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To: Hall, Thomas A. (thomas.hall@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: DRA Concerned for Small Business Customers, Who Will Face New Energy Pricing Structure in 2012

**FOR IMMEDIATE RELEASE**

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**DRA Concerned for Small Business Customers, Who Will Face New Energy Pricing Structure in 2012**

SAN FRANCISCO, November 10, 2011 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), today expressed its concern for small business owners who, under a decision approved by the CPUC, could see significant rate increases from their utility bills in the coming years.

The CPUC today approved a decision imposing mandatory time-variant pricing programs on small business customers of Pacific Gas and Electric Company (PG&E) in two stages, beginning in November 2012. PG&E's time-variant pricing will come in two forms: 1) time-of-use pricing, in which pre-established electricity rates vary based on the time at which electricity is used, and 2) critical peak pricing, where electricity prices rise significantly and are established one day prior to the calling of high-demand days, beginning in late 2014.

In February, DRA and the California Small Business Association requested that the CPUC implement its program by gradually transitioning small business customers to the simpler, more

understandable time-of-use pricing, to offer critical peak pricing as a voluntary program, and to require the more complex critical peak pricing only when certain customer readiness conditions are met. Instead, the CPUC's decision imposes mandatory time-of-use pricing in November 2012 and moves all of PG&E's small and midsize business customers to the critical peak pricing program in 2014. Customers will then be able to "opt out" of critical peak pricing to time-of-use pricing.

Under CPUC direction, PG&E rolled out critical peak pricing to its largest commercial and industrial customers in 2010. Of those 5,300 customers, 60 percent have opted out of the critical peak pricing program. PG&E has reported difficulty in communicating the programs to customers, which DRA believes will become more challenging as the number of customers under the programs expands. On the other hand, these same large customers have had mandatory time-of-use pricing since 2001, which is less complex and more predictable, therefore, easier to understand.

"Small businesses will suffer as a result of the CPUC's decision," said Joe Como, DRA's acting director. "Time-variant pricing is an important tool in reducing overall demand and meeting the state's goal of reducing greenhouse gas emissions through less reliance on fossil fuel generation. But to be effective, it needs to be well understood and accepted by small business customers. PG&E's failure to keep many of its largest customers on critical peak pricing is an example of how important customer readiness is to the program's success and to prevent small businesses from being blindsided by rate shock or confused by energy bills they don't understand."

Further, DRA analysis has shown that greenhouse gas emissions can be reduced more effectively with a focus on time-of-use pricing rather than critical peak pricing.

For more information, visit DRA's [Time-Variant Electric Pricing page](#).

For more information on DRA, please visit [www.dra.ca.gov](http://www.dra.ca.gov).

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