

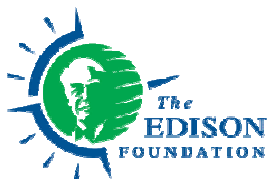
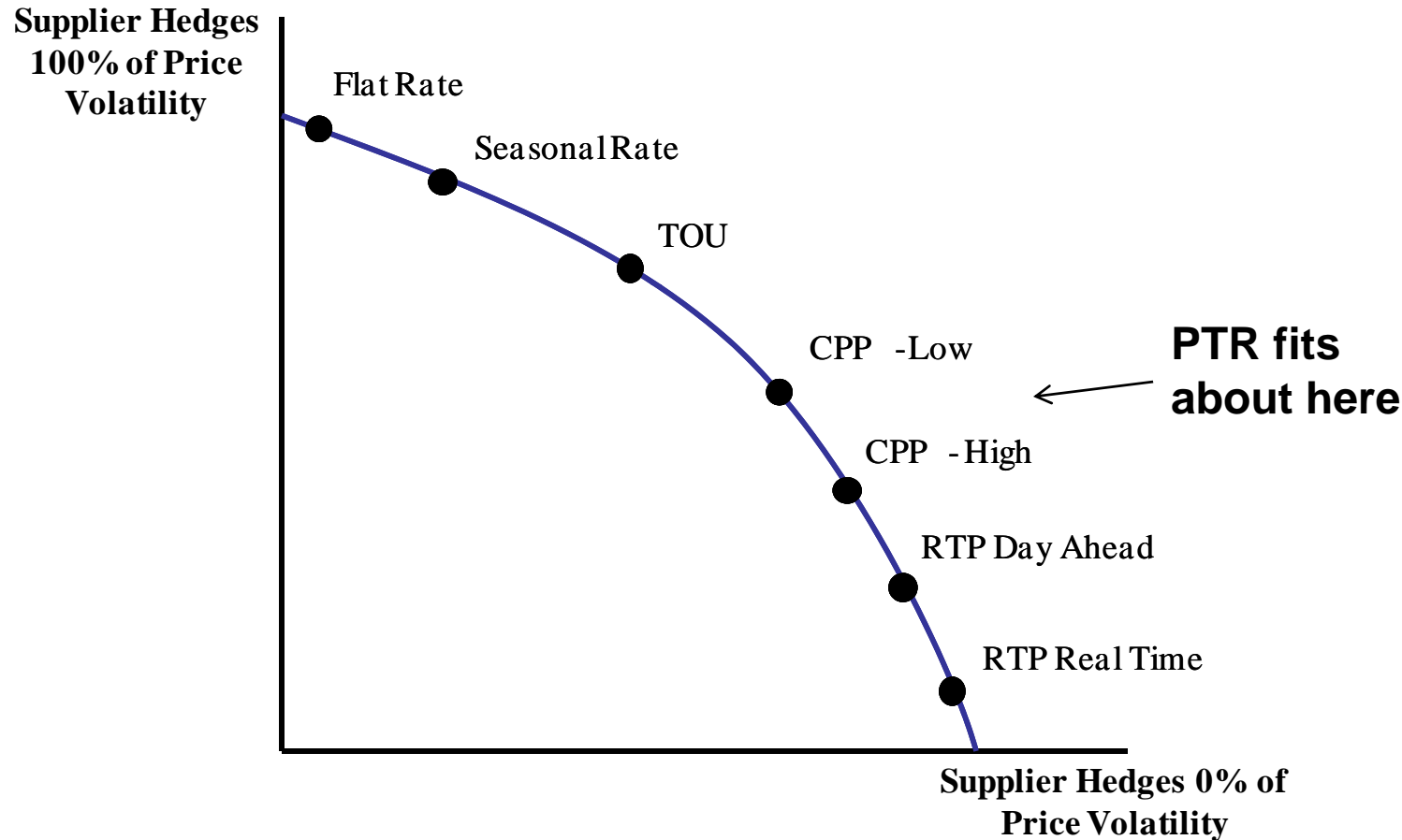
INSTITUTE FOR
Electric Efficiency

