



California Public Utilities Commission 505 Van Ness Ave., San Francisco

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PRESS RELEASE

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CPUC GIVES CUSTOMERS GREATER CONTROL OVER THEIR ELECTRICITY BILLS WITH DYNAMIC PRICING RATES FOR PG&E

SAN FRANCISCO, July 31, 2008 - The California Public Utilities Commission (CPUC) today continued its commitment to empower energy consumers by setting a timetable for Pacific Gas and Electric Company (PG&E) to propose new “dynamic pricing” rate structures for all of its customers. Dynamic pricing will enable PG&E customers to take advantage of the new advanced meters that PG&E is installing throughout its service territory. With the new advanced meters, customers will no longer have to wait until the end of the month to see how much energy they used. The new meters will tell customers how much energy they are using from day-to-day and hour-to-hour. Dynamic pricing will give consumers a tool to take advantage of the new meters and reduce their electricity bills.

Dynamic pricing refers to electric rates that reflect actual wholesale market conditions. One example is critical peak pricing (CPP), which is a rate that includes a short-term rate increase during critical conditions. Another example is real time pricing - a rate linked to actual hourly wholesale energy prices.

Dynamic pricing can enable customers to better manage their electricity usage and reduce their bills. Dynamic pricing does this by charging customers more when power is in short supply, such as on a hot summer afternoon, and less when supplies are plentiful, such as at night and in the winter. Thereby, customers that can cut their electricity use during peak periods will be rewarded with a reduction in their bills.



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Dynamic pricing also connects rates with California’s greenhouse gas policies. When wholesale energy prices are high, the most inefficient generation sources with high greenhouse gas emissions are operating. By linking retail rates to wholesale market conditions, dynamic pricing encourages customers to avoid consuming polluting power.

Today’s decision adopts a timetable that requires PG&E to propose dynamic pricing rates for all commercial, industrial, and agricultural electric customers by 2011. The decision also requires PG&E to introduce new dynamic pricing options for residential customers in 2011.

“California’s Energy Action Plan identifies demand response, along with energy efficiency, as the state’s preferred way to meet growing energy needs,” said CPUC President Michael R. Peevey. “These new rates will give consumers a new tool to control their energy bills and reduce their impact on the environment.”

“Every PG&E customer will be getting a new, smarter meter during the next four years. Dynamic pricing will give customers a new tool to use the real-time usage information from the meters to manage their energy use and cut their bills,” said Commissioner Rachelle Chong.

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