

# COMMUNITY ADVISORY COMMISSION UPDATE: LEGISLATIVE & REGULATORY

July 22, 2019



# LEGISLATIVE UPDATE

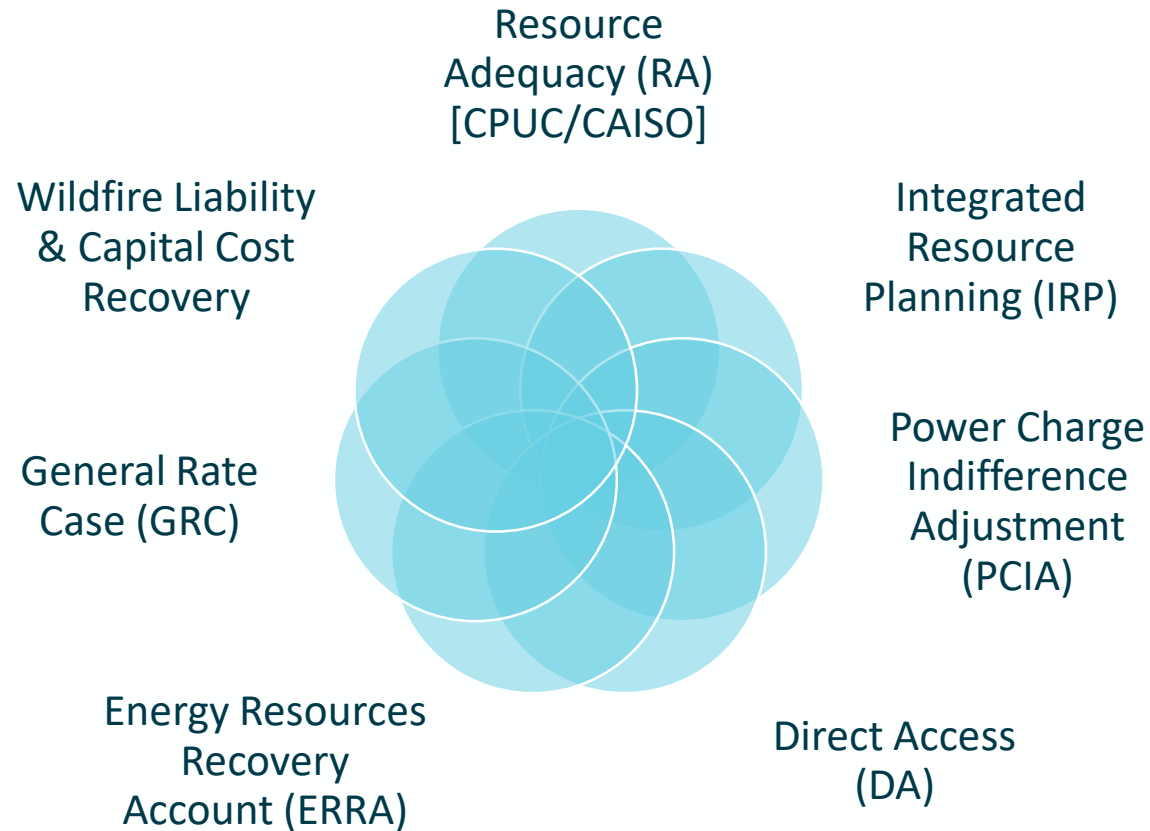
Legislature adjourned July 11, 2019 for summer recess.

Legislature reconvenes August 12th, session concludes September 13, 2019.

