



# Proposed Adjustments to SRP's Standard Electric Price Plans



John Tucker  
Director, Corporate Pricing  
January 2019

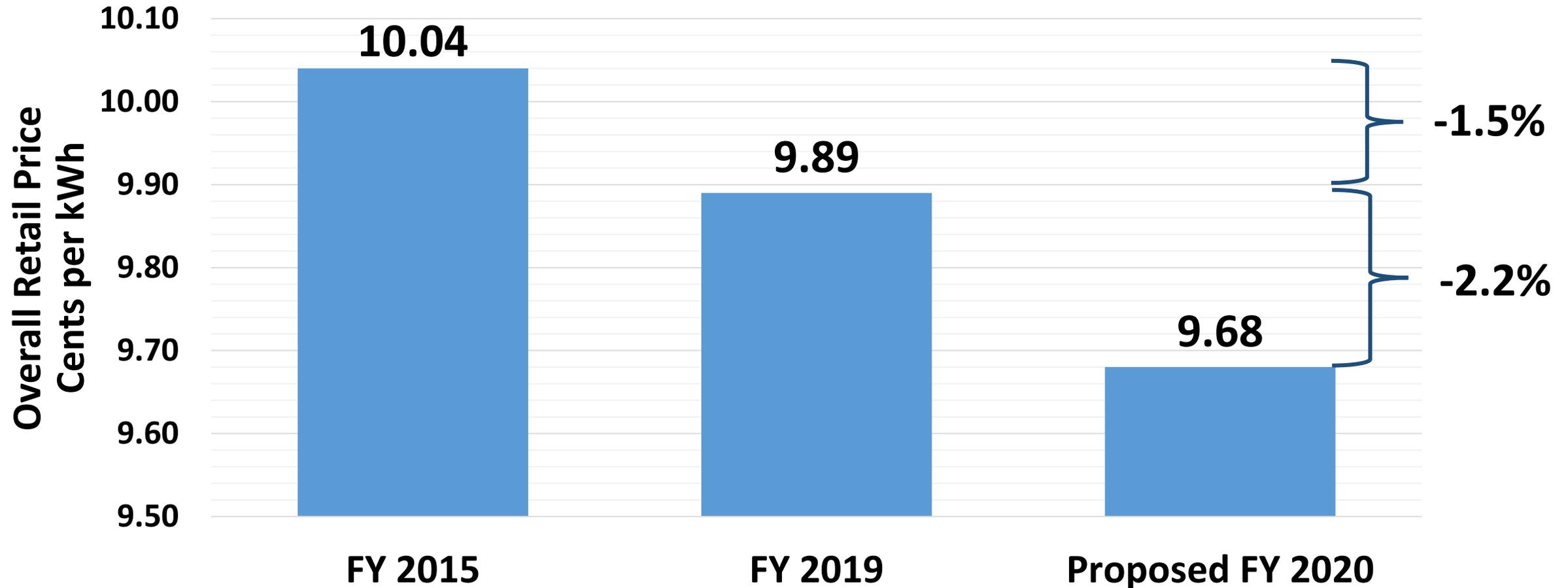
# 2019 Pricing Proposal

- Overall average price reduction of 2.2%
- More choices for residential solar customers
- Reduced Time-of-Use on-peak hours
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- Elimination of Environmental Programs Cost Adjustment Factor (EPCAF)

