

# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** May 29, 2024

Approved



Date

5/30/24

## INFORMATION

**SUBJECT: SAN JOSÉ CLEAN ENERGY ANNUAL REPORT TO COUNCIL  
PURSUANT TO SAN JOSÉ MUNICIPAL CODE SECTION 26.50.020(B)**

## BACKGROUND

San José Municipal Code (Municipal Code), Section 26.50.020(B) requires the City Manager's Office to file an informational report to City Council at least once a year listing all San José Clean Energy's (SJCE) significant actions and agreements related to Title 26.<sup>1</sup> This report contains the 2023 actions noted below and as in the Attachment - SJCE's 2023 Quarterly Regulatory Compliance and Power Procurement Reports, a compilation of the quarterly reports submitted for calendar year 2023 pursuant to Sections 26.50.020(A) and 26.50.010(B) of Title 26.

This SJCE Annual Report to the City Council covers five areas:

- (1) **Power Supply Agreements**, including a summary of short- and medium-term agreements and descriptions of long-term agreements executed in 2023.
- (2) **Customer Retail Products, Programs and Rates**, including a summary of SJCE's 2023 Power Mix and Retail Products/Programs and associated rates.
- (3) **Risk Management**, including a summary of revisions to Section 2.04.4620 of Chapter 2.04 of Title 2, Title 26 of the San José Municipal Code, and Council Policy 1-23, which describes the Energy Risk Management Policy.
- (4) **Key Financial Metrics**, including an update on several key financial measures that highlight SJCE's financial condition as of the end of calendar year 2023.
- (5) **2023 City Council Memoranda**, including a summary of significant City Council memoranda filed in 2023.

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<sup>1</sup>[https://library.municode.com/ca/san\\_jose/codes/code\\_of\\_ordinances?nodeId=TIT26COEN\\_CH26.50RECORECO\\_26.50.020RECO](https://library.municode.com/ca/san_jose/codes/code_of_ordinances?nodeId=TIT26COEN_CH26.50RECORECO_26.50.020RECO)

## **ANALYSIS**

### **1) Power Supply Agreements**

#### **Short- and Medium-Term Agreements**

Section 26.50.020(A) of the Municipal Code requires the Director of the Energy Department (Director) to submit quarterly reports to the City Council summarizing all SJCE's short- and medium-term transactions and the total cost of these contracts.<sup>2</sup> The Energy Department, on behalf of SJCE, filed four Quarterly Regulatory Compliance and Power Procurement Reports detailing 100 short-term power purchase agreements entered in 2023 worth a total of \$303,122,386.75. The four 2023 reports to the City Council are contained in the Attachment.

#### **Long-Term Agreements**

In addition to the short- and medium-term agreements listed in the Attachment, the Energy Department executed six long-term power purchase agreements in 2023 totaling approximately 118 megawatts in solar and 115 megawatts in storage and not-to-exceed \$829,120,000 in value. The long-term agreements are listed in chronological order as they came to City Council:

**BCE Seal Beach**: On December 13, 2022, the City Council adopted a resolution authorizing the Director to negotiate and execute an agreement with BCE Seal Beach, LLC, a subsidiary of Bright Canyon Energy Corporation, to buy renewable energy, resource adequacy, renewable energy credits, and attributes associated with a solar photovoltaic and battery storage facility for a term of 10 years.<sup>3</sup> The City of San José (City) executed this contract on April 2, 2023, for a term of 10 years beginning in 2024; this project is slated to come online on September 1, 2024.<sup>4</sup>

**Yellow Pine Solar II**: On January 24, 2023, the City Council adopted a resolution authorizing the Director to negotiate and execute an agreement with Yellow Pine Solar II, LLC, a subsidiary of Nextera Energy Resources Development, LLC, to buy renewable energy, renewable energy credits, resource adequacy, battery tolling rights, and attributes associated with a solar photovoltaic and battery storage facility for a term of no more than 25 years.<sup>5</sup> The City executed

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<sup>2</sup>[https://library.municode.com/ca/san\\_jose/codes/code\\_of\\_ordinances?nodeId=TIT26COEN\\_CH26.50ENPR\\_26.50.040SHTETRAUTRLI](https://library.municode.com/ca/san_jose/codes/code_of_ordinances?nodeId=TIT26COEN_CH26.50ENPR_26.50.040SHTETRAUTRLI)

<sup>3</sup> *City Council Meeting Minutes*, CITY OF SAN JOSE 23-24 (Dec. 13, 2022), <https://sanjose.legistar.com/View.ashx?M=M&ID=1003387&GUID=C93DC154-9E45-4546-85C2-72A68C2E456B>; Res. No. 80837, SAN JOSE CITY COUNCIL (2022) (enacted), <https://records.sanjoseca.gov/Resolutions/RES80837.pdf>.

<sup>4</sup> The developer has formally notified SJCE of a potential delay to the project online date due to interconnection delays.

<sup>5</sup> *City Council Meeting Minutes*, CITY OF SAN JOSE 11-12 (Jan. 24, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1067034&GUID=907EE9E3-C7B6-4ADA-85AD-8D325AE4775E>; Res. No. RES2023-9, SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Resolutions/RES2023-9.pdf>.

this contract on January 24, 2023, for a term of 20 years beginning in 2024; the full project is slated to come online on December 1, 2024.<sup>6</sup>

**Yellow Pine Solar III**: On January 24, 2023, the City Council authorized the Director to negotiate and execute an agreement with Yellow Pine Solar III, LLC, a subsidiary of Nextera Energy Resources Development, LLC, to buy resource adequacy and battery tolling rights associated with a battery storage facility for a term of 20 years.<sup>7</sup> The City executed this contract on January 24, 2023 for a term of 20 years beginning in 2025; this project is slated to come online on June 1, 2025.

**Alpaugh**: On January 24, 2023, the City Council authorized the Director to negotiate and execute an agreement with Alpaugh, LLC, a subsidiary of Con Edison Clean Energy Businesses, Inc., to buy resource adequacy associated with a battery storage facility for a term of 12 years.<sup>8</sup> The City executed this contract on March 16, 2023, for a term of 12 years beginning in 2024; this project was slated to come online on June 1, 2024, but will be delayed due to interconnection issues with Pacific Gas and Electric (PG&E). Due to these delays, the parties negotiated and executed an amendment to the agreement on April 25, 2024 addressing the amount of monetary damages owed to the City based on the expected delay and granting Alpaugh, LLC a one-time right to extend the outside date for the project to come online by April 1, 2026, in exchange for commensurate consideration.

**PG&E (Market Offer)**: On May 16, 2023, the City Council authorized the Director to negotiate and execute a long-term agreement with PG&E to buy renewable energy for a term of no more than 20 years through the market offer process.<sup>9, 10</sup> The City executed this contract on May 22, 2023, for a term of 20 years beginning in 2023; this agreement has been delivering renewable energy since December 2023.

**Sun Pond**: On November 14, 2023, the City Council authorized the Director to negotiate and execute a long-term agreement with Sun Pond, LLC, a subsidiary of Longroad Development Company, LLC, to buy renewable energy, renewable energy credits, resource adequacy, battery tolling rights, and attributes associated with solar photovoltaic and battery storage facility for a

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<sup>6</sup> The storage portion of the project is expected to come online on May 31, 2024, and the solar portion of the project is expected to come online on December 1, 2024.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *City Council Meeting Minutes*, CITY OF SAN JOSE 13-14 (May 16, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1088255&GUID=1008BEEF-F921-4719-883A-B8B84467DC8B>; Res. No. RES2023-154, SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Resolutions/RES2023-154.pdf>.

<sup>10</sup> On May 14, 2021, the California Public Utilities Commission required all three investor-owned utilities to implement a voluntary allocation process, offering to load-serving entities their proportional share of renewable energy owned by the utilities at a cost-based market value. The California Public Utilities Commission required the utilities to sell any renewable energy not accepted in the voluntary allocation process through a competitive market offer process. SJCE participated in the solicitation released on March 7, 2023 and was awarded both the short-term and long-term bids submitted to PG&E. SJCE only accepted the long-term award subject to City Council approval.

term of 20 years.<sup>11</sup> The City executed this contract on November 30, 2023, for a term of 20 years beginning in 2026; this project is slated to come online on April 1, 2026.

