

Consumers could see ComEd rebates with 'smart meters'

By Steve Daniels
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(Crain's) — Commonwealth Edison Co. and consumer advocates are discussing a plan to give consumers rebates for using less electricity during the hottest days of the summer.

Peak-time rebates, which have been tested successfully in California, Ontario and Maryland, are under consideration as part of a pilot program to install "smart meters" in up to 200,000 ComEd customers' homes. The high-tech meters give the utility real-time data on power usage and have the potential to show customers how much electricity they're using and how much they're paying for it at various times of the day.

The Citizens Utility Board, a Chicago-based consumer advocacy group on utility issues, will push hard for a rebate in the talks with ComEd on the smart-meter pilot program, said David Kolata, the group's executive director. ComEd says it is open to the concept.

The Illinois Commerce Commission has tentatively approved the smart-meter pilot, with final approval conditioned on an agreement between ComEd, CUB and other parties on how to structure it. ComEd would add the cost of the program to customers' bills.

In areas that have tried peak-time rebates, consumers have saved 5% to 10% on summertime electric bills, said Ahmad Faruqi, principal at Brattle Group in San Francisco and an expert on smart meters and rebate programs. Mr. Faruqi is advising ComEd on the issue.

The rebate program - would likely take effect in summer 2010 if approved - could give Chicagoans a new way to reduce soaring electric bills in the summer, when power consumption and electricity prices rise. It also would put the Chicago area, historically a laggard on energy-savings programs, at the forefront of a movement embraced by President-elect Barack Obama to give consumers financial incentives to cut energy use and reduce carbon emissions tied to global warming.

"One of the best ways to reduce electricity rates is to reduce electricity demand," Mr. Kolata said. "Peak-time rebate pricing is the simplest way we've found so far to meet that goal."

In a statement, ComEd said it is "eager to fully evaluate . . . the peak-rebate pricing option and any other potential means of enabling customers to more effectively manage their usage and bills."

Peak-rebate pricing works like this: Utilities notify customers in advance of a high-demand period when rebates will be available to those who reduce their electricity use. Customers then can take steps - for example, by turning up the thermostat on a central air conditioning system - to cut their consumption.

"We're not talking about deprivation," Mr. Faruqi said. "No one's going to unplug your refrigerator."

Customers would see a set rebate on their monthly bill for every kilowatt-hour saved. Utilities then have to buy less power to meet demand, avoiding purchases from the highest-priced sources.