# SRP's Pricing Principles

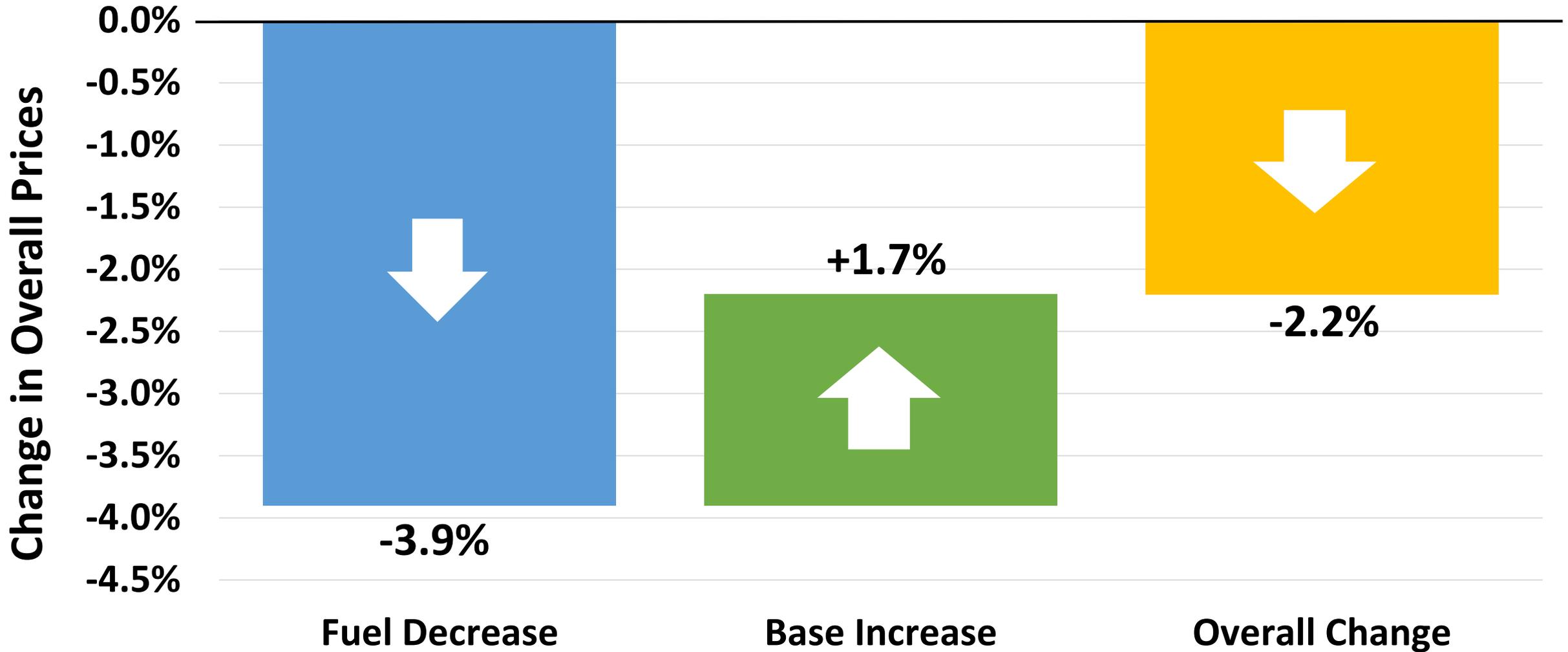
- **Cost Relation:** Prices need to reflect cost of service
- **Equity:** Treat all customers in an economically fair manner
- **Sufficiency:** Prices need to maintain enterprise financial health
- **Gradualism:** Stabilize price levels, smoothing the impact of cost movements
- **Customer Choice:** Promote pricing options that help customers manage their bills (e.g., Time-of-Use)

