

Dynamic Pricing: What You Need to Know and Lessons from the Field

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Pacific Gas & Electric Introducing new Time-of-Use Rate in April

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Generation T&D Solar Storage Demand Response Distributed Energy Reg



FEATURE

Beyond TOU: Is more dynamic pricing the future of rate design?

Analysts say sending stronger price signals to residential ratepayers could help reduce peak demand, but consumer advocates are leery

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Generation T&D Solar Storage Demand

Home • Blogs • Energy Exchange • Data reveals real-time electricity pricing would h...

Data reveals real-time electricity pricing would help nearly all ComEd customers save money



BRIEF

Massachusetts approves new demand charge for Eversource's net metering customers

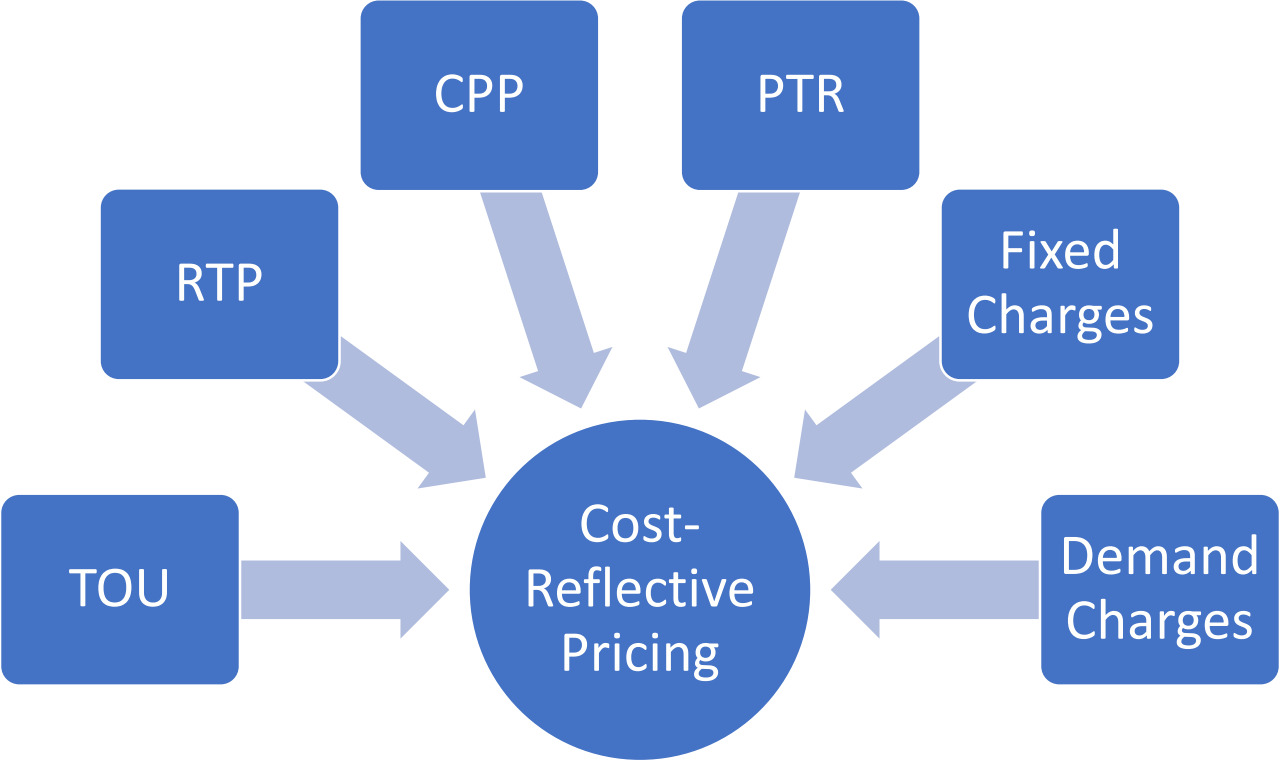
Why Should Electric Utilities Tie Rates to Costs?

