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SOUTHERN CALIFORNIA EDISON

## POWER BULLETIN INDUSTRIAL SEGMENT

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# SCE Previews Projected 2012 “Dynamic Pricing” Rate Changes

In 2012, Southern California Edison’s (SCE) rates will change significantly for business, government and agricultural customers. Because of California Public Utilities Commission (CPUC) requirements, SCE plans to begin moving all non-residential customers to mandatory Time-of-Use (TOU) rates in January 2012.

In addition, small and medium business customers and large agricultural and pumping customers will be changed to Critical Peak Pricing (CPP) rates in conjunction with TOU rates beginning in January 2012, but will be able to opt out of the CPP rate to a TOU rate. Large commercial and industrial customers began defaulting to the CPP rate in October 2009.

In compliance with CPUC orders, on Sept. 1, 2010, SCE filed its proposal for implementing these changes in its Dynamic Pricing Application (A.10-09-002). With the exception of large agricultural customers, SCE proposed that customers’ rates be changed only after installation of the new Edison SmartConnect™ meters and after customers have received 12 months of billing information from these meters.

With Edison SmartConnect meters, customers’ usage will be recorded every 15 minutes and will be made available online. Having a better understanding of daily electricity usage will allow customers to (1) better manage electricity costs, (2) understand how bills may fluctuate under TOU rates, and (3) determine if a CPP rate is right for them.

SCE plans to notify customers who become eligible for the new rates approximately two months prior to the date of the rate change. SCE also will provide customers with a rate analysis to help them select the rate option that best fits their needs.

## What Are TOU Rates?

Time-of-Use (TOU) rates are designed to vary during specific time periods throughout the day and year. For example, electricity rates are highest during the on-peak period, defined as noon to 6 p.m. on weekdays during the summer season (June 1 to Sept. 30). By reducing electricity use during the highest-demand on-peak periods, customers can reduce their electricity bills.

## What Is CPP?

The Critical Peak Pricing (CPP) rate is designed to provide an incentive to customers to reduce or shift electricity usage during four-hour CPP events, when the demand and price of electricity are higher. CPP provides reduced monthly on-peak demand charges during the summer season in exchange for the short-term energy price increases during CPP events. By reducing electricity usage during each CPP event, participants can avoid these higher prices and benefit from lower electricity bills.

In addition, participants receive bill protection for the first year on CPP, meaning the total amount they pay on CPP for the first 12 months will not exceed what they would have paid on their TOU base rate.

## Summary of Projected 2012 Changes by Customer Class

### Large Customers

All large customers (i.e. demands 200 kilowatts (kW) and greater) on CPP will receive a new capacity reservation option. To use this option, customers will select a Capacity Reservation Level, in kilowatts, similar to the Firm Service Level that applies to the Base Interruptible Program (BIP). Usage at or below the designated kW level would remain subject only to the applicable TOU rate; however, usage above the designated kW level would be billed on the CPP rate, receiving CPP credits and being subject to CPP event charges.

### Small and Medium Business Customers

For customers with demands less than 200 kW currently on GS-1 and GS-2 rates, SCE is proposing two CPP rate options: CPP-Lite and the full CPP rate. CPP-Lite will be similar to the full CPP rate except that its CPP event energy rates and credits will be set at 50% of the full CPP rate. Beginning in 2012, eligible customers will be placed on CPP-Lite unless they opt out to a mandatory TOU rate or select the full CPP rate.

### Agricultural and Pumping Customers

In 2012, SCE is proposing to divide agricultural and pumping customers into two rate groups: 1) customers with maximum demands below 200 kW and 2) customers with maximum demands equal to or greater than 200 kW. Those below 200 kW will be placed on mandatory TOU rates with the option to be placed on a CPP rate. Customers with demands 200 kW or greater will be placed on CPP rates unless they opt off.

Stay tuned for more updates on pending 2012 rate changes. You may also contact your account representative for any questions, plus information on how to save energy and money using SCE’s wide array of energy solutions.

## Reminder: Register for Fall Electricity Outlook Meetings

Learn more about electric utility issues, with a special emphasis on 2011 changes for rates, Demand Response programs and Direct Access, at one of SCE’s Fall 2010 Electricity Outlook sessions. Each session takes place from 8 a.m. to 9:30 a.m., with continental breakfast at 7:30 a.m.