# Current & Proposed Prices



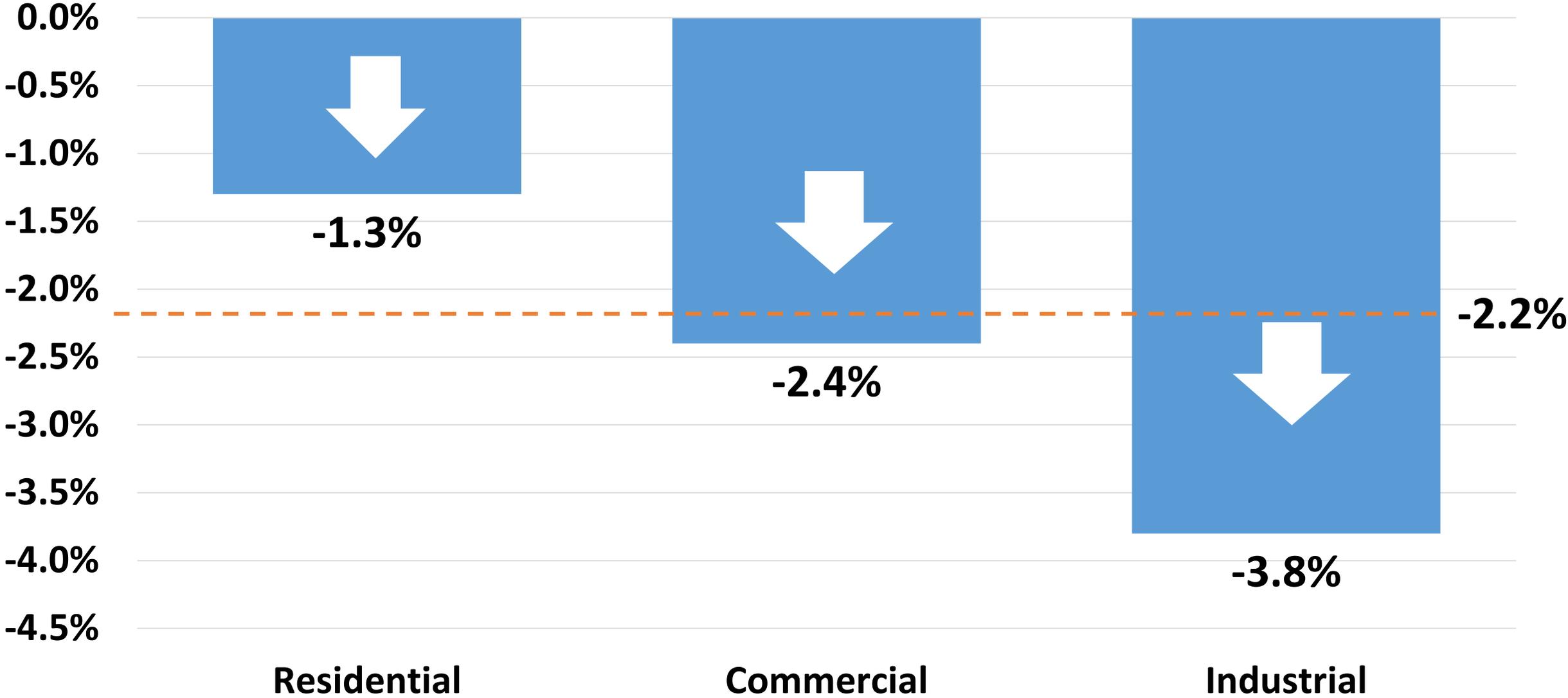
\*Proposed prices for FY20 would be 3.7% below those approved for FY15

