

Memorandum

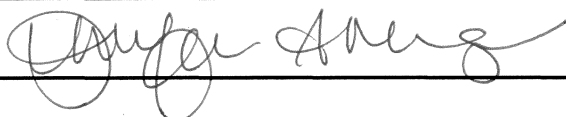
TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: November 8, 2019

Approved



Date

11/12/19

INFORMATION

SUBJECT: Q3 2019 SAN JOSE CLEAN ENERGY POWER PROCUREMENT AND REGULATORY COMPLIANCE REPORT

BACKGROUND

On November 7, 2017, Council approved an ordinance to add Title 26 to the San José Municipal Code to provide procedures for the operation and management of San José Clean Energy ("SJCE").

In accordance with Section 26.30.020 of the Municipal Code, the Director of the Community Energy Department shall submit all reports, plans and data required to comply with SJCE's regulatory requirements. On a quarterly basis, the Director shall provide reports to the City Council listing the plans and reports submitted in the past quarter to the various regulatory agencies. Each quarterly report shall be submitted no later than 45 days following the end of the previous quarter. The quarterly report required in this Section may be combined with the quarterly reporting required in Section 26.50.040.

In accordance with Section 26.50.040, the Director of the Community Energy Department is to submit quarterly reports to the City Council summarizing the number of Short Term Transactions and the total cost of those transactions during the previous quarter.

ANALYSIS

Regulatory Compliance

Between July 1 and September 30, 2019 SJCE submitted **thirty-one compliance filings** with state, federal and non-profit regulatory organizations to meet its regulatory obligations. SJCE is also in the process of entering its emissions data into the Climate Registry.

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Attached to this memorandum is a detailed summary of these compliance filings.

During the time period of July 1 – September 30, 2019, SJCE has also participated in **eight California Public Utility Commission (CPUC) regulatory proceedings**, including the Integrated Resource Planning (IRP) rulemaking (R. 16-02-007), the Power Charge Indifference Adjustment rulemaking (R. 17-06-026), the Resource Adequacy rulemaking (R. 17-09-020), the Pacific Gas and Electric Company's (PG&E) 2020 Energy Resource Recovery Account (A.19-06-001), the Pacific Gas and Electric Company's (PG&E) General Rate Case application (A. 18-12-009), the De-energization Proceeding (R.18-12-005), the Wildfire Mitigation Plan Proceeding (R.18-10-007), and the Direct Access Proceeding (R.19-03-009).

Power Procurement

SJCE entered into 43 agreements during the third quarter of 2019. Purchases accounted for 36 agreements worth a total of \$135,618,427.05. Power sales accounted for seven agreements worth a total of \$10,053,800. This is a net cost to SJCE of \$125,564,627.05.

SJCE does not intend to purchase more power supplies than it needs. However, buying the Resource Adequacy products that SJCE requires in 2020-2022 has been challenging, including summer 2020 product since SJCE's needs are higher in the summer than in other months. Generators strongly prefer to sell annual strips of product. Thus, SJCE bought some annual strips of product even where its own incremental needs were limited to summer months, with the intention of selling the excess to the extent possible. Staff has been seeking opportunities to sell this excess capacity. In Q3 2019, SJCE entered into seven agreements to sell excess Resource Adequacy.

Attached to this memorandum is a detailed summary of these agreements.

/s/

LORI MITCHELL
Director, Community Energy Department

For questions, please contact Lori Mitchell, Director of Community Energy Department, at (408) 535-4880.

Attachment 1: San José Clean Energy Q3 2019 (Q1 FY 2019-2020) Power Transactions

Attachment 2: San José Clean Energy Q3 2019 (Q1 FY 2019-2020) Compliance Filings

Attachment 1 - San José Clean Energy Q3 2019 (Q1 FY 2019-2020) Power Transactions