<b>AB 56</b> (Garcia) – Central Buyer	• Failed in Policy Committee, could come up in August
<b>SB 772</b> (Bradford) – Long Duration Storage	• Failed in Policy Committee, broad industry and environmental opposition
<b>SB 350</b> (Hertzberg) – Central Buyer	• Withdrawn, could come up in August
<b>SB 774</b> (Stern) – Microgrid and rate design	• Withdrawn
<b>SB 155</b> (Bradford) – 10yr IRP	• Amended and passed, addresses CPUC procurement mandate concern
<b>AB 1362</b> (O’Donnel) – Code of Conduct reversal	• Amended and passed, addresses IOU marketing concern
<b>SB 676</b> (Bradford) – PUC program for EV integration	• Amended and passed, addresses CPUC program mandate concern
<b>SB 520</b> (Hertzberg) – POLR	• Passed without amends, working with author
<b>AB 1054</b> (Holden) – IOU Wildfire Liability	• Passed and signed by Gov 07.12.19, included in CPUC Cost of Capital proceeding

# REGULATORY UPDATE

CPUC ruling on system reliability, resource procurement and cost allocation requirements in at least seven overlapping proceedings; CAISO also oversees electric system reliability.



# CPUC PROCEEDING HIGHLIGHTS

---

## 1. RA, R.17-09-020 (2 Tracks):

- **RA Central Buyer (Track 2):** July 17, 2019 Final Working Group Report submitted to the Commission. July 1 Commission issued Ruling on Import RA within same docket, July 19 comments, July 26 reply. July 8-9, 2019 CAISO stakeholder meeting on RA Enhancements Straw Proposal, July 24 comments.
- **RA Sales Framework (Track 3):** June 27, 2019 Final Decision (D.19-06-026) on 2020-22 RA sales framework, timeline, waiver and penalty mechanism, and adoption of new Electric Load Carrying Capacity (ELCC) value for solar and storage RA, derates CCA available RA capacity rating in IRP. Additional ELCC workshops to follow. August 5, 2019 CAISO stakeholder meeting to address new RA “deliverability” methodology, alternate and overlap to ELCC.

## 2. IRP, R.16-02-007 (2 Tracks):

- **Compliance (Track 1):** May 1, 2020 submission to CPUC, potentially joint CCA IRP proposal, August 1, Annual RPS Compliance Report results included in 2019-20 IRP Plan.
- **Procurement (Track 2):** July 22, 2019 comments on June 20, 2019 CPUC IRP Ruling which initiated resource procurement track in 2017-18 IRP docket. IRP procurement discussions overlap with RA and PCIA proceedings. CAISO 2019-20 Transmission Planning Process (TPP), RA deliverability and RA enhancement rules overlap with IRP .

## 3. PCIA, R.17-06-026 (3 Working Groups):

- **Benchmarking (WG 1):** July 1, 2019 WG report on issues 8-12, PD expected September 2019.
- **Pre-payment (WG 2):** July 26, 2019 second progress report.
- **Portfolio and auction (WG 3):** June 24, 2019 first progress report, workshop July 25, PD mid 2020 rules.

# CPUC PROCEEDING HIGHLIGHTS

---

## 4. Expanded DA Market, R.19-03-009 (2 Tracks):

- **DA Ruling (Track 1):** June 28, 2019 PD on 4,000 GWh Direct Access expansion. August 1, 2019 Commission meeting to adopt.
- **DA Report to Legislature (Track 2):** June 2020 target for CPUC report to evaluate expanded residential and commercial DA.

**5. PG&E ERRA 2020, A.18-05-003:** July 5, 2019 Joint CCA Protest to PG&E 2020 Energy Resource Recovery Account and Generation of Non-Bypassable charge forecast and GHG forecast revenue return and reconciliation. Establishes allowable PG&E revenue requirements collected in a balancing account for the coming year, revenue requirements inform cost allocation established General Rate Case (GRC).

**6. PG&E GRC 2020, A.18-12-009:** July 26, 2019 intervenor testimony, September 23 hearings begin. GRC proceeding establishes formula authorizing how IOUs charge their customers (bundled) and CCA customers to recover costs, calculations based on ERRA and other assumptions including IOU RA, IRP, RPS procurement, and PCIA cost allocation. Undefined how bankruptcy will impact GRC.