Incentivize customers to behave in ways that **lower system cost**

Empower customers to manage their energy bill

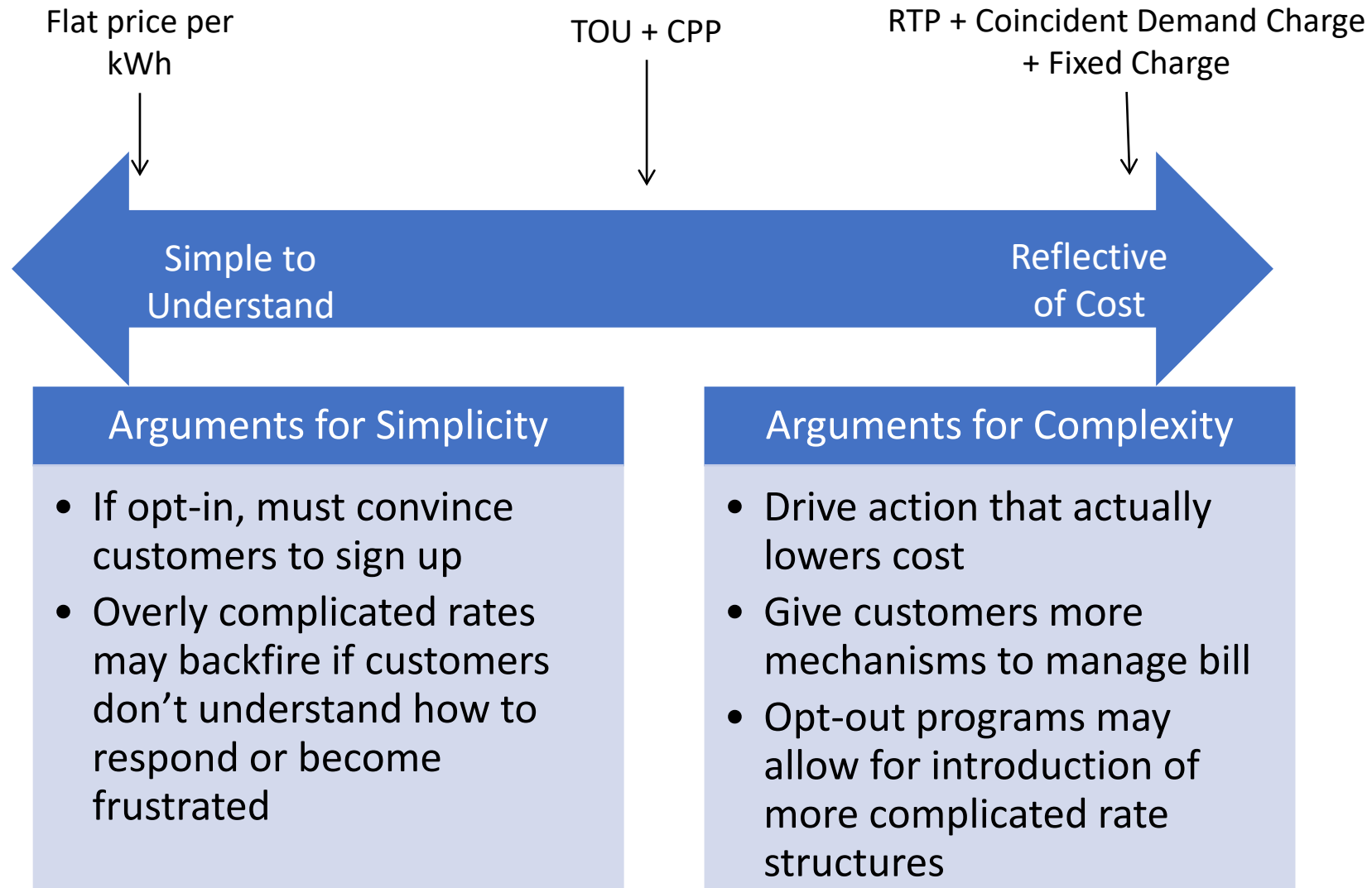
Allocate costs fairly across customers

What is Price-Based Demand Response?



