Questions from Rate Advisory Committee Meetings

General
(CPS Energy & Industry)

Question asked by: Dana McGinnis

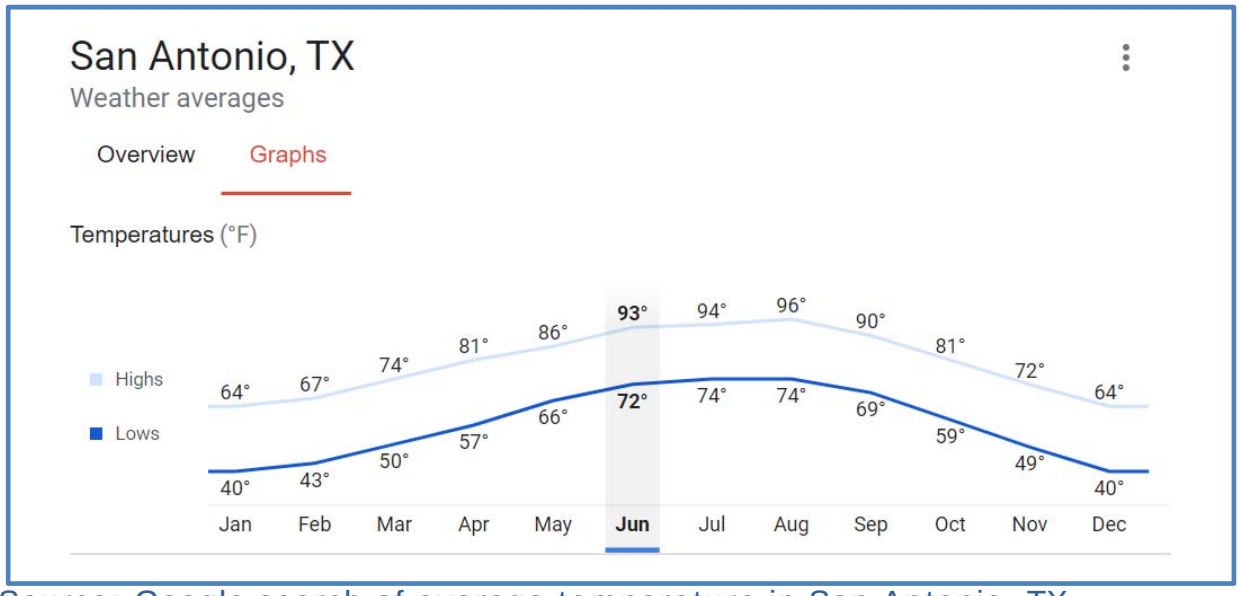
Date question asked: June 10, 2021

Date question answered: July 7, 2021

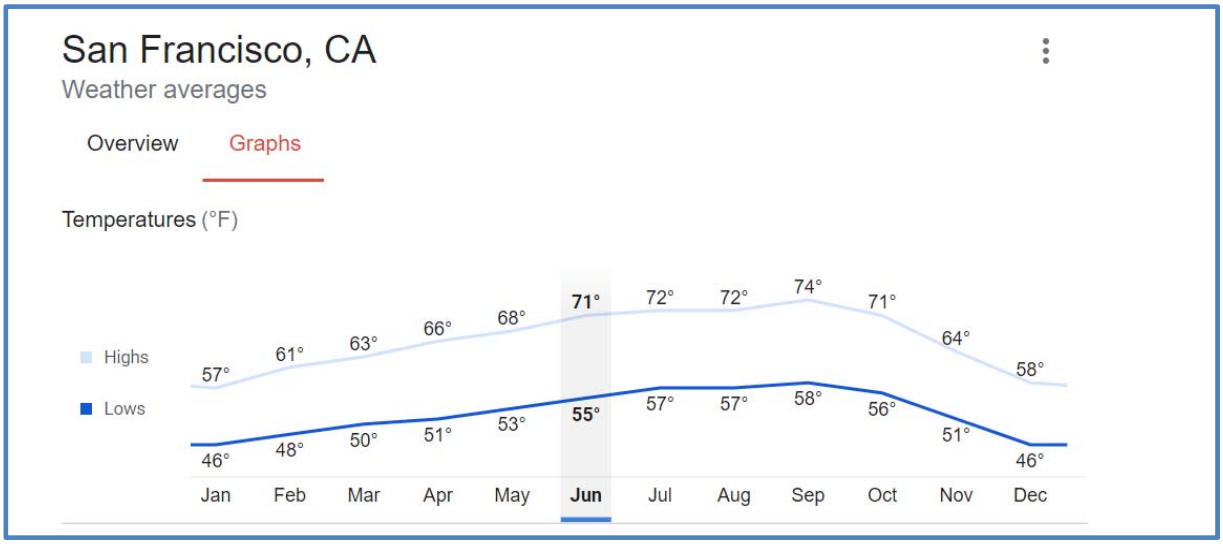
Question: If customers in Texas are using twice as much energy as the rest of the country and yet the bills in California are 3 or 4 times higher than Texas, what's the difference?

