

Critical Peak Pricing

Critical Peak Pricing offers a lower year-round rate to customers who can reduce electricity use on CPP event days.

Critical Peak Pricing (CPP) is the electric commodity rate that applies to business customers whose electric demand is at least 20 kilowatts (kW) and whose facility is equipped with an electric meter that records usage data in 15-minute intervals and is remotely read by SDG&E®.

CPP is designed to provide you with more accurate information regarding the cost of energy, so you can make more informed decisions about how and when you use electricity. While the price of electricity is higher during periods of high energy use called CPP events, the CPP rate offers lower prices during all other times. This provides you with the opportunity to better assess and potentially reduce your overall energy costs.

The CPP rate does *not* apply to your business if any of the following are true:

- ▶ You are participating in Critical Peak Pricing – Emergency (CPP-E). However, at the end of your current commitment period on CPP-E, you may elect to switch to CPP.
- ▶ You are participating in the Day-Ahead Option of the Capacity Bidding Program.
- ▶ You are a Direct-Access customer.
- ▶ Your electric demand is below 20 kW.
- ▶ You have an electric meter that does not record monthly electricity use in 15-minute intervals.

Timing of CPP events

CPP events are most likely to occur when extremely hot weather prompts high

air-conditioning use or a disaster cuts access to electricity resources, straining the electric grid. CPP events may be called up to 18 times per year, any day from 11 a.m. to 6 p.m. We have the flexibility to activate CPP events when we determine there is a need to call on customers for temporary reductions in electricity use. Once we determine that a CPP event will be necessary, we will notify you by 3 p.m. the day before the event. We will also post a notification of the event to the SDG&E Web site.

Although the price of electricity during a CPP event is significantly higher than the price during non-event days, energy prices on all other days on the CPP rate are lower than the alternate rate option (see section titled “Alternate rate option”). By reducing energy use during CPP events, you have an opportunity to significantly reduce your annual electric bill.

How the optional CPP Capacity Reservation Charge (CRC) works

The higher rate for electricity during a CPP event reflects the higher costs that we incur in order to meet the energy needs of all customers during peak-demand times.

CPP gives you two options to manage energy costs during CPP events:

1. You can choose to pay for higher-priced electricity when you use it; OR
2. You can reserve a specific amount of electricity that you believe will meet your needs during CPP events and pay a fixed monthly Capacity Reservation Charge (CRC) based on the amount of electricity

you reserved. During a CPP event, all of your facility's electricity use, up to the level of your reserved capacity, will be protected from higher prices.

Bill protection

Bill protection provides you with a risk-free opportunity to try CPP for a year and experience the flexibility offered under this rate. At the end of your first year, we will compare your actual charges (including any Capacity Reservation Charges) to the charges that would have resulted from participating on the alternate rate. If the actual charges on CPP are more than the charges that would have resulted from the alternate rate, we will credit your account for the difference.

Benefits of CPP

- ▶ The CPP rate provides more accurate energy cost information so you can better decide how and when to use electricity.
- ▶ You pay significantly lower prices for electricity used during all other times outside of CPP events.
- ▶ It provides you with more flexibility to reduce annual energy costs.
- ▶ Bill protection is available so you have a risk-free opportunity to try out the rate for the first year.
- ▶ CPP encourages less electricity use during critical times so that we do not need to purchase as much high-priced energy to serve peak electric loads. This can prevent the need to build new power plants and reduce energy costs for everyone in the long run.

Alternate rate option

If you choose not to participate on CPP, you will be billed on the alternate rate, which is an energy and demand-based rate. Similar to CPP, the alternate rate contains variable Time-of-Use (TOU) energy rates. These rates are higher than the TOU rates under CPP. The alternate rate also contains a generation-based demand charge that is calculated based on your highest on-peak demand during the billing period.

CPP Rate Analysis Tool can help

SDG&E offers a CPP Rate Analysis Tool to help you estimate and compare annual electric costs under the CPP rate and the alternate rate option. This tool provides analyses based on your electricity use over the most recent 12-month period using currently effective rates.

To use the CPP Rate Analysis Tool, sign up for My Account

To access the CPP Rate Analysis Tool, you must be a registered user of My Account, our online billing and payment service. If you haven't signed up yet, you can register for this free service online at sdge.com/myaccount. Have your most recent SDG&E bill(s) handy. Once you have registered for My Account, you'll immediately be able to access the CPP Rate Analysis Tool and begin evaluating estimated electric costs for your eligible accounts.

For more information, please contact your Account Executive or call us at **1-800-336-7343**.



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