Charge customers more for actions that lead to higher cost to serve and less for actions that reduce cost to serve.

Dynamic Pricing Spectrum



Driving Customer Acceptance of Dynamic Pricing

Target the right customers

- Use meter data to ID customers most likely to benefit
- Segment customers to deliver most effective marketing messages

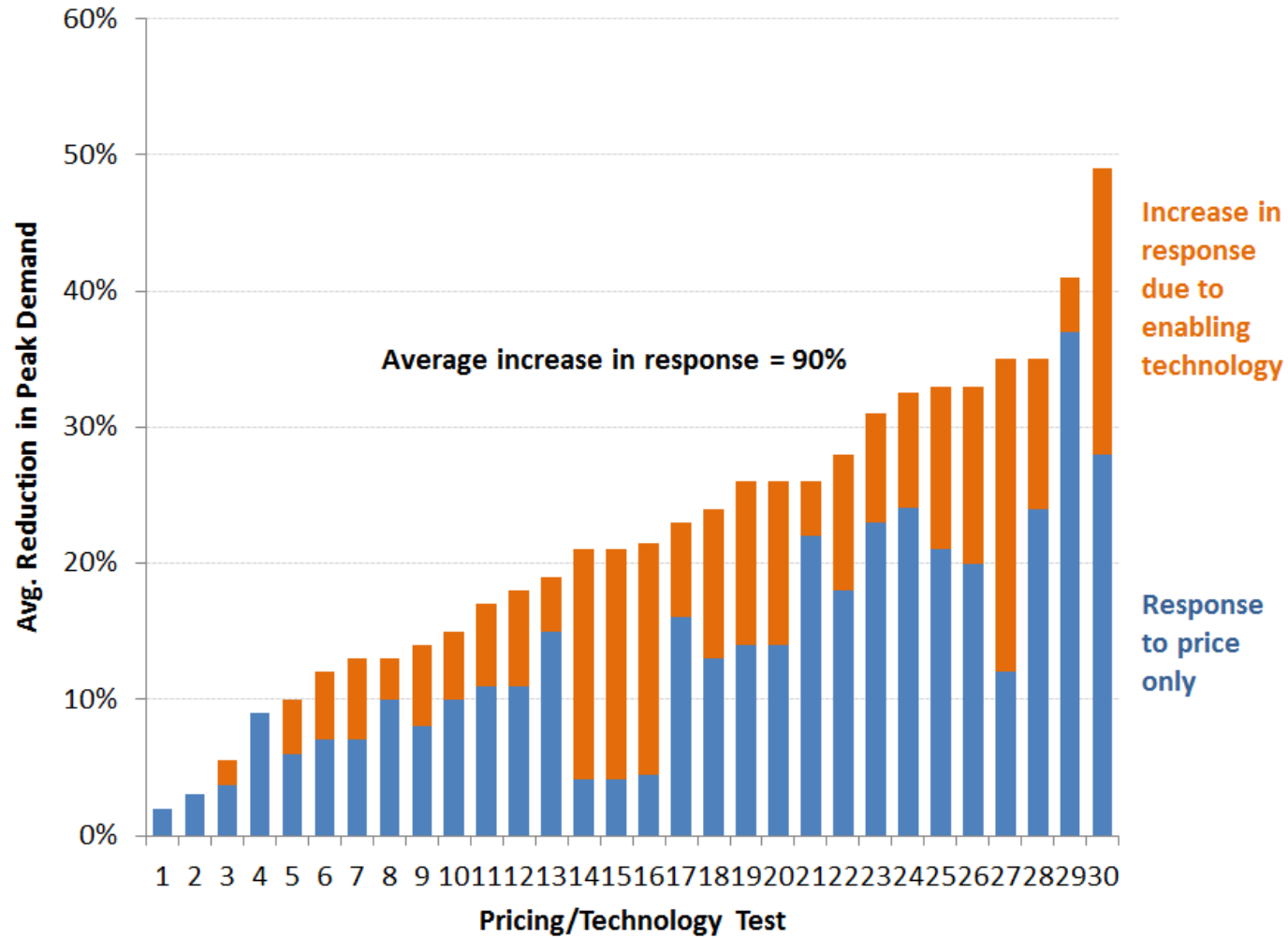
Provide appropriate coaching

- Deliver customized tips at the right times to help customers save money

Automate price response wherever possible

- Target thermostat, water heater, pool pump, or other connected loads
- Create flexible, dispatchable, predictable demand response resource

Benefits of Automation



Source: Ryan Hledik, The Brattle Group

Why Now?