Each of these agreements will make significant contributions toward meeting the California Public Utility Commission's mid-term reliability<sup>12</sup> and monthly resource adequacy requirements as well as add resources necessary to achieve state and local climate goals identified in SJCE's 2022 Integrated Resource Plan.<sup>13</sup> These agreements will also bring SJCE closer to reaching the City's goal to become carbon neutral by 2030.

Additionally, the agreement with PG&E via the market offer process effectively manages the risk associated with Power Charge Indifference Adjustment charge. By paying a fixed market price benchmark for deliveries from these resources, SJCE reduces the number of resources subject to the renewable portfolio standard adder included in the Power Charge Indifference Adjustment charge that can greatly fluctuate year-to-year. This agreement also enhances our competitive position with PG&E, as it compels them to sell rather than retain renewable energy which would otherwise allow their portfolio to appear more renewable.

## **2) Customer Retail Products, Programs and Rates**

In 2023, SJCE offered two retail energy products, GreenSource and TotalGreen,<sup>14</sup> made up of power mixes that reflect the City Council's policy goals and customer preference. SJCE also offered two programs for our low-income residents, SJ Cares and Solar Access, which provide access to renewable, more affordable energy.

San José residents and businesses are automatically enrolled with SJCE as their electric service provider,<sup>15</sup> and all customers are defaulted to the SJCE GreenSource product. Additionally, SJCE customers that participate in the State's California Alternate Rates for Electricity or the Family Electric Rate Assistance program are automatically enrolled in the SJ Cares discount program. Once enrolled, customers have the choice of "opting up" from GreenSource to TotalGreen, a 100 percent renewable product. Customers located in disadvantaged

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<sup>11</sup> *City Council Meeting Notes*, CITY OF SAN JOSE 10 (Nov. 14, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1170004&GUID=C2C1249B-E5FA-4FDE-B556-D384C401522F>; Res. No. RES2023-403, SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Resolutions/RES2023-403.pdf>.

<sup>12</sup> On June 26, 2021, the California Public Utilities Commission issued Decision 21-06-035 requiring all load serving entities to procure a proportional share of 11,500 megawatts of resource adequacy by 2026 to address mid-term reliability concerns. On February 2, 2023, the California Public Utilities Commission issued Decision 23-02-040 to extend the deadline for the initial requirement to 2028 and to add an additional requirement for 4,000 megawatts of resource adequacy by 2028. SJCE was assigned 247 megawatts of the original 11,500 megawatt requirement and 80 megawatts of the additional 4,000 megawatt requirement.

<sup>13</sup> On October 25, 2022, the City Council approved SJCE's 2022 Integrated Resource Plan, which incorporates the requirements of the CPUC Decision 21-06-035 and identifies a need for further additional resources to achieve State emission reduction requirements and the City's objective to be climate neutral by 2030.

<sup>14</sup> On November 17, 2022, the City Council approved the suspension of the GreenValue product and the transition of GreenValue customers to GreenSource in 2023.

<sup>15</sup> California Assembly Bill 117 designates community choice aggregators as the default provider for local residents and businesses if a program has been put in place.

communities<sup>16</sup> and enrolled in the California Alternate Rates for Electricity program, or the Family Electric Rates Assistant program have the option to apply to be placed in the Solar Access program to receive an additional 20 percent bill discount. Finally, customers also have the option of “opting out” of the SJCE community choice program to instead receive electricity generation service from PG&E.

SJCE’s rates for GreenSource, TotalGreen, and SJ Cares are determined by SJCE’s cost-of-service methodology and are established according to the rate schedules approved by City Council. Customers in the Solar Access program are subject to the rates set in the SJ Cares rate schedule. The overall methodology as well as the rate schedules for 2023 were approved by the City Council on December 6, 2022, and went into effect January 1, 2023.<sup>17</sup> The 2023 rate schedules were approved for updates on May 2, 2023, in response to PG&E’s submission of its final rates and fees in a supplemental advice letter.<sup>18</sup> These revised rate schedules became effective May 15, 2023 and applied for the remainder of the year.

### ***GreenSource***

GreenSource is SJCE’s default retail product for all customers designed to meet the City Council’s renewable and carbon reduction goals while exceeding the state renewable goals.

At the end of 2023, over 349,000 customers were enrolled in GreenSource representing 99.5 percent of SJCE’s total customer base. This is a 1.75 percent increase from the end of 2022. The primary driver of this increase was the suspension of the GreenValue product at the end of 2022 and the return of those customers to GreenSource.

In 2022, the City Council approved SJCE’s power mix of at least 60 percent renewable energy for SJCE’s GreenSource base product beginning January 1, 2023.<sup>19</sup> Table 1 shows these preliminary estimated percentages of renewable resources with the mix approved by the City

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<sup>16</sup> The California Public Utilities Commission has defined an eligible disadvantaged community for this program as census tracts that score at or above the 75 percent percentile (i.e., scoring in the top 25 percent statewide) in the version of the CalEnviroScreen in place when a Program Administrator’s implementation was approved and all subsequent versions on a statewide basis, plus the census tracts in the highest five percent of CalEnviroScreen’s Pollution Burden that do not have an overall CalEnviroScreen score because of unreliable socioeconomic or health data.

<sup>17</sup> *City Council Meeting Minutes*, CITY OF SAN JOSE 16-17 (Dec. 6, 2022), <https://sanjose.legistar.com/View.ashx?M=M&ID=999879&GUID=10AD3601-9326-47C6-92DC-E1204BF46735>; Res. No. 80804, SAN JOSE CITY COUNCIL (2022) (enacted), <https://records.sanjoseca.gov/Resolutions/RES80804.pdf>.

<sup>18</sup> *City Council Meeting Minutes*, CITY OF SAN JOSE 5-6 (May 2, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1088253&GUID=CFDB7084-F374-46E6-BB30-3FD445691D04>; Res. No. RES2023-130, SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Resolutions/RES2023-130.pdf>.

<sup>19</sup> *2023 Power Rates, Service Options and Financial Reserves Policy*, SJCE 1 (Nov. 17, 2022), <https://www.sanjoseca.gov/home/showpublisheddocument/92368/638052472536130000>; *City Council Meeting Minutes*, CITY OF SAN JOSÉ 16-17 (Nov. 6, 2022), <https://sanjose.legistar.com/View.ashx?M=M&ID=999879&GUID=10AD3601-9326-47C6-92DC-E1204BF46735>.

Council as well as the preliminary estimated percentages of the carbon-free content. These numbers will be finalized after final energy data becomes available.<sup>20</sup>

In 2023, unusual weather conditions resulted in reduced generation from wind and solar plants in the southwest region, leading to a lower-than-anticipated renewable power mix. In addition to challenges in weather, the larger solar facility supplying renewable energy to the City experienced inverter failures, further diminishing the renewable power mix. Finally, due to issues impacting creation and transfer of renewable energy credits in the Western Renewable Energy Generation Information System, SJCE received less deliveries than expected from our voluntary allocation agreement with PG&E for 2023, and we expect true ups of these amounts to make up for the shortfall once these issues are resolved.

Table 1. 2023 GreenSource Power Mix

	<b>City Council Approved</b>	<b>Preliminary Estimate</b>
<b>Total Renewable</b>	<b>60%</b>	<b>50-55%<sup>21</sup></b>
<b>Total Carbon Free</b>	<b>95%</b>	<b>90-93%</b>

Finally, from January 1, 2023 to May 14, 2023, GreenSource customers were subject to the rate schedule set forth in Attachment A of SJCE’s *2023 Power Rates, Service Options, and Financial Reserves Policy* memorandum.<sup>22</sup> From May 15, 2023 to the end of the year, due to revisions to PG&E’s final rates and fees in March, GreenSource customers rates were updated to match the rate schedule in Attachment A of SJCE’s *2023 Rates and SJ Cares Expansion* memoranda.<sup>23</sup>

***TotalGreen***

TotalGreen is SJCE’s premium service option that offers customers 100 percent renewable power and ensures progress on the City’s Climate Smart goals. Customers have the option to opt-up to TotalGreen at any time.

In 2023, 168 SJCE customers “opted up” to TotalGreen for a total of 1,709 customers, representing approximately 0.5 percent of SJCE’s total customer base. TotalGreen continues to appeal to both residential and commercial customers looking to further their sustainability goals.

