



Engaging Consumers in Time-of-Use Rates

About Southern California Edison (SCE)

As one of the nation's largest electric utilities, SCE delivers power to 15 million people across 50,000 square-miles across central, coastal and Southern California, excluding the City of Los Angeles and some other cities. To deliver power safely, reliably and affordably, SCE maintains a vast electricity system that includes 13,000 miles of transmission lines, 91,000 miles of distribution lines and 1.4 million electric poles. SCE has been recognized nationally for its commitment to energy conservation, and during the past five years, SCE and its customers have saved nearly 7.6 billion kWh, enough energy to power more than 1.1 million homes for a year.

The Challenge: How to Get Customers Thinking About When and How Much Energy They Use

Transitioning Southern Californians to time-of-use rates

In 2015, the California Public Utilities Commission (CPUC) issued a decision providing specific steps for the state's three major investor-owned utilities (IOUs) to shift its residential customers to time-of-use rates in order to support the statewide policy goal of better reflecting the cost of service. SCE will transition the majority of customers to time-of-use (TOU) rates from October 2020 through March 2022, although customers can choose to stay on the tiered rate if they desire.

To prepare for the transition and test rate structures, SCE has implemented several pilot programs in recent years. First, SCE launched an opt-in TOU pilot in 2016, followed by a 2018 TOU pilot with 400,000 residential customers where a majority were defaulted to TOU rates. In the 2018 pilot, nearly 98 percent of those who were defaulted to the new rate structures chose to remain on that rate. Today, SCE has approximately 455,000 customers on a TOU rate and has played a proactive role in encouraging other customers who may benefit on the rates to enroll.

During the upcoming transition, SCE's customers will default to the lowest annual cost rate of either a TOU rate with a 4–9 p.m. peak or a TOU rate with a 5–8 p.m. peak. A third TOU rate, TOU Prime, is also an option for customers who own an electric vehicle, residential battery storage or electric heat pump for space or water heating. This rate has peak periods similar to the 4–9 p.m. rate, but a higher fixed charge and a lower off-peak variable charge.

The Solution: Educating and Engaging Consumers Around the New Rate Options

Rate analyses help consumers understand the impact of rates based on historical usage

To ensure that customers are aware of their rate options and able to make an informed decision on their rates, SCE was required by the CPUC to provide an annual rate analysis leading up to and following the default to TOU rates. These rate analyses presented a view of customers' historical behavior over the last 12 months and how certain rates could impact their bill, in order for customers to choose the rate that best meets their lifestyle needs.

PROGRAM AT A GLANCE

Throughout the transition of residential customers to time-of-use rates, SCE is utilizing an online rate tool from GridX, an awareness campaign and other strategies to improve consumers' understanding of TOU rates and provide an avenue for customers to self-enroll before the transition.

RESULTS SO FAR

SCE's residential customers have responded well to the TOU rate transition. Analysis shows customers have shifted their energy consumption, and internal surveys have showed an increase in consumer awareness and understanding in TOU rates and the actions needed to save energy under these rates. SCE has also seen an upward trend of visits to the online rate tool.

To better facilitate access to the rate analysis, SCE created an online rate tool (called the Rate Plan Comparison Tool or RPCT) to allow consumers to view historical usage information, compare savings under different rates and ultimately select their desired rate. SCE also conducted numerous “Test and Learn” customer outreach campaigns with smaller groups of customers to understand optimal presentation and messaging for both the communications and the tool. In Q4 2018, SCE implemented rate analysis calculations from GridX, a Silicon Valley-based technology company that offers solutions for utilities that are managing rate reforms and transitions, particularly with TOU rates. The calculations are sent to SCE where SCE displays the end results on their website for customers to view.