# Proposal



\*Percentages based on overall bill

# Proposed Average Adjustment Varies by Class

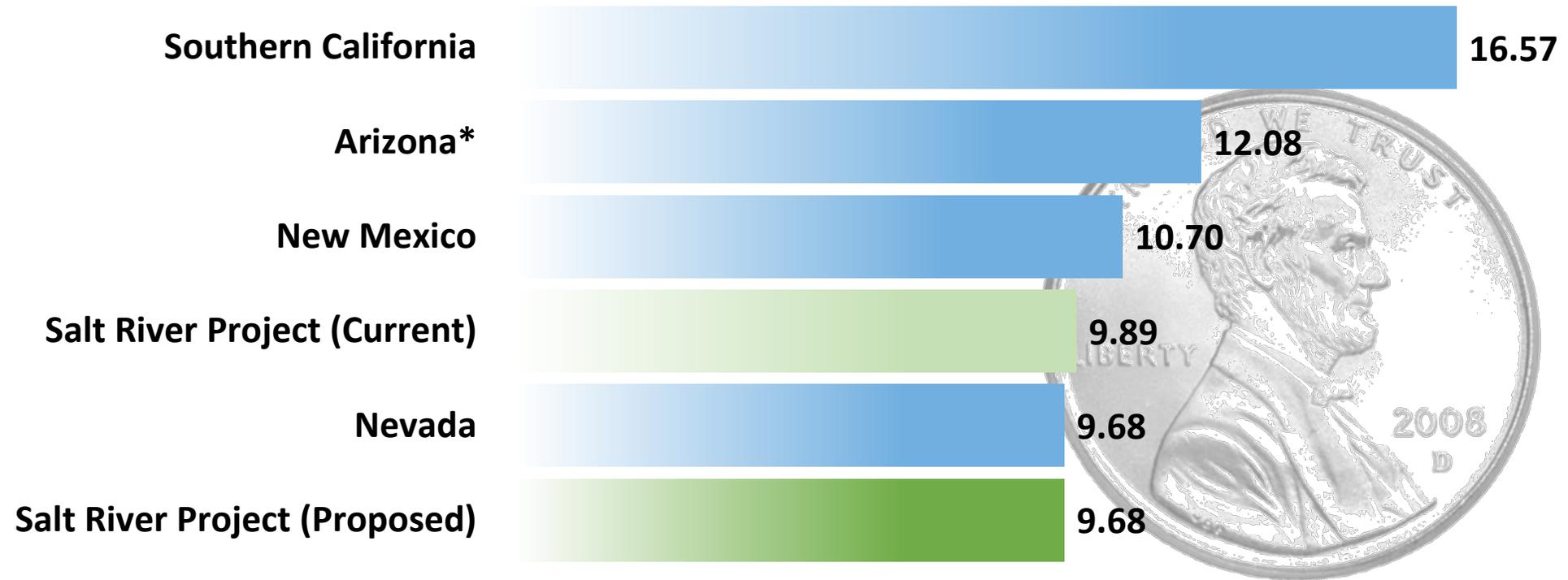


# Why the Changes are Needed

- To decrease overall prices to reflect lower fuel costs
- To keep up with economic growth and maintain reliability
- To support the transition to sustainable resources and new technologies

# Price Comparison

## Overall Price (Cents per kWh)



Source: Dept. of Energy EIA-826 Reports for 12 months ending September 30, 2018

Source for SRP Prices: SRP Test Year Data

\*Arizona does not include SRP

# SRP 2035 Sustainability Goals: Focus Areas



## Current Process

- You're invited to offer input on existing goals or propose new goals for the Board's consideration
- You can submit comments through February 7<sup>th</sup> at [www.srpnet.com/2035](http://www.srpnet.com/2035)

# Environmental Programs Cost Adjustment Factor

- Renewable energy and energy efficiency are part of SRP's core business
- Environmental programs continue, but costs rolled into other billing components
- Costs of renewable energy and energy efficiency are proposed to be recovered through the Fuel and Purchased Power Adjustment Mechanism (FPPAM) or base prices

# Residential Highlights

- Proposed residential bill impacts
- Reduced Time-of-Use on-peak hours
- EZ-3 program changes
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- More choices for residential solar customers

# Proposed Average Residential Customer Bill Impact

	Average Monthly Usage (kWh)	Average Monthly Impact	Total Impact
<b>Basic</b> E-23	1,074	-\$1.12	-0.9%
<b>M-Power</b> E-24	1,037	-\$3.75	-2.9%
<b>EZ-3</b> E-21, E-22, E-25	1,251	-\$1.53	-1.1%
<b>Time-of-Use</b> E-26	1,593	-\$2.27	-1.3%
<b>Customer Generation</b> E-27	587	-\$1.03	-0.9%

# New Time-of-Use Summer On-Peak Hours

Impacted Price Plans	
TOU E-26	Customer Generation E-27
TOU EV E-29	Residential Demand E-27P

## Current

LOWER-COST HOURS



1-8 P.M.

1-8 P.M.  
HIGHER-COST  
WEEKDAY  
HOURS



## Proposed

LOWER-COST HOURS



2-8 P.M.

