



City of Palo Alto

City Council Staff Report

(ID # 5459)

Report Type: Consent Calendar

Meeting Date: 2/23/2015

Summary Title: Resolution Extending Time of Use Rate Pilot

Title: Adoption of a Resolution Amending Electric Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) to Extend its Term Through December 31, 2017

From: City Manager

Lead Department: Utilities

Recommendation

Staff recommends that Council adopt a resolution to amending Electric Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) to extend its term through December 31, 2017, in order to cover the extended CustomerConnect Pilot Program term and post-program evaluation period.

Executive Summary

The City of Palo Alto Utilities' (CPAU's) CustomerConnect Pilot Program, a voluntary residential smart meter and time-of-use (TOU) pilot program, was intended to run until December 31, 2015. However, deployment of the smart meters for the program has taken longer than planned and staff has decided to extend the pilot through the end of 2016. The proposed resolution extends the E-1 TOU rate, which accompanies the program, through the end of 2017. The extension will cover the entire pilot program period and additional transition time while staff evaluates the pilot program data and determines whether to deploy advanced meters more broadly.

Background

A TOU rate is an electric rate which charges customers different prices depending on the time of day they use electricity. Electricity is typically more expensive during the day than at night. A TOU rate passes those costs through to the customer, who then receives a price signal to move electric use to a less expensive time of day whenever possible. These rates require special metering. Smart meters are one type of meter that can accommodate these rates. Smart meter technology is becoming more widely adopted throughout the electric industry.

CPAU is gaining experience with these technologies and rate structures. On December 10, 2012 Council approved the CustomerConnect Pilot Program, a smart meter and TOU rate pilot

program (Staff Report 3330, Resolution 9302). A set of guidelines for selecting participants for the pilot program and TOU rate was included as an attachment to that staff report (Subsection D of Attachment C to Staff Report 3330). The TOU rate (Rate Schedule E-1 TOU) is set to expire on March 31, 2015. The voluntary CustomerConnect program is designed for 300 customers to have advanced meters, 150 of whom will be on the TOU rate. Staff will track the savings of both customer groups to determine the impact on energy consumption.

Discussion

The original CustomerConnect program timeline called for twenty conventional TOU-capable meters to be deployed before the smart meter deployment to test the TOU rate in the billing system. This phase has been completed. The full deployment of the more advanced smart meters (which are capable of delivering more detailed data than conventional meters), the communications system and the customer portal was scheduled to be completed by December 2013. Due to vacancies in the electric meter shop and a slower than expected deployment of the communications infrastructure for the advanced meters, this timeline has not been met. While the meters have been deployed, the communications system and customer portal have not been adequate to allow the pilot program to commence as planned. Staff now anticipates the pilot program to be fully in place by March 2015 and to continue until December 2016.

The E-1 TOU rate is an integral part of the CustomerConnect Pilot Program. To facilitate the updated timeline, the pilot E-1 TOU rate schedule needs to be extended until December 31, 2017. This timeline covers a full year more than the pilot program period because staff anticipates that some customers may want to stay on the TOU rate while data from the pilot program is being analyzed and decisions are being made about the future of the program.

Timeline

Staff anticipates full deployment of the pilot program's advanced meters by March 2015, the completion of the pilot program in December 2016, and the analysis of the data and discussion of next steps in 2017. The Utilities Advisory Commission and Council will receive updates on the program, and will have an early opportunity to discuss TOU rates as part of the electric cost of service study staff is performing in 2015.

Resource Impact

Adoption of this resolution will not result in additional expenditure of staff resources beyond those already approved for the pilot program.

Policy Implications

This implements existing Council Electric Vehicle Infrastructure policy to provide TOU rate options to electric vehicle customers and is consistent with the Utilities Strategic Plan objective to promote the efficient use of resources.

Environmental Review

Adoption of a resolution extending the term, but not the underlying rates, of voluntary Rate Schedule E-1 TOU is statutorily exempt from the California Environmental Quality Act (CEQA), pursuant to California Code of Regulations Title 14, Chapter 3, Section 15273(a), because the fees and charges in E-1 TOU are necessary to recover the cost of providing utility service under the pilot program, and to meet operating expenses. After reviewing the reports presented, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

Attachments:

- Attachment A: Resolution of the Council of the City of Palo Alto Amending Utility Electric Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) (PDF)
- Attachment B: Amended Rate Schedule E-1 TOU effective March 1, 2015 (PDF)

* NOT YET APPROVED *

Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending Electric Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) to Extend its Applicability Through December 31, 2017

R E C I T A L S

A. On December 10, 2012, the City adopted a voluntary electric time of use rate schedule that expires March 31, 2015 (Resolution 9302), and the Customer Connect Pilot Program, which was scheduled to be completed in December 2014 (Staff Report ID#3330).

