

# Energy Department

Lori Mitchell, Director

## MISSION

*To procure clean, cost-effective energy for the benefit of its customers*

## CITY SERVICE AREA

*Environmental and Utility Services*

## CORE SERVICES

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### ENERGY COMMUNITY PROGRAMMING

Establish San José-specific renewable energy and local renewable energy efficiency programs.

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### ENERGY CUSTOMER SUPPORT

Provide exceptional customer experience by educating and communicating effectively with customers, the public, and the media.

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### PROVIDING CLEAN ENERGY TO THE COMMUNITY

Promote enhanced sustainable energy practices by providing the community with cleaner energy options, resources, and education.

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**Strategic Support:** Administration, Financial Management, Information Technology, Human Resources, and Emergency Response and Recovery

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# Energy Department

## Service Delivery Framework

PROGRAM	DESCRIPTION
<b><i>Energy Community Programming Core Service</i></b>	
<b>Local Energy Programs</b>	Provides San José-specific energy programs to reduce carbon and provide additional benefits to the community.
<b><i>Energy Customer Support Core Service</i></b>	
<b>Energy Marketing and Public Affairs</b>	Provides direct communication to customers, the public, and media.
<b>Energy Data and Call Center Management</b>	Manages energy data and billing accuracy and provides resolution to Call Center customer escalations.
<b><i>Providing Clean Energy to the Community Core Service</i></b>	
<b>Energy Conventional Energy Supply</b>	Procures conventional energy, such as natural gas.
<b>Energy Hydro Power Supply</b>	Procures hydro power supply energy, such as large hydro and Greenhouse Gas-free energy.
<b>Energy Power Scheduling and Other Supply</b>	Manages grid and California Independent System Operator (ISO) charges.
<b>Energy Risk Management</b>	Manages and mitigates potential power supply risk to which the Department and City are exposed.
<b>Energy Regulatory Compliance</b>	Manages local, State, and federal regulatory compliance and advocacy to ensure compliance with all regulations and to advance City objectives.
<b><i>Strategic Support Core Service</i></b>	
<b>Energy Management and Administration</b>	Provides executive-level, analytical, and administrative support to the Department.
<b>Energy Financial Management</b>	Manages the budget and all financial transactions for the department; assists in annual budget development.
<b>Energy Human Resources</b>	Manages personnel-related functions for the department, including hiring (in coordination with the Human Resources Department), employee development, employee discipline (in coordination with the Office of Employee Relations), and personnel transactions.
<b>Energy Information Technology</b>	Provides information technology services, security, planning, system development, and maintenance for the department in coordination with the Information Technology Department.
<b>Energy Legal Support</b>	Manages all legal support functions for the Department in coordination with the City Attorney's Office.
<b>Energy Emergency Response and Recovery</b>	Provides for the coordination and delivery of emergency services and recovery activities.

# Energy Department

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## Department Budget Summary

### Expected 2024-2025 Service Delivery

- Provide cost effective electric generation rates by procuring cleaner electric supplies. Offer customers at least one power mix option at ten percent or more renewables than PG&E and at least one power mix option that is 100 percent renewable.
- Ensure new electrical infrastructure constructed as part of major development projects is designed and constructed to improve grid resiliency and enable high utilization of renewable energy resources.
- Execute prudent financial management practices, including the implementation of effective cost controls and engagement in the regulatory and legislative process. Ensure the long-term financial stability of the San José Clean Energy (SJCE) program by achieving the financial reserves policy goal of 180 days of operating expenses and securing an investment-grade credit rating.
- Develop San José-specific energy and programs that reduce carbon, maintain and expand utility programs for low-income customers, and support local renewable energy projects in compliance with regulatory obligations.
- Support Climate Smart San José by aiming to reduce carbon emissions.