Distributed Energy Resources



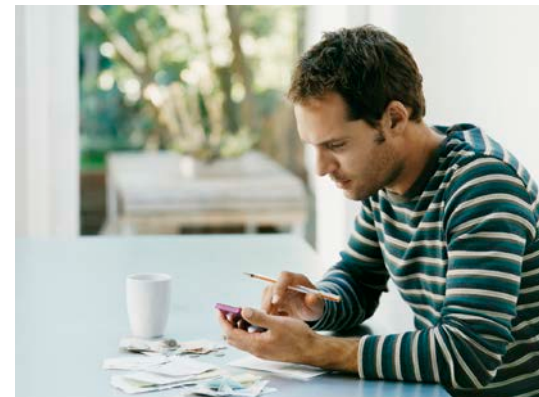
Connected Loads



AMI Proliferation



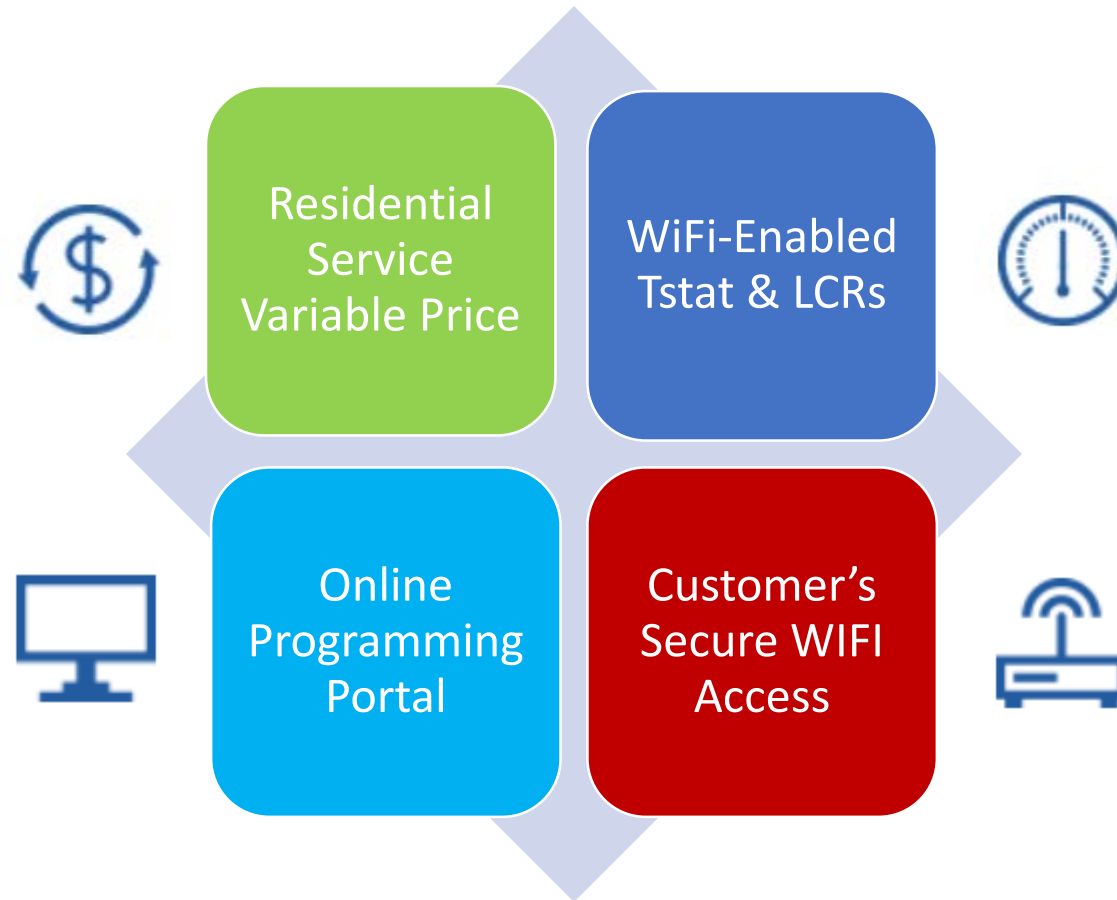
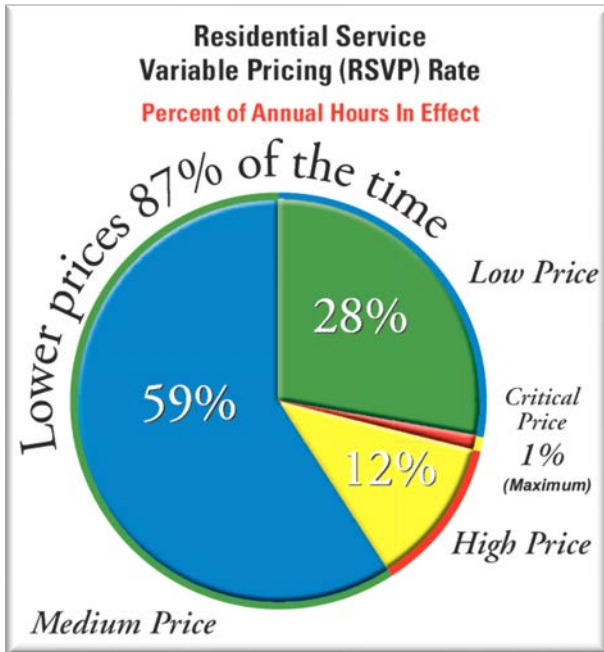
Digitally Engaged Customers



Gulf Power Energy *Select* Program Objectives

- Reduce generation needs