The Price is Right: Making Dynamic Rates Work for Efficiency, Consumers & the Smart Grid

Lisa Wood
NARUC Workshop
Atlanta, GA

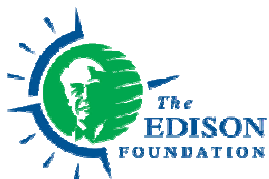
November 16, 2010

Smart meters allow for an array of rate options – flat rates to real time prices (RTP)

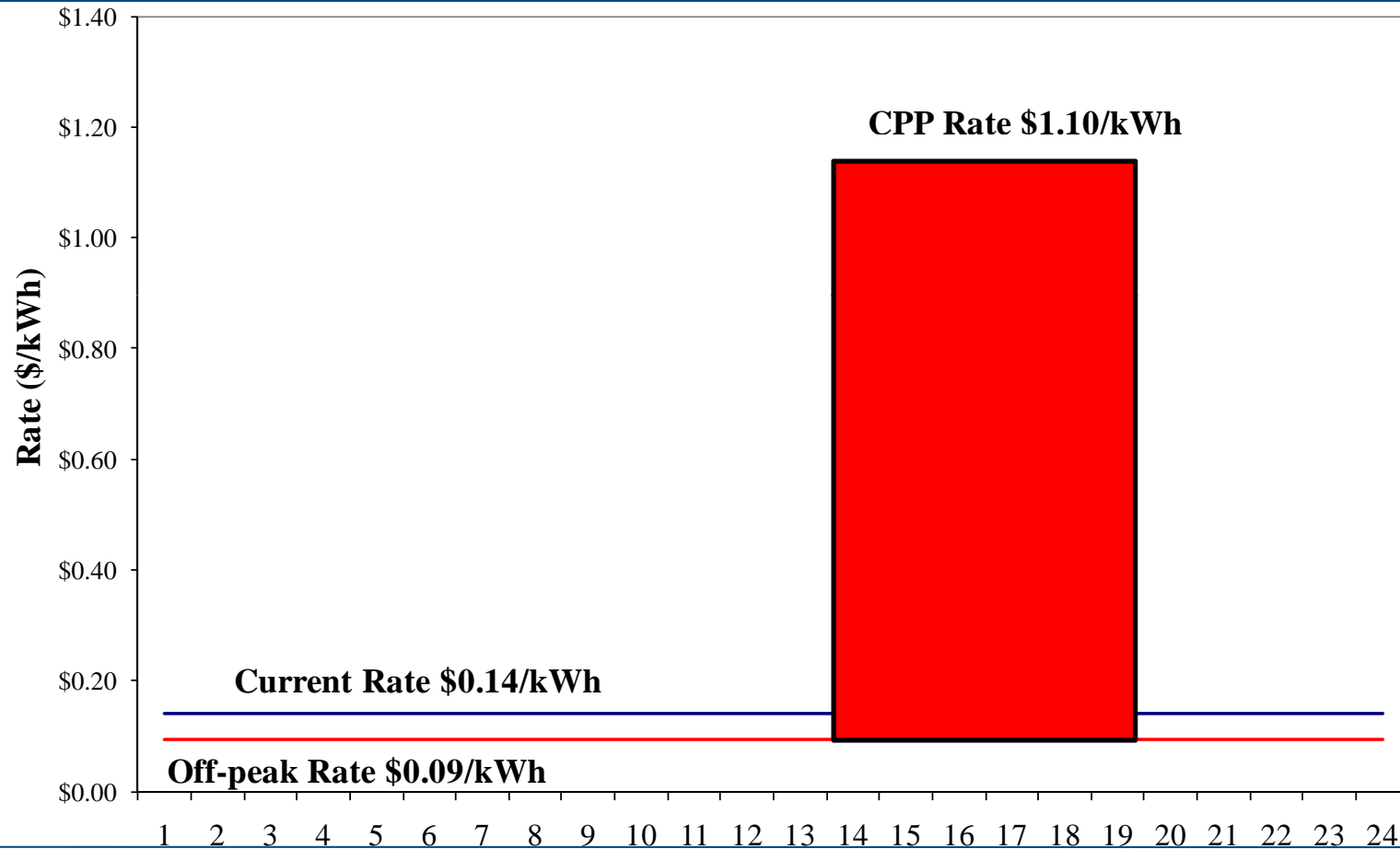


For residential customers, debate now centers on peak time rebates and critical peak prices