<sup>20</sup> The final data is obtained from the WREGIS Renewable Energy Credit accounting and allocation process. This is usually completed by the end of May in the reporting year, but due to issues impacting the WREGIS database, this could be delayed for 2023. The exact timing this will be resolved is unknown.

<sup>21</sup> SJCE is currently working with the developer to supply additional renewable energy credits for 2023, which could impact the estimate of the renewable content percentage. Moreover, this percentage could change once the issues impacting the WREGIS is corrected, and PG&E provides the final amounts of renewable energy for the Voluntary Allocation Market Offer agreements for the 2023 year.

<sup>22</sup> *2023 Power Rates*, supra note 19 at Attachment A “SJCE GreenSource Rate Table.”

<sup>23</sup> *2023 Rates and SJ Cares Expansion*, SJCE Attachment A “SJCE GreenSource Rate Table” (Apr. 17, 2023), <https://sanjose.legistar.com/View.ashx?M=F&ID=11914462&GUID=5987A93A-ED9D-42FF-88C4-34CBEDE30D4D>.

The City Council approved SJCE’s continued power mix of 100 percent renewable energy for SJCE’s TotalGreen product in 2023.<sup>24</sup> Table 2 shows the estimated percentages of carbon-free content in addition to the renewable resources compared with the mix requested by the City Council.

Table 2. 2022 TotalGreen Power Mix

	<b>City Council Approved</b>	<b>Preliminary Estimate</b>
<b>Total Renewable</b>	<b>100%</b>	<b>100%</b>
<b>Total Carbon Free</b>	<b>100%</b>	<b>100%</b>

Finally, from January 1, 2023, to May 14, 2023, TotalGreen customers were subject to the rate schedule set forth in Attachment B of SJCE’s *2023 Power Rates, Service Options, and Financial Reserves Policy* memorandum.<sup>25</sup> From May 15, 2023 to the end of the year, due to revisions to PG&E’s final rates and fees in March, TotalGreen customers rates were updated to match the rate schedule in Attachment B of SJCE’s *2023 Rates and SJ Cares Expansion* memoranda.<sup>26</sup>

***SJ Cares***

SJ Cares is a discount program that allows customers enrolled in California Alternate Rates for Electricity or Family Electric Rate Assistance program(s) to receive a GreenSource power mix at 10 percent below GreenSource rates.<sup>27</sup>

At the end of 2023, nearly 70,000 SJCE customers were enrolled in SJ Cares, representing 20 percent of SJCE’s total customer base. This is a 6.6 percent decrease from the end of 2022. There has been a steady decrease in the number of customers enrolled in the California Alternate Rates for Electricity or Family Electric Rate Assistance programs following a spike that peaked in late 2021.

Because SJ Cares customers receive the equivalent of the GreenSource power mix, beginning on January 1, 2023, this program offered a renewable energy content of 60 percent as approved by the City Council.<sup>28</sup> Table 3 shows the preliminary estimated percentages of renewable resources compared with the mix approved by the City Council as well as the preliminary estimated percentages of the carbon-free content for GreenSource. As indicated above, these numbers will be finalized after final energy data becomes available.

<sup>24</sup> *2023 Power Rates, supra* note 19.

<sup>25</sup> *2023 Power Rates, supra* note 19 at Attachment B “SJCE GreenSource Rate Table.”

<sup>26</sup> *2023 Rates and SJ Cares Expansion, supra* note 23 at Attachment B “SJCE TotalGreen Rate Table.”

<sup>27</sup> On December 6, 2022, the City Council approved amending the discount for the SJ Cares program customers from 5 to 10 percent below GreenSource rates while continuing to provide SJ Care customers with GreenSource renewable content.

<sup>28</sup> *2023 Power Rates, supra* note 19.

Table 3. SJ Cares (GreenSource) Power Mix

	<b>City Council Approved</b>	<b>Preliminary Estimate</b>
<b>Total Renewable</b>	<b>60%</b>	<b>50-55%<sup>29</sup></b>
<b>Total Carbon Free</b>	<b>95%</b>	<b>90-93%</b>

Finally, from January 1, 2023 to May 14, 2023, SJ Cares customers were subject to the rate schedule set forth in Attachment C of SJCE’s *2023 Power Rates, Service Options, and Financial Reserves Policy* memorandum.<sup>30</sup> From May 15, 2023 to the end of the year, due to revisions to PG&E’s final rates and fees in March, SJ Cares customers rates were updated to match the rate schedule in Attachment C of SJCE’s *2023 Rates and SJ Cares Expansion* memoranda.<sup>31</sup>

***Solar Access***

Solar Access is a ratepayer-funded program that, in partnership with the California Public Utilities Commission, provides a 20 percent discount on 100 percent solar energy to customers (1) enrolled in the California Alternative Rate for Energy or Family Electric Rate Assistance program who, (2) live in qualified disadvantaged communities.<sup>32</sup> Customers who meet these criteria can apply to be placed in the Solar Access program, and if full, can be waitlisted and enrolled as spots become available.

In 2023, 853 SJCE customers were enrolled in Solar Access, representing an 0.25 percent of SJCE’s total customer base and one percent of SJCE’s SJ Cares customers. This is a two percent decrease compared to enrollment at the end of 2022. The Solar Access program operates under a 1.736-megawatt program capacity allocation set by the California Public Utilities Commission, imposing a limit on the energy the program can serve to customers. Additionally, each month ineligible customers are unenrolled while new ones are added to optimize enrollment levels. Consequently, the number of customers enrolled can vary slightly from month to month depending on the customers’ total combined usage.

In program year 2023, the program capacity obligation was fulfilled with 100 percent renewable interim energy resource credits but will be delivered from a permanent long-term solar resource when it comes online.<sup>33</sup> This project is expected to be operational by June 1, 2024.

Solar Access customers were subject to the same rate schedules for SJ Cares in 2023.

<sup>29</sup> As SJ Cares customers receive a GreenSource power mix, this estimate is also subject to the ongoing discussions with the developer and resolution of the WREGIS system issues impacting our Voluntary Allocation Market Offer agreements.

<sup>30</sup> *2023 Power Rates*, supra note 19 at Attachment C “SJCE SJ Cares Rate Table.”

<sup>31</sup> *2023 Rates and SJ Cares Expansion*, supra note 23 at Attachment C “SJCE SJ Cares Rate Table.”

<sup>32</sup> On November 17, 2020, the City Council authorized the Department to submit an advice letter to the California Public Utilities Commission, on SJCE’s behalf, to become a program administrator for the Disadvantaged Communities-Green Tariff program. SJCE received approval for its program in April 2021 pursuant to Resolution E-5124 and was allotted a program capacity of 1.736 megawatts to serve program participants (*available at, <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M378/K421/378421442.PDF>*).

<sup>33</sup> The City of San José entered a power purchase agreement with a solar developer in connection with the Solar Access program on May 8, 2022.

### **3) Risk Management**

On May 2, 2023, amendments to Section 2.04.4620 of Chapter 2.04 of Title 2, and Title 26 of the Municipal Code were adopted to provide the Energy Department authority to efficiently procure and contract for the purchase and sale of power products and to ensure a timely collection of revenues.<sup>34</sup>

On May 2, 2023, revisions to Council Policy 1-23 Energy Risk Management Policy became effective to specify the delegated contract authority for the purchase and sale of power products; and establish the procurement procedures for the purchase of power products.<sup>35</sup>

The amendments enable the Energy Department to efficiently procure the power products needed to serve SJCE customers as well as meet applicable regulatory requirements and the City's clean power content goals.

The amendments to Title 26 of the Municipal Code and Energy Risk Management Policy provided for City Council approval of long-term agreements, which have important policy implications for SJCE's power mix, risk profile, regulatory requirements, and costs. The revisions authorized the City Manager or her designee to enter into short-term and medium-term agreements for the purchase and sale of power products, and master power purchase agreements that adopt standard terms for buying and selling power. The amendments also authorized the Director of the Energy Department to enter into short-term agreements.

Finally, revisions related to the noticing provisions of rate changes were made for timely collection of SJCE revenues while ensuring customers receive ample notice of rate changes and product offerings.

Other amendments to the Municipal Code and the Energy Risk Management Policy are summarized below.

