



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: November 7, 2023

Approved

Date

11/6/23

INFORMATION

**SUBJECT: SAN JOSE CLEAN ENERGY Q3 2023 (Q1 FISCAL YEAR 2023-2024)
REGULATORY COMPLIANCE AND POWER PROCUREMENT
REPORT**

BACKGROUND

On May 15, 2017, San José City Council unanimously approved the formation of San José Clean Energy (SJCE) and on August 8, 2017, passed an ordinance amending Title 2 of the San José Municipal Code (Municipal Code) to establish the Energy Department. On November 7, 2017, the City Council approved an ordinance adding Title 26 to the Municipal Code to provide procedures for the operation and management of SJCE. On May 2, 2023, the City Council approved an ordinance amending Section 2.04.4620 of Chapter 2.04 of Title 2 and Title 26 of the Municipal Code to provide the Energy Department the authority to efficiently procure and contract for the purchase and sale of power products and to ensure timely collection of revenues. On October 3, 2023, the City Council approved an ordinance amending Titles 2, 4, and 26, and adding Title 28 to the Municipal Code to establish a municipal utility called “San José Power.” This ordinance also renamed the department from Community Energy Department to Energy Department and this report reflects that change.

Pursuant to Sections 26.50.010 and 26.50.020 of the Municipal Code, the Director of the Energy Department is required to submit to the City Council, on a quarterly basis, (1) a list of documents submitted to regulatory agencies to comply with SJCE's regulatory requirements, and (2) a report summarizing the number of medium-term and short-term transactions that the Energy Department has executed in the previous calendar quarter and the total cost associated with those transactions. Each quarterly report submitted to the City Council shall be submitted no later than 45 days following the end of the previous calendar quarter. These two quarterly reports may be combined and are included below.

ANALYSIS

Regulatory Compliance

Between July 1, 2023, and September 30, 2023, SJCE submitted 42 compliance filings with state, federal, and non-profit regulatory organizations to meet its regulatory obligations. SJCE also submitted a total of eight responses to data requests from the California Public Utilities Commission. Three of the data requests are related to reporting new generation and battery projects that load-serving entities have under contract to assist the California Public Utilities Commission in tracking new projects. Two of the data requests are related to the Renewable Portfolio Standard: one informs a semi-annual report, and the other informs a report to the Legislature on the program's workforce development and diversity. Two of the data requests are related to Resource Adequacy, and one of the data requests assists the California Public Utilities Commission in calculating the Greenhouse Gas-Free Market Price Benchmark related to the Power Charge Indifference Adjustment.

Attached to this memorandum as Attachment 1 is a list of these compliance filings.

Regulatory Engagement

In addition to fulfilling its regulatory compliance obligations, SJCE staff have worked to proactively engage in state regulatory proceedings and initiatives that may impact SJCE's operations, namely its reporting requirements, procurement strategy, or future customer rates and product/program offerings. During the period from July 1, 2023, and September 30, 2023, SJCE participated in over 20 regulatory proceedings and initiatives of the California Public Utilities Commission, the California Energy Commission, and the California Independent System Operator. Participation was either direct as an individual party or through stakeholder workgroups, or indirect, as part of informal coalitions of joint Community Choice Aggregation programs, or as a member of California Community Choice Association, our trade association. These proceedings and initiatives include, but are not limited to,

California Public Utilities Commission Proceedings

- Integrated Resource Planning (R.20-05-003)
- Renewable Portfolio Standard (R.18-07-003)
- Power Charge Indifference Adjustment (R.17-06-026)
- Resource Adequacy (R.21-01-002)
- Pacific Gas and Electric Company's General Rate Case 2023 Application (A.21-06-021)
- Pacific Gas and Electric Company's Adoption of Electric Revenue Requirements and Rates Associated with its 2024 Energy Resource Recovery Account (A.23-05-012, consolidated with A.23-07-012, Pacific Gas and Electric Company's Expedited Application pursuant to the Energy Resource Recovery Account Trigger Mechanism)
- Disconnections (R.18-07-005)
- Provider of Last Resort (R.21-03-011)