**7. PG&E Cost of Capital, A.19-04-015:** August 1, 2019 Intervenor direct testimony **and** Applicants' supplemental testimony regarding the passage of Assembly Bill 1054, in particular the \$22Bn wildfire insurance fund to be partially funded by California ratepayers. Undefined overlap with 2020 PG&E ERRA and GRC cost recovery proceedings and CCA impact.

# DE-ENERGIZATION UPDATE

---

**CPUC grants PG&E discretion to de-energize transmission and distribution network. Transmission level de-energization risks cascading, regional black-outs.**

- **San Jose City Task Force preparing for 7-day Worst Case De-energization Scenario**
  - Emergency Operations and planning to continue services for City Police, Fire, Airport, Utilities
- **Mayor Liccardo SF Chronicle Op Ed, July 7, 2019**
  - <https://www.sfchronicle.com/opinion/openforum/article/Blackout-decisions-Don-t-leave-them-to-the-14076103.php>
- **City Council Energy Resilience Study Session, Council Chambers, August 29, 2019**
  - City of San Jose will explore electric resiliency and alternatives to PG&E infrastructure service
- **IOU De-energization in Dangerous Conditions (PSPS), CPUC R. 18-12-005**
  - **Phase 1:** May 30 , 2019 Decision Guidelines on IOU coordination with Public Safety Partners
  - **Phase 2:** Further CPUC policy considerations, scope not yet defined

# MARKETING & OUTREACH PLAN

FY19-20



# 9 CAMPAIGNS

---

1. Awareness building, partnership development, and required noticing
2. Programs
3. Legislative coalition building
4. PG&E Public Safety Power Shutoffs
5. TotalGreen
6. Phase 3 enrollment (small business)
7. Time-of-Use (TOU)
8. Win back opt outs
9. Phase 4 enrollment (residential NEM)





# 1. AWARENESS BUILDING, PARTNERSHIPS, NOTICING (\$210,000)

---

- Awareness building
  - Audience: Focus on Spanish-speakers & low-income (low reported awareness)
  - Tactics: radio, in person (supermarkets, flea markets, churches, events, mobile home), sponsor PRNS Teen Sports Leagues (\$19,000)
  - Messages: promote Spanish billing option, CARE/FERA
- Partnerships
  - Goal: 15 new CBOs or neighborhood groups (\$0)
  - Public art (\$50,000)
  - Christmas in the Park (\$20,000)
- Required Noticing
  - Joint Rate Mailer, Power Content Label, Move ins (\$93,000)



# COMMUNITY PRESENTATIONS & EVENTS

---

- Presentations
  - Pick back up in fall with rate news & programs
    - Ask 26 neighborhood groups to revisit
    - Goal: +7 new groups in disadvantaged areas
    - Open to other presentations as requested
- Summer & fall events
  - Festivals (11), including:
    - National Night out
    - Bark in the Park
    - Día San José
  - Farmers markets (7)
  - Flea markets (2)



# OUTREACH CAMPAIGNS

## 2. Programs (\$30,000)

- Develop 3 webpages
- Promote existing programs (Bay Ren, DAC/SASH, etc.)
- EV dealership outreach
- Ride & Drive events

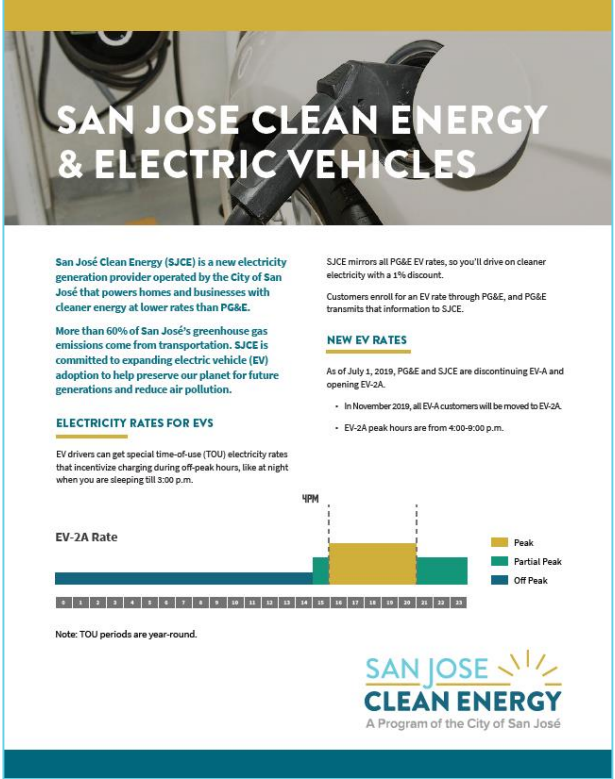
## 3. Legislative Coalition Building (\$5,000)