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- Oct. 8, 2010: Torrance Doubletree, Event #26850
- Oct. 12, 2010: SCE's Customer Technology Application Center (Irwindale), Event #26641
- Oct. 15, 2010: Ventura Marriott, Event #26851
- Oct. 19, 2010: Santa Ana Embassy Suites, Event #26852
- Oct. 20, 2010: San Bernardino Hilton, Event #26853
- Oct. 26, 2010: SCE's Agricultural Technology Application Center (Tulare), Event #27306 (**NOTE:** New date/event number for this location)

You also can join an Electricity Outlook Webinar on Oct. 12, 2010, from 8 a.m. to 9:30 a.m. (event #26642). To register for a session, call 626.812.7537 or 800.336.2822, extension 42537.

**INDUSTRIAL SEGMENT FOCUS**

**Precision Specialty Metals Stays Ahead of the Curve in Energy Management**

As a energy-intensive business, Precision Specialty Metals, a Worthington Industries company, focuses on both demand response and energy efficiency to improve its bottom line—with its commitment to smart energy management solutions continuing to pay dividends.

The 40-year-old company, located in the eastern Los Angeles region, bills itself as the nation's leading conversion mill. It specializes in stainless steel, offering precision light-gauge strip and sheet products for a range of industries, including aerospace, automotive, construction, food service and petrochemical.

"Because we're a 1.9-megawatt firm, it's very important for us to be ahead of the curve for what's new in energy savings," said Vice President Jim Lutz. "Raw materials and payroll are the only costs that surpass utilities."

Lutz said Precision Specialty Metals focuses primarily on lowering its electric demand costs, particularly during the summer peak periods. An early demand response adopter, the company joined the Critical Peak Pricing (CPP) rate in 2006 and stayed on it until this year.

CPP offers benefits for shifting or reducing electricity use during critical peak events in the summer months. During these events, energy charges increase significantly, but participants can avoid them and lower their bills by reducing electricity usage. CPP participants also receive reduced monthly on-peak demand charges throughout the summer season.

**CPP Savings of \$300,000-Plus**

During the four years on CPP, Lutz estimates the company saved more than \$300,000, noting that the rate was "superior to the alternative of TOU-8."

This year, Precision Specialty Metals decided the company would benefit from moving to a Demand Response Contract. SCE's portfolio of Demand Response Contracts consists of five aggregators, each contracted to provide SCE with load reductions during demand response events that SCE may call at its discretion.

Aggregators design their own programs, and offer demand response program structures and options that may not be directly available through SCE. Customers may select an aggregator with services that best meet their business needs. Besides assisting customers directly, by lowering electrical load during peak demand periods these programs help California maintain a reliable supply of electricity, reduce the possibility of rotating outages and help avoid the need to build new power plants.



*Precision Specialty Metals saves energy and money by participating in both demand response and energy efficiency programs. For example, during its four years on the Critical Peak Pricing rate, the company reported savings of more than \$300,000.*

**Lower Costs With Nighttime Shifts**

At Precision Specialty Metals, even if there's not a demand response event, the company—which operates 24/7—looks for ways to shift from on-peak to off-peak usage.

"In the past, if we didn't need 24/7 work, we would terminate the night shift," Lutz said. "Now if we have to shut down a portion of the plant, we do so during the day. For the price of a kilowatt it's worth running at night."

Lutz advised other manufacturers to take a similar approach. "Investigate all of the tariff possibilities to ameliorate the demand portion of your bill. Reschedule to the night shift any time it's possible to save on summer peak rates."

**Lighting Retrofit Savings of 800,000 kWh**

Precision Specialty Metals also uses energy efficiency to achieve further savings. The company has retrofitted approximately 350 fixtures in its offices and manufacturing building with T8 fluorescents, and also has installed motion sensors to control the lighting in all of its offices. The estimated savings from these measures, which earned incentives from SCE, total approximately 800,000 kilowatt-hours annually.

In addition, the company has installed systems that start and stop its hydraulic motors on demand, preventing the motors from running when they're not needed.

Precision Specialty Metals isn't stopping there. Next, Lutz said, the company is investigating the use of solar energy to achieve additional savings.

Lutz credited Richard Rocha, the company's account executive, for helping the company keep a watchful eye on its bottom line.

"It's been a very good experience working with him. He's very helpful with ideas in terms of where we can look for savings."

For more information on how you also can benefit from SCE's wide array of energy management programs and services, contact your account representative or visit [www.sce.com/solutions](http://www.sce.com/solutions) and [www.sce.com/drp](http://www.sce.com/drp).