HONORABLE MAYOR AND CITY COUNCIL

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- Demand Flexibility (R.22-07-005)
- Pacific Gas and Electric Company's Application for Approval of its Demand Response Programs, Pilots, and Budgets for Program Years 2023-2027 (A.22-05-002)
- Pacific Gas and Electric Company's Application for Review of the Disadvantaged Communities-Green Tariff, Community Solar Green Tariff, and Green Tariff Shared Renewables Programs (A.22-05-022)

California Energy Commission Proceedings

- Reliability Reserve Incentive Programs (Demand Side Grid Support and Distributed Energy Backup Assets) (22-RENEW-01)
- Load Management Standards (21-OIR-03)

California Independent System Operator Initiatives

- Extended Day Ahead Market
- Generation Deliverability
- Interconnection Process Enhancements
- Transmission Planning Process Enhancements

Power Procurement

SJCE entered into 19 short-term agreements between July 1, 2023, and September 30, 2023. SJCE entered into 14 purchase agreements worth a total of \$61,817,001, and five power product sale agreements worth \$4,846,803. The net cost for the 19 agreements to SJCE is \$56,970,198.

SJCE entered no medium-term purchase agreement nor medium-term power product sales agreements between July 1, 2023, and September 30, 2023.

Attached to this memorandum as Attachment 2 is a list of these power transactions.

/s/
LORI MITCHELL
Director, Energy Department

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

Attachment 1 San José Clean Energy Q3 2023 (Q1 Fiscal Year 2023-2024) Compliance Filings
Attachment 2 San José Clean Energy Q3 2023 (Q1 Fiscal Year 2023-2024) Power Transactions

Attachment 1 - San José Clean Energy Q3 2023 Compliance Filings

Key

AMI	Advanced Metering Infrastructure
CAISO	California Independent System Operator
CalCC	California Community Choice Association
CAM	Cost Allocation System
CARB	California Air Resources Board
CCA	Community Choice Aggregator
CDTF	California Department of Tax and Fee Administration
CEC	California Energy Commission
CPM	Capacity Procurement Mechanism
CPUC	California Public Utilities Commission
CRR	Congestion Revenue Rights
CRS	Center for Resource Solutions
DAC	Disadvantaged Communities Green Tariff
EIA	Energy Information Administration
EE	Energy Efficiency
ERRA	Energy Resource Recovery Account
GHG	Greenhouse Gas
IEPR	Integrated Energy Policy Report
IRP	Integrated Resource Plan
LCFS	Low Carbon Fuel Standard
MARA	Month Ahead Resource Adequacy
MRR	Regulation for the Mandatory Reporting of Greenhouse Gas Emissions
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
TE/VC	Transportation Electrification/Vehicle Grid Integration
YARA	Year Ahead Resource Adequacy