- Stakeholder newsletters
- Join associations

## 4. PG&E Public Safety Power Shutoff (\$1,000)

## 5. TotalGreen (\$38,000)

- August: advertising push
- October: City staff push
- April: Tech company employee push



**SAN JOSE CLEAN ENERGY & ELECTRIC VEHICLES**

San José Clean Energy (SJCE) is a new electricity generation provider operated by the City of San José that powers homes and businesses with cleaner energy at lower rates than PG&E.

More than 60% of San José's greenhouse gas emissions come from transportation. SJCE is committed to expanding electric vehicle (EV) adoption to help preserve our planet for future generations and reduce air pollution.

SJCE mirrors all PG&E EV rates, so you'll drive on cleaner electricity with a 1% discount. Customers enroll for an EV rate through PG&E, and PG&E transmits that information to SJCE.

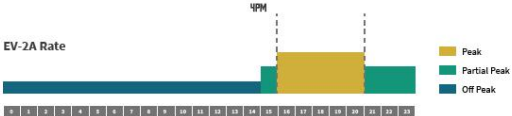
**NEW EV RATES**

As of July 1, 2019, PG&E and SJCE are discontinuing EV-A and opening EV-2A.

- In November 2019, all EV-A customers will be moved to EV-2A.
- EV-2A peak hours are from 4:00-9:00 p.m.

**ELECTRICITY RATES FOR EVS**

EV drivers can get special time-of-use (TOU) electricity rates that incentivize charging during off-peak hours, like at night when you are sleeping till 3:00 p.m.



EV-2A Rate

Note: TOU periods are year-round.

**SAN JOSE CLEAN ENERGY**  
A Program of the City of San José



Choose **TotalGreen**  
100% RENEWABLE ENERGY

**SAN JOSE CLEAN ENERGY**

CITY OF **SAN JOSE**  
CAPITAL OF SILICON VALLEY



**SAN JOSE CLEAN ENERGY**

# OUTREACH CAMPAIGNS

---

## 6. Phase 3 enrollment: Small commercial (\$1,000)

- Complete – two new collateral, presentations

## 7. Time-of-Use Transition (TOU)

- September: Commercial outreach (\$18,000)
- April: Residential outreach with SVCE (\$22,500)

## 8. Win back opt outs (\$4,000)

- Focus on CARE/FERA/medical baseline
- New webpage with CARE/FERA info
- Targeted ads and direct mail

## 9. Phase 4 enrollment: Residential NEM (\$11,500)

- Enrollment notices
- Bill explainer video, graphic, and/or flyer
- 3-4 informational meetings



### Time Matters

Help California by reducing your energy use from 4-9PM when energy demand is high and less clean energy is available.