- Better use existing capacity
- Enhance customer satisfaction and value

Energy Select Today



Program Stats

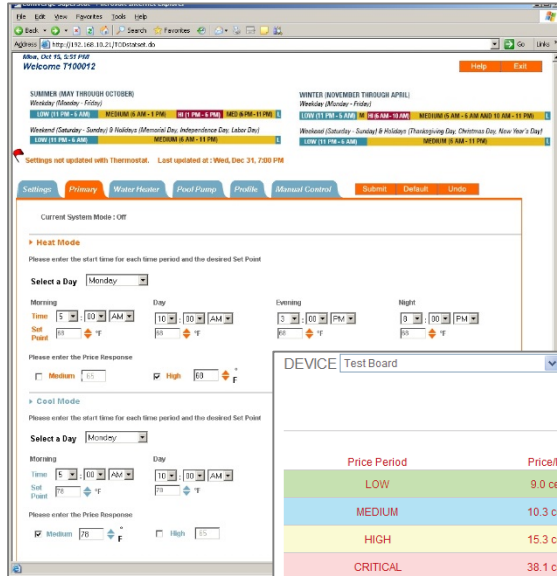
- Customers: 19,000+
- Per household reduction
 - Winter 2.4 kW
 - Summer 1.7 kW
- Customer Satisfaction
 - 95% Satisfied
 - 57% Extremely Satisfied

