

**R.12-06-013**  
**Workshop to Discuss and Refine Preliminary Questions**  
***Monday August 27, 2012***

*California Public Utilities Commission*  
*505 Van Ness Avenue, Auditorium*  
*(Corner of Van Ness Avenue and McAllister Street)*  
**San Francisco**

*Conference Phone Line: 877-930-0524*

*Participant Code: 9183912*

*The workshop will be webcast at [www.californiaadmin.com/cpuc.shtml](http://www.californiaadmin.com/cpuc.shtml)*

*During the webcast, viewers can email questions to [zhen.zhang@cpuc.ca.gov](mailto:zhen.zhang@cpuc.ca.gov)*

**AGENDA**

**9:30 – 10:00 Welcome and Overview**

**9:00 – 11:00 Section 1: Goals of Retail Rate Design**

*Are these the correct goals?*

**PRELIMINARY LIST OF QUESTIONS FROM OIR:**

1. As described in Section 2.6 of the Order Instituting Rulemaking, the Commission defines an optimal rate design as encompassing several guiding principles. Are these the right goals to develop an optimal rate design?
  - Low-income and medical baseline customers should have access to enough electricity to ensure basic needs are met at an affordable cost;
  - Rates should be based on marginal cost;
  - Rates should be based on cost-causation principles;
  - Rates should encourage conservation and reduce peak demand;
  - Rates should provide stability, simplicity and customer choice; and
  - Rates should encourage economically efficient decision-making.
2. Are there other goals that should guide residential rate design?

**11:15 – 12:15 Section 2: Rate Design**

*Are there other general question about rate design that should be raised?*

**LIST OF QUESTIONS FROM OIR WITH ADDITIONAL LANGUAGE IN ITALICS.**

1. Please describe an optimal residential rate design structure based on those goals. For purposes of this exercise, assume that there are no legislative restrictions. Explain how your proposed rate design meets each goal and compare the performance of your rate design in meeting each goal to current rate design. *Support your proposal with evidence citing to research, studies or experience in other jurisdictions. Describe how you would transition to this rate structure in a manner that promotes customer acceptance.*
2. For the optimal residential rate design structure described above, what barriers, legal or legislative, are in place that would hinder the implementation of the rate design?

3. Are current rate structures compatible with innovative technologies that can help customers reduce consumption or shift consumption to a lower cost time period as compared to time varying rates?
4. Can baselines and tiers be made compatible with a time-variant or dynamic rate structure, or are revisions to existing legislation necessary?
5. *How would your proposed rate design affect the value of net energy metered facilities for participants and non-participants?*

**12:15 – 1:15 Lunch**

Pre-order lunch available from Mocha's Café (details to follow).

**1:15 – 2:15 Section 3: Equity Concerns**

*Are CARE/low income, geographic and other equity concerns addressed by these questions?*

LIST OF QUESTIONS FROM OIR WITH ADDITIONAL LANGUAGE IN ITALICS.

1. For the optimal residential rate design structure described above, if your proposed rate does not rely on baselines and tiers, explain how low-income customers and customers with medical needs requiring a certain amount of electricity consumption would continue to have their basic needs met at an affordable cost.
2. Would your proposed rate structure produce any cross-subsidies between coastal and inland customers?
3. How do you define cross-subsidies in this context?
4. Do existing CARE methodologies provide for an optimal rate protection or are there more efficient and equitable means to protect low income customers?
5. *Should the Commission consider differentiating the CARE discount based on need? For example, a moderate discount could be offered to households with income in 101% to 200% range of the federal poverty threshold, with a deeper discount for households at or below the threshold.*
6. *Because lower rates tend to encourage greater electricity consumption, should assistance for low-income households be offered as a fixed monthly credit, similar to food stamps, rather than as a rate discount?*

**2:30 – 3:30 Section 4: Coordination**

*Are issues related to implementation, other regulatory proceedings, and existing legislation sufficiently addressed by these questions?*

PRELIMINARY LIST OF QUESTIONS FROM OIR:

1. Is there a need to better coordinate between the dynamic pricing proceedings?
2. What needs to be harmonized between the proceedings?
3. Should any of these proceedings be suspended, consolidated, or dismissed pending the resolution of this rulemaking?
4. What policies would help ensure that successful strategies will be shared between utilities?
5. Is there a need to better coordinate and advance the role of third party vendors and service providers to bring value to enhancing customers' ability to maximize energy savings under time-variant and dynamic rates?

**3:30 – 4:00 Wrap Up**