Ratemaking levers to reduce rates, improve affordability, and align with climate goals

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Reduce revenue requirement
Change rate design and who pays
Increase infrastructure utilization
Unmanaged gas system at risk of reduced utilization
Gas price instability will be exacerbated if low-income customers remain on the system longer.
Operating cost “break even” electric rates (vs gas or gasoline)

<table>
<thead>
<tr>
<th>Fossil Fueled</th>
<th>Electric</th>
<th>Break even</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 AFUE furnace</td>
<td>HSPF 10 heat pump</td>
<td>28.4¢/kWh</td>
</tr>
<tr>
<td>0.63 EF tank WH</td>
<td>3.0 UEF HPWH</td>
<td>36.9¢/kWh</td>
</tr>
<tr>
<td>0.81 EF tankless WH</td>
<td>3.0 UEF HPWH</td>
<td>28.7¢/kWh</td>
</tr>
<tr>
<td>25.4 MPG avg. new car</td>
<td>99 MPGe EV</td>
<td>53.2¢/kWh</td>
</tr>
<tr>
<td>52 MPG hybrid</td>
<td>120 MPGe EV</td>
<td>31.5¢/kWh</td>
</tr>
</tbody>
</table>

Today’s avg residential rates (PG&E): 30.9¢/kWh for E-1; 19.4¢/kWh for CARE

Assumptions:
- Gas rates are PG&E’s 2022 annual average estimates: $2.20/therm
- Gasoline prices from the Jan. 31 AAA survey for CA: $4.64/gallon
- Assume equipment performs according to its rating or specification
Estimated operating cost break even line for space heating

PG&E’s ave electric rates: 30.9¢/kWh for E-1; 19.4¢/kWh for CARE (35% discount)

PG&E’s 2022 ave gas rates: $2.20/therm non-CARE, $1.76/therm CARE (20% discount)
Estimated operating cost break even line for water heating

PG&E’s ave electric rates: 30.9¢/kWh for E-1; 19.4¢/kWh for CARE (35% discount)
PG&E’s 2022 ave gas rates: $2.20/therm non-CARE, $1.76/therm CARE (20% discount)
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