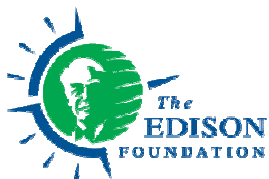
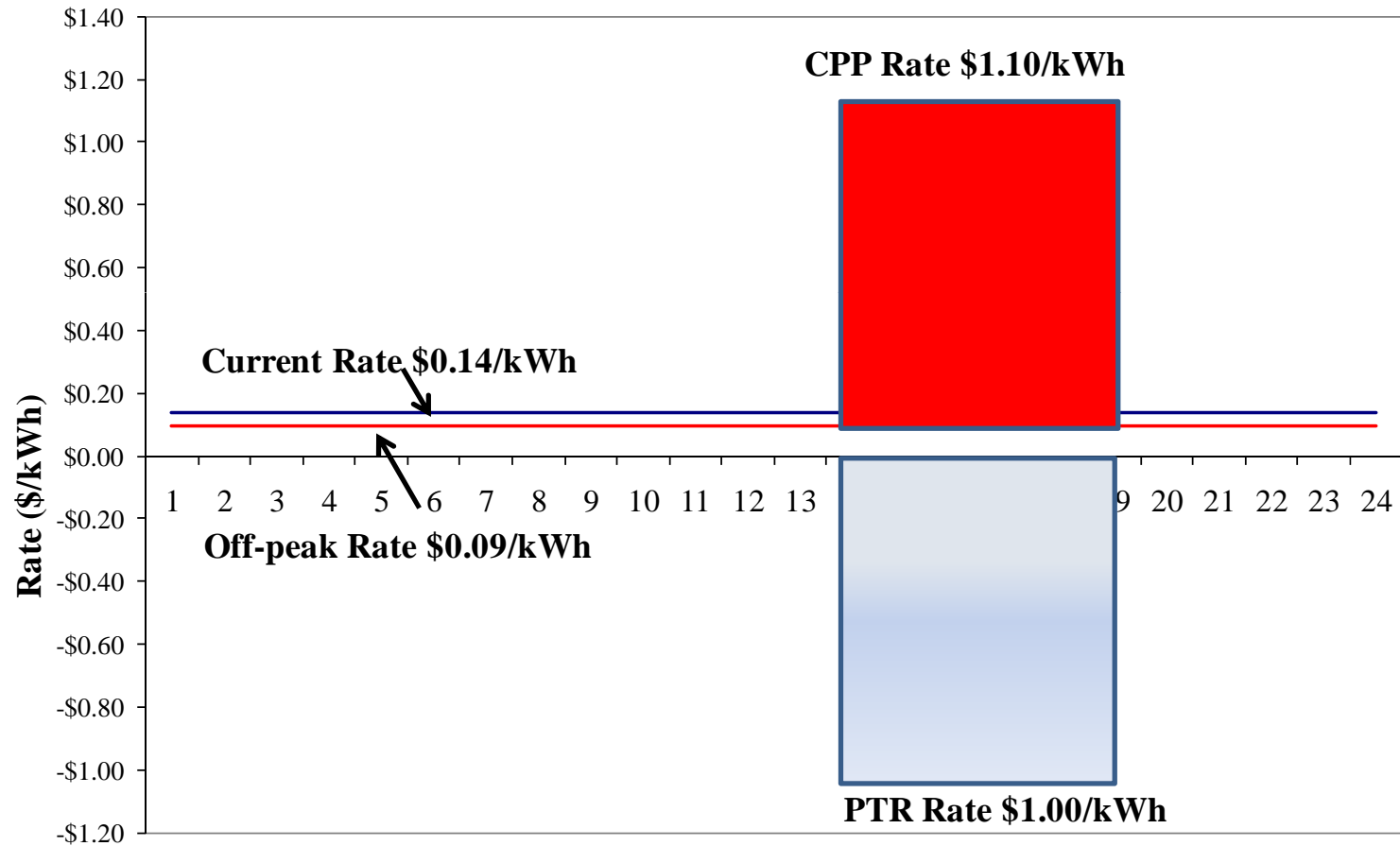
- **Peak time rebate (PTR)**
 - Make it available because PTR creates “no losers” while still incenting customers to shift load. But, maybe not.
 - **Critical peak price (CPP)**
 - Charge customers a very high price during 5 or 6 hours on the 12-15 peakiest days per year. But, make it optional.
 - **Demand subscription service (DSS)**
 - Customers buy their “baseline” energy use at flat rates; energy above baseline is purchased at a dynamic price.
 - **But, all related! We need a “smart” pricing “game plan” and timeline for the consumer.**
-