# LONG-TERM CONTRACTING

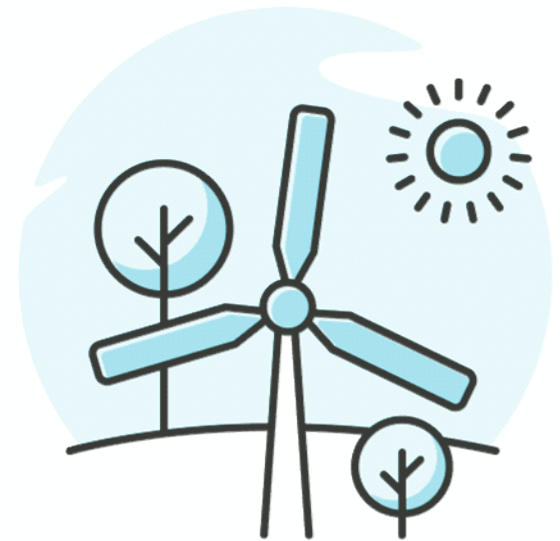
July 22, 2019



# SJCE/CLIMATE SMART GOALS

---

- By 2021, base product 100% GHG-free.
  - Will use combination of near term renewable PCC1, PCC2 and PCC3 RECs and hydro.
  - Will include contracts for RA with gas plants.
- By 2030, base product at least 60% renewable.
- By 2050, base product 100% renewable.



# BENEFITS OF LONG-TERM CONTRACTS

---

- Best practice is to build a diversified portfolio with different
  - Durations
  - Types of resources
- For renewables, long-term contracts are typically cheaper than short-term contracts. Potential savings:
  - Solar: 30-45%
  - Wind: 20-55%
- State Law: requires at least 65% of RPS renewable purchases from contracts of 10 years or longer by 2021.



# STORAGE

---

- 2018 SJCE IRP, storage:
  - at least 1% of SJCE forecasted demand by 2024,
  - at least 5% of SJCE forecasted demand by 2030.
- SJCE is evaluating increasing the EDPR 10MW project to 30MW.
- Storage benefits include:
  - Provides a sink for solar during low or negative Day Ahead and Real Time prices,
  - Offset load during difficult to forecast weather driven high demand, high-priced hours,
  - Provides RA value at a time when RA markets are disturbed.
- Considerations:
  - limited performance track record and significant additional price reductions expected.





# ADDITIONAL CONSIDERATIONS

---

- Take into account risk of customer loss to Direct Access and other types of load reduction.
  - Exploring opportunities for Green Tariff type arrangements.
- Potential for cost and performance of technology to continue to improve.
- Allow room for new technologies and innovation.
- Allow room for mid-term blended, shaped products that better match our load shape.
- Factor in declining (30% this year, 26% next) and uncertain future of the investment tax credits (ITC) that affect cost



