



Building a Foundation for a Sustainable Energy Future

SDG&E's Proposal Designed to Expand Access to Renewable Energy for Customers

Background

On Oct. 3, 2011, San Diego Gas & Electric (SDG&E) filed its General Rate Case (GRC) Phase 2 with the California Public Utilities Commission. The GRC Phase 2 is a proposal that sets the way electric rates are applied to all customers, including residential, commercial, and industrial. In a separate application, to be filed later in October of this year, SDG&E will propose a new community solar program called "Share the Sun," which will enable all customers to access solar power from projects located within SDG&E's service territory. SDG&E's proposals are designed to help build a foundation for a sustainable and clean energy future.



These proposals are designed to promote fairness, ensure a smooth transition toward a sustainable energy future, and to help achieve low carbon policy goals outlined by the State of California. Due to the increased usage of new technology (such as solar panels, plug-in vehicles and fuel cells), customers are changing the way they use electricity infrastructure. To fully realize the promise of these technologies, SDG&E has proposed new rate designs to accommodate and promote these opportunities and choices for customers.

Customer benefits

1. Increased fairness, accuracy and energy conservation, ensuring that all customers pay their fair share of energy costs.
2. Enhanced choices and control over their energy use.
3. Improved access to solar power, through the Share the Sun Program, allowing customers to receive up to 100 percent of their energy from renewable power.

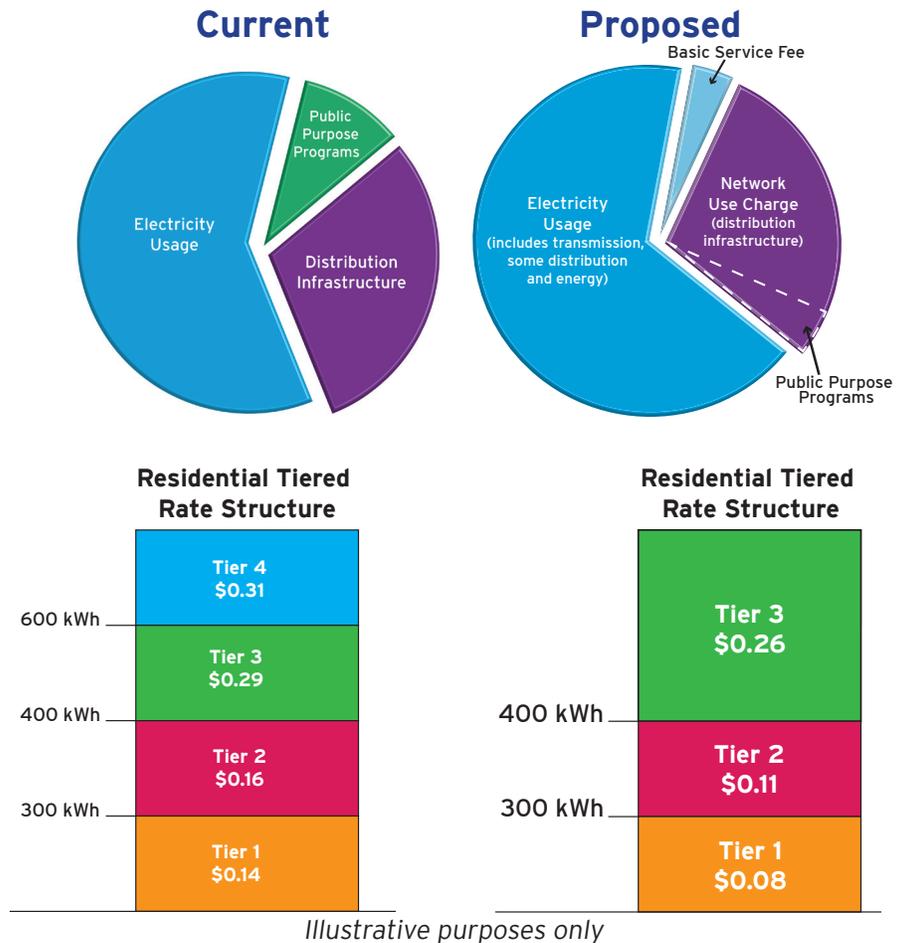
Collaborative discussion

Stakeholder feedback is an essential part of this proposal, as SDG&E intends to make this effort a collaborative process from start to finish. The initial outreach to stakeholders included representatives of senior groups, affordable housing advocates, environmental organizations, taxpayer groups, minority groups, civic and business leaders, renewable energy companies and associations, state and local governments and consumer advocates. SDG&E will continue to work closely with customers, stakeholders, community-based organizations and employees to ensure customers not only are prepared for this change, but also have the necessary tools and information to make informed energy choices.

Changing the rate design

A number of changes in the current rate structure are proposed to ensure fairness and greater transparency. They're designed so customers "get what they pay for, and pay for what they get." Today, most residential customers pay a "bundled" rate for electricity. These proposed changes do not increase the overall amount of revenue collected; they simply show more clearly what customers are paying for:

- Replace the minimum bill charge of \$5.10 per month with a \$3 Basic Service Fee. The basic service fee is not an additional charge. The cost will be covered by reducing Tier 1 rates. This basic fee covers such things as SDG&E's round-the-clock Customer Call Center, electric troubleshooters, and monthly billing services.
- Establish a Network Use Charge to recover the cost of distribution infrastructure. All customers would see this charge applied as a monthly average of their "demand" on SDG&E's system, which reflects not how much electricity they use, but how and when they use it. It would also apply to customers sending electricity to the grid and redelivered at a later time. The network use charge will be established by reducing the tiered rates to offset bill impacts for residential customers.



- Promote super off-peak use of electricity by providing an optional exemption to the Network Use Charge for electric vehicles when charging at night between midnight and 5am.
- Simplify the rate structure by reducing the number of tiers from four to three, by combining Tiers 3 and 4 into a single tier.

Next steps

The proposed changes would be phased in over the next couple of years to ensure a smooth transition and avoid major bill impacts:

Dec. 2012 Approval of proposed changes in rate design (GRC Phase 2)

2013 Basic Service Fee implemented
Educate customers about billing changes

2014 50% of the Network Use Charge introduced

2015 100% of the Network Use Charge in effect