



For Immediate Release - Nov. 5, 2010

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PG&E's Peak Day Pricing to Impact Central Valley Growers

FRESNO, California--A new program from Pacific Gas and Electric (PG&E) will carry stiff surcharges along with a seasonal price break to encourage agriculture operations to shut down high-horsepower pumps and other large motors during critical peak power demand periods.

The Peak Day Pricing (PDP) program is another step toward what PG&E calls "time-of-use" pricing and "demand response load shedding." The PDP program is PG&E's response to a statewide initiative led by the California Public Utilities Commission (CPUC) with five objectives:

- Reduce electricity usage when demand is high
- Stabilize the power grid and avoid blackouts
- Ease the demand on power plants and defer the need to build new plants
- Lower the output of greenhouse gasses, and
- Tie consumer rates to the utility's costs for power generation and distribution

The PDP program will take effect Feb. 1, 2011. PG&E will automatically enroll eligible customers unless they choose to participate in an alternate demand response program or opt out for a one-year grace period within two business days of this date. Eligibility is based upon the size of customer electric loads (200+ kilowatts), electricity usage history and whether new electronic Smart Meters or interval meters are in place.

A new website called PDPanswers.com includes vital information about the new program as well as a PDP Profiler to help growers, cold storage operators and processors determine whether they will be impacted by PDP.

Approximately 400 customer service points in the Central Valley will be affected in February with more than 2000 becoming eligible in following months, according to a PG&E peak day pricing advisor.

"Depending on how your company manages its energy use, PDP's lower summer rates may reduce energy costs if energy use is lowered on event days," states PG&E's program web page. "PDP was developed by PG&E to help the majority of customers maintain or lower overall energy costs. However, customers have the option of choosing other demand response solutions that may better suit your company's needs."

PG&E is offering a 36 percent reduction in demand charges during the summer months along with a small reduction in energy charges as an incentive to enroll in PDP. Peak events will occur for four to six consecutive hours during summer months between 11 a.m. and 7 p.m., excluding weekends and holidays.

However, growers and cold storage operators will also be subject to rate surcharges of \$1 per kilowatt hour during 9 to 15 critical peak demand events each year. Charges will be nearly 10 times higher than standard agriculture rates for using power during these times. For example, the cost for running a 250-horsepower irrigation pump during a critical peak demand event would jump from about \$24 per hour to \$224 per hour.

Fortunately, PG&E customers can avoid PDP surcharges by joining an energy incentive program. Demand response incentive programs are offered by registered PG&E partners like Peak Energy Agriculture Rewards (PEAR). This program provides shelter from rate surcharges as well as a variety of incentives for curtailing power usage during peak demand events.

PEAR is free to join and offers cash payments for participating in optional peak demand events by shutting down electric loads. Plus, for a limited time, PEAR is providing wireless monitoring and control equipment free of charge to qualified participants through a special arrangement with PG&E. Cash and equipment incentives generally add up to thousands of dollars in the first year of participation with cash incentive payments in future years.

"There are a lot of benefits to PEAR's system," said Don Cameron, a PEAR customer and farm manager for Terranova Ranch. "It's more than a way to opt in or out of load-shedding events over the Internet or on a smart phone. The sensors and controls also let us monitor conditions like on/off status, pressure, flow and soil moisture. Other sensors can be added for temperature, humidity and even cable theft detection. Best of all, PG&E is making it easy to get this package through PEAR for free."

PG&E is conducting informational PDP seminars around the Central Valley. And the utility's agriculture representatives are notifying eligible PDP customers by mail and personal contacts.

Find out whether PDP will impact your bottom line by trying the PDP Profiler at www.PDPAnswers.com. To learn more about PEAR and incentives available to you, go to www.pearcalifornia.com. Or view PG&E's website on PDP at www.pge.com/pdp.

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