Customer Rebate Discussion

• Should PCE issue a Rebate/Dividend payment to customers?
• Funding Options
• Other similar CCA and State programs
• Payment Method Logistics
Customer Rebate Discussion

• PCE is building a large cash reserve, how can we best utilize those funds for our customers’ benefit?
  – One Time Rebate?
  – Annual Program?
Should PCE issue a Rebate/Dividend Payment to Customers?

**Pros**

- Opportunity to promote additional PCE benefits to customers with more noticeable bill impact
- If timed correctly, and large enough, rebate payment can provide significant utility bill relief for many customers

**Cons**

- Customers may not notice payment from PCE
- A larger overall discount year round would benefit all customers all the time
- Creates an extra ‘program’ to manage vs. lower rates all the time
Funding Options

• Fixed budget amount: Set a total funding amount and then redistribute to customers
• % of revenue: Establish a % of revenue to be redistributed
Funding Options

• Divided by all customers equally
• Split proportionally between Com/Ind and Residential and then divided equally between respective customer classes
• Calculate individual credits based on a fixed rebate back per kWh consumed or fixed % refund of Generation costs.
Divide by All Customers Equally

Assume total funds available is $5 Million

- Current Active Customer Count is 291,987
- $5M / 291,987 = $17.12 per account
- CA Climate Credit follows this model
Assume total funds available is $5 Million

- Assume 60/40 load split between Com/Ind and Residential
- $3M Com/Ind and $2M Residential
- 28,257 Com/Ind Accounts and 263,730 Residential
- $3M/28,257 = $106.17 per Commercial Account
- $2M/263,730 = $7.58 per Residential Account
Assume total funds available is ~$5 Million

• To calculate fixed $/kWh divide total kWh sold by $5M
  – For 2017~2,860,350,000 kWh were sold
  – $0.00175 per kWh
  – Avg Res E1 (5,100 kWh/yr) = $8.93
  – Avg Sm Com A1 (18,000 kWh/yr) = $31.50
  – Ag Lg Com E19 (3M kWh/yr) = $5250.00
Calculate Individual Credits

• Determine an additional % discount to return to customers (1%, 2%, 5%, etc)
• Calculate refund based on total $ paid to PCE
• MBCP (Monterey Bay Community Power)
  – Bill credit paid out quarterly for Large Commercial, Bi-annually for Med/Small Commercial and Annually for Residential
  – Fixed percent of costs rebated back-3% for 2018. Customers are initially billed at parity with PG&E.
  – Each customer/account receives a different rebate
  – Potentially complicated calculations for pro-rated months of service
  – Designed primarily to prevent opt-outs
Other Similar CCA and State Programs

- California Climate Credit
  - Predetermined credit issued twice a year (October and April)
  - All Residential and Small Commercial/Industrial accounts are eligible (under 20 kW monthly Demand)
Payment Method Logistics

Check or Bill Credit?

- Strongly recommend a Bill Credit
  
  • More cost effective and easier to execute
  • Hi probability of of checks not being cashed- creates significant accounting issue for PCE
  • Bill Credit ensures that all customers actually receive the benefit (even if they don’t notice it)
  • PCE can promote the Bill Credit via press release, postcard, email blast, Twitter, Facebook, Nextdoor, etc. for less costs than printing and mailing individual checks