

NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES

Resolution 2025-01

Resolution on Considerations for Assessing Time-Varying Rate Programs

Whereas, on November 10, 2024, the National Association of State Utility Consumer Advocates (NASUCA) approved a resolution to update NASUCA policy on time-varying rates;

Whereas NASUCA takes no position on whether time-varying rates should be mandatory, default, opt-in, or opt-out;

Whereas NASUCA supports the ability of states to respond to shifting policy priorities with different rate options;

Whereas several states are considering whether and how to implement or modify time-varying rates; and

Whereas NASUCA encourages states to implement robust customer education with their rates and any applicable options because education is a critical component to maximize both system and individual customer benefits, minimize customer confusion, and ensure appropriate customer participation.

Now, therefore, be it resolved, that NASUCA encourages states that are examining whether and/or how to implement or modify time-varying rates to evaluate and consider the following items in a transparent proceeding:

Goals and Intended Impact

- the goal of implementing time-varying rates and how the goal may impact subsequent analysis and decisions, for example, whether the time-varying rate is intended to meet any of, but not limited to, the following goals:
 - shave peaks to reduce customer bills;
 - avoid distribution system investment;
 - shift load and increase load factors as new types of residential load like electric vehicles and electric heat are added to the system;
 - match usage with renewable generation;
- whether the utility would be required to reflect load shifting in their resource planning to meet the intended goals of implementing or modifying time-varying rates;
- whether implementing or modifying time-varying rates will continue to meet the identified goal as customers adjust usage based on higher or lower pricing periods;
- the impact of different types of billing and metering capabilities of the utility on its ability to meet the intended goal of implementing or modifying time-varying rates;
- whether customers would be required to invest in technology to implement controls to meet program goals or avoid higher time-varying rates;

- whether customer participation levels will be appropriate to match the necessary investment to implement or modify time-varying rates;
- whether implementing or modifying time-varying rates will provide short and long-term savings for customers;
- the impact new loads (e.g., data centers, crypto mining, industrial customer loads, building and transportation electrification, etc.) may have on the viability, overall impact of, and success of a time-varying rate program for customers;

Documentation and Resources

- requiring utilities to document the basis for projecting lower capacity costs, lower energy supply costs, avoided distribution investments, or more efficient use of the utility system associated with the proposed time-varying rates and programs;
- the costs and benefits of a time-varying rate compared to other peak load reduction programs that make use of advanced meters, incentives, and/or demand response features;
- the estimated costs of conducting customer outreach and education, billing changes, and customer call center response for a time-varying rate program compared to other comparable peak load reduction programs;
- the estimated costs of providing or requiring that customers invest in technology to implement controls to avoid higher time-varying rates;
- how costs and benefits, including reduced peak load demand and usage or other benefits relied upon to justify the time-varying rate, will be tracked and regularly reported and available to the public;
- how to track customer satisfaction and feedback;
- whether an advocate office has the ability to audit a time-varying rate program to determine if, in fact, the time-varying rate program provides an affirmative public benefit to customers;

Customer Satisfaction and Protection

- whether and how to hold the utility accountable for ensuring that customers achieve savings or bill decreases from time-varying rates;
- whether time-varying rates will provide customers increased personal control over their household energy bills, with or without additional technology or investments;
- whether customers value personal control over their household usage and bills;
- the likelihood that customers will engage with time-varying rates;
- the consequences to customers if they do not actively manage their load while on time-varying rates;
- the impact of time-varying rates on customers that have less ability to shift load to lower cost periods such as renters, individuals on night shift schedules, residences with a large extended family living together, residences with children, residential accounts that use ratio billing or master metering, customers with vulnerable health needs, or individuals requiring medical devices that use electricity;

- the impact of time-varying rates on low-income, moderate income, and fixed income customers, and other at-risk customers groups;
- whether time-varying rates are appropriate for the customer groups identified, above;
- whether the impacts on customers of implementing or modifying time-varying rates are consistent with ratemaking or policy goals;
- whether certain temporary program designs should be implemented, such as a period of shadow billing or backstop provisions that give customers some level of protection against bill uncertainty as they adjust to new rate patterns;

Rate and Program Design

- whether the total revenue requirement would still be collected and also consider that, if customers shift to lower rate periods, the remainder of the revenue requirement may be collected from other customers and during other time periods, which may cause other bill and usage impacts that must be considered;
- whether implementing or modifying time-varying rates may require additional types of rates for different customers because of the potential for time-varying rates to increase bills for some customer segments;
- whether specific program designs can influence the success of or impact the analysis of time-varying rates, for example:
 - whether the time-varying rate is intended as a default or mandatory rate and the consequences of that choice; or
 - whether the time-varying rate will be opt-in or opt-out and the consequences of that choice; or
 - whether the time-varying rate applies to all customers or to only loads over a specific size;
- whether to implement time-varying rates as a pilot program first and consider what length of pilot program would be optimum for engaging enough customers to result in a meaningful analysis and also whether the pilot program should be mandatory, default, opt-in, or opt-out;
- the interactions of time-varying rates with other utility programs such as low-income programs, bill assistance, budget billing programs, and payment plans;
- the potential need for and impact of additional enabling technologies such as smart thermostats or smart appliances;
- the ability of customers to take advantage of enabling technologies such as smart thermostats or smart appliances;
- whether complementary programs could or should exist along with time-varying rates such as utility rebates for smart thermostats, energy efficiency programs, or distributed energy resource programs, and how such programs can impact the results of time-varying rates;
- the existence and/or need for energy efficiency programs specifically designed to ensure that low-income and moderate-income customers can take advantage of potential savings from adjusting their household usage based on higher or lower pricing periods;

Education and Outreach

- the need to implement robust customer education and outreach on new rate patterns and strategies to maximize savings, tailored to the specific needs of the customers;
- the need to tailor consumer education specifically to the design of the program and whether it is a mandatory, default, opt-in, or opt-out program design;
- the need for more specific education, outreach, and tools for those customers identified as being least able to adjust to time-varying rates;
- the need to address through consumer education potential language access barriers, particularly where the program is mandatory, default, or opt-out;
- the need, particularly if the program is a mandatory, default, or opt-out program, to utilize community resources to help reach hard-to-reach customers such as vulnerable customers or those with language access barriers;
- the need for a wide range of types of customer education and outreach to be utilized, including the use of paper, social media, radio/television/news media, texts, etc. to allow for different customer needs;
- whether the utility can offer a tool or other method for customers to compare future utility bills under a time-varying rate to the fixed rate or other rate options using historical hourly usage data; and
- requiring utilities to develop an education and outreach plan that is filed with the Commission, with the opportunity for public comments.

Be it further resolved, that NASUCA authorizes its Executive Committee to develop specific positions and take appropriate actions, consistent with the terms of this resolution and the needs of its Members and their utility consumers. The Executive Committee shall notify the membership of any action pursuant to this resolution.

Submitted by the NASUCA Electricity Committee

Approved by the Membership

June 8, 2025

Columbus, Ohio

Abstained

Pennsylvania Office of Small Business Advocate