Answer:

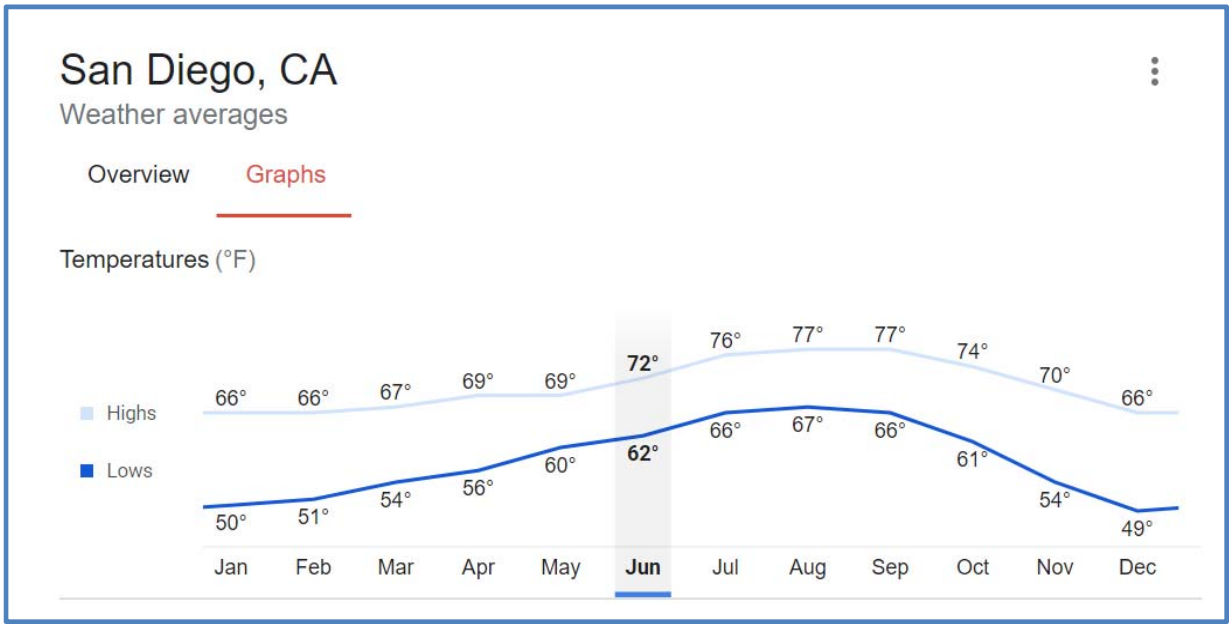
Electric usage when compared to a geographic location is closely tied to the weather the customer is experiencing during the warmest months. As you can see from the charts below, the summer month temperatures in San Antonio are much higher than those in San Francisco or San Diego, California. This is the principal driver of the higher usage of electricity.



Source: Google search of average temperature in San Antonio, TX



Source: Google search of average temperature in San Francisco, CA



Source: Google search of average temperature in San Diego, CA

In San Antonio, summer high temperatures run in the mid-90s and the summer lows in the 70's versus cities like San Francisco or San Diego, whose average summer high temperatures are in low to mid-70s with summer lows in the 60s. Given that a comfortable indoor temperature is in the mid to high 70's you can see that cooling units must work much harder and generally consume more energy than would be required in more temperate climates such as coastal California.

To explain the higher bills in California, some of the drivers of increased cost per kwh that result in higher bills despite lower average usage are:

- At the time that California entered into renewable energy long-term purchase agreements, prices were much higher. These costs are being passed on to current customers.

- The California Alternate Rates for Energy (CARE) program provides a 30-35% discount on electric bills for low income residents and covers ~1/3 of all customers. A key point is that non-CARE customers end up subsidizing the savings given to individuals covered in their CARE program. This substantially increases the bills for most of the state's customers.

- Solar customers purchase fewer kWh, and net metering increases prices for across the board. Relative to how most utility bills recover costs by volume, net metering often leads to under recovery of the organization's fixed costs. Under CPS Energy's current structure that is also the case. Again, the difference is made up for (i.e., subsidized) by other customers.

- Milder weather and continued improved energy efficiency has led to lower use per bill in California; again fixed costs are being recovered over fewer kWh.