- Set limitations on the proposed authority for the City Manager or Designee, and Director of the Energy Department;
- Defined procurement procedures for the purchase and sale of power products;
- Set an annual timeline for establishing rates, tariffs, and charges for SJCE;

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<sup>34</sup> *City Council Meeting Minutes*, CITY OF SAN JOSÉ 9 (May 2, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1088253&GUID=CFDB7084-F374-46E6-BB30-3FD445691D04>; Ordinance No. 30904, SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Ordinances/ORD30904.pdf>.

<sup>35</sup> *City Council Meeting Minutes*, CITY OF SAN JOSÉ 9 (May 2, 2023), <https://sanjose.legistar.com/View.ashx?M=M&ID=1088253&GUID=CFDB7084-F374-46E6-BB30-3FD445691D04>; Res. No. RES2023-134, , SAN JOSE CITY COUNCIL (2023) (enacted), <https://records.sanjoseca.gov/Resolutions/RES2023-134.pdf>.

- Quarterly reports to the City Council to summarize the number and cost of medium-term and short-term agreements;
- Revised the minimum credit rating for SJCE counterparties from BBB+ to BBB-;
- Clarified that the Risk Oversight Committee advises the Energy Department;
- Required City Manager or Designee approval, instead of the Risk Oversight Committee approval, for counterparties below BBB-; and
- Other drafting improvements and addition of definitions.

#### **4) Key Financial Metrics**

SJCE continues to prudently manage its operations in a manner that supports its long-term financial stability while providing sufficient financial capacity to meet near-term obligations. This section of the report includes an update on several key financial metrics that highlight SJCE's financial condition as of the end of calendar year 2023. Additional SJCE financial information, including audited annual financial statements, unaudited quarterly financial statements, and annual budgets, are available to the City Council and can be accessed through the SJCE Key Documents webpage.<sup>36</sup>

*Unrestricted Cash Balance:* Highlights the amount of unrestricted cash available to SJCE to help withstand market or regulatory changes and support rate stability for SJCE customers. SJCE had established \$196 million in unrestricted cash as of the end of 2023.

*Debt Service Coverage Ratio:* This financial metric measures SJCE's cash flow available to pay current debt obligations. On February 17, 2023, the City of San José on behalf of SJCE entered into a revolving credit agreement ([Credit Agreement](#)) with JPMorgan Chase Bank, N.A. to support the operational needs of SJCE, including posting of collateral to secure purchase of power products and to satisfy regulatory obligations. This agreement replaced the credit agreement SJCE had with Barclays Bank PLC which was entered into on November 1, 2018 and most recently amended on June 21, 2021. Section 5.11 of the Credit Agreement requires the Debt Service Coverage Ratio for any fiscal quarter shall be not less than 1.10 to 1.00 as of the last day of the fiscal quarter most recently ended. As of the quarter ending December 31, 2023, the Debt Service Coverage Ratio for SJCE was 13.80.

*Number of Days of Cash on Hand:* This financial metric shows the number of days SJCE can cover operational expenses using existing cash reserves without needing external funding. This financial metric is calculated by taking the total unrestricted cash available for operations<sup>37</sup> multiplied by 365 days and divided by annual operating expenses. Based on 2024 projected operating expenses, SJCE had established the equivalent of 142 days of operating expenses in

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<sup>36</sup> <https://sanjosecleanenergy.org/key-documents/>

<sup>37</sup> Unrestricted cash available for operations refers to unrestricted equity in pooled cash less liabilities wherein cash has been received but is not accessible for operational use including pass-through, unearned revenue from grants, and advance/deposit liabilities.

reserves as of the end of 2023. SJCE is continuing to make progress toward its goal of building and maintaining financial reserves equal to 180 days of operating expenses, as outlined in the [SJCE Financial Reserves Policy](#).

## 5) **2023 City Council Memoranda**

The Energy Department brought 18 SJCE items to the City Council for consideration between January 2023 and December 2023. Some of the key memoranda are featured below:

1. [San José City Council Meeting: Long Term Renewable Energy and Resource Adequacy Contracts](#) (January 24, 2023)

Adopted a resolution authorizing the Director to execute and negotiate long-term agreements for the purchase of renewable energy, resource adequacy, and/or both with four projects; Yellow Pine Solar II, LLC, Yellow Pine Solar III, LLC, Sun Pond, LLC, and Alpaugh BESS, LLC.

**Status Update:** The City of San José, on behalf of SJCE, successfully executed agreements with each of the projects, aside from Sun Pond, LLC. Additional time was needed for further negotiations related to increased cost and later online date, which resulted in staff seeking updated authority to enter this deal. More information on these agreements can be found under the [Long-Term Agreements](#) section above.

2. [San José City Council Meeting: Establishment of 2023 San José Clean Energy Rates and Expansion of SJ Cares Program](#) (May 2, 2023)

Adopted a resolution to update the rate schedules for SJCE's retail products in response to PG&E's revision of its final rates and fees and to expand the SJ Cares Program to include customers on non-residential rates.

**Status Update:** SJCE implemented the revised rate schedules for GreenSource, TotalGreen, SJ Cares, and Solar Access. More information on the updated rate schedules can be found under the [Customer Retail Products, Programs, and Rates](#) above. Additionally, with the expansion of the SJ Cares program, SJCE was able to add 38 non-residential customers to the program.

3. [San José City Council Meeting: Long-Term Renewable Energy Agreement with Pacific Gas and Electric Company](#) (May 16, 2023)<sup>38</sup>

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<sup>38</sup> On September 12, 2023, SJCE submitted an information memorandum to adopt a resolution repealing Resolution No. RES2023-154 and adopting a resolution change the annual not-to-exceed amount to an estimate and adjusting the cap from \$7,500,000 to \$10,000,000. City Council approved this recommendation and repealed Resolution No. RES2023-154 as well as adopted Resolution No. RES2023-322, *available at* <https://records.sanjoseca.gov/Resolutions/RES2023-322.pdf>.

Approved a resolution authorizing the Director to execute and negotiate a long-term agreement with PG&E to buy renewable energy for a term of no more than 20 years.

**Status Update:** The City, on behalf of SJCE, successfully executed an agreement with PG&E. More information on this agreement can be found under the [Long-Term Agreements](#) section above.

4. [San José City Council Information Memorandum: Ordinance Amending Titles 2, 4, and 26 and Adding Title 28 to the San José Municipal Code to Establish a Municipal Utility for Electric Service](#) (October 3, 2023)

Approved an ordinance to amend Titles 2, 4, and 26 of, and adding Title 28 to the Municipal Code to establish a municipal utility called “San José Power” and for authorization to file an interconnection application with LS Power for access to the California Independent System Operator wholesale electric transmission grid to allow the City to continue to study providing electric service to certain areas of the city.

**Status Update:** Titles 2, 4, and 26 were amended and Title 28 was added to the Municipal Code. On December 15, 2023, staff submitted two Interconnection Applications for load interconnection to the AC buses at Bayland and Skyline Converter Stations.

5. [San José City Council Information Memorandum: Long Term Renewable Energy Agreement with Sun Pond](#) (November 14, 2023)

Approved a resolution authorizing the Director to negotiate and execute a long-term agreement with Sun Pond, LLC to buy renewable energy and resource adequacy associated with a solar photovoltaic and battery storage facility for a term of 20 years.

**Status Update:** The City, on behalf of SJCE, successfully executed an agreement with Sun Pond, LLC. More information on this agreement can be found under the [Long-Term Agreements](#) section above.

These items provided recommendations on electric procurement, financial agreements, changes to SJCE retail energy products and rates, and amendments to the Municipal Code.

## COORDINATION

This memorandum has been coordinated with the City Attorney’s Office.

/s/  
LORI MITCHELL  
Director, Energy Department

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2024

**Subject: San José Clean Energy Annual Report to Council Pursuant to San José Municipal Code Section 26.50.020(B)**

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For questions, please contact Heather Dauler, Deputy Director of Regulatory Compliance and Policy, Energy Department, at [heather.dauler@sanjoséca.gov](mailto:heather.dauler@sanjoséca.gov).

**Attachment:** SJCE's 2023 Quarterly Regulatory Compliance and Power Procurement Reports



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** May 8, 2023

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Approved

Date

5/8/23

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## INFORMATION

**SUBJECT: SAN JOSE CLEAN ENERGY Q1 2023 (Q3 FY 2022-2023) REGULATORY COMPLIANCE AND POWER PROCUREMENT REPORT**

## BACKGROUND

On May 15, 2017, San José City Council (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 to establish the Community Energy Department. On November 7, 2017, the City Council approved an ordinance adding Title 26 to the San José Municipal Code to provide procedures for the operation and management of SJCE.