Attachment 1 - San José Clean Energy Q3 2023 Compliance Filings

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	Biennial	IEPR	Demand Forecast Submission for 2023 IEPR (Part 1)	CEC	07/03/23	Submitted 07/03/23
2	M	CRRs	August Tier 1 CRR Nomination	CAISO	07/11/23	Submitted 07/11/23
3	M	CRRs	September Load Forecast for CRR Allocations	CAISO	07/13/23	Submitted 07/13/23
4	A	RPS	Draft Annual RPS Procurement Plan	CPUC	07/17/23	Submitted 07/17/23
5	M	CRRs	August Tier 2 CRR Nomination	CAISO	07/17/23	Submitted 07/17/23
6	M	MARA	September T-45 RA (w/ Local & Flex true up)	CPUC & CEC	07/18/23	Submitted 07/14/23
7	M	MARA	October Load Migration Forecast	CPUC & CEC	07/18/23	Submitted 07/14/23
8	M	MARA	September T-45 RA	CAISO	07/18/23	Submitted 07/14/23
9	A	CRRs	2024 CRR Annual Allocation Process: Historical Load	CAISO	07/28/23	Submitted 07/24/23-08/01/23
10	Biennial	IEPR	Demand Forecast Submission for 2023 IEPR (Part 2)	CEC	07/31/23	Submitted 07/03/23
11	M	EIA	June 861 filing (accounts, load, revenue)	EIA	07/31/23	Submitted 07/31/23
12	Q	Energy Surcharge	Q2 2023 Energy Resources Surcharge Return & Payment	CDTFA	07/31/23	Submitted 07/25/23
13	A	RPS	Annual RPS Compliance Report	CPUC	08/01/23	Submitted 08/01/23
14	S	IRP	Backstop procurement progress report update	CPUC	08/01/23	Submitted 08/01/23
15	A	Green-e	2023 Historic Power Content Label	CRS	08/01/23	Completed 07/31/23
16	Q	DAC-GT	DAC-GT CSGT Quarterly Report	CPUC	08/01/23	Submitted 07/26/23
17	S	ERRA	Revised 2023 Load Forecast for PG&E 2024 ERRA	CPUC	08/01/23	Submitted 07/12/23
18	M	CRRs	September Tier 1 CCR Nomination	CAISO	08/09/23	Submitted 08/09/23
19	M	CRRs	October Load Forecast for CRR Allocations	CAISO	08/10/23	Submitted 08/10/23
20	A	YARA	Final 2024 Load Forecast for Year-Ahead RA	CPUC & CEC	08/14/23	Submitted 08/14/23
21	Q	QFER	Q2 2023 1306B – QFER (accounts, load, revenue)	CEC	08/15/23	Submitted 08/11/23
22	M	CRRs	September Tier 2 CRR Nomination	CAISO	08/15/23	Submitted 08/15/23
23	M	MARA	October T-45 RA (w/ Local & Flex true up)	CPUC & CEC	08/17/23	Submitted 08/17/23
24	M	MARA	November Load Migration Forecast	CPUC & CEC	08/17/23	Submitted 08/17/23
25	M	MARA	October T-45 RA	CAISO	08/17/23	Submitted 08/17/23
26	A	Green-e	Marketing Compliance Review	CRS	08/31/23	Completed 08/16/23
27	M	EIA	July 861 filing (accounts, load, revenue)	EIA	08/31/23	Submitted 09/07/23
28	Q	EE	Q1 2023 EE Program Tracking Data Submission	CPUC	09/01/23	Submitted 07/26/23
29	Q	EE	Q2 2023 EE Program Tracking Data Submission	CPUC	09/01/23	Submitted 07/26/23

Attachment 1 - San José Clean Energy Q3 2023 Compliance Filings

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
30	A	PSD	PG&E Rate Comparison Mailer	CPUC	09/01/23	Completed the week of 08/28/23
31	M	CRRs	November Load Forecast for CRR Allocations	CAISO	09/07/23	Submitted 09/07/23
32	A	CRRs	2024 CRR Annual Allocation Process: Tier 1/PNP window closes	CAISO	09/07/23	Submitted 09/06/23
33	M	CRRs	October Tier 1 CCR Nomination	CAISO	09/11/23	Submitted 09/11/23
34	M	CRRs	October Tier 2 CCR Nomination	CAISO	09/15/23	Submitted 09/14/23
35	M	MARA	November T-45 RA (w/ Local & Flex true up)	CPUC & CEC	09/17/23	Submitted 09/14/23
36	M	MARA	December Load Migration Forecast	CPUC & CEC	09/17/23	Submitted 09/14/23
37	M	MARA	November T-45 RA	CAISO	09/17/23	Submitted 09/14/23
38	M	MARA	November T-45 RA (w/ Local & Flex true up)	CPUC & CEC	09/17/23	Submitted 09/14/23
39	M	MARA	December Load Migration Forecast	CPUC & CEC	09/17/23	Submitted 09/14/23
40	M	MARA	November T-45 RA	CAISO	09/17/23	Submitted 09/14/23
41	M	EIA	August 861 filing (accounts, load, revenue)	EIA	09/29/23	Submitted 09/29/23
42	A	RPS	WREGIS Compliance Report & Attestation	CEC	09/30/23	Submitted 08/31/23

