



Staff Report

---

**File #:** 23-0686

---

**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 09/06/2023

**TO:** Honorable Mayor and City Council Members

**FROM:** Utilities Department

**SUBJECT:**

RESOLUTION AMENDING THE ELECTRIC ENERGY RULES AND REGULATIONS AND THE SCHEDULE OF USER/SERVICE FEES FOR THE PROVISION OF ELECTRIC ENERGY TO UPDATE ELECTRIC UTILITY TIME-OF-USE TIME PERIODS

**EXECUTIVE SUMMARY:**

This staff report asks the City Council to approve Resolution No. 2023-092, amending the time-of-use time periods listed in the Electric Energy Rules and Regulations and the Electric Utility Schedule of User/Service Fees for the Provision of Electric Energy. This will better align wholesale power supply prices with rates charged to customers during specific time periods.

**RECOMMENDED ACTION:**

**That the City Council** adopt Resolution No. 2023-092, amending the Electric Energy Rules and Regulations and the Schedule of User/Service Fees for the Provision of Electric Energy to update time-of-use time periods.

**BACKGROUND & HISTORY:**

The Utilities Department (UD) provides electric customers the option of either standard or time-of-use (TOU) electric tariffs. UD currently has 15 Direct Access customers and 21 Greenfield customers on TOU plans.

UD officially established time-of-use time periods for customers on February 4, 2004, with the adoption of Ordinance No. 2692, which established the rules and regulations for the electric energy enterprise and rates for the sale of electric energy. Rule 12 of the Electric Energy Rules and Regulations established Rates and Optional Rates. Under Rule 12, Section H "Definitions," time periods for TOU were defined as follows:

- On Peak:
  - Noon to 6:00 p.m. summer weekdays except holidays

- Mid Peak:
  - 8:00 a.m. to Noon and 6:00 p.m. to 11:00 p.m. summer weekdays except holidays
  - 8:00 a.m. to 9:00 p.m. winter weekdays except holidays
- Off-Peak:
  - All other hours

UD purchases power through the California Independent System Operator (CAISO). Power pricing in the market can fluctuate based on multiple factors, with supply and demand driving the pricing. During certain times of day, energy production can outpace demand. One of the factors that drives prices is the availability of renewable energy at certain times of the day. For example, solar projects produce energy during daylight hours on sunny days, but production slows on cloudy days, and stops when the sun sets. Wind projects produce more energy during high periods of wind, but production slows as the wind slows.

As the State continues to increase the availability of renewable energy, the CAISO must manage supply and demand to keep the market both cost-effective and reliable. Market prices fluctuate to help manage periods of oversupply or undersupply. With the increase in renewable energy, the CAISO conducted a study to determine anticipated electricity needs as compared to the anticipated electricity supply. The study found that the period of 4:00 p.m. to 9:00 p.m. on both weekdays and weekends was when limited supply was most likely to occur. These time periods were recommended as “peak” periods where pricing would likely be higher. These study findings are shown in the graphs below.

WEEKDAYS												
midnight	2am	4am	6am	8am	10am	noon	2pm	4pm	6pm	8pm	10pm	
Jan	Off Peak							Peak			Off Peak	
Feb	Off Peak							Peak			Off Peak	
Mar	Off Peak					Super Off Peak			Peak			Off Peak
Apr	Off Peak					Super Off Peak			Peak			Off Peak
May	Off Peak							Peak			Off Peak	
June	Off Peak							Peak			Off Peak	
July	Off Peak					Super Peak			Off Peak			
Aug	Off Peak					Super Peak			Off Peak			
Sep	Off Peak							Peak			Off Peak	
Oct	Off Peak							Peak			Off Peak	
Nov	Off Peak							Peak			Off Peak	
Dec	Off Peak							Peak			Off Peak	

WEEKENDS												
midnight	2am	4am	6am	8am	10am	noon	2pm	4pm	6pm	8pm	10pm	
Jan	Off Peak					Super Off Peak			Peak			Off Peak
Feb	Off Peak					Super Off Peak			Peak			Off Peak
Mar	Off Peak					Super Off Peak			Peak			Off Peak
Apr	Off Peak					Super Off Peak			Peak			Off Peak
May	Off Peak					Super Off Peak			Peak			Off Peak
June	Off Peak					Peak			Off Peak			
July	Off Peak							Peak			Off Peak	
Aug	Off Peak							Peak			Off Peak	
Sep	Off Peak					Super Off Peak			Peak			Off Peak
Oct	Off Peak					Super Off Peak			Peak			Off Peak
Nov	Off Peak					Super Off Peak			Peak			Off Peak
Dec	Off Peak					Super Off Peak			Peak			Off Peak

**ANALYSIS:**

UD’s current TOU time periods do not align with the CAISO’s market data. With the changes occurring in the CAISO market, UD would like to align TOU time periods with wholesale power supply prices.

UD recommends adjusting the TOU time schedule as follows:

- On-Peak:
  - 4:00 p.m. to 9:00 p.m. summer weekdays except holidays
- Mid-Peak:
  - 4:00 p.m. to 9:00 p.m. summer weekends except holidays
  - 4:00 p.m. to 9:00 p.m. winter weekdays except holidays
- Off-Peak:
  - All other hours

By setting TOU schedules according to wholesale power supply prices, UD encourages customers to conserve energy during on-peak periods. This energy savings can contribute to the balancing of the

energy market, and potentially save on costs for both the customer and UD.

This change may provide additional benefits for our Direct Access (DA) customers. DA customers purchase their power from UD, and Southern California Edison (SCE) delivers the power. The customer receives a bill from UD for the actual power consumed and also receives a bill from SCE for the transmission and distribution of that power. SCE modified its tariff schedules to reflect TOU time periods described in the CAISO study above. Consistent TOU time periods between SCE billing and UD billing simplifies the customers' decision on how to save on total energy costs.

Customers will be notified 30 days in advance of the change and have the opportunity to make changes to their usage to accommodate the new schedule and potentially save on energy costs. UD's goal is to encourage customers to conserve energy during peak time periods and allow the customer a measure of control over their energy costs.

**FINANCIAL IMPACT:**

The proposed adjustments to the TOU time periods could potentially result in a loss of revenue in the Greenfield Electric Utility fund (578) and the Direct Access Electric Utility Fund (576) based on customer usage.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve minor text changes to the Electric Energy Rules and Regulations and Electric Utility Schedule of User/Service Fees for the Provision of Electric Energy to update the time-of-use periods to align with wholesale power supply prices, and there is no possibility that approving this Amendment will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** ERIN KUNKLE, ELECTRIC UTILITY MANAGER

**REVIEWED BY:** TOM MOODY, DIRECTOR OF UTILITIES

**Attachments:**

1. Exhibit 1 - Resolution No. 2023-092
2. Exhibit 2 - Resolution No. 2023-092\_Redline