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
1	19-108-04	7/15/2019	Morgan Stanley Capital Group Inc.	Renewables	2021	\$ 7,226,000
2	19-108-05	7/2/2019	Avangrid Renewables	Renewables	2021	\$ 1,950,000
3	19-108-06	8/8/2019	Southern California Edison	Renewables	2020-2021	\$ 20,850,000
4	19-108-07	7/26/2019	The Energy Authority	Renewables	Aug 2019 - Jun 2020	\$ 780,000
5	19-108-09	7/15/2019	Morgan Stanley Capital Group Inc.	Renewables	Jul - Dec 2019	\$ 532,500
6	19-109-03	8/21/2019	Powerex Corp.	Renewables	Aug - Dec 2019	\$ 237,500
7	19-112-47	7/9/2019	ConocoPhillips Company	Conventional Power	Jul - Sep 2020	\$ 1,510,800
8	19-112-48	7/9/2019	Morgan Stanley Capital Group Inc.	Conventional Power	2021	\$ 8,475,300
9	19-112-49	7/9/2019	TransAlta Energy Marketing (U.S.) Inc.	Conventional Power	May - Dec 2020	\$ 5,425,223
10	19-112-50	7/9/2019	Nextera Energy Marketing, LLC	Conventional Power	2020	\$ 4,847,920
11	19-112-51	7/9/2019	ConocoPhillips Company	Conventional Power	May - Dec 2020	\$ 5,557,096
12	19-112-52	7/12/2019	Morgan Stanley Capital Group Inc.	Conventional Power	Jul - Sep 2020	\$ 2,373,600
13	19-112-53	7/12/2019	TransAlta Energy Marketing (U.S.) Inc.	Conventional Power	Oct - Dec 2020	\$ 1,261,260
14	19-112-54	7/30/2019	Morgan Stanley Capital Group Inc.	Conventional Power	2021	\$ 8,186,220
15	19-112-55	8/6/2019	Shell Energy North America (US), L.P.	Conventional Power	2021	\$ 8,026,350
16	19-112-56	8/13/2019	Shell Energy North America (US), L.P.	Conventional Power	2021	\$ 8,015,400
17	19-113-03	7/23/2019	Malaga Power, LLC	Resource Adequacy	2020-2022	\$ 12,702,000
18	19-113-04	8/9/2019	Powerex Corp.	Resource Adequacy	May - Oct 2020	\$ 3,600,000
19	19-113-21	7/9/2019	Southern California Edison	Resource Adequacy	May 2020	\$ 180,000
20	19-113-22	7/9/2019	Southern California Edison	Resource Adequacy	Nov - Dec 2020	\$ 288,000
21	19-113-23	7/17/2019	Pacific Gas and Electric Company	Resource Adequacy	Sep 2019	\$ 300,025
22	19-113-24	8/13/2019	East Bay Community Energy Authority	Resource Adequacy	Oct 2019	\$ 48,250
23	19-113-25	8/2/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020-2022	\$ 2,112,000
24	19-113-26	7/23/2019	Calpeak Power, LLC	Resource Adequacy	2021-2022	\$ 3,741,000
25	19-113-27	8/16/2019	CXA La Paloma	Resource Adequacy	Oct 2019	\$ 447,000
26	19-113-28	8/14/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2022	\$ 504,000
27	19-113-29	8/14/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020-2021	\$ 5,328,000
28	19-113-34	9/20/2019	Southern California Edison	Resource Adequacy	Jan - Jun 2020	\$ 1,123,780
29	19-113-35	9/20/2019	Southern California Edison	Resource Adequacy	Jan - Nov 2020	\$ 147,620
30	19-113-36	9/20/2019	Southern California Edison	Resource Adequacy	2020-2022	\$ 6,522,120
31	19-113-37	9/19/2019	Pacific Gas and Electric Company	Resource Adequacy	2020-2022	\$ 3,504,163
32	19-113-40	9/12/2019	Nextera Energy Marketing, LLC	Resource Adequacy	Jun - Sep 2020	\$ 266,000
33	19-113-41	9/30/2019	Powerex Corp.	Resource Adequacy	May - Oct 2020	\$ 144,180
34	19-113-42	9/25/2019	Nextera Energy Marketing, LLC	Resource Adequacy	2021	\$ 336,000
35	19-124-11	8/23/2019	Bonneville Power Agency	Carbon-Free	2021	\$ 8,760,000
36	19-124-12	9/30/2019	Powerex Corp.	Carbon-Free	May - Oct 2020	\$ 309,120

\$ 135,618,427.05

San José Clean Energy Q3 2019 (Q1 FY 2019-2020) Power Sales Summary

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
37	18-113-04-3	8/30/2019	Pacific Gas and Electric Company	Resource Adequacy	Nov 2019	\$ (93,800.00)
38	19-199-09	7/15/2019	East Bay Community Energy Authority	Import Capability	Sep 2019	\$ (12,000.00)
39	19-199-10	9/16/2019	Exelon Generation Company, LLC	Resource Adequacy	Nov - Dec 2019	\$ (82,000.00)
40	19-199-11	8/14/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020	\$ (2,448,000.00)
41	19-199-12	8/14/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2021	\$ (2,448,000.00)
42	19-199-13	9/20/2019	Southern California Edison	Resource Adequacy	Jan - Nov 2020	\$ (110,000.00)
43	19-199-14	9/20/2019	Southern California Edison	Resource Adequacy	2020-2022	\$ (4,860,000.00)

\$ (10,053,800.00)

Net Cost
\$ 125,564,627.05

Attachment 2 - San José Clean Energy Q3 2019 (Q1 FY 2019-2020) Compliance Filings