Success Factors



Staying Relevant

ES Maingate



ES Broadband

DEVICE: Test Board PROGRAM TYPE: Weekday/Weekend Weekday/Sat/Sun 7-Day

PRICE RESPONSE SETTINGS

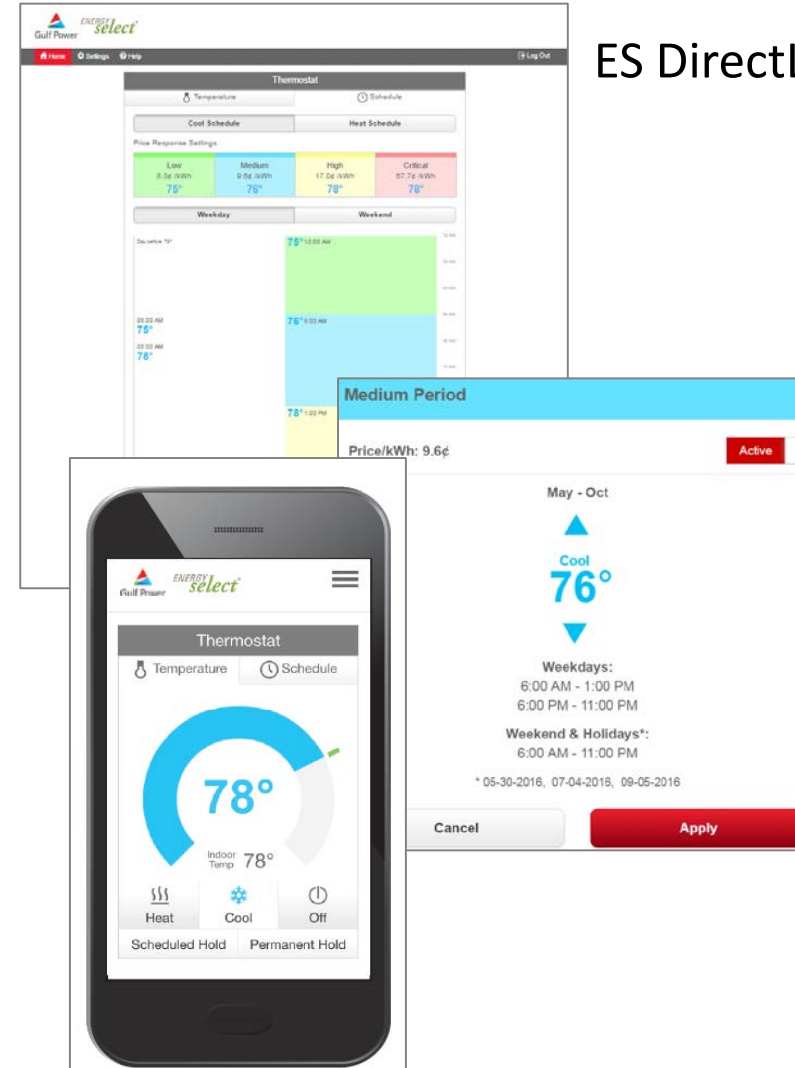
Price Period	Price/kWh	Cool*	Heat*	Active?
LOW	9.0 cents	71	60	<input type="checkbox"/>
MEDIUM	10.3 cents	77	73	<input type="checkbox"/>
HIGH	15.3 cents	78	66	<input checked="" type="checkbox"/>
CRITICAL	38.1 cents	80	62	<input checked="" type="checkbox"/>

When you activate a price period (Low, Medium, High) the normal Time of Day Settings are overridden to use the price response setting for that price period, and the modifications are reflected on the graph.

