

# Ad Hoc Subcommittee on SJCE Goals

## Final Report and Last Survey

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Victor Niemeyer  
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# Background and Summary

- Subcommittee launched at June 1st CECAC meeting
- Members:
  - Ted Marena
  - Victor Niemeyer
  - Tony Strawa
- Aim was to propose goals within the CECAC for SJCE priorities
- Proposed deliverable: Report to SJCC proposing GHG-free objectives, program priorities and rate guidance for SJCE to follow

# Goals We Most Care About: Carbon, Equity, Reliability

- Discussions and straw polls identified key CECAC priorities
  - Reducing carbon emissions
  - Supporting financially challenged ratepayers
  - Protecting sub-areas of the City facing the brunt of power outages
- Other goals saw less broad support
  - Lowering rates
  - Minimizing long-term power procurement risk

# Discussions Identified Concrete Paths to Pursue Goals

- Promote electrification with meaningful carbon reduction
  - EV adoption incentives
  - Subsidies for home electrification
- Increase SJCE CARE discount for low-income customers
- Provide/subsidize backup power for SJ customers in high-outage neighborhoods

# SJCE Staff Have Asked the CECAC for Input

## INPUT REQUESTED

- Rates: Additional discount for SJ Cares? 1% discount ~\$550k annually
- Programs: Current budget assumes ~\$4M for programs beyond SJ Cares in CY 2024. More? Less?
- Reduce GreenSource rates – 1% reduction ~\$5.8M ~ 4.5 days SJCE operating reserve
- Power mix: In 2024, no “free” nuclear allocation. Spend \$5-7M to buy GHG-free attributes to maintain ~95% carbon-free?

Bullets have useful information on what options cost

Are alternatives clear?

Additional spending → higher rates and/or less operating reserve  
More discounts → fewer programs and/or less clean power and/or less operating reserve



# SJCE Plan for 2024

Spending and Reserves Tables (\$ millions)	
Spending Category (from Rates presentation slides)	SJCE 2024 as of Now
<ul style="list-style-type: none"> <li>• Rates: Additional discount for SJ Cares? 1% discount ~\$550k annually</li> </ul>	\$0
<ul style="list-style-type: none"> <li>• Programs: Current budget assumes ~\$4M for programs beyond SJ Cares in CY 2024. More? Less?</li> </ul>	\$4
<ul style="list-style-type: none"> <li>• Reduce GreenSource rates – 1% reduction ~\$5.8M ~ 4.5 days SJCE operating reserve</li> </ul>	\$0
<ul style="list-style-type: none"> <li>• Power mix: In 2024, no “free” nuclear allocation. Spend \$5-7M to buy GHG-free attributes to maintain ~95% carbon-free?</li> </ul>	\$0
Reserves: what's left given spending on above actions	\$234
Total, e.g., the expected 2024 cash flow/margin at Tentative Rates	\$238
Days reserve	180.0

# Spending Category Sensitivities

Spending and Reserves Tables (\$ millions)		Sensitivities			
Spending Category (from Rates presentation slides)	SJCE 2024 as of Now	20% CARE Discount	Double Program \$	2% Rate Cut, Zero Programs	Cost for GHG-free Label
• Rates: Additional discount for SJ Cares? 1% discount ~\$550k annually	\$0	\$6	\$0		
• Programs: Current budget assumes ~\$4M for programs beyond SJ Cares in CY 2024. More? Less?	\$4		\$8		
• Reduce GreenSource rates – 1% reduction ~\$5.8M ~ 4.5 days SJCE operating reserve	\$0		\$0	\$12	
• Power mix: In 2024, no “free” nuclear allocation. Spend \$5-7M to buy GHG-free attributes to maintain ~95% carbon-free?	\$0		\$0		\$6
Reserves: what's left given spending on above actions	\$234	\$233	\$230	\$226	\$232
Total, e.g., the expected 2024 cash flow/margin at Tentative Rates	\$238	\$238	\$238	\$238	\$238
Days reserve	180.0	178.8	176.9	174.2	178.5