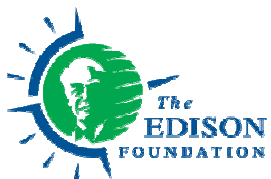
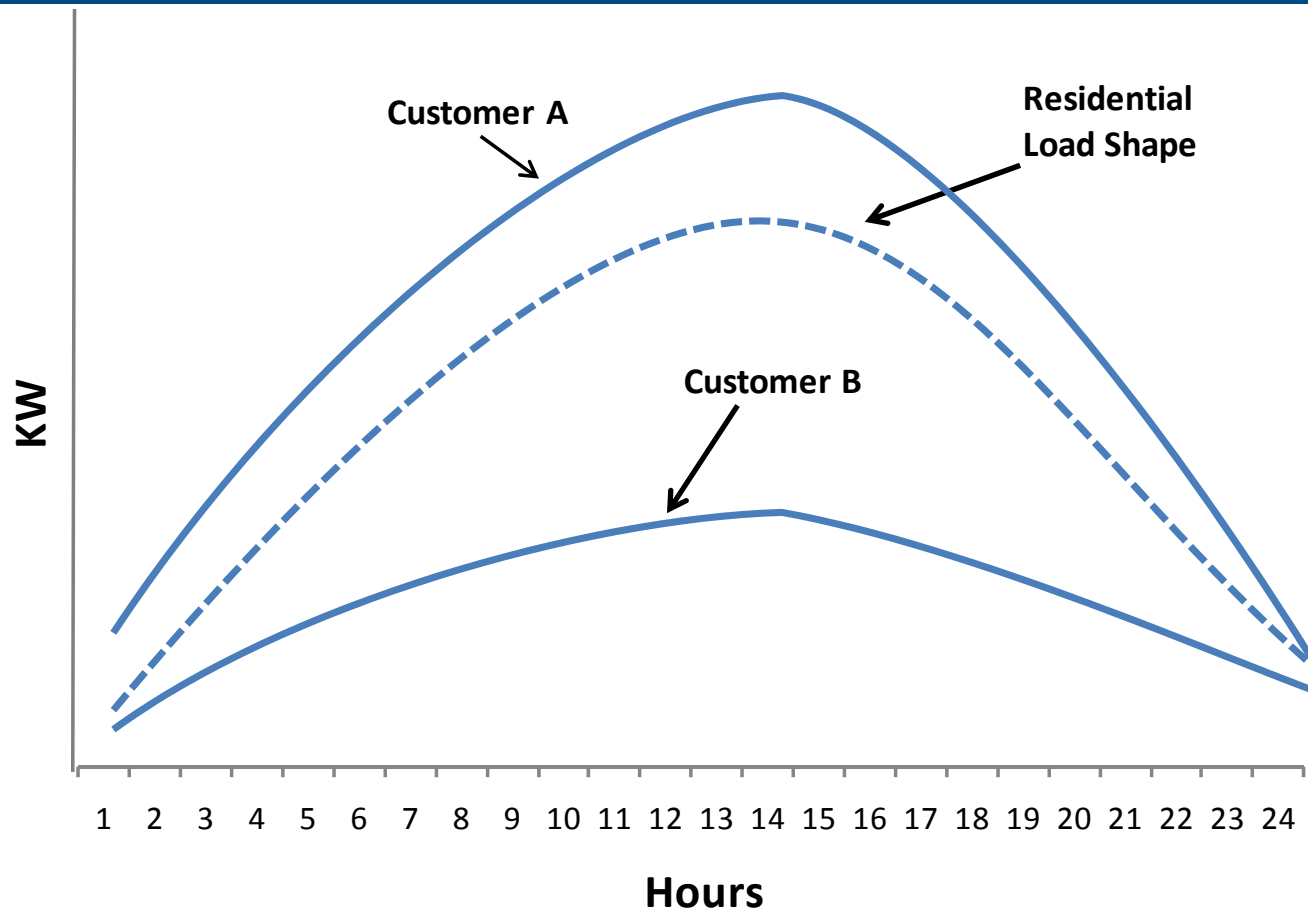
Critical peak price



