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## First Volume of Newsletter

By Michael Brown

The purpose of SBUA's newsletter is to provide small businesses with information about California electric rates and applicable changes in the electricity markets. Please join SBUA, send your comments or concerns, or volunteer to help small businesses succeed here in California.

About SBUA: Small Business Utility Advocates (SBUA) is a nonprofit organization that represents, protects, and promotes the interests of the small business utility customers. Utilities which supply electricity, natural gas, water, and other essential resources have a direct impact upon the success of small businesses. Yet, small business owners are typically underrepresented before Public Utility Commissions, the Federal Energy Regulatory Commission, the courts, and other public bodies across the nation. SBUA is attempting to level the playing field on behalf of small businesses.

## Solar Generation's prevalence has changed the California Market

By Michael Brown

Solar Generation in California has become so widely adopted and so prevalent that the price which electric utilities pay for electricity from 4.p.m. to around 11 p.m. exceeds the price during other hours.

Ten years ago, large nuclear plants and other types of traditional generation sources generated electricity at night when most businesses and customers were sleeping and using less electricity. This generally caused the price of electricity to be lower during the night than during the day.

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About the author: Michael Brown is an attorney with the firm Ehrlich · Pledger Law, LLP and has served as an expert witness for SBUA in over 8 separate regulatory proceedings involving electricity rates. Previously Michael worked at public and private electric and natural gas utilities for seven years as a project analyst, program manager, and electric resources supervisor. Michael Brown's law practice is primarily focused on providing general counsel and litigation services for small energy companies and landowners in and around Kern County, CA.

Today, homes and businesses have decreased their need for electricity during the day by installing solar panels at their homes and businesses. At the same time, electric utilities are mandated by the State of California to purchase renewable electricity on an hourly basis. California Electric Utilities have decided to meet this requirement by purchasing large amounts of solar and wind power.

What this will mean for small businesses is that the variable rates based on the time you use electricity  
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## Explain my electric bill

By Michael Brown

My job as an expert witness in electricity rate proceedings is to understand and negotiate electric rates. Every electric utility has slightly different rates, however there is some commonality between electric utilities.

The electric rates of an electric utility are explained by the electric rate schedules. Most utilities make the electric rate schedules available online. Electric rate schedules are differentiated by customer classes. Examples of the customer classes include are small business rates, large business rates, residential rates, agricultural rates.

Think of electricity flow as water flowing through a garden hose. To get more electricity; or water through the hose you increase the pressure or increase the thickness of a hose.

$$V = IR$$

V = Voltage or pressure in a hose

I = Current or amount of water in a hose

R = Resistance in the hose

As a customer you must make sure the electric utility has correctly classified your business.

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## What is being done for small businesses regarding electric rates

By Michael Brown

There are different types of electric utilities in California. The most common designations of electric utilities are “public” and “private” electric utilities. Public utilities are owned and operated by public entities such as cities. Private utilities are private companies which are generally regulated by the California Public Utilities Commission.

If you receive your electricity from a public utility, it is likely that no group represents you as a small business. Most Public utilities are managed by a

board or counsel which makes decisions on electric rates without seeking meaningful input from the customers.

If you receive electricity from a private utility, the California Public Utilities Commission holds hearings on electric rates and does allow input from the customers.

As a customer group, small businesses are diverse. Therefore, it is difficult to make broad statements applying to small businesses.

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*“It is not in the stars to hold our destiny but in ourselves.”  
– William Shakespeare*



Picture I took of temple damaged by Nepal Earthquake near Mt. Everest base camp.

## Obtaining contracting work with Electric Utilities

By Michael Brown

Many small businesses wonder if pursuing the provision of goods and services (bidding on jobs) to an electric utility is worth the time and effort.

One important distinction you must make is whether you want to be a “prime” contractor working directly for the electric utility, or a subcontractor working for a prime contractor.

