

Demand Charges for PG&E's Largest C&I Customers

- PG&E's rates for large C&I customers (E19/E20) feature generation, transmission and distribution demand charges, which are assessed based on integrated 15-minute TOU (generation and some T&D) and maximum (most remaining T&D) demand measures.
- These rates apply to the largest one-half of 1% of PG&E's business customers, and reflect trade-offs between demand and energy charge cost recovery that are actively reviewed each time PG&E presents a GRC Phase 2 case. All parties to this case except solar interests support this Settlement, and agree that the proposal by Solar Alliance would cause cost shifting.
- Solar Alliance has presented arguments that mix and match generation supply and retail rate design principles to suit its preference for energy-charge based rate structures. For example,
 - RA counting rules do not apply the "70% exceedance method" to retail rate design.
 - Individual retail customers are never assigned RA-based capacity cost responsibility.
 - Wholesale power suppliers never receive 23 to 40 cent/kWh energy payments over all peak hours each summer month, as Solar Alliance would like PV customers eligible for Net Energy Metering (NEM) credits to receive during periods when they are net exporters.
- Solar Alliance has conceded at hearings that its recommended A-6 Solar Pilot and Option R rate proposals are of most relevance to large customers with big PV arrays that are larger than their own on-site loads – meaning, installations where NEM credits during periods of over-production are of equal or greater importance, when compared to rates paid for load not served by the PV array. However, the value of those NEM credits was totally ignored in its testimony.
- Solar Alliance also asks that principles used to divide SCE distribution capacity costs between TOU and maximum demand charges be applied to PG&E's rate design.
- This argument ignores the fact that PG&E's distribution maximum demand charges have already been reduced to assign a significant portion of distribution capacity costs to TOU demand charges, using a different method than SCE but producing comparable results.
- Solar Alliance asks the Commission to adopt the "same" rate options for its large C&I customers as currently offered by SCE and SDG&E. This request ignores:
 - Numerous other subsidies afforded to customers installing PV equipment.
 - Dramatic reductions in the cost of purchasing PV arrays over the last several years.
- Solar Alliance claims that the Settlement Rates result in large customers with solar subsidizing other customers. In fact, the CPUC considered this issue earlier this year, and issued a report finding that solar customers in all rate classes are subsidized by customers without solar. Solar Alliance essentially asks the CPUC to ignore and reject its own finding from April of this year.