# Ad Hoc's Strawman Category Spending Proposal

Spending and Reserves Tables (\$ millions)				
Spending Category (from Rates presentation slides)	SJCE 2024 as of Now	CECAC Tentative?	Reasoning	Issues
<ul style="list-style-type: none"> <li>Rates: Additional discount for SJ Cares? 1% discount ~\$550k annually</li> </ul>	\$0	6	Takes SJ Cares to 20%, now matching PG&E 20%	
<ul style="list-style-type: none"> <li>Programs: Current budget assumes ~\$4M for programs beyond SJ Cares in CY 2024. More? Less?</li> </ul>	\$4	14	Programs have been starved for years, if SJ serious on cost-effective electrification and backup goals there's plenty to do	May be difficult to gear up quickly, critical that Programs have a carbon cost effectiveness threshold < 2x CARB price
<ul style="list-style-type: none"> <li>Reduce GreenSource rates – 1% reduction ~\$5.8M ~ 4.5 days SJCE operating reserve</li> </ul>	\$0	6	Need to polish our image with customers, SJCE looking greedy, helps everybody	Rate reduction not been a high priority with CECAC
<ul style="list-style-type: none"> <li>Power mix: In 2024, no “free” nuclear allocation. Spend \$5-7M to buy GHG-free attributes to maintain ~95% carbon-free?</li> </ul>	\$0		A lot to spend for no carbon reduction	
Reserves: what's left given spending on above actions	\$234	\$212		Note that \$232m is ~\$670 per customer
Total, e.g., the expected 2024 cash flow/margin at Tentative Rates	\$238	\$238		
Days reserve	180.0	163.1	180 days is an arbitrary number, still get \$32m reserves above original goal, does City really need to get there in 2024?	



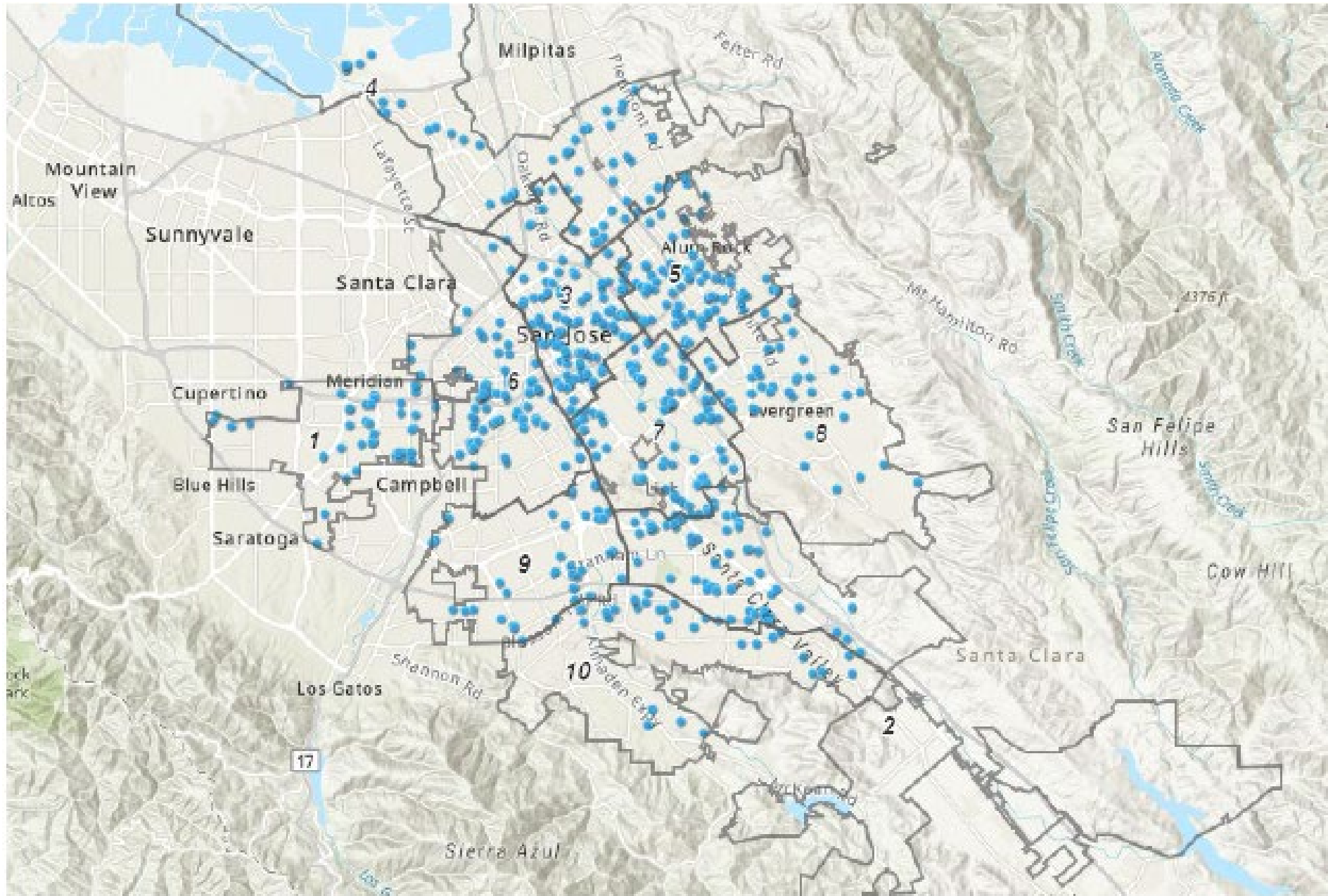
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# Discussion Big Question: Go to Council?