Electric utilities have rigorous safety standards and are generally adverse to risk, including taking a risk on giving business to an unproven small business. For most small businesses, seeking “prime” contracts directly with the utility, the cost and effort of obtaining certifications, insurance, and submitting a detailed bid is not worth the time and effort. SBUA advocates for utilities to cut the red tape needed for small businesses to apply for “prime” contracts.

Small businesses should also consider placing bids and soliciting work from prime contractors who work for the utilities. SBUA will seek to have the California electric utilities encourage their prime contractors to meet with small businesses providing work. If you are interested in meeting these prime contractors please get on our mailing list.

## Why are electric rates increasing in California?

By Michael Brown

Why are Electric Rates increasing in California? There are many causes for the increase in electric rates for small businesses in California. The main causes of the increase can be summarized as follows.

### Frequency

- The U.S. electric grid operates at 60 hertz (60 cycles per second).
- Because of the size of the United States and the independence of South Texas, North America has three separate electric grids.
- We all ride the same bicycle!

1. California’s renewable energy standard. California law requires Utilities to purchase electricity generated from renewable resources. However, California does not consider hydroelectric powerplants over 30MW in capacity to be renewable. The result is that utilities are purchasing large amounts of solar and wind power. Since solar and wind cannot always be reliable sources of power, additional “stable” backup sources of power generation must also be secured.
2. The increase in solar installations decreased the electric usage of some customers and because these customers use the infrastructure of the grid but have decreased energy consumption, these customers must be subsidized by the remaining customers.
3. Electric Utilities are upgrading their electric distribution systems to handle variability caused by customers using electricity in non-traditional ways such as net metering, self-generation, energy storage, and other such uses.
4. There is currently little representation and pushback from customers.
5. Necessary infrastructure replacement.

*What is being done for small businesses*  
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However, as a customer group, small businesses generally have less usage than other customer groups, have less solar installations than other customer groups, and generally subsidize other customer groups. This needs to change, and SBUA is leading the charge so that small businesses have qualified experts and representatives to negotiate rates on their behalf. It is important that small businesses be represented because unlike most other goods and services, electricity is a necessity. If a customer cannot receive electricity to regulate temperatures at a business, for example, people's health and safety is put at risk.

SBUA needs your support. We need volunteers, contributions, friends, and a sense of unity among small business owners. Remember that most large businesses started out as small businesses, and small businesses are the engine which drives employment in California.

*Explain my electric bill* from page 2

Under these general rate schedules, customers are generally charged a combination of fixed and variable fees. Fixed fees are the fees by customers regardless of the amount of electricity used. Variable fees are the fees paid for actual electricity consumption, generally in cents per kilowatt-hour. In summary, the electric rates charged in total vary by customer class, and typically include some combination of fixed fees and variable fees.

SBUA attempts to minimize fixed fees to the extent possible. While an argument could be made that electric utilities should not charge fixed fees, with solar installations being so prevalent, that is no longer an option. For example, if a solar customer purchases very little electricity, then that customer would not pay a fair share of the infrastructure which provides his or her backup power if that customer paid no

*Solar Generation* continued from page 1

will likely change in the near future. This is because market economics will demand that the electric utilities incentivize users to reduce electricity usage when such usage is most costly to the electric utility.

Electricity use from 4 p.m. until about 11 p.m. at night may soon become more expensive for electric customers than other times of day. This is because at around 4 p.m. offices are still open and using electricity, people are starting to go home and use electricity, and solar generation is decreasing. These same trends extend well into the night until about 10 p.m. or so when people go to bed.

This is a significant development in the energy market which may cause additional impacts in the near future.

fixed fees.

Most utilities also have discounted rates for certain customers. Examples include "Economic Development Rates" for large businesses, energy efficiency measures which can be paid back by increased electric rates, and discounted rates for disadvantaged customers. SBUA advocates for discounted rates which assist small business customers.

## Possible Future Topics

Future topics for the next issue could include: customer service at electric utilities, rate options for electric vehicles for small business owners, PG&E's new small business organization (thank you PG&E), and other topics you may find of interest. Get involved and let us know what you think.