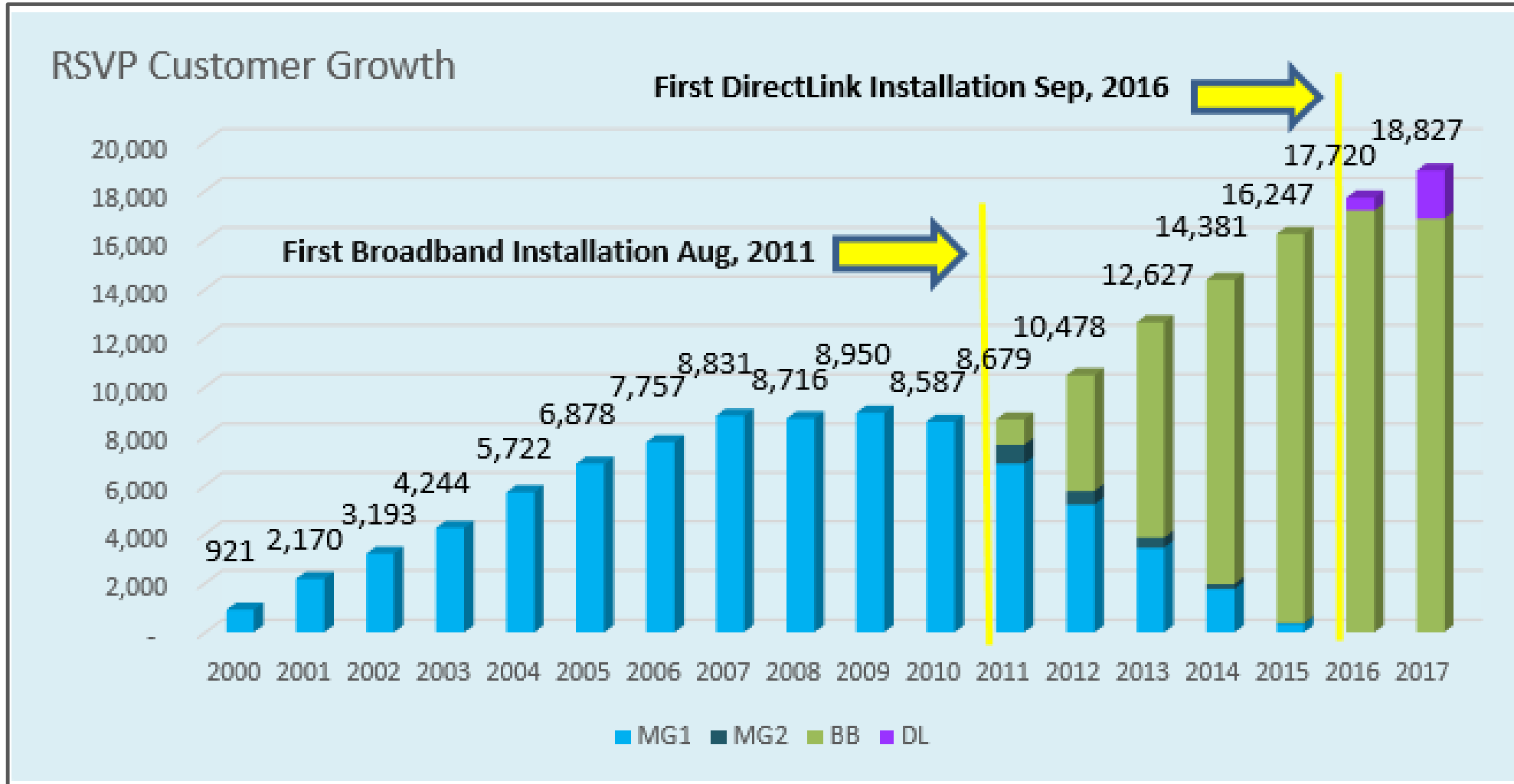
TIME OF DAY SETTINGS

WEEKDAYS	MODE	MORNING	DAY	EVENING	NIGHT
Cooling:	5:00 am	80°	1:00 pm	78°	11:00 pm
	5:00 am	68°	6:00 am	71°	12:30 pm
Heating:	5:00 am	68°	6:00 am	71°	12:30 pm
	5:00 am	80°	1:00 pm	78°	11:00 pm