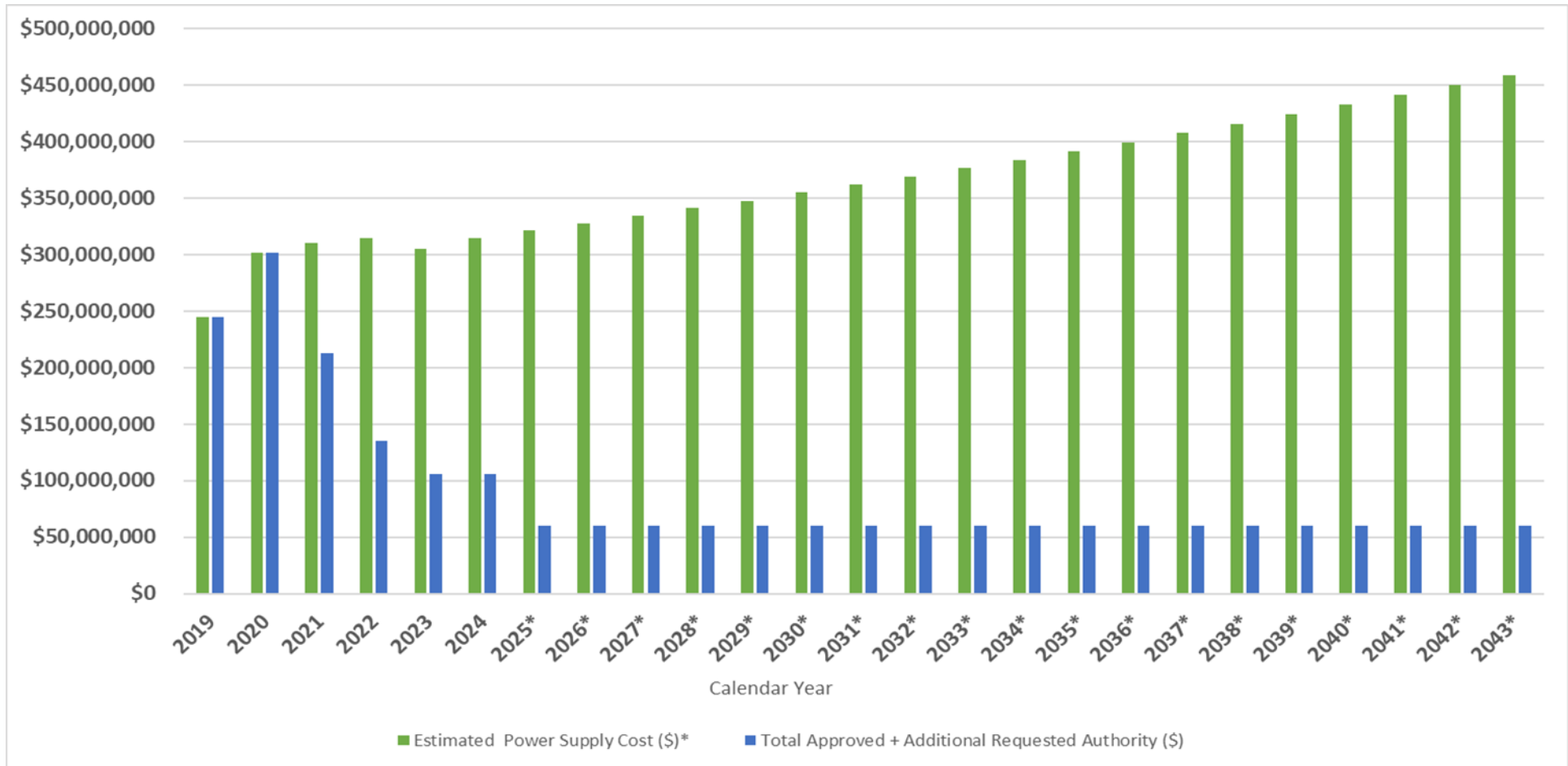
# APPROVED AUTHORITY

---

- On June 4, 2019, City Council Authorized the Community Energy Director to:
  - Contract for up to 450 megawatts (MW) of renewable resources for the period between 2020 and 2043, subject to approval by the Risk Oversight Committee (ROC).
  - July 9, ROC authorized a power purchase agreement with EDPR C Solar Park VI LLC (EDPR) for 100MW of Solar Power and 10MW of storage.



# TOTAL AUTHORITY & EXPECTED POWER COSTS



# COLLABORATION WITH OTHER CCAS

---

- CCAs are collaborating on renewable purchases to lower costs, e.g., MBCP and SVCE.
- EBCE is similar in size to SJCE and serves similar customers. EBCE is slightly ahead on program rollout.
- Muni code 4.12.225: Allows for joint purchasing agreements entered into by the city and one or more public agencies.
- EBCE offered SJCE opportunity to join EBCE on 3 of 7 projects they are pursuing. All three are solar.
  - SJCE working with EBCE on two. Coordinated negotiations, but independent contracts for separately metered contiguous projects.



# RFO PROCESS

---



- SJCE issued industry standard RFO's for long-term renewable contracts with operation dates in 2020 or 2021 and received competitive offers
- RFO was sent to hundreds of market participants,
  - all entities that asked to be included and known market participants
  - posted the solicitation on SJCE's website
  - social media platforms
- Included clear evaluation criteria (value, project viability, experience, etc.)
- Standard industry contract Term Sheet based on Edison Electric Institute (EEI) agreement
- RFO for projects with later operation dates, with option for battery storage, and storage only will be issued once current RFO wraps up.

