

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SAN JOSE CLEAN ENERGY  
CUSTOMER RETURN POLICY

**DATE:** October 30, 2023

Approved



Date

10/31/23

## INFORMATION

### BACKGROUND

The purpose of this memorandum is to inform City Council that San José Clean Energy (SJCE) will initiate a process to return customers to Pacific Gas and Electric Company (PG&E) for nonpayment on November 1, 2023 and provide information on the procedures for that process. SJCE is the Community Choice Aggregator that is the default electric generation provider for customers in the City of San José. PG&E continues to provide the transmission and delivery components of a customer's electrical service in this arrangement. SJCE has the authority to return nonpaying customers to bundled PG&E service under PG&E's Electric Rule 23<sup>1</sup>.

On November 7, 2017, the City Council approved an ordinance updating Title 26 of the San José Municipal Code that provides procedures for the operation and management of San José Clean Energy (SJCE). That update included Section 26.30.030 which provides SJCE the authority to return a customer to PG&E generation service if that customer fails to bring their account current within 90 days after receiving a delinquent notice.

Generally, Community Choice Aggregators across California ceased returning customers for the duration of the COVID pandemic. Many Community Choice Aggregators have resumed customer returns in the past year. To date, SJCE has yet to return a customer to PG&E for nonpayment. Currently active SJCE customers with accounts over 180 days overdue have balances totaling approximately \$3.3 million. Of those customers with balances over 180 days overdue, over 1,200 have not made any payments in the last 180 days and on average have not made a payment in 278 days.

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<sup>1</sup> PG&E's Electric Rules are approved by the California Public Utility Commission and reviewed periodically.

## **ANALYSIS**

Non-paying customers raise rates for other customers and decrease funding available for programs that benefit the community. Returning these customers to PG&E improves both SJCE's financial position and the ability to achieve its mission. SJCE has developed internal policies and corresponding procedures for returning customers to PG&E that will be initiated on November 1, 2023.

SJCE's procedures for customer returns will follow a standardized process of two notices followed by the customer's return to PG&E service:

- 1) Customers will receive a late payment notice after 90 days of nonpayment if they owe at least \$100 over 90 days past due. The late payment notice will remind customers of their overdue balance and offer resources and programs that can aid a customer struggling with their bill.
- 2) After 120 days of nonpayment and accumulation of at least \$100 over 120 days past due, customers will be sent a return notice. This notice will inform the customer they risk return to PG&E for continued nonpayment.
- 3) Finally, a customer will be returned to PG&E after 180 days of nonpayment, if they have at least \$100 over 180 days past due.

There will be two notable exceptions to the process outlined above. First, customers that are on any type of payment arrangement with PG&E will not be subject to any of the actions pertaining to overdue balances. Second, SJ Cares customers must have at least \$500 (not \$100) over 120 days past due in order to receive a return notice, and at least \$500 over 180 days past due in order to be returned to PG&E. This distinction is because a customer with the SJ Cares discount is more adversely affected by a return to PG&E than a standard SJCE customer as they will lose their 10% discount on generation charges. Accordingly, those customers will be given more opportunity to catch up on their bills before being returned to PG&E.

SJCE plans to initiate this process with a late payment notice to all affected customers on November 1, 2023. Customers will then flow through the process with the first return notices going out in December and the first customers being returned in February 2024. If returns started today, approximately 650 customers would meet the criteria to be returned. These customers represent approximately 284 megawatt hours of monthly usage which is less than 0.01% of SJCE's overall customer monthly usage. SJCE estimates that fewer than 100 customers will be returned on a monthly basis following the larger initial return. Under PG&E rules<sup>2</sup>, SJCE customers returned to PG&E cannot return to SJCE service for at least one year. Any charges owed to SJCE accrued by the returned customer before being returned would continue to be

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<sup>2</sup> [https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC\\_RULES\\_23.pdf](https://www.pge.com/tariffs/assets/pdf/tariffbook/ELEC_RULES_23.pdf)

HONORABLE MAYOR AND CITY COUNCIL

October 30, 2023

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Page 3

collected by PG&E and remitted to SJCE until those balances are fully paid or the account is closed.

/s/

LORI MITCHELL

Director, Community Energy Department

For questions, please contact Lina Williams Deputy Director, Account Services, Marketing and Communications, at email [lina.williams@sanjoseca.gov](mailto:lina.williams@sanjoseca.gov) or (408) 534-2933.

**ATTACHMENT:** Return Eligible Accounts Map by Council District

# Attachment

## Return Eligible Accounts Map by Council District