### 2024-2025 Key Budget Actions

- Adds 1.0 Principal Accountant position to provide financial accounting leadership and support to meet the complex accounting needs of the Energy Department. Accurate and timely financial reporting strengthen fiscal operations within the Department
- Adds 1.0 Senior Power Resources Specialist position and 1.0 Power Resources Specialist II position to support the development and implementation of new programs and initiatives, including a master plan to guide electrification of the City fleet and installation of accompanying infrastructure, electric vehicle charging, building electrification incentives, workforce development, and home energy storage incentives.
- Adds one-time non-personal/equipment funding of \$5.0 million to support SJCE'S efforts to develop and implement energy programs for residential and commercial customers that reduce carbon emissions, incentivize electrification, promote equity, and progress toward San José's carbon neutrality goal by 2030.

### Operating Funds Managed

- San José Clean Energy Operating Fund

# Energy Department

## Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
<b>Dollars by Core Service</b>				
Energy Community Programming	2,893,983	8,567,248	3,808,506	9,202,088
Energy Customer Support	6,992,839	8,302,563	8,516,494	8,516,494
Providing Clean Energy to the Community	368,370,315	427,432,822	496,293,029	496,293,029
Strategic Support - Environmental & Utility Services	4,834,517	6,489,799	5,863,470	6,188,670
Strategic Support - Other - Environmental & Utility Services	46,166,558	25,826,056	4,200,637	4,240,477
<b>Total</b>	<b>\$429,258,213</b>	<b>\$476,618,488</b>	<b>\$518,682,136</b>	<b>\$524,440,758</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	7,387,132	11,033,169	12,335,012	12,653,794
Overtime	2,018	0	0	0
<b>Subtotal Personal Services</b>	<b>\$7,389,151</b>	<b>\$11,033,169</b>	<b>\$12,335,012</b>	<b>\$12,653,794</b>
Non-Personal/Equipment	7,529,269	12,416,487	9,136,487	14,536,487
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$14,918,420</b>	<b>\$23,449,656</b>	<b>\$21,471,499</b>	<b>\$27,190,281</b>
<b>Other Costs *</b>				
City-Wide Expenses	352,301	980,000	0	0
Debt Service/Financing	43,049,336	23,700,000	2,147,000	2,147,000
Housing Loans and Grants	0	0	0	0
Other	367,820,934	426,362,776	493,010,000	493,010,000
Other - Capital	0	0	0	0
Overhead Costs	3,117,222	2,126,056	2,053,637	2,093,477
<b>Total Other Costs</b>	<b>\$414,339,793</b>	<b>\$453,168,832</b>	<b>\$497,210,637</b>	<b>\$497,250,477</b>
<b>Total</b>	<b>\$429,258,213</b>	<b>\$476,618,488</b>	<b>\$518,682,136</b>	<b>\$524,440,758</b>

\* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

\*\* The position counts displayed in the 2022-2023 Actuals column reflect those included in the 2022-2023 Adopted Budget.

\*\*\* 2022-2023 Actuals may not subtotal due to rounding.

\*\*\*\* The amounts in the 2023-2024 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

# Energy Department

## Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
<b>Dollars by Fund</b>				
General Fund (001)	352,301	980,000	0	0
American Rescue Plan Fund (402)	0	0	0	0
San José Clean Energy Operating Fund (501)	428,905,912	475,638,488	518,682,136	524,440,758
<b>Total</b>	<b>\$429,258,213</b>	<b>\$476,618,488</b>	<b>\$518,682,136</b>	<b>\$524,440,758</b>
<b>Positions by Core Service **</b>				
Energy Community Programming	2.00	4.00	5.00	7.00
Energy Customer Support	8.00	10.00	10.00	10.00
Providing Clean Energy to the Community	13.00	20.00	20.00	20.00
Strategic Support - Environmental & Utility Services	17.00	19.00	19.00	19.00
<b>Total</b>	<b>40.00</b>	<b>53.00</b>	<b>54.00</b>	<b>56.00</b>