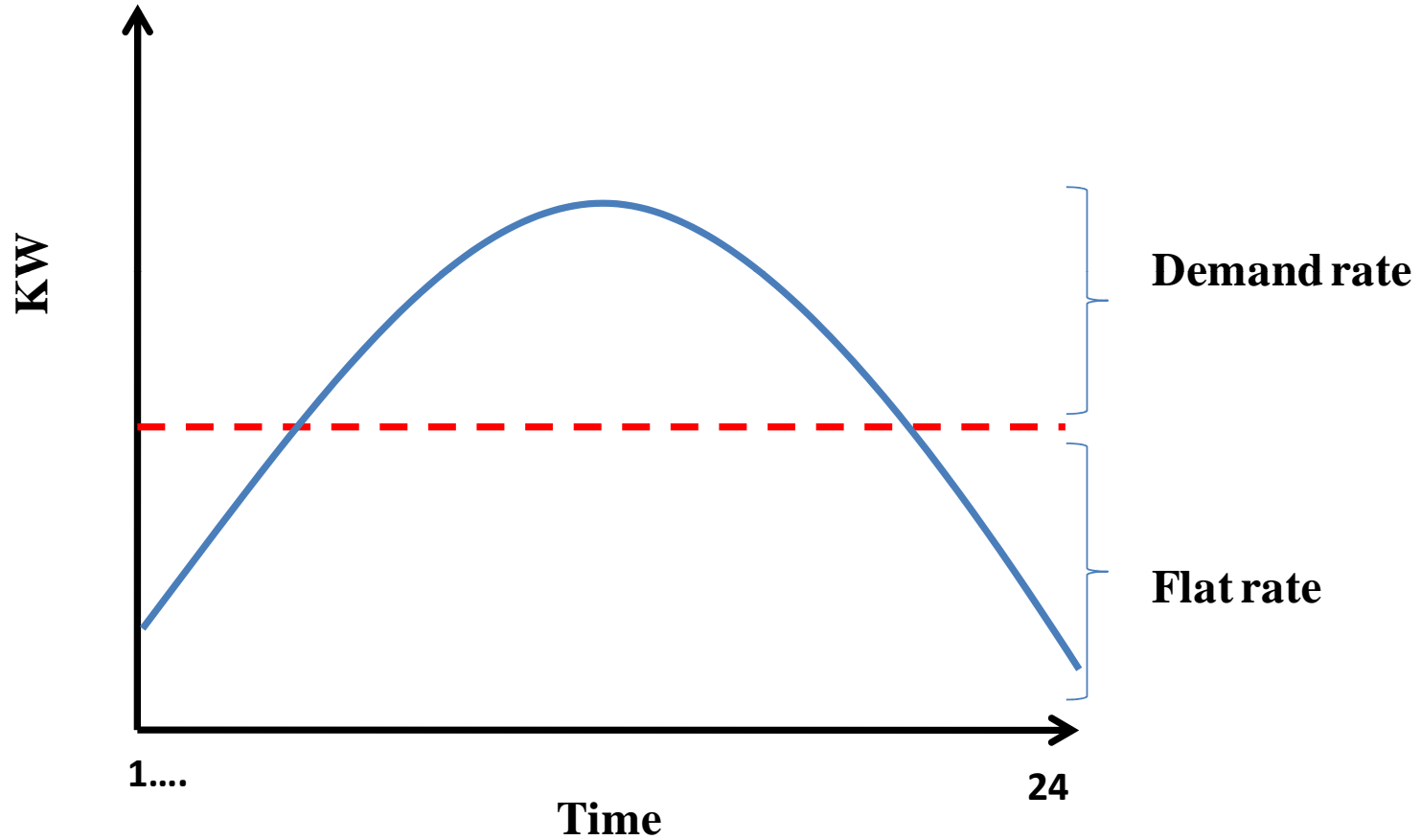
Peak time rebate is inverse of CPP



One issue: what is the appropriate PTR baseline?



Demand subscription service

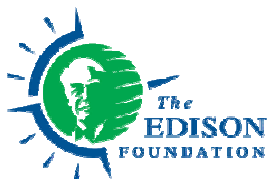
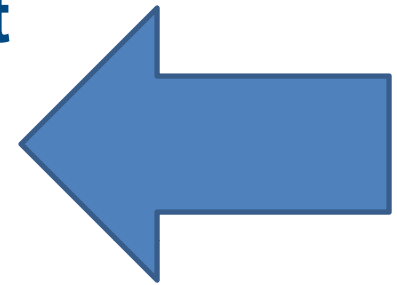


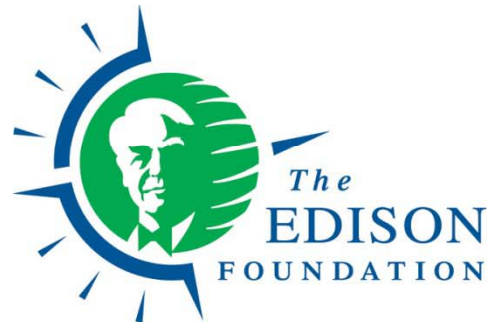
Consider a smart pricing timeline that integrates customer education

- Year 1 – Introduce peak time rebates and send price signals for critical days (12-15 per year)
 - Think about the appropriate baseline; it may not be the customer's own usage.
 - Year 2 – Start educating customers about different rates using bill comparisons/shadow bills (based on Year 1 usage)
 - Show CPP, DSS, RTP, and PTR
 - Year 3 – Customers are now educated enough to choose a rate option!
-

A smart pricing timeline addresses concerns over smart rates (August 2010)*

- **Make dynamic pricing voluntary not mandatory**
- **Educate customers**
- Smart meters must be cost effective
- Evaluate alternatives to smart meters
- Maintain consumer protections
- Maintain privacy and security
- Verify investments





INSTITUTE FOR
Electric Efficiency

For more information, contact:

Lisa Wood

Executive Director

Institute for Electric Efficiency
The Edison Foundation
701 Pennsylvania Ave., N.W.
Washington, D.C. 20004-2696
202.508.5550

lwood@edisonfoundation.net

www.edisonfoundation.net/IEE

The Edison Foundation | INSTITUTE FOR
Electric Efficiency

Advancing energy-efficiency practices and efficient pricing among electric utilities.

ABOUT IEE | ISSUE BRIEFS | NEWS & EVENTS | REPORTS | DATABASES | ONLINE ROUNDTABLE

What's New

- Upcoming Events
[Register Now!](#)
- Energy Efficiency
[Success Stories](#)

Ask IEE

Program cost recovery?
Lost margins? Decoupling?
If the resources on this site
have not answered your
questions about program
design and best practices,
please contact us.

JOIN THE COMMUNITY | EXTERNAL LINKS | ASK IEE

© 2008 The Institute for Electric Efficiency. All rights reserved. [Contact Us](#), [Privacy Policy](#).