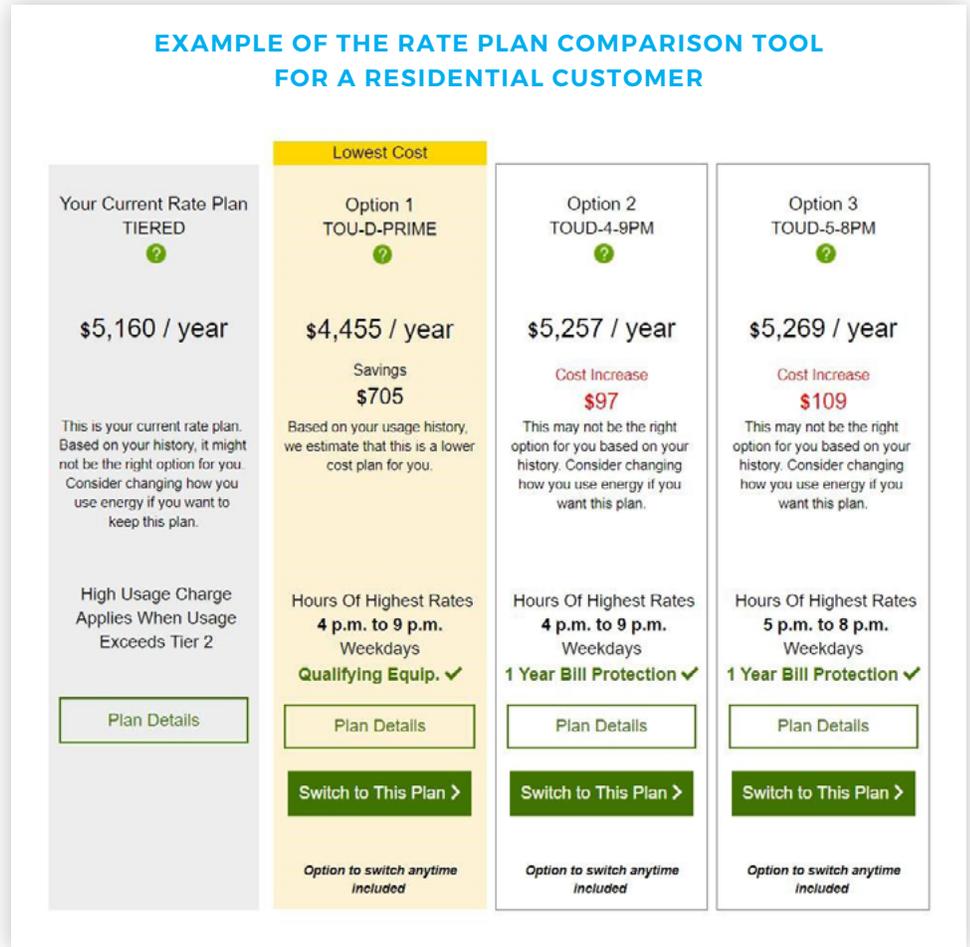
SCE relies on the customer’s historical usage using the current rate amounts for the different rate options. SCE currently requires customers to have at least eight months of usage history in order to calculate the rate (two summer months are required). SCE intends to reduce the number of months required to view a rate analysis in 2021 to allow more customers to use the tool.

Mass media campaign and other tools to create awareness across SCE territory

SCE also implemented a rates awareness campaign that utilized mass media, such as digital, social media, radio and out-of-home advertising, to reach a broad audience and begin the process of educating customers about their rate options, enabling consumers to make informed decisions when it’s time for their transitions to TOU. This is an annual campaign that has been in market for numerous years and will continue moving forward to ensure a greater understanding of rates and reinforce the message that SCE customers “have options”.

In addition, SCE regularly attends events and leverages relationships with numerous community-based organizations, who lead their own events within their primary critical customer segments, raising awareness on rate options, the Rate Plan Comparison Tool, and income assistance programs. Additional outreach on rate awareness includes High Usage Charge notifications when customers exceed a certain amount of usage. The letter provides solutions for customers to manage their bills. SCE also provides customers with one year of bill protection to help adjust to their new TOU rate. Prior to the default transition, customers who would benefit from TOU rates may also receive letters that show the amount they can save on a TOU rate.

Finally, SCE offers digital tools and tips to help consumers manage their bill and make the most of their TOU rate. Customers can opt-in to daily text alerts that remind the customer of both the start and end time of the peak period. Customers can also visit SCE’s website for tools and tips to help them reduce energy during peak times.



The Results and What's Coming Next

SCE's residential customers have responded well to the TOU rate transition. For the TOU default pilot that started in March 2018, only 12 percent of the 400,000 customers opted out of TOU rates prior to the transition. Since the transition, only two percent switched back to the tiered rate.

To track the effectiveness of the efforts on time-of-use rates, SCE has been monitoring load impacts and surveying customers routinely over the past several years, and so far, SCE has seen positive results. Both TOU rates showed that customers were able to shift energy usage away from peak hours (load reduction from the peak period ranged between 0.9 to 2.0 percent, depending on the rate and season). Customer awareness of TOU rates has increased for SCE's residential customers, from 41 percent being aware in the first survey in 2016 to 47 percent being aware in 2019. Among the sample who say they are on TOU, the proportion who believe it is the best rate for the household rose significantly from 66 percent in fall 2018 to 82 percent in fall 2019.

Of those customers who participated in the TOU default pilot that began in March 2018, the understanding of the need to shift load away from peak times has increased. In April 2018, 46 percent initially said shifting the time you use electricity will allow you to save money, but in August 2019, that figure increased to 64 percent.

SCE has also seen an upward trend of visits to the Rate Plan Comparison Tool. Customers are reviewing their rate analysis and making rate changes based on their results. The graph below details the number of successful logins to the tool.

The Rate Plan Comparison Tool currently supports bundled service customers only (customers who rely on SCE for both electricity generation and delivery). However, as more community choice aggregators (CCAs) enter the market, SCE is making changes to the tool to incorporate a rate analysis for unbundled customers (those who rely on SCE for delivery of electricity only). SCE plans to provide a rate analysis for unbundled customers using SCE rates as a proxy. Implementation and use of the tool by unbundled customers will be available prior to their TOU default timeline in 2021. In addition, SCE plans to reduce the number of months of historical usage required to view a customer's rate analysis.

SUCCESSFUL LOGINS TO RATE COMPARISON TOOL FOR RESIDENTIAL CUSTOMERS