Pursuant to Sections 26.30.020 and 26.50.040 of the San José Municipal Code,<sup>1</sup> the Director of the Community Energy Department is required to submit to the City Council, on a quarterly basis, all reports, plans, and data compiled by SJCE and submitted to regulatory agencies to comply with SJCE's regulatory requirements as well as a report summarizing the number of short-term transactions that the Community Energy Department has executed in the previous calendar quarter and the total cost associated with those short-term 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 quarterly reports may be combined.

## ANALYSIS

### *Regulatory Compliance*

Between January 1, 2023 and March 31, 2023, SJCE submitted 37 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

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<sup>1</sup> On May 2, 2023, the City Council approved revisions to Title 26, and these section numbers will be revised. The updated section numbers will be reflected in the next quarterly report after the applicable ordinance comes into effect.

May 8, 2023

**Subject: Q1 2023 (Q3 FY 2022-2023) San José Clean Energy Regulatory Compliance and Power Procurement Report**

Page 2

Commission and the California Energy Commission: two related to the Renewable Portfolio Standard, one related to Resource Adequacy, one related to the Disadvantaged Communities-Green Tariff Program (Solar Access), one related to Transportation Electrification, and two related to reliability.

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

In addition to fulfilling its regulatory compliance obligations, SJCE staff have worked to proactively engage in state regulatory proceedings that may impact SJCE's operations namely its reporting requirements, procurement strategy, or future customer rates and product/program offerings. During the period from January 1, 2023 to March 31, 2023, SJCE participated in 21 California Public Utilities Commission regulatory proceedings either directly as an individual party, as part of informal coalitions of joint Community Choice Aggregation programs, or as a member of CalCCA, our trade association. These proceedings include, but are not limited to,

- 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)
- PG&E's 2022 and 2023 Forecast Energy Resource Recovery Account (respectively A.21-06-001 and A.22-05-029)
- PG&E Compliance Review of Portfolio Allocation Balancing Account and Energy Resource Recovery Account Entries 2019, 2020, and 2021 (respectively A.20-02-009, A.21-03-008, and A.22-02-015)
- PG&E's General Rate Case 2020 and 2023 Applications (A.19-11-019 and A.21-06-021)
- Disconnections (R.18-07-005) and Affordability (R.18-07-006)
- Supplier Diversity (R.21-03-010)
- Provider of Last Resort (R.21-03-011)
- Energy Efficiency (R.13-11-005)
- Vehicle Electrification and Infrastructure (R.18-12-006)
- Demand Flexibility (R.22-07-005)

*Power Procurement*

SJCE entered into 30 short-term agreements between January 1, 2023 and March 31, 2023. SJCE entered into 26 purchase agreements worth a total of \$139,625,228.75. Power product sales by SJCE accounted for four agreements worth \$402,250.00. The net cost for the 30 agreements to SJCE is \$139,222,978.75.

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

HONORABLE MAYOR AND CITY COUNCIL

May 8, 2023

**Subject: Q1 2023 (Q3 FY 2022-2023) San José Clean Energy Regulatory Compliance and Power Procurement Report**

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/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 Q1 2023 (Q3 FY 2022-2023) Compliance Filings

Attachment 2 San José Clean Energy Q1 2023 (Q3 FY 2022-2023) Power Transactions

**Attachment 1 - San José Clean Energy Q1 2023 Compliance Filings**

**Compliance Filings**

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	M	CRRs	February Tier 1 CCR Nomination	CAISO	01/10/23	Submitted 01/10/23
2	M	CRRs	March Load Forecast for CRR Allocations	CAISO	01/12/23	Submitted 01/12/23
3	M	MARA	March T-45 RA	CAISO	01/15/23	Submitted 01/13/23
4	M	MARA	April Load Migration Forecast	CPUC & CEC	01/17/23	Submitted 01/13/23
5	M	MARA	March T-45 RA	CPUC & CEC	01/17/23	Submitted 01/17/23
6	M	CRRs	February Tier 2 CCR Nomination	CAISO	01/17/23	Submitted 01/17/23
7	A	RPS	Final RPS Procurement Plan	CPUC	01/18/23	Submitted 01/18/23
8	Q	DAC-GT	DAC-GT CSGT Quarterly Report	CPUC	01/30/23	Submitted 01/30/23
9	M	EIA	December 861 filing (accounts, load, revenue)	EIA	01/31/23	Submitted 01/31/23
10	Q	Energy Surcharge	Q4 2022 Energy Resources Surcharge Return & Payment	CDTFA	01/31/23	Submitted 01/24/23
11	S	ERRA	2024 Load Forecast for PG&E 2024 ERRA	CPUC	02/01/23	Submitted 01/30/23
12	S	IRP	Backstop procurement progress report update	CPUC	02/01/23	Submitted 02/01/23
13	A	DAC-GT	DAC-GT Annual Budget Advice Letter	CPUC	02/01/23	Submitted 02/01/23
14	M	CRRs	March Tier 1 CCR Nomination	CAISO	02/08/23	Submitted 02/08/23
15	M	CRRs	April Load Forecast for CRR Allocations	CAISO	02/09/23	Submitted 02/09/23
16	M	CRRs	March Tier 2 CCR Nomination	CAISO	02/14/23	Submitted 02/14/23
17	A	GHG	Emission Performance Standard Advice Letter	CPUC	02/15/23	Submitted 02/15/23
18	M	MARA	May Load Migration Forecast	CPUC & CEC	02/15/23	Submitted 02/14/23
19	M	MARA	April T-45 RA	CPUC & CEC	02/15/23	Submitted 02/14/23
20	M	MARA	April T-45 RA	CAISO	02/15/23	Submitted 02/14/23
21	Q	QFER	Q4 2022 Form 1306B – QFER (accounts, load, revenue)	CEC	02/15/23	Submitted 02/14/23
22	A	Green-e	Unaudited Reporting Forms	CRS	02/17/23	Submitted 02/17/23
23	Q	RPS	PCIA-RA Quarterly Data Report (Q4 2022)	CPUC	02/17/23	Submitted 02/17/23
24	M	EIA	January 861 filing (accounts, load, revenue)	EIA	02/28/23	Submitted 02/28/23
25	Q	EE	Q4 2022 EE Program Tracking Data Submission	CPUC	03/01/23	Submitted 02/16/23
26	A	Diversity	GO 156 Supplier Diversity Report	CPUC	03/01/23	Submitted 03/01/23
27	-	RPS	Final CP3 RPS Compliance Report	CPUC	03/03/23	Submitted 03/03/23
28	M	CRRs	April Tier 1 CCR Nomination	CAISO	03/09/23	Submitted 03/09/23
29	M	CRRs	May Load Forecast for CRR Allocations	CAISO	03/09/23	Submitted 03/09/23
30	A	RA	Historical Load & Customer Count for 2024 YA RA Process	CPUC	03/13/23	Submitted 03/13/23
31	M	CRRs	April Tier 2 CCR Nomination	CAISO	03/15/23	Submitted 03/15/23
32	A	TE/VGI	CCA TE/VGI Reporting	CPUC	03/15/23	Submitted 03/14/23
33	M	MARA	May T-45 RA	CPUC & CEC	03/17/23	Submitted 03/17/23
34	M	MARA	June-December Load Migration Forecast	CPUC & CEC	03/17/23	Submitted 03/17/23
35	M	MARA	May T-45 RA	CAISO	03/17/23	Submitted 03/17/23
36	M	EIA	February 861 filing (accounts, load, revenue)	EIA	03/31/23	Submitted 03/30/23
37	A	Green-e	2023 Prospective Power Content Label	CRS	04/01/23	Submitted 03/27/23

**Key**

AMI	Advanced Metering Infrastructure
CAISO	California Independent System Operator
CalCCA	California Community Choice Association
CAM	Cost Allocation System
CARB	California Air Resources Board
CCA	Community Choice Aggregator
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
CRS	Center for Resource Solutions
DAC-GT	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
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/VGI	Transportation Electrification/Vehicle Grid Integration
YARA	Year Ahead Resource Adequacy

