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Time Varying Pricing for Agricultural Customers

California is a recognized leader in energy conservation. Early next year under a new requirement developed by the California Public Utilities Commission (CPUC), Pacific Gas and Electric Company (PG&E) and all other leading utility companies statewide will fortify that reputation even further by introducing new time varying pricing plans that are designed to help increase California's grid reliability and decrease greenhouse gas emissions. The changes will eventually affect all business and residential customers.

PG&E is adopting time varying pricing. "PG&E is always working to design programs that conserve energy, reduce greenhouse gas emissions, and help us avoid building new power plants," stated Vanessa Volksen, Business Field Representative at PG&E. "Time varying pricing does just that – and saves customers money, too."

Under this kind of plan, customers pay higher rates at certain times when energy demand peaks and lower rates at other times. Starting on February 1, 2011, small agricultural customers will be transitioned to Time of Use (TOU) pricing and large agricultural customers will transition to Peak Day Pricing (PDP). Other time varying pricing plans are also available if a customer enrolls five days prior to their transition date.

Small agricultural customers (< 200 kW) transition to TOU

TOU rates price electricity according to when it is used – lower prices during the utility's off-peak and partial-peak periods and higher prices during seasonal and daily peak demand periods. To minimize energy costs under TOU rates, customers can schedule more energy use during the lower-cost times of the day, particularly during summer high demand season, from May through October. Small agricultural customers also have the option to participate in PDP.

Large agricultural customers (≥ 200 kW) transition to PDP

Peak Day Pricing (PDP) presents an opportunity for customers who can proactively manage their energy use. Under PDP, customers pay increased rates between the hours of 2 p.m. and 6 p.m. on at least 9 and no more than 15 "Event Days" which are called by PG&E. In exchange, they pay a lower rate at other times. Event Days typically occur from May through October on hot summer afternoons, but can be called year-round based on energy conditions.

Large agricultural customers may opt out of PDP and select a different TOU or Demand Response program. Agricultural facilities can, however, potentially reduce demand costs as much as 30 percent with PDP by participating in PG&E's energy efficiency and demand response programs which can help them to better manage the way energy isused in their operations.

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The PDP program includes a bill stabilization feature for the first year of participation. After a customer's first 12 months of PDP, PG&E compares charges under the new plan to what would have been charged under the applicable TOU plan. If the costs have increased, the customer receives a credit for the difference on the subsequent bill. This enables customers to spend a year on the plan at no risk, and determine if it suits their business needs.

To help agricultural customers keep costs down while continuing to meet their specific business needs, PG&E offers an extensive portfolio of Demand Response programs with alternative pricing options. PG&E Representatives on staff with the utility can help customers understand how PDP works or help them choose a more appropriate program. PG&E will also hold educational workshops to provide in-depth information before the transition date. PG&E customers may get more information by visiting www.pge.com/pdp/ag, contacting a PG&E Representative at 1-800-987-4923 or calling the Agricultural hotline at 1-877-311-FARM (1-877-311-3276).