Zen and the Art of Rate Design: A Case Study

Theme:

The objective of rate design is to produce efficient investment in infrastructure by utilities and end users, promote efficient energy use and storage, and reduce the effects of a regressive tax on low-income customers.

In California, the three major electric utilities proposed to restructure rates for NEM customers. The restructuring includes a grid access charge, lowering their compensation for exports to the grid, and an additional fixed charge. The proposal would also maintain a three-period TOU rate.

This proposal raises important policy questions that we would like to address. For example,
1. If fixed monthly charges are economically efficient, shouldn’t they apply to all customers?
2. How would raising fixed charges affect other green initiatives such as home insulation?
3. Why maintain a three-period TOU rate structure?
4. How should the subsidies to low-income customers be reconfigured if fixed charges are introduced?
5. What level of compensation for exports to the grid is appropriate?

Moderator and Panelists

Our webinar participants represent a broad range of perspectives:
Jeanne Fox, Columbia and Rutgers, Moderator
Brendon Baatz, Gabel Associates
Ahmad Faruqui, Brattle
Victor Glass, Rutgers Business School
Gordon Kaiser, Regulation Arbitration LLP
Jim Lazar, PACE University Institute for Energy Democracy
Tricia Pridemore, Georgia Public Service Commission

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