2-8 P.M.  
HIGHER-COST  
WEEKDAY  
HOURS

# EZ-3 Program

## Standard Price Plan

LOWER-COST HOURS

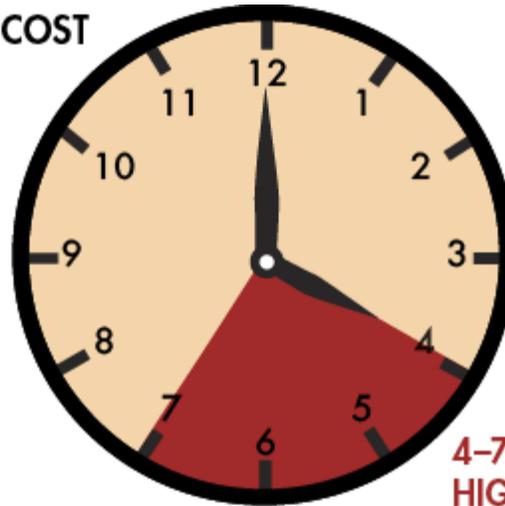


**3-6 P.M.**

**3-6 P.M.  
HIGHER-COST  
WEEKDAY  
HOURS**

## End Pilot, Make Standard Price Plan

LOWER-COST HOURS



**4-7 P.M.**

**4-7 P.M.  
HIGHER-COST  
WEEKDAY  
HOURS**

## End Pilot

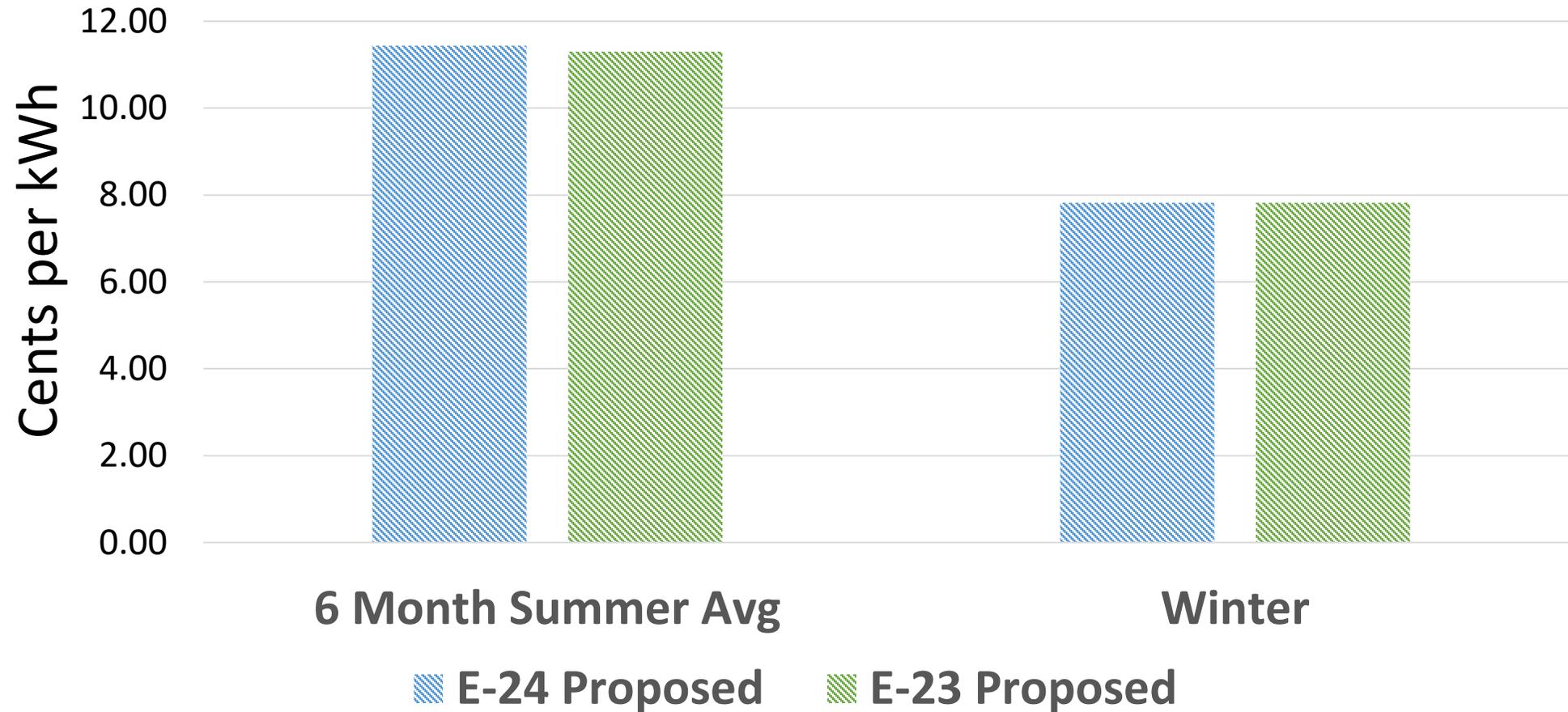
LOWER-COST HOURS



**2-5 P.M.**

**2-5 P.M.  
HIGHER-COST  
WEEKDAY  
