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# Peco plans hourly rates to encourage customers to shift energy use to off-peak periods

by [Andrew Maykuth](#), Updated: December 4, 2020



TOM GRALISH / STAFF PHOTOGRAPHER



Peco next year will start selling electricity to residents at cheaper rates at nonpeak hours, such as overnight, in a change that could cut bills for customers who are smart about when they use power, like the owners of [electric cars](#) who charge them after midnight.

The shift away from the current system, under which rates are the same around the clock, was approved Thursday by Pennsylvania regulators. It would also be an option for operators of shops and other commercial businesses.

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The Pennsylvania Public Utility Commission [approved a formal plan](#) allowing Peco to roll out “time-of-use” rates for customers, with the idea that discount rates for electricity consumed at night would encourage them to shift usage to off-peak hours. The plan would be voluntary, and customers could opt to stick with Peco’s current flat-rate pricing.

Hourly rates were supposed to be a benefit customers would receive from the utility’s adoption of smart meters, the wireless devices that constantly monitor customers’ energy consumption. Advocates envisioned a new generation of smart appliances that would automatically modify energy consumption in response to utility price signals.

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While utilities have supplied variable pricing to commercial and industrial customers for many years, [residential customers have not warmly embraced](#) the option when it was offered in pilot programs.

Peco’s plan calls for three price tiers. The highest prices would be charged during peak hours, from 2 p.m. to 6 p.m. Monday through Friday. The lowest prices would be available during “super off-peak” from midnight till 6 a.m. every day. A middle rate would apply in the mornings and evenings.

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Peco has not yet worked out exactly what to charge for the various tiers. The rates will go into effect in September 2021, and Peco will host a “collaborative meeting” four months before that to let people comment on its outreach plans.

Peco said the new policy was designed to comply with a sweeping 2008 energy efficiency law, known as [Act 129](#), that mandated that large electricity utilities adopt conservation plans and install smart meters.



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The time-of-use proposal is part of a new four-year plan, to take effect June 1, that spells out how the utility will procure energy for the two-thirds of its 1.6 million customers who do not buy their power from competitive suppliers. The PUC unanimously approved it.

Gladys Brown Dutrieuille, the PUC's chair, acknowledged that establishing the new policy has been challenging.

"It will be exciting to see how Peco's novel proposal will be received," [she said in a statement](#). "I am particularly interested in how electric vehicle owners may utilize this design, given the super off-peak rates during the overnight charging hours."

The hourly rates won't be available to customers enrolled in Peco's Customer Assistance Program, which provides discounted bills for low-income customers.

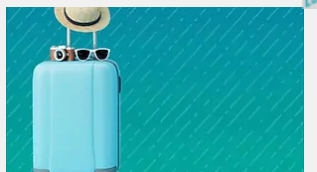
Peco's new four-year plan received an unusual amount of public attention this year during debates in the summer before a PUC hearing examiner as environmental organizations squared off against the utility.

The "environmental stakeholders" — the Pennsylvania chapter of the Sierra Club, the Clean Air Council, and the Philadelphia Solar Energy Association — had pressed Peco to buy more power through long-term contracts, which they said would make solar and wind power producers more competitive with conventional producers. Peco agreed to some longer-term solar contracts.

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But Peco declined to commit itself to buying more solar energy than the 0.5% it is required to buy under the state [Alternative Energy Portfolio Standards Act](#).



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