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# Energy Department

## Department Budget Summary

	2022-2023 Actuals **	2023-2024 Adopted	2024-2025 Forecast	2024-2025 Proposed	2024-2025 Proposed Positions
<b>Dollars by Program*</b>					
<b>Energy Community Programming</b>					
Local Energy Programs	2,893,983	8,567,248	3,808,506	9,202,088	7.00
<b>Sub-Total</b>	<b>2,893,983</b>	<b>8,567,248</b>	<b>3,808,506</b>	<b>9,202,088</b>	<b>7.00</b>
<b>Energy Customer Support</b>					
Energy Data and Call Center Management	5,838,459	6,567,133	6,633,951	6,633,951	3.50
Energy Marketing and Public Affairs	1,154,380	1,735,430	1,882,543	1,882,543	6.50
<b>Sub-Total</b>	<b>6,992,839</b>	<b>8,302,563</b>	<b>8,516,494</b>	<b>8,516,494</b>	<b>10.00</b>
<b>Providing Clean Energy to the Community</b>					
Energy Conventional Energy Supply	255,699,496	331,855,179	354,459,867	354,459,867	0.75
Energy Hydro Power Supply	64,345,608	61,300,357	61,309,726	61,309,726	1.50
Energy Power Scheduling and Other Supply	6,325,661	16,629,360	16,600,493	16,600,493	0.25
Energy Regulatory Compliance	940,600	2,325,246	2,513,167	2,513,167	10.00
Energy Renewable Energy Supply	40,798,785	14,597,298	60,632,682	60,632,682	3.50
Energy Risk Management	260,165	725,382	777,094	777,094	4.00
<b>Sub-Total</b>	<b>368,370,315</b>	<b>427,432,822</b>	<b>496,293,029</b>	<b>496,293,029</b>	<b>20.00</b>
<b>Strategic Support - Environmental &amp; Utility Services</b>					
Energy Emergency Response and Recovery	49,867	240,000	0	0	0.00
Energy Financial Management	1,659,926	2,089,485	2,263,187	2,404,265	12.00
Energy Human Resources	225	0	0	0	0.00
Energy Legal Support	815,985	500,000	500,000	500,000	0.00
Energy Management and Administration	2,308,514	3,660,314	3,100,283	3,284,405	7.00
<b>Sub-Total</b>	<b>4,834,517</b>	<b>6,489,799</b>	<b>5,863,470</b>	<b>6,188,670</b>	<b>19.00</b>
<b>Strategic Support - Other - Environmental &amp; Utility Services</b>					
Energy Debt/Financing Costs	43,049,336	23,700,000	2,147,000	2,147,000	0.00
Energy Overhead	3,117,222	2,126,056	2,053,637	2,093,477	0.00
<b>Sub-Total</b>	<b>46,166,558</b>	<b>25,826,056</b>	<b>4,200,637</b>	<b>4,240,477</b>	<b>0.00</b>
<b>Total</b>	<b>\$429,258,213</b>	<b>\$476,618,488</b>	<b>\$518,682,136</b>	<b>\$524,440,758</b>	<b>56.00</b>

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## Energy Department Budget Reconciliation

### Personal Services and Non-Personal/Equipment

(2023-2024 Adopted to 2024-2025 Proposed)

	Positions	All Funds (\$)
<b>Prior Year Budget (2023-2024):</b>	<b>53.00</b>	<b>23,449,656</b>
<b>Base Adjustments</b>		
<b>One-Time Prior Year Expenditures Deleted</b>		
• Rebudgets		(3,000,000)
• Customer Program Staffing and City Electrification Study		(253,000)
• San José Clean Energy Regulatory Compliance, Policy and Legislative Affairs Staffing		(9,000)
• Risk Management and Contract Staffing		(6,000)
• San José Clean Energy Budget and Financial Planning Staffing		(6,000)
• Power Resources Staffing		(3,000)
• San José Clean Energy Account Management Staffing		(3,000)
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>0.00</b>	<b>(3,280,000)</b>
<b>Technical Adjustments to Costs of Ongoing Activities</b>		
• Salary/benefit changes and the following position reallocations:		1,033,600
- 1.0 Program Manager to 1.0 Senior Power Resources Specialist	0.00	
- 1.0 Planner IV, shifted from Environmental Services Department for Climate Smart Staffing	1.00	268,243
<b>Technical Adjustments Subtotal:</b>	<b>1.00</b>	<b>1,301,843</b>
<b>2024-2025 Forecast Base Budget:</b>	<b>54.00</b>	<b>21,471,499</b>
<b>Budget Proposals Recommended</b>		
1. Customer Program Staffing	2.00	5,393,582
2. City Energy Resiliency Study		400,000
3. Energy Department Accounting Staffing	1.00	141,078
4. Vacant Position Elimination	(1.00)	(215,878)
<b>Total Budget Proposals Recommended</b>	<b>2.00</b>	<b>5,718,782</b>
<b>2024-2025 Proposed Budget Total</b>	<b>56.00</b>	<b>27,190,281</b>