HOURS**

# Reduced M-Power (E-24) Prices to Better Align with Basic (E-23) prices

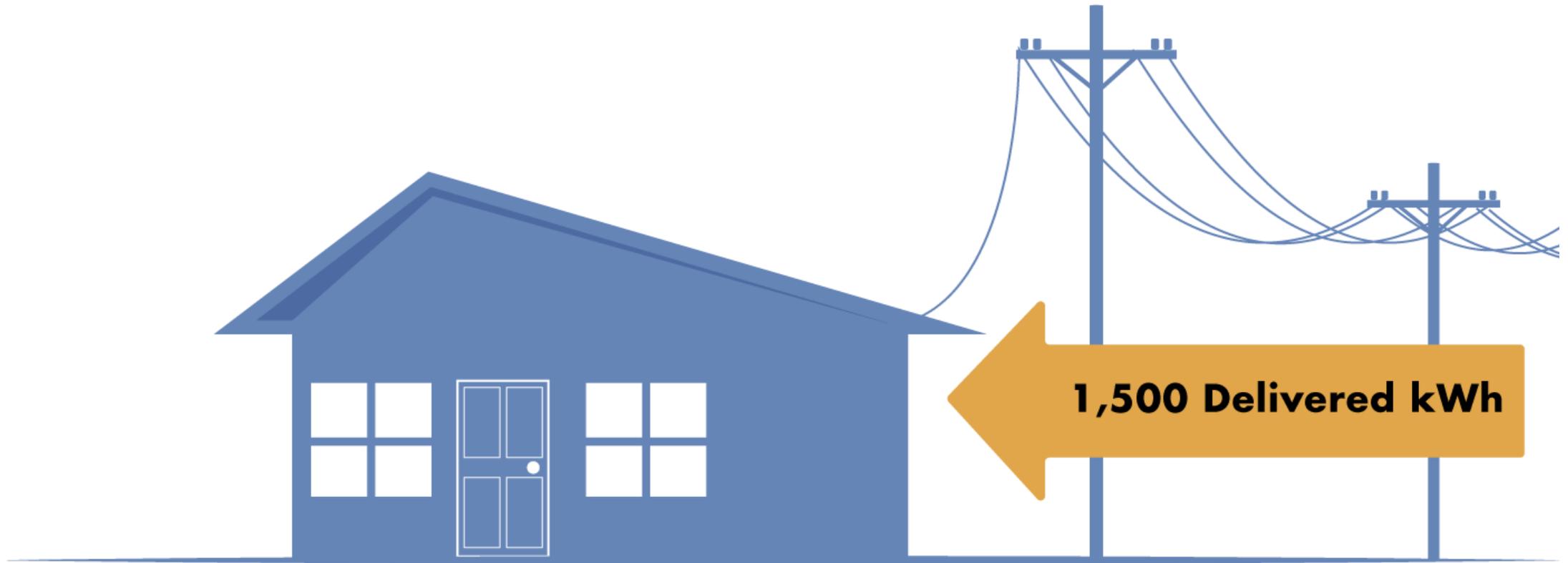


\*Average seasonal kWh prices, does not include Monthly Service Charge

# More Choices for Residential Solar Customers

- Proposing 4 options for these customers
  - **Customer Generation E-27 (existing)**
  - **Average Demand E-15**
  - **TOU Export E-13 (non-demand)**
  - **TOU Export for EVs E-14 (non-demand)**