**Data Requests**

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	-	DAC-GT	Data Request No. Cal Advocates-GAP-SJCE-001	CPUC	01/10/23	Submitted 01/10/23
2	M	Procurement	Procurement Status Data Request	CPUC	01/12/23	Submitted 01/12/23
3	A	RA	Flex Capacity Needs Assessment Data Request	CAISO	01/15/23	Submitted 01/13/23
4	S	RPS	RPS-PCIA Semi-Annual Data Report	CPUC	02/01/23	Submitted 01/30/23
5	M	Procurement	Procurement Status Data Request	CPUC	02/09/23	Submitted 02/09/23
6	A	RPS	RPS Cost/Cost Savings Data Request (Padilla Report)	CPUC	03/01/23	Submitted 03/01/23
7	-	VGI	VGI Stocktake Reporting Request	PG&E	03/09/23	Submitted 03/08/23
8	M	Procurement	Procurement Status Data Request	CPUC	03/09/23	Submitted 03/09/23

**Attachment 2 - San José Clean Energy Q1 2023 (Q3 FY 2022-2023) Power Transactions**

***Short-term Purchases***

<b>#</b>	<b>Contract ID</b>	<b>Agreement Date</b>	<b>Counterparty</b>	<b>Energy Type</b>	<b>Power Delivery Period</b>	<b>Contract Amount</b>
1	23-112-01	1/9/2023	Shell Energy North America	Conventional Energy	2023	\$ 2,778,600.00
2	23-112-02	2/8/2023	EDF Trading North America, LLC	Conventional Energy	2023	\$ 6,141,000.00
3	23-112-03	1/17/2023	Calpine Energy Services L.P.	Conventional Energy	2023	\$ 7,976,320.00
4	23-112-04	1/19/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2024	\$ 7,519,200.00
5	23-112-05	1/19/2023	Calpine Energy Services L.P.	Conventional Energy	2025	\$ 7,960,550.00
6	23-112-06	1/19/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2024	\$ 5,059,080.00
7	23-112-07	1/19/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2025	\$ 5,037,000.00
8	23-112-08	1/26/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2024	\$ 17,161,740.00
9	23-112-09	1/25/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2025	\$ 16,764,450.00
10	23-112-10	1/27/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 4,747,200.00
11	23-112-11	1/25/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2025	\$ 4,741,680.00
12	23-112-12	1/30/2023	NextEra Energy Marketing, LLC	Conventional Energy	2023	\$ 756,000.00
13	23-112-13	2/6/2023	NextEra Energy Marketing, LLC	Conventional Energy	2023	\$ 2,142,400.00
14	23-112-14	1/31/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 2,764,300.00
15	23-112-15	2/10/2023	TransAlta Energy Marketing Inc.	Conventional Energy	2023	\$ 741,000.00
16	23-112-16	2/12/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2023	\$ 989,100.00
17	23-112-17	2/14/2023	TransAlta Energy Marketing Inc.	Conventional Energy	2023	\$ 2,939,860.00
18	23-112-19	2/21/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 5,297,600.00
19	23-112-20	2/16/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2023	\$ 1,211,976.00
20	23-112-21	2/16/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2025	\$ 5,231,072.00
21	23-112-22	2/23/2023	Morgan Stanley Capital Group Inc.	Conventional Energy	2023	\$ 9,672,125.75
22	23-112-23	2/24/2023	Calpine Energy Services L.P.	Conventional Energy	2024	\$ 16,909,200.00
23	23-112-24	2/24/2023	Calpine Energy Services L.P.	Conventional Energy	2025	\$ 4,802,400.00
24	23-113-03	1/25/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ 123,500.00
25	23-113-04-1	1/27/2023	Shell Energy North America	Resource Adequacy	2023	\$ 70,875.00
26	23-113-05	2/17/2023	Clean Power Alliance	Resource Adequacy	2023	\$ 87,000.00

**Total Cost of Purchases: \$ 139,625,228.75**

***Short-term Sales***

27	22-199-25	2/14/2023	Calpine Energy Services L.P.	Resource Adequacy	2023	\$ (131,250.00)
28	23-199-01	1/25/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ (142,500.00)
29	23-199-02	2/10/2023	East Bay Community Energy Authority	Resource Adequacy	2023	\$ (40,750.00)
30	23-199-03	2/17/2023	Clean Power Alliance	Resource Adequacy	2023	\$ (87,750.00)

**Total Revenue from Sales: \$ (402,250.00)**

<b>Net Cost</b>
<b>\$ 139,222,978.75</b>



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** August 7, 2023

Approved

Date

7/31/23

## INFORMATION

**SUBJECT: SAN JOSE CLEAN ENERGY Q2 2023 (Q4 FY 2022-2023) REGULATORY COMPLIANCE AND POWER PROCUREMENT REPORT**

## BACKGROUND

On May 15, 2017, San José City Council (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 Community 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 Community Energy Department the authority to efficiently procure and contract for the purchase and sale of power products and to ensure timely collection of revenues.

Pursuant to Sections 26.50.010 and 26.50.020 of the Municipal Code, the Director of the Community 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 Community 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 April 1, 2023, and June 30, 2023, SJCE submitted 34 compliance filings with state, federal, and non-profit regulatory organizations to meet its regulatory obligations. SJCE also submitted a total of three responses to data requests from the California Public Utilities

August 7, 2023

**Subject: San José Clean Energy Q2 2023 (Q4 FY 2022-2023) Regulatory Compliance and Power Procurement Report**

Page 2

Commission all 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, identifying any issues that put the commercial operation date at risk, and providing project development support where necessary.

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

In addition to fulfilling its regulatory compliance obligations, SJCE staff have worked to proactively engage in state regulatory proceedings that may impact SJCE's operations, namely its reporting requirements, procurement strategy, or future customer rates and product/program offerings. During the period from April 1, 2023 to June 30, 2023, SJCE participated in 17 California Public Utilities Commission regulatory proceedings either directly as an individual party, as part of informal coalitions of joint Community Choice Aggregation programs, or as a member of the California Community Choice Association, the City's trade association. These proceedings include, but are not limited to,

- 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)
- PG&E Compliance Review of Portfolio Allocation Balancing Account and Energy Resource Recovery Account Entries 2019 and 2021 (respectively A.20-02-009 and A.22-02-015)
- PG&E's General Rate Case 2020 and 2023 Applications (respectively A.19-11-019 and A.21-06-021)
- Disconnections (R.18-07-005) and Affordability (R.18-07-006)
- Provider of Last Resort (R.21-03-011)
- Demand Flexibility (R.22-07-005)

SJCE also participated in three California Energy Commission proceedings:

- Power Source Disclosure (21-OIR-01)
- Demand Side Grid Support (22-RENEW-01)
- Load Management Standards (21-OIR-03)

*Power Procurement*

SJCE entered into 18 short-term agreements between April 1, 2023, and June 30, 2023. SJCE entered into 13 purchase agreements worth a total of \$37,272,732.00. Power product sales by SJCE accounted for six agreements worth \$3,765,500.00. The net cost for the 18 agreements to SJCE is \$33,507,232.00.

HONORABLE MAYOR AND CITY COUNCIL

August 7, 2023

**Subject: San José Clean Energy Q2 2023 (Q4 FY 2022-2023) Regulatory Compliance and Power Procurement Report**

Page 3

SJCE entered into one medium-term purchase agreement between April 1, 2023, and June 30, 2023 worth a total of \$49,484,550.00. SJCE entered no medium-term power product sales agreements. The net cost for the one agreement to SJCE is \$49,484,550.00.

The net cost for all 19 short-term and medium-term agreements to SJCE is \$82,991,782.00.