# Energy Department

## Budget Changes by Department

### Personal Services and Non-Personal/Equipment

2024-2025 Proposed Budget Changes	Positions	All Funds (\$)
<b>1. Customer Program Staffing</b>	<b>2.00</b>	<b>5,393,582</b>

***Environmental and Utility Services CSA  
Energy Community Programming Core Service  
Local Energy Programs Program***

This action adds 1.0 Senior Power Resources Specialist and 1.0 Power Resources Specialist positions, effective October 2024, and \$5.0 million of non-personal/equipment funding to support San José Clean Energy (SJCE) Customer Programs team. SJCE's recent Programs Roadmap memorandum to the Transportation and Environmental Committee identified four program areas - Building Electrification & Energy Efficiency, Transportation Electrification, Distributed Energy Resources, and Equity & Community Engagement - and a total of \$12.0 million of anticipated customer programs investment through 2024-2025, including the new funding recommended in this action. Collectively, the programs are anticipated to result in over \$18.5 million lifetime customer savings and 44,000 metric tons of carbon dioxide reductions, with 56% of program incentive funds distributed to priority communities (e.g., households earning less than 80% of area median income). Supplementing the existing team of six positions, the addition of the Senior Power Resources Specialist ensures focused leadership on the Distributed Energy Resources sub-group and will focus primarily on residential and commercial rooftop demand and solar and battery storage projects. The new Power Resources Specialist will be added to the Building Electrification & Energy Efficiency group supporting those efforts. Additionally, one-time non-personal/equipment funding of \$5.0 million will be allocated to fund several new customer programs, including emergency bill relief, expansion of the demand response pilot, battery storage incentive, and a residential super off-peak charging rate pilot. Continuation of the non-personal/equipment funding will be reevaluated during the 2025-2026 budget development process. (Ongoing costs: \$393,582)

<b>2. City Energy Resiliency Study</b>		<b>400,000</b>
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***Environmental and Utility Services CSA  
Strategic Support – Environmental & Utility Services Core Service  
Energy Management and Administration Program***

This action adds \$400,000 of non-personal/equipment funding one-time to be spent over a two-year period to further study energy resiliency of City facilities. This funding will allow for the onboarding of consulting services to advance the City's energy resiliency efforts currently underway, which include coordination with stakeholders such as PG&E to explore, develop, and ultimately deliver a comprehensive package of strategies to set energy resiliency at critical City-owned facilities. The consulting services will also support efforts to evaluate the development feasibility of microgrids and City-owned electric transmission and distribution systems, as well as renewable energy generation, storage and backup systems. (Ongoing costs: \$0)



# Energy Department

## Budget Changes by Department

### Personal Services and Non-Personal/Equipment



2024-2025 Proposed Budget Changes	Positions	All Funds (\$)
<b>3. Energy Department Accounting Staffing</b>	<b>1.00</b>	<b>141,078</b>
<i>Environmental and Utility Services CSA Strategic Support – Environmental &amp; Utility Services Core Service Energy Financial Management Program</i>		
<p>This action adds 1.0 Principal Accountant position to the Energy Department's Budget, Financial Planning and Human Resources Division. The Principal Accountant will provide leadership to the existing accounting team of five and continue the development of the Energy Department's in-house accounting team as the Department scales its operational structure to meet its increasing volume and complexity of work. Over the past two years, the Department has been working closely with the Finance Department to advance efforts to grow its accounting operations as energy operations and contractual obligations scale upward. This action continues the transition of high-level accounting functions from the Finance Department to the Energy Department. (Ongoing costs: \$188,105).</p>		
<b>4. Vacant Position Elimination</b>	<b>(1.00)</b>	<b>(215,878)</b>
<i>Environmental and Utility Services CSA Strategic Support – Environmental &amp; Utility Services Core Service Energy Management and Administration Program</i>		
<p>This action eliminates 1.0 Associate Engineer position as part of an organization-wide effort to evaluate the elimination of vacant positions in consideration of vacancy status and recruitment history, operational priority, and forecasted supporting revenues for 2024-2025, including Development Fee Programs, other supporting revenues, and capital project funding. A total of 64 positions in the City are recommended to be eliminated as part of this effort, a reduction of approximately 1% of the Base Budget level. While these position eliminations will reduce Departments' future service delivery capacity – and will be reevaluated as necessary – because these positions have been vacant for an extended period of time or are no longer supported by existing service demands, impacts to current service delivery is expected to be minimal. The eliminated position in the Energy Department results in savings of \$215,878 in the San José Clean Energy Fund. (Ongoing savings: \$214,048)</p>		
<b>2024-2025 Proposed Budget Changes Total</b>	<b>2.00</b>	<b>5,718,782</b>