B. The Customer Connect Pilot Program timeline has been extended, and is now anticipated to be completed by December 2016. The City wishes to extend the expiration of the voluntary time of use rate schedule to December 31, 2017, one year after completion of the program. The City intends that service to customers on the E-1 TOU rate prior to December 2014 continue uninterrupted through December 31, 2017, or until such customers decline to continue taking service on the E-1 TOU rate schedule.

The Council of the City of Palo Alto RESOLVES, as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule E-1 TOU (Residential Time-of-Use Rate Adjustment) is hereby amended as attached and incorporated. Utility Rate Schedule E-1 TOU, as amended, shall become effective January 1, 2015.

SECTION 2. The Council finds that the fees and charges contained in the voluntary electric rate schedule amended by this resolution are charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and do not exceed the reasonable costs to the City of providing the service or product.

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* NOT YET APPROVED *

SECTION 3. The Council finds that the adoption of this resolution extending the term, but not the underlying rates, of voluntary electric rate schedule E-1 TOU is statutorily exempt from the California Environmental Quality Act (CEQA), pursuant to California Code of Regulations Title 14, Chapter 3, Section 15273(a), because the fees and charges in E-1 TOU are necessary to recover the cost of providing utility service under the pilot program, and to meet operating expenses. After reviewing the reports presented, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

APPROVED AS TO FORM:

Sr. Deputy City Attorney

Mayor

APPROVED:

City Manager

Director of Utilities

Director of Administrative
Services

RESIDENTIAL TIME OF USE RATE ADJUSTMENT

UTILITY RATE SCHEDULE E-1 TOU

A. APPLICABILITY:

This is a voluntary rate schedule that applies to separately metered single-family residential dwellings receiving retail energy services from the City of Palo Alto Utilities (CPAU). Service under this rate schedule will be provided in conjunction with all rates and charges shown on Rate Schedules E-1 (Residential Electric Service) ~~or E-1-G (Residential Green Power Electric Service) if the customer has chosen participation in the Palo Alto Green program.~~ Service under this Schedule is limited to 150 meters and will terminate on ~~December 31, 2017~~ March 31, 2015. Service under this rate is provided at the sole discretion of CPAU.

B. TERRITORY:

This rate schedule applies everywhere the City of Palo Alto provides electric service.

C. TIME OF DAY ADJUSTMENT:

The following adjustment factors will be applied based on the time of day the energy is delivered and will be added to (or subtracted from) ~~to the electric Unbundled Rates charges~~ calculated under the City's regular residential electric schedules (E-1 ~~or E-1-G~~).

Rates per kilowatt-hour (kWh)

	<u>Total</u>
<u>Summer Period</u>	
Peak	+ \$0.0578
Mid-Peak	\$0.0000
Off-Peak	- \$0.0186
<u>Winter Period</u>	
Peak	\$0.0035
Off-Peak	- \$0.0129

D. SPECIAL NOTES:

1. Calculation of Charges

This rate is an adjustment to the E-1 ~~or E-1-G~~ rate schedules. The Time of Day Adjustment in Section C shows the discount or premium applied to ~~energy~~ electric service based on the time of day such service is delivered. When calculating charges for



RESIDENTIAL TIME OF USE RATE ADJUSTMENT

UTILITY RATE SCHEDULE E-1 TOU

electric service delivered during a billing period, charges will be calculated in a two step process: first, charges under the E-1 ~~or E-1-G~~ rate will be calculated based on the total consumption during that billing period, and second, the Time of Day Adjustment in Section C will be calculated based on when that consumption occurred. The two calculations will be added together to generate the electric charges for that billing period.

The actual bill is calculated based on the applicable rates discussed above and is then adjusted for any applicable discounts, surcharges and/or taxes. On a customer's bill statement, the bill amount may be broken down into appropriate components as shown above, as well as shown on Rate Schedules E-1 ~~or E-1-G~~.

2. Definition of Time Periods

SUMMER PERIOD (Service from June 1 to September 30):

Peak: ~~N~~oon to 6:00 p.m. Weekdays (Mon-Fri, except holidays)

Off-Peak: 11:00 p.m. to 6:00 a.m. Every day

Mid Peak: All other hours Every day

WINTER PERIOD (Service from October 1 to May 31):

Off-Peak: 11:00 p.m. to 6:00 a.m. Every day

Peak: 6:00 a.m. to 11:00 p.m. Every day

HOLIDAYS: "Holidays" for the purposes of this rate schedule are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas Day. The dates will be those on which the holidays are legally observed.

SEASONAL RATE CHANGES: When the billing period includes use in both the Summer and the Winter periods, the usage will be prorated based on the number of days in each seasonal period, and the charges based on the applicable rates therein. For further discussion of bill calculation and proration, refer to Rule and Regulation 11.

{End}

