive from an energy management and sustainability standpoint."

Saving Up to 25 kW Per Store With CFLs

As a next step, The Home Depot changed its "light cloud displays"—where it showcases lamp fixtures and ceiling fans, lit with the proper bulbs—to become much more energy efficient. Today, a typical light cloud store area includes 500 to 1,200 compact fluorescent lamps (CFLs), which account for about two-thirds of the total lights in that area.

Before this change, Manager of Energy Systems Terry Snowden noted, light cloud displays used about 45 kilowatts (kW) to 60 kW per store. The switch to CFLs reduced that by up to 25 kW.

"We have very tight controls and processes to ensure we have the right wattage and the right lamps," Snowden said of the seven different types of CFLs incorporated into light cloud displays. "A lot of customers don't even realize we're using CFLs."



In addition to selling a wide array of energy-efficient products, The Home Depot takes proactive steps to manage energy wisely—resulting in a reported 16% drop in energy-per-square-foot consumption in its U.S. stores since 2004.

Customers do know, though, that The Home Depot sells CFLs, as well as a wide array of products with the "Eco Options" label. This program currently includes 4,000 certified products that meet specifications for energy efficiency, water conservation, healthy homes, clean air or sustainable forestry.

Participating in Demand Response With 10 MW

The Home Depot also showcases leadership in demand response by taking part in the Capacity Bidding Program (CBP), through which participants opt to reduce power use during program events. Participants make monthly nominations and receive incentive payments based on the amount of load (capacity) reduction elected each month, plus payments for actual energy reduction (based on kWh) when an event is called.

The company joined the program eight years ago when the state ran it, and then became the first customer to sign onto the program when SCE took over operation. Today The Home Depot regularly nominates close to 10 megawatts through the CBP.

Carolyn Banks, president of Energy Logic, Inc., which serves as The Home Depot's Demand Response Aggregator (Curtailment Service Provider), said, "The Home Depot has paved the way for many companies to follow. A lot of retailers look to see what others are doing. The fact that The Home Depot was one of the first [statewide] encouraged others to participate."

As it moves forward, The Home Depot continues to look for ways, as D'Arcy said, "to find every opportunity we can to whittle down energy usage." The company already has started converting its existing T5 fixtures to even higher-efficiency versions, which will be eligible for more SCE rebates.

D'Arcy credited The Home Depot's SCE account manager for supporting the company's extensive energy management measures.

"I probably interact more with Cynthia Martin than with almost any other account manager we have across the country," he said. "The numerous opportunities available through SCE in terms of rebates and incentive funding are great as well."

For more information on how you also can benefit from SCE's wide array of energy management programs and services, contact your account representative or visit www.sce.com/solutions and www.sce.com/drp.