



Dynamic Pricing



What's Going On?



- In January 2012, the Delaware PSC approved Delmarva Power & Light Company's Dynamic Pricing Rider
 - Critical Peak Rebate
 - Phase In Timeline
- Still pending - Delmarva's proposal to implement an Air Conditioner Cycling Program

How Long Has This Been Going On?



Regulatory Timeline for Dynamic Pricing Filing

- 8/4/09 Commission issued Order No. 7620 opening docket 09-311 to “further investigate the benefits to ratepayers of dynamic pricing and other option that may become available with the diffusion of AMI.”
- 9/10/09 & 10/15/09 - Workshops held. Resulted in a consensus report filed with the Commission.
- 1/11/11 Commission workshop held to describe overall plan.
- 3/22/11 Delmarva filed program on March 22, 2011 as **Docket 09-311**.
- 5/25/11 & 6/6/11 - Workshops held to discuss details of program.
- 9/9/11 Staff filed its report on Dynamic Pricing
- 10/13/11 & 10/26/11 - Workshops held to address Staff’s and DPA’s outstanding issues.
- 12/8/11 Parties enter into settlement agreement on program path forward.
- 1/31/12 Commission issued Final Findings & Opinion Order

When Does Dynamic Pricing Start in Delaware?



- Phase In approach
- June 2012 - 6,904 residential SOS customers who were part of the field acceptance test (FAT) for AMI will be served under Rider DP
- June 2013 - all Delmarva residential SOS customers will be served under Rider DP
- June 2013 - 152 small and 87 medium commercial/industrial non-residential SOS FAT participants will be served under Rider DP.
- Beginning in 2014, all Delmarva Power non-residential SOS customers will be served under Rider DP.

How Does the Program Work?



- Customers on default supply service (SOS) are automatically enrolled in the Critical Peak Rebate rate
- Customer will typically be notified of critical peak event by 8pm the day before by up to two methods selected by customer
 - phone call
 - e-mail
 - text message

What Are the Rates?



- All kWh usage will be priced at the normally applicable Rider SOS rate (Standard Offer Service)
- If during a Critical Peak event a customer reduces their electric consumption, they will earn a **\$1.25** bill credit per kWh reduced below the Customer Base Line
 - Rebate (Credit) Prices updated annually in a filing made on March 1 to reflect the most recently available PJM capacity and energy market prices
- Delmarva will pay the customer rebates out of the PJM revenues they will receive on a monthly basis

What is a Base Line?



- Customer Base Line - used to determine customer's reduction during an event
 - Calculated as the **average** of the customer's use during similar critical peak hours for the **three days** with the **highest use** during the **prior 30 day period**
 - The Base Line does not include weekends, the day prior to an event, and event days

When Can A Peak Event Be Called?



- Delmarva may call events on non-holiday weekdays, from May 1 through September 30.
- Event may last from approximately 12 p.m. through 8 p.m. for a maximum of 6 hours.
- Events may be called under specific conditions including :
 - PJM initiated events, PJM tests and Delmarva system emergencies during anytime of the year; and
 - Events can be called at the Company’s discretion, subject to an algorithm to be created by the Company and Staff and submitted for regulatory approval.
 - If the Company deviates from the approved algorithm the Company will be responsible for any under-recovery.

How Will We Know How It's Going?



- Delmarva will submit monthly reports to keep Staff apprised of all aspects of the pilot program including
 - Customer education
 - Participation levels
 - Reduction targets and achieved amounts
 - Technical aspects such as the interaction with PJM markets and calculations of customer baselines.
- Assessment workshops will be held in the fall of 2012 to evaluate the pilot program and make any changes or improvements prior to full implementation of the program

How Will Customers Find Out?



- Delmarva is committed to Customer Education
 - 1) educate customers on the program
 - 2) get customers to take advantage of the program
 - 3) gain an understanding of what motivates the customer
- Current education campaign aimed at making customers aware of their new AMI meters and their energy usage
 - Customers get usage information online , on their monthly bill or from the Company Call Center
- Next campaign will have two phases
 - 2012 will be focused on the initial wave of roughly 7,000 customers
 - 2013 will incorporate lessons learned and launch campaign to the broader customer base

Thank You!

Any Questions?