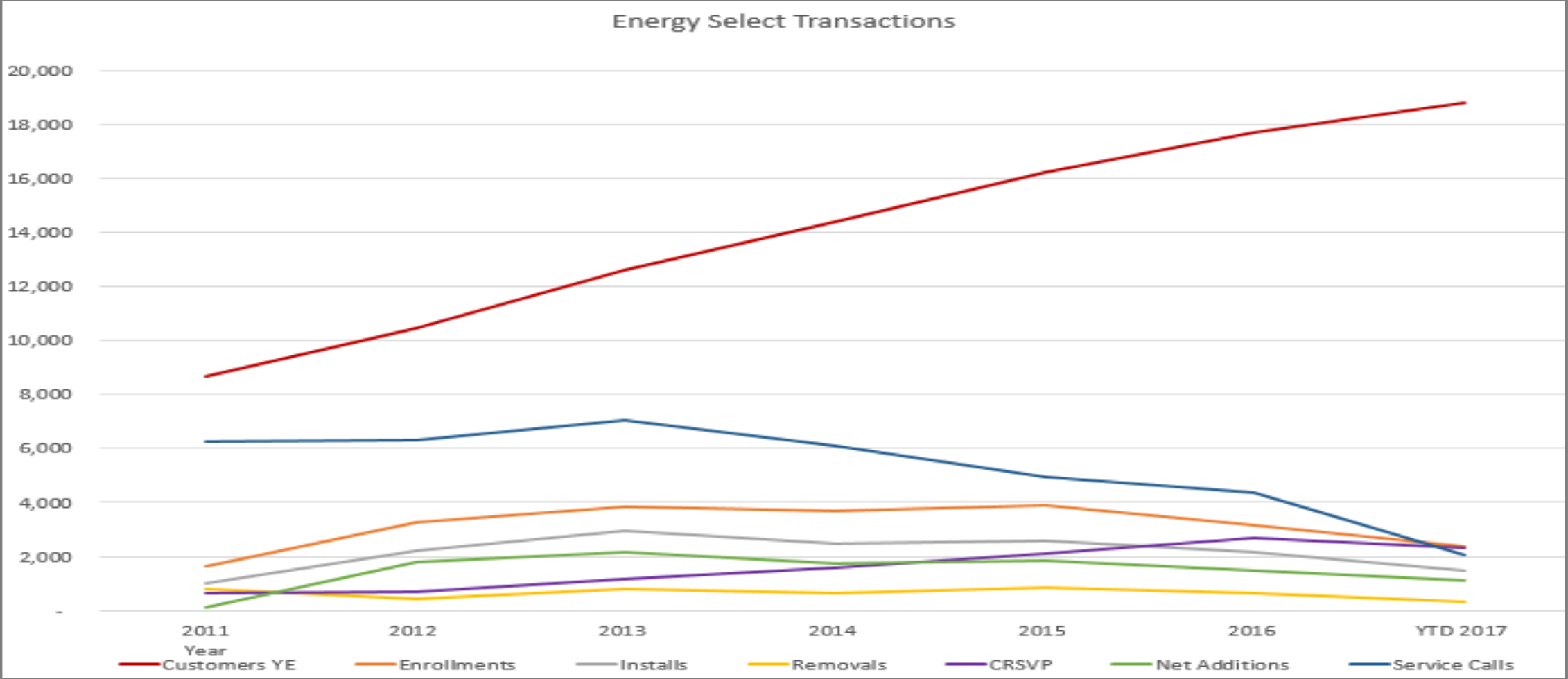
ES DirectLink



Staying Relevant



Staying Relevant



Summary

- » Dynamic pricing is about aligning pricing structure with cost structure
- » Benefits include:
 - Reduces system cost
 - Gives customer control
 - Ensures fairness in cost allocation
- » Dynamic pricing toolbox is varied
- » Engagement and automation help drive success

THANK YOU FOR ATTENDING!
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