Attached to this memorandum as Attachment 2 is a list 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 Q2 2023 (Q4 FY 2022-2023) Compliance Filings

Attachment 2 San José Clean Energy Q2 2023 (Q4 FY 2022-2023) Power Transactions

Attachment 1 - San José Clean Energy Q2 2023 Compliance Filings

Compliance Filings

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	M	CRRs	June Load Forecast for CRR Allocations	CAISO	04/06/23	Submitted 04/06/23
2	M	CRRs	May Tier 1 CCR Nomination	CAISO	04/10/23	Submitted 04/10/23
3	M	CRRs	May Tier 2 CCR Nomination	CAISO	04/14/23	Submitted 04/14/23
4	A	MARA	Non-binding MARA filings for July, August and September 2023	CPUC	04/17/23	Submitted 04/17/23
5	M	MARA	June T-45 RA	CPUC & CEC	04/17/23	Submitted 04/17/23
6	M	MARA	July Load Migration Forecast	CPUC & CEC	04/17/23	Submitted 04/17/23
7	M	MARA	June T-45 RA	CAISO	04/17/23	Submitted 04/17/23
8	A	RA	2024 Initial Load Forecast for Year Ahead RA	CPUC & CEC	04/17/23	Submitted 04/17/23
9	M	EIA	March 861 filing (accounts, load, revenue)	EIA	04/28/23	Submitted 04/28/23
10	A	EIA	Annual 861 Filing (2022)	EIA	04/28/23	Submitted 04/28/23
11	Q	Energy Surcharge	Q1 2023 Energy Resources Surcharge Return & Payment	CDTFA	04/28/23	Submitted 04/27/23
12	A	EIA	Revisions for monthly filings (accounts, load, revenue)	EIA	04/30/23	Submitted 04/25/23
13	A	Officer	Annual Officer Certification Form	CAISO	04/30/23	Submitted 04/14/23
14	A	AMI	AMI Data Privacy Annual Report	CPUC	05/01/23	Submitted 05/01/23
15	Q	DAC-GT	DAC-GT CSGT Quarterly Report	CPUC	05/01/23	Submitted 04/27/23
16	M	CRRs	June Tier 1 CCR Nomination	CAISO	05/10/23	Submitted 05/10/23
17	M	CRRs	July Load Forecast for CRR Allocations	CAISO	05/11/23	Submitted 05/10/23
18	Q	QFER	Q1 2023 1306B – QFER (accounts, load, revenue)	CEC	05/15/23	Submitted 05/15/23
19	A	EE	Energy Efficiency Program Annual Report	CPUC	05/15/23	Submitted 04/20/23
20	M	CRRs	June Tier 2 CRR Nomination	CAISO	05/16/23	Submitted 05/16/23
21	M	MARA	July T-45 RA (w/ Local & Flex true up)	CPUC & CEC	05/17/23	Submitted 05/17/23
22	M	MARA	August Load Migration Forecast	CPUC & CEC	05/17/23	Submitted 05/17/23
23	M	MARA	July T-45 RA	CAISO	05/17/23	Submitted 05/17/23
24	M	EIA	April 861 filing (accounts, load, revenue)	EIA	05/31/23	Submitted 05/31/23
25	A	MRR	Retail Load Reporting for MRR (Retail Sales)	CARB	06/01/23	Submitted 05/04/23
26	A	PSD	Annual PSD Report	CEC	06/01/23	Submitted 06/01/23
27	A	Green-e	Verification submission deadline	CRS	06/01/23	Submitted 06/01/23
28	M	CRRs	August Load Forecast for CRR Allocations	CAISO	06/08/23	Submitted 06/07/23
29	M	CRRs	July Tier 1 CCR Nomination	CAISO	06/09/23	Submitted 06/09/23
30	M	CRRs	July Tier 2 CCR Nomination	CAISO	06/15/23	Submitted 06/15/23
31	M	MARA	August T-45 RA	CAISO	06/17/23	Submitted 06/16/23
32	M	MARA	August T-45 RA (w/ Local & Flex true up)	CPUC & CEC	06/19/23	Submitted 06/16/23
33	M	MARA	September-December Load Migration Forecast	CPUC & CEC	06/19/23	Submitted 06/16/23
34	M	EIA	May 861 filing (accounts, load, revenue)	EIA	06/30/23	Submitted 07/03/23

Data Requests

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	M	Procurement	Procurement Status Data Request	CPUC	04/13/23	Submitted 04/13/23
2	M	Procurement	Procurement Status Data Request	CPUC	05/11/23	Submitted 05/10/23
3	M	Procurement	Procurement Status Data Request	CPUC	06/08/23	Submitted 06/08/23

Key

AMI	Advanced Metering Infrastructure
CAISO	California Independent System Operator
CalCCA	California Community Choice Association
CAM	Cost Allocation System
CARB	California Air Resources Board
CCA	Community Choice Aggregator
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
CRS	Center for Resource Solutions
DAC-GT	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/VGI	Transportation Electrification/Vehicle Grid Integration
YARA	Year Ahead Resource Adequacy

Attachment 2 - San José Clean Energy Q2 2023 (Q4 FY 2022-2023) Power Transactions

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*Medium-term Purchases*

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
1	23-113-01	4/13/2023	CXA La Paloma	Resource Adequacy	2023, 2024, 2027-2029	\$ 49,484,550.00
<b>Total Cost of Purchases:</b>						<b>\$ 49,484,550.00</b>

<b>Net Cost</b>
<b>\$ 49,484,550.00</b>



# 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

November 7, 2023

**Subject: Q3 2023 (Q1 Fiscal Year 2023-2024) San Jose Clean Energy Regulatory Compliance and Power Procurement Report**

Page 3

- 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
<b>Total Cost of Purchases:</b>						<b>\$ 61,817,001.00</b>

*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)
<b>Total Revenue from Sales:</b>						<b>\$ (4,846,803.00)</b>



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** January 29, 2024

Approved

Date

1/30/24

## INFORMATION

**SUBJECT: SAN JOSÉ CLEAN ENERGY Q4 2023 (Q2 FISCAL YEAR 2023-2024)  
REGULATORY COMPLIANCE AND POWER PROCUREMENT  
REPORT**

## BACKGROUND

On May 15, 2017, the 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 to establish the Energy Department. On November 7, 2017, the City Council approved an ordinance adding Title 26 to the San José 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 San José 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 San José 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 San José 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 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 October 1, 2023 and December 31, 2023, SJCE submitted 31 compliance filings with state, federal, and non-profit regulatory organizations to meet its regulatory obligations. SJCE also submitted three responses to data requests from the California Public Utilities Commission that related to reporting new generation and battery projects that SJCE has under contract to assist the California Public Utilities Commission in tracking new projects.

Attached to this memorandum as **Attachment 1** - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Compliance Filings - 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 October 1, 2023 and December 31, 2023, SJCE participated in over 15 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 the California Community Choice Association, our trade association. These proceedings and initiatives include, but are not limited to, the following.

### **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.23-10-0011)
- Pacific Gas and Electric Company's General Rate Case 2023 Application (A.21-06-021)
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- 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**

- 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 33 short-term agreements between October 1, 2023 and December 31, 2023. Of these, SJCE entered into 26 purchase agreements worth a total of \$75,770,528.00 and seven power product sale agreements worth \$2,348,550.00. The net cost for the 33 agreements to SJCE is \$73,421,978.00.

SJCE entered no medium-term purchase agreement nor medium-term power product sales agreements between October 1, 2023 and December 31, 2023.

Attached to this memorandum as **Attachment 2** - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Power Transactions - 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.

### Attachments

- Attachment 1 San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Compliance Filings
- Attachment 2 San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Power Transactions

**Attachment 1 - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Compliance Filings**

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**Key**

AMI	Advanced Metering Infrastructure
CAISO	California Independent System Operator
CalCCA	California Community Choice Association
CAM	Cost Allocation System
CARB	California Air Resources Board
CCA	Community Choice Aggregator
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
CRS	Center for Resource Solutions
DAC-GT	Disadvantaged Communities Green Tariff
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EE	Energy Efficiency
ERRA	Energy Resource Recovery Account
GHG	Greenhouse Gas
IEPR	Integrated Energy Policy Report
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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
SQMD	Settlement Quality Meter Data
TE/VGI	Transportation Electrification/Vehicle Grid Integration
YARA	Year Ahead Resource Adequacy