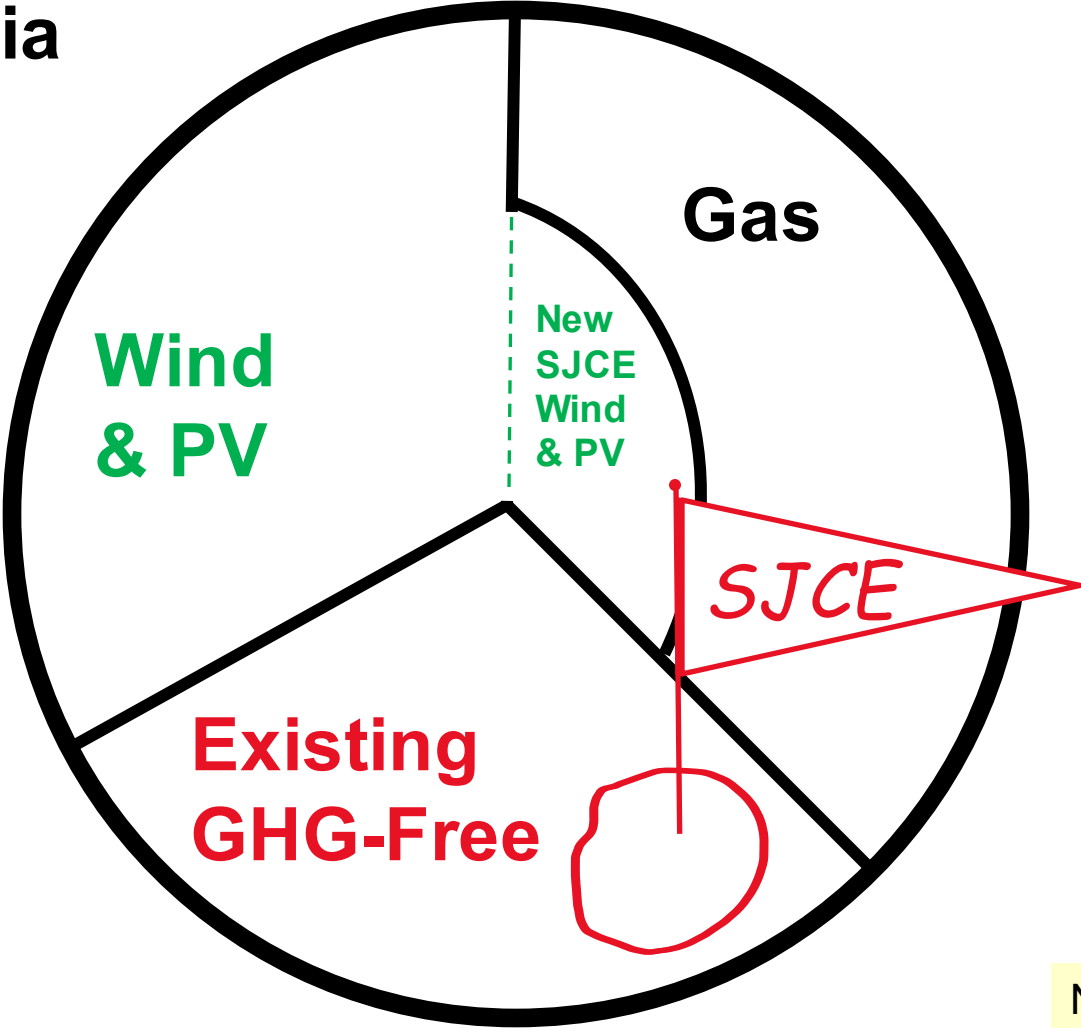
- Make clear our key goals
- Make clear there are tradeoffs between funding and reserves
- Communicate concerns about 180-day goal for reserves (at latest power prices)

# Extra Slides



# GHG-free Attributes vs. New Wind/PV Displacing Gas

California  
Power  
Supply



What should we buy?

Note: new GHG-free geothermal and nuclear do push out gas, but none available to buy anytime soon