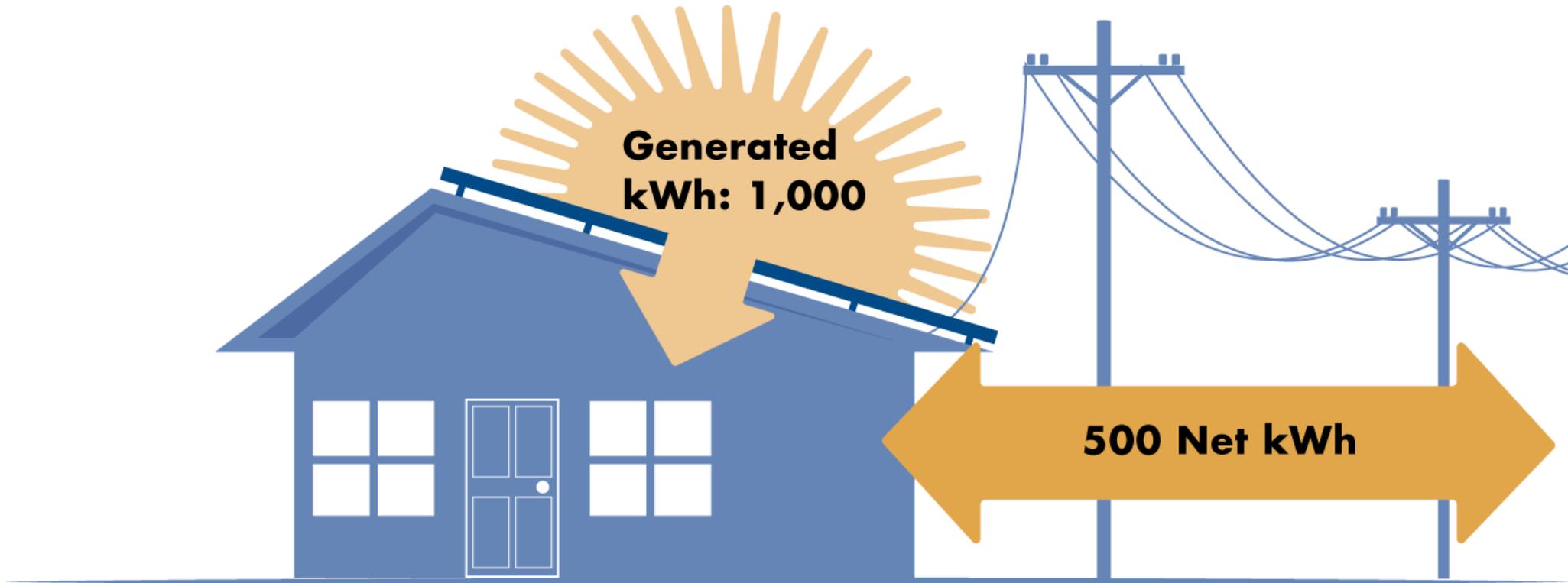
# Before Solar (Illustrative)