**Attachment 1 - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Compliance Filings**

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Submitted
1	A	PSD	Power Content Label posted on website and provided to CEC	CEC	10/02/23	Completed 09/26/23
2	A	PSD	Power Content Label Audit	CEC	10/02/23	Submitted 08/31/23
3	A	CRRs	2024 CRR Annual Allocation Process: Tier 2 window closes	CAISO	10/04/23	Submitted 10/04/23
4	M	CRRs	December Load Forecast for CRR Allocations	CAISO	10/05/23	Submitted 10/05/23
5	M	CRRs	November Tier 1 CCR Nomination	CAISO	10/10/23	Submitted 10/10/23
6	M	IRP	Any requested corrections to Nov. 2022 IRP filing (Narrative Template, Resource Data Template or Clean System Power Calculator)	CPUC	10/16/23	Submitted 10/16/23
7	M	CRRs	November Tier 2 CCR Nomination	CAISO	10/16/23	Submitted 10/13/23
8	M	MARA	December T-45 RA (w/ Local & Flex true up)	CPUC & CEC	10/17/23	Submitted 10/16/23
9	M	MARA	December T-45 RA	CAISO	10/17/23	Submitted 10/16/23
10	A	CRRs	2024 CRR Annual Allocation Process: Tier 3 window closes	CAISO	10/17/23	Submitted 10/17/23
11	Q	DAC-GT	DAC-GT CSGT Quarterly Report	CPUC	10/30/23	Submitted 10/27/23
12	A	YARA	2024 Year Ahead RA Filing	CPUC	10/31/23	Submitted 10/31/23
13	A	YARA	2024 Year Ahead RA Filing	CAISO	10/31/23	Submitted 10/31/23
14	M	EIA	September 861 filing (accounts, load, revenue)	EIA	10/31/23	Submitted 10/31/23
15	Q	Energy Surcharge	Q3 2023 Energy Resources Surcharge Return & Payment	CDTFA	10/31/23	Submitted 10/24/23
16	A	Sched. Coordinator	SQMD Audit & Attestation	CAISO	10/31/23	Submitted 10/27/23
17	M	CRRs	December Tier 1 CRR Nomination	CAISO	11/07/23	Submitted 11/07/23
18	M	CRRs	January Load Forecast for CRR Allocations	CAISO	11/09/23	Submitted 11/08/23
19	Q	QFER	Q3 2023 1306B – QFER (accounts, load, revenue)	CEC	11/15/23	Submitted 11/15/23
20	M	MARA	January T-45 RA	CPUC & CEC	11/17/23	Submitted 11/14/23
21	M	MARA	January T-45 RA	CAISO	11/17/23	Submitted 11/14/23
22	M	EIA	October 861 filing (accounts, load, revenue)	EIA	11/30/23	Submitted 11/29/23
23	M	RA	Test Slice of Day RA Showing	CPUC	11/30/23	Submitted 11/30/23
24	S	IRP	Backstop procurement progress report update	CPUC	12/01/23	Submitted 12/01/23
25	Q	EE	Q3 2023 EE Program Tracking Data Submission	CPUC	12/01/23	Submitted 11/28/23
26	M	CRRs	February Load Forecast for CRR Allocations	CAISO	12/07/23	Submitted 12/04/23
27	M	CRRs	January Tier 1 CCR Nomination	CAISO	12/08/23	Submitted 12/08/23
28	M	CRRs	January Tier 2 CCR Nomination	CAISO	12/14/23	Submitted 12/14/23
29	M	MARA	February T-45 RA	CPUC & CEC	12/18/23	Submitted 12/14/23
30	M	MARA	February T-45 RA	CAISO	12/18/23	Submitted 12/14/23
31	M	EIA	November 861 filing (accounts, load, revenue)	EIA	12/29/23	Submitted 12/22/23

**Attachment 1 - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Compliance Filings**

**Data Requests**

<b>#</b>	<b>Frequency</b>	<b>Topic</b>	<b>Deliverables</b>	<b>Jurisdiction</b>	<b>Due</b>	<b>Submitted</b>
1	M	Procurement	Procurement Status Data Request	CPUC	10/12/23	Submitted 10/12/23
2	M	Procurement	Procurement Status Data Request	CPUC	11/09/23	Submitted 11/09/23
3	M	Procurement	Procurement Status Data Request	CPUC	12/14/23	Submitted 12/14/23

**Attachment 2 - San José Clean Energy Q4 2023 (Q2 FY 2023-2024) Power Transactions**

*Short-term Purchases*

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
1	23-108-04	12/6/2023	CleanPower SF	Renewable Portfolio Standard	2024	\$ 2,200,000.00
2	23-112-33	12/18/2023	ConocoPhillips Company	Conventional Energy	2024	\$ 1,643,760.00
3	23-112-34	12/7/2023	TransAlta Energy Marketing	Conventional Energy	2024	\$ 1,559,500.00
4	23-113-15	10/5/2023	Shell Energy North America	Resource Adequacy	2024	\$ 1,485,000.00
5	23-113-19	10/5/2023	MRP San Joaquin Energy, LLC	Resource Adequacy	2024	\$ 3,651,100.00
6	23-113-21	10/23/2023	Calpine Energy Services L.P.	Resource Adequacy	2024	\$ 6,800,000.00
7	23-113-23	10/5/2023	Malaga Power, LLC	Resource Adequacy	2024	\$ 21,150.00
8	23-113-24	10/17/2023	Morgan Stanley Capital Group, Inc.	Resource Adequacy & Carbon-Free	2024	\$ 4,462,880.00
9	23-113-26	10/16/2023	Dynasty Power Inc.	Resource Adequacy	2024	\$ 5,875,200.00
10	23-113-28	10/16/2023	Sempra Gas and Power Marketing	Resource Adequacy	2024	\$ 1,313,250.00
11	23-113-29	10/16/2023	San Diego Gas & Electric	Resource Adequacy	2024	\$ 2,142,000.00
12	23-113-31-1	12/6/2023	East Bay Community Energy Authority	Resource Adequacy	2024	\$ 139,500.00
13	23-113-32	10/17/2023	East Bay Community Energy Authority	Resource Adequacy	2024	\$ 1,558,625.00
14	23-113-33	10/3/2023	Direct Energy	Resource Adequacy	2024	\$ 1,870,000.00
15	23-113-34	10/3/2023	Direct Energy	Resource Adequacy	2024	\$ 950,000.00
16	23-113-35	10/22/2023	East Bay Community Energy Authority	Resource Adequacy	2024	\$ 2,700,000.00
17	23-113-36	10/23/2023	Calpine Energy Services L.P.	Resource Adequacy	2024	\$ 9,000,000.00
18	23-113-37	10/27/2023	Southern California Edison	Resource Adequacy	2024	\$ 147,200.00
19	23-113-38	10/24/2023	Peninsula Clean Energy	Resource Adequacy	2024	\$ 22,750.00
20	23-113-39	10/17/2023	Chevron Power Holdings	Resource Adequacy	2024	\$ 9,300,000.00
21	23-113-40	10/16/2023	San Diego Gas & Electric	Resource Adequacy	2024	\$ 9,025,550.00
22	23-113-41	12/6/2023	Calpine Energy Services L.P.	Resource Adequacy	2024	\$ 6,153,250.00
23	23-113-42	10/31/2023	City of Roseville Electric Utility	Resource Adequacy	2024	\$ 832,463.00
24	23-113-43	12/6/2023	Calpine Energy Services L.P.	Resource Adequacy	2024	\$ 264,250.00
25	23-113-44	12/15/2023	Pacific Gas & Electric Company	Resource Adequacy	2024	\$ 2,653,100.00
26	23-124-03	12/15/2023	Pacific Gas & Electric Company	Carbon-Free	2024	\$ -

**Total Cost of Purchases: \$ 75,770,528.00**

*Short-term Sales*

27	23-199-15	10/17/2023	East Bay Community Energy Authority	Resource Adequacy	2024	\$ (120,900.00)
28	23-199-16	10/24/2023	Peninsula Clean Energy	Resource Adequacy	2024	\$ (23,500.00)
29	23-199-17	12/13/2023	Morgan Stanley Capital Group, Inc.	Conventional Energy	2024	\$ (541,200.00)
30	23-199-18	12/13/2023	Morgan Stanley Capital Group, Inc.	Conventional Energy	2024	\$ (553,800.00)
31	23-199-19	12/13/2023	Morgan Stanley Capital Group, Inc.	Conventional Energy	2024	\$ (508,400.00)
32	23-199-20	12/19/2023	NRG Power Marketing, LLC	Conventional Energy	2024	\$ (585,000.00)
33	23-199-21	12/29/2023	EDF Trading North America, LLC	Resource Adequacy	2024	\$ (15,750.00)

**Total Revenue from Sales: \$ (2,348,550.00)**

<b>Net Cost</b>
<b>\$ 73,421,978.00</b>