# Energy Department

## Performance Summary

### Energy Customer Support

#### Performance Measures

	2022-2023 Actual	2023-2024 Target	2023-2024 Estimated	2024-2025 Target
 % of customers who opt out <sup>1</sup>	2.37%	<5%	2.55%	<5%
 % of customers that opt up to TotalGreen (100% renewable energy service)	0.49%	0.56%	0.51%	0.55%

<sup>1</sup> When the San José Clean Energy (SJCE) program initially launched, San José customers were automatically enrolled, or opted in to the program. Customers do have the option to leave or opt out of SJCE service at any time.

#### Activity and Workload Highlights



	2022-2023 Actual	2023-2024 Forecast	2023-2024 Estimated	2024-2025 Forecast
Number of customers that opt up to TotalGreen (100% renewable energy service)	1,722	1,960	1,800	1,930
Number of San José Clean Energy customers	349,970	351,000	350,300	351,000

# Energy Department

## Performance Summary

### Providing Clean Energy to the Community


#### Performance Measures

	2022-2023 Actual	2023-2024 Target	2023-2024 Estimated	2024-2025 Target
 San José Clean Energy mix supplied:				
Renewable Energy	60%	60%	61%	66%
Carbon Free	96%	95%	96%	100%
 PG&E mix supplied (as compared with San José Clean Energy above):				
Renewable Energy	40%	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Carbon Free	96%	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>

<sup>1</sup> Information reported for actual data only.

### Strategic Support

#### Performance Measures

	2022-2023 Actual	2023-2024 Target	2023-2024 Estimated	2024-2025 Target
 % customer savings compared to PG&E	-2.0%	5.2%	5.2%	7.4%

#### Activity and Workload Highlights

	2022-2023 Actual	2023-2024 Forecast	2023-2024 Estimated	2024-2025 Forecast
Total customer savings compared to PG&E	-\$10.7M	\$29.6M	\$30.1M	\$45.4M

## Energy Department

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### Department Position Detail

Position	2023-2024 Adopted	2024-2025 Proposed	Change
Accountant II	1.00	1.00	-
Accounting Technician	2.00	2.00	-
Analyst I/II	6.00	6.00	-
Assistant Director	1.00	1.00	-
Associate Engineer	1.00	0.00	(1.00)
Deputy Director	3.00	3.00	-
Director of Community Energy	1.00	1.00	-
Division Manager	3.00	3.00	-
Planner IV	0.00	1.00	1.00
Power Resources Specialist I/II	9.00	10.00	1.00
Principal Accountant	0.00	1.00	1.00
Principal Power Resources Specialist	3.00	3.00	-
Program Manager I	1.00	0.00	(1.00)
Public Information Manager	1.00	1.00	-
Public Information Representative II	3.00	3.00	-
Senior Account Clerk	1.00	1.00	-
Senior Accountant	1.00	1.00	-
Senior Analyst	2.00	2.00	-
Senior Environmental Program Manager	1.00	1.00	-
Senior Power Resources Specialist	9.00	11.00	2.00
Senior Public Information Representative	1.00	1.00	-
Staff Specialist	3.00	3.00	-
<b>Total Positions</b>	<b>53.00</b>	<b>56.00</b>	<b>3.00</b>