



Recovering System Capacity Costs: Generation and Transmission

Presentation to the CPUC Rates Forum

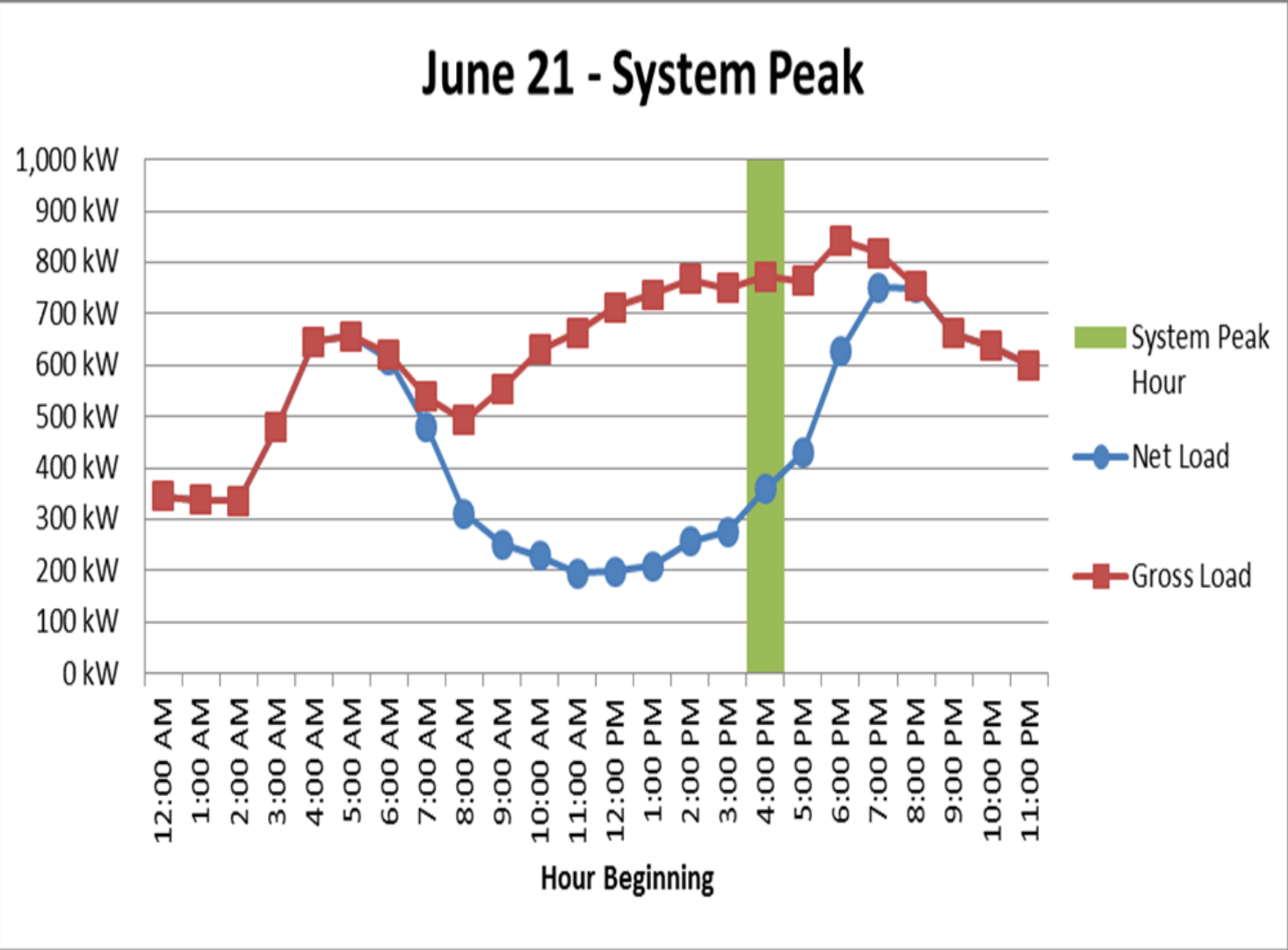
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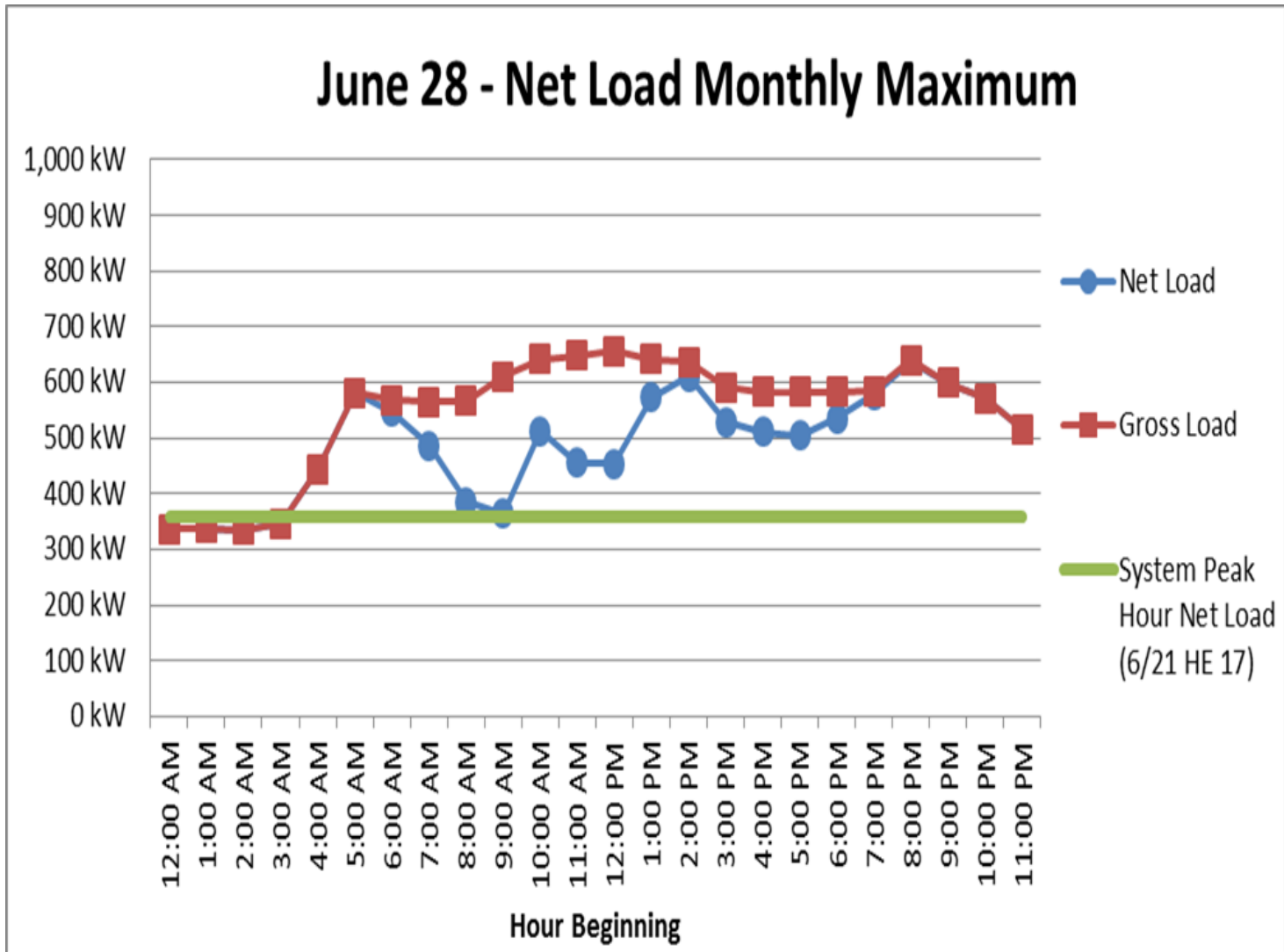
Noncoincident and Monthly Demand Charges Are (Mostly) a Relic of Obsolete Metering

- The cost of electricity is time-dependent.
- Today we have:
 - Granular cost and load data across the system
 - Powerful analytic tools
 - Two-way communication capabilities
 - Load-shifting and/or load-reducing technologies
 - An imperative to use clean energy efficiently
- Rate design should:
 - Recognize diversity of loads
 - Accurately reflect costs as they change over time
 - Be understandable and actionable for customers

Example: 87F in Oakland



Example: 55F in Oakland



Policy Recommendations

- Minimize use of noncoincident and monthly demand charges
- More accurate and actionable rate designs
 - CPP
 - TOU energy rates
 - Daily peak demand charges
- Complexity should fit the customer
- Gradualism / grandfathering
- SCE's evolution
 - Option A to Option R to Option E