

How the Baseline Program Works: Conserve and Save



Thanks to California's tiered rate system, lowering your usage can substantially lower your electric bill. Here's why: California is one of the few states that has "inverted tier rates," also called baseline rates. Under this rate structure, consumers are charged a lower rate up to a minimum amount (the **baseline**). Once usage passes the baseline amount, a higher rate is charged.

What's the benefit of baseline rates?

There are two benefits to having baseline rates:

- First, it provides everyone with a basic amount of electricity priced more affordably than it would be if we were charged only one rate for all our usage.
- Second, the inverted tiers promote energy conservation because customers pay a higher price for using more electricity. Conservation helps customers avoid this higher price.

How is the baseline amount determined?

Based on altitude and temperatures for summer and winter, the California Public Utilities Commission (CPUC) divides utility service territories into climate zones that have about the same average energy consumption within each zone. The CPUC sets baseline amounts as a percentage of average monthly usage for that climate zone. For summer cooling, this percentage is 50-60%. For winter heating, it is 60-70%. A complete revision of baseline for all utilities was done in June 2002.

Does everyone have the same baseline?

Customers in the same climate zone have the same baseline, with two exceptions. Customers with all-electric houses have different baseline amounts than those who have a mix of electric and gas appliances, and consumers with special medical needs have higher baseline amounts.

We have four or five different rates each month. What's going on with that?

The multiple tiers of above-baseline rates are fallout from the deregulation disaster. Despite so-called "rate protections," customers ended up footing the entire bill – about \$40 billion – for Sacramento's mistake. Thanks to legislation sponsored by TURN, ratepayers using an essential amount of electricity (up to 130% of the baseline) are protected from having to pay more. This essential amount of electricity covers the first two tiers of usage – up to 100% of the baseline amount (tier 1), and usage from 101% - 130% of baseline (tier 2).

But to cover the deregulation costs, customers whose electricity use is far above baseline are charged progressively higher rates. This means that consumers whose usage is substantially above the baseline amount pay a great deal for a portion of their electric use. Since baseline is a percentage of the average usage in a climate zone, these "upper-tier" customers are using more than the average for their climate zone.

Doesn't this discriminate against large families?

At TURN's urging, Family Electric Rate Assistance (FERA) rates were created to help large households with lower incomes who do not qualify for CARE rates. Customers participating in the FERA program receive larger quantities of electricity at lower prices (tier 2 rates).

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Aren't the baseline amounts too low? And don't some cities have unfairly high baseline amounts compared to mine?

TURN is analyzing whether baseline amounts should be recalculated to account for factors such as warming temperatures in California, changes in consumer electric use, and more accurate geographic delineations. Overall, however, California law limits the maximum amount of energy that can be priced at baseline rates.

Do customers have a voice?

The CPUC reviews baseline quantities every 3-5 years, during each utility's rate case. The CPUC holds public participation hearings as part of the proceedings to give consumers the opportunity to voice their concerns. Notifications of public hearings are included with billing inserts when a utility rate case is being considered. TURN members are also notified of upcoming opportunities for public participation. Non-members should always check our website for updates on opportunities to make your voice heard: www.turn.org

How can I lower my energy bills in order to get into a lower tier?

- Get rid of energy vampires by turning off everything not in use: lights, TVs, computers. Plug electronics into a power strip or individual adapters that can be switched off so the appliance draws no "vampire" electricity while it is in standby mode.
- Vacuum the coils on your refrigerator at least every three months. The dirt build-up makes the refrigerator work harder to keep the contents cool and therefore uses more energy.
- Use a clothesline instead of a dryer.
- Wash clothes in cold water instead of hot. 90% of the energy a washing machine consumes goes to heating the water.
- Your water heater is the second or third highest energy expense in your home. Try turning it down to 120°F.
- A 5° higher setting on your air conditioning thermostat will save about 10% on cooling costs.
- Take advantage of the energy efficiency programs paid for by utility ratepayers and replace some or all of your energy-using appliances, equipment and lighting with qualifying high efficiency products. Income eligible households may be able to receive free upgrades through the Low Income Energy Efficiency Program administered by each utility. Call your utility for information on their low-income energy efficiency programs:

PG&E: 1-800-933-9555

Edison: 1-800-736-4777

SDG&E: 1-866-597-0597