**1,500 Delivered kWh**

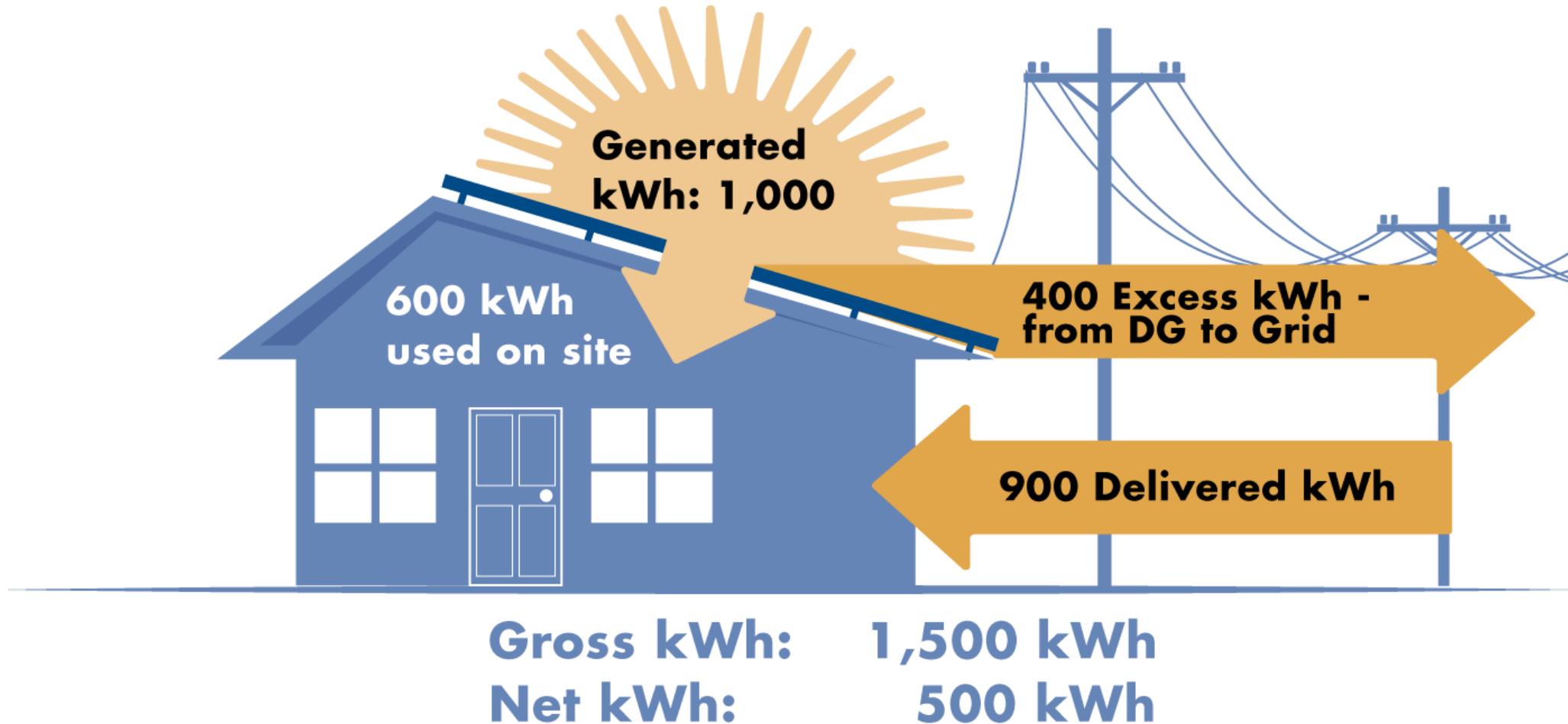
**Gross kWh: 1,500 kWh**

# After Solar, Net Billing (Illustrative)



**Gross kWh: 1,500 kWh**  
**Net kWh: 500 kWh**

# After Solar, Delivered/Export Billing (Illustrative)



# New Distributed Generation Price Plans

	Price Plan	Monthly Service Charge	kW Price Component	kWh Prices	Excess kWh Credit
Demand	Customer Generation E-27	Unchanged	Tiered, On-Peak Monthly Maximum	On/Off-Peak (Net kWh)	N/A
	Average Demand E-15	Equal to E-27	Flat, Average of Daily On-Peak Maximums	Equal to E-27 (Net kWh)	N/A
Non-Demand	TOU Export E-13	Equal to E-27	N/A	Equal to E-26 TOU (Delivered kWh)	\$0.0281/kWh
	TOU Export for EVs E-14	Equal to E-27	N/A	Equal to E-29 TOU EV (Delivered kWh)	\$0.0281/kWh

# Proposal Recap

- Overall average price reduction of 2.2%
- More choices for residential solar customers
- Reduced Time-of-Use on-peak hours
- Reduced M-Power (E-24) prices to better align with Basic (E-23) prices
- Elimination of Environmental Programs Cost Adjustment Factor (EPCAF)

# Calendar

Open Information Center/Mail Public Notice	December 20 <sup>th</sup>
Customer/Stakeholder Meetings	January 22 <sup>nd</sup> and 24 <sup>th</sup>
1 <sup>st</sup> Board Meeting	February 18 <sup>th</sup>
2 <sup>nd</sup> Board Meeting	February 26 <sup>th</sup>
3 <sup>rd</sup> Board Meeting	March 4 <sup>th</sup>
4 <sup>th</sup> Board Meeting	March 11 <sup>th</sup>
Deadline to Submit Written Comments	March 15 <sup>th</sup>
5 <sup>th</sup> Board Meeting (Decision Meeting)	March 25 <sup>th</sup>
Implement Price Plans	May Billing Cycle

# Price Process Information

- [www.srpprices.com](http://www.srpprices.com)
- [www.savewithsrp.com](http://www.savewithsrp.com)
- [www.savewithsrpbiz.com](http://www.savewithsrpbiz.com)
- (602) 236-8888