Data Requests

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	M	Procurement	Procurement Status Data Request	CPUC	07/13/23	Submitted 07/13/23
2	S	RA	PCIA-RA Semi-Annual Data Report	CPUC	08/04/23	Submitted 08/03/23
3	M	Procurement	Procurement Status Data Request	CPUC	08/10/23	Submitted 08/10/23
4	S	GHG	GHG-Free-PCIA Data Request	CPUC	09/01/23	Submitted 08/31/23
5	S	RPS	RPS-PCIA Semi-Annual Data Report	CPUC	09/01/23	Submitted 08/31/23
6	A	RPS	Data Request: Workforce Development & Diversity	CPUC	09/05/23	Submitted 08/30/23
7	S	RA	RA-PCIA Semi-Annual Data Report	CPUC	09/07/23	Submitted 08/31/23
8	M	Procurement	Procurement Status Data Request	CPUC	09/14/23	Submitted 09/14/23

Attachment 2 - San José Clean Energy Q3 2023 (Q1 FY 2023-2024) Power Transactions

Short-term Purchases

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
1	23-108-01	7/5/2023	Portland General Electric	Renewable Portfolio Standard	2023	\$ 2,225,000.00
2	23-108-05	8/21/2023	NextEra Energy Marketing, LLC	Renewable Portfolio Standard	2023	\$ 975,000.00
3	23-112-31	7/5/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 1,805,600.00
4	23-112-32	7/19/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 2,306,320.00
5	23-113-11	8/9/2023	NRG Business Marketing fka Direct Energy	Resource Adequacy	2024	\$ 1,845,000.00
6	23-113-12	8/25/2023	Dynegy Marketing and Trade, LLC	Resource Adequacy	2025-2026	\$ 10,650,000.00
7	23-113-14	9/5/2023	City of Palo Alto	Resource Adequacy	2024	\$ 1,690,802.00
8	23-113-16	7/19/2023	NextEra Energy Marketing, LLC	Resource Adequacy	2024	\$ 6,363,219.00
9	23-113-17	9/6/2023	Chevron Power Holdings	Resource Adequacy	2024	\$ 6,603,000.00
10	23-113-18	9/21/2023	Calpine Energy Services L.P.	Resource Adequacy	2023	\$ 4,500.00
11	23-113-22	8/25/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ 156,000.00
12	23-113-25	9/26/2023	Pacific Gas and Electric Company	Resource Adequacy	2024	\$ 957,350.00
13	23-113-30	9/25/2023	Central Coast Community Energy	Resource Adequacy	2024	\$ 1,500,150.00
14	23-124-02	8/7/2023	Bonneville Power Agency	Energy, RA, GHG-Free	2023-2024	\$ 24,735,060.00
Total Cost of Purchases:						\$ 61,817,001.00

Short-term Sales

15	23-199-10	9/21/2023	Calpine Energy Services L.P.	Resource Adequacy	2023	\$ (3,500.00)
16	23-199-11	8/16/2023	The Energy Authority	Resource Adequacy	2023	\$ (7,500.00)
17	23-199-12	8/21/2023	NextEra Energy Marketing, LLC	Conventional Energy	2023	\$ (4,578,153.00)
18	23-199-13	8/25/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ (169,650.00)
19	23-199-14	9/13/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ (88,000.00)
Total Revenue from Sales:						\$ (4,846,803.00)