As of 09/30/2019

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Status
1	A	RPS	Data Request: Workforce Development & Diversity	CPUC	7/12/2019	Filed 7/12/19
2		RA	September RA Waiver Request	CPUC	7/18/2019	Filed 7/18/19
3	M	RA	September T-45 RA	CAISO	7/18/2019	Filed 7/18/19
4	M	RA	September T-45 RA (with local and flex true-up)	CPUC & CEC	7/18/2019	Filed 7/18/19
5	M	RA	October Load Migration Forecast	CPUC & CEC	7/18/2019	Filed 7/15/19
6	A	AMI	AMI Data Privacy Annual Report	CPUC	7/29/2019	Filed 7/26/19
7	A	AMI	AMI Data Privacy Triennial Audit	CPUC	7/29/2019	Filed 7/26/19
8		RA	Advanced Ex Parte Meeting Notice due	CPUC	7/30/2019	Filed 7/30/19
9	M	EIA	June 861 filing (accounts, load, revenue)	EIA	7/31/2019	Filed 8/1/19. Data was input into the system on 7/31/19, but inadvertently did not hit "submit" until 8/1/19
10	Q	Energy Surcharge	Q2 2019 Energy Resources Surcharge Return & Payment due	CDTFA	7/31/2019	Mailed 7/31/19
11	A	RPS	2018 RPS Compliance Report	CPUC	8/1/2019	Filed 8/1/19
12	A	CRRs	2020 CRR Annual Allocation Process: Historical Load	CAISO	8/2/2019	Filed 7/30/19
13		RA	Post-Ex Parte Meeting Notice due	CPUC	8/8/2019	Filed 8/8/19
14	M	CRRs	October 2019 Load Forecast for CRR Allocations	CAISO	8/8/2019	Filed 8/7/19
15	A	RPS	WREGIS: Compliance Report & Attestation	CEC & CPUC	8/15/2019	Report Filed 8/6/19; Attestation Filed 8/15/19
16	Q	QFER	Q2 2019 1306B – QFER (accounts, load, revenue)	CEC	8/15/2019	Filed 8/15/19
17	A	RA	Revised 2020 Load Forecast for Year-Ahead RA	CPUC & CEC	8/16/2019	Filed 8/16/19
18		RA	October RA Waiver Request	CPUC	8/17/2019	Filed 8/19/19 (9/17 Saturday, due date rolls to Monday)
19	M	RA	October T-45 RA	CAISO	8/17/2019	Filed 8/19/19 (9/17 Saturday, due date rolls to Monday)
20	M	RA	October T-45 RA (with local and flex true-up)	CPUC & CEC	8/17/2019	Filed 8/19/19 (9/17 Saturday, due date rolls to Monday)
21	M	RA	November Load Migration Forecast	CPUC & CEC	8/17/2019	Filed 8/15/19
22		PCIA	Data Request No. ED-PCIA-19-1 due	CPUC	8/19/2019	Filed 8/19/19
23	M	EIA	July 861 filing (accounts, load, revenue)	EIA	8/30/2019	Filed 8/28/19
24	A	PSD	Power Content Label mailed to Customers and CEC	CEC	8/30/2019	Submitted to CEC 8/26/19; postcard mailed to 3 commercial/residential customers 8/28/19; emailed to City account holders 8/27/19
25	A	ERRA	Revised 2020 Load Forecast for PG&E's 2020 ERRRA	CPUC	9/1/2019	Filed 9/3/19 (9/1 was a Sunday, and 9/2 a holiday)
26	M	CRRs	November 2019 Load Forecast for CRR Allocations	CAISO	9/12/2019	Filed 9/11/19
27	-	IRP	Data Request re Contratal and Development Status of 2018 IRP Resources	CPUC	9/16/2019	Filed 9/16/19
28	M	RA	November T-45 RA	CAISO	9/17/2019	Filed 9/17/19
29	M	RA	November T-45 RA (with local and flex true-up)	CPUC & CEC	9/17/2019	Filed 9/17/19
30	M	RA	December Load Migration Forecast	CPUC & CEC	9/17/2019	Filed 9/17/19
31	M	RA	January-March Load Migration Forecast	CPUC & CEC	9/26/2019	Deadline extended from 9/17 to 9/26. NCPA originally notified CEC/CPUC on 9/10 and again (with worksheet) on 9/28 that SICE has no load migration adjustments for the reporting period.
32	M	EIA	August 861 filing (accounts, load, revenue)	EIA	9/30/2019	Filed 9/30/19

Key	
AMI	Advanced Metering Infrastructure
CAISO	California Independent System Operator
CAM	Cost Allocation System
CARB	California Air Resources Board
CDTFA	California Department of Tax and Fee Administration
CEC	California Energy Commission
CPM	Capacity Procurement Mechanism
CPUC	California Public Utilities Commission
CRR	Congestion Revenue Rights
EIA	Energy Information Administration
ERRA	Energy Resource Recovery Account
GHG	Greenhouse Gas
IRP	Integrated Resource Plan
PCIA	Power Charge Indifference Adjustment
PSD	Power Source Disclosure Program
QFER	Quarterly Fuel Energy Report
RA	Resource Adequacy
RMR	Reliability Must-Run
RPS	Renewable Portfolio Standard