# BID ANALYSIS

---

- E3 analyzed three EBCE possibilities and all bids from 2020-2021 COD solicitation.
- E3 quantitative evaluation that considered:
  - SJCE's load,
  - the generation profile of the potential resources,
  - their potential RA value in light of their location, and
  - curtailment risk.
- Flynn Resource Consultants undertook evaluation of congestion risk for three EBCE projects.
- Staff qualitative evaluation of additional criteria.



# EVALUATION RUBRIC

---

Evaluation Criteria	Points
Value (energy, attributes, capacity)	40
Project Viability	10
Environmental impacts and related mitigation requirements	5
Project team experience	10
Material terms	20
Clarity and thoroughness	5
Local Business Enterprise	5
Small Business Enterprise	5
<b>Total</b>	<b>100</b>

# EDPR – SONRISA

---

- **Product:** 100 MW Solar + 10 MW Battery Storage
- **Term:** 20 years
- **Volume:** ~300,000 MWh annually
- **Developer:** EDPR
- **Project Name:** Sonrisa
- **Project Location:** Tranquility, CA. Fresno County. Project is in NP 15 trading hub which makes it more attractive compared to other projects in SP 15 due to less transmission congestion.
- **Parent Company:** Energias de Portugal, present in 14 markets across Europe and the Americas, 11,000+ employees, \$3.7 billion gross operating income, on the Dow Jones Sustainability Indices
- **Portfolio Size:** 27 GW installed capacity worldwide
- **Operational Model:** Build to operate
- **Labor:** Committed to utilizing union labor through a 5 party PLA.



renewables



SAN JOSE  
CLEAN ENERGY

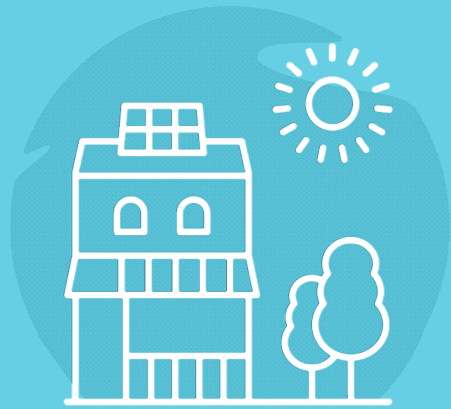


## Bids Received from Long-term Solicitation

Technology	Max. MW	Online Date	Term (Yrs)
½ RECs; ½ GHG-free	50	January 2020	10
RECs only	100,000 MWh	January 2020	10
Wind	140	November 1, 2021	10
Wind	140	November 1, 2021	12
Wind	43	December 1, 2020	15
Wind	99	January 2021	15
Solar	97	July 1, 2021	15
Wind	99	August 1, 2021	15
Solar	200	December 1, 2021	15
Geothermal	135	December 1, 2021	15
Solar	90	December 1, 2021	15
Solar	61	December 1, 2021	15
Solar	250	December 1, 2021	15
Wind	84	December 1, 2021	15
Solar	52	December 1, 2021	15
Wind	45	December 1, 2021	15
Solar	90	December 1, 2021	20
Solar	242	December 1, 2021	20
Wind	250	December 1, 2021	20
Solar	61	December 1, 2021	20
Solar	250	December 1, 2021	20
Solar	13	July 1, 2021	25

# SHORTLISTED PROJECTS FROM LONG-TERM SOLICITATION

Project Name	Tech	Term (years)	Max. MW	Total RFO Score
Project 1	Wind	20	250	<b>78.1</b>
Project 2	Wind	15	90	<b>73.4</b>
Project 3	Solar	15	52	<b>72.9</b>
Project 4	Solar	15	61	<b>71.5</b>
Project 4	Solar	20	61	<b>69.5</b>
Project 5	Wind	15	45	<b>66.9</b>
Project 6	Solar	20	250	<b>66.5</b>
Project 7	Solar	15	200	<b>65.3</b>
Project 8	Solar	20	250	<b>62.4</b>
Project 9	Solar	20	90	<b>61.4</b>
Project 10	Solar	15	100	<b>59.6</b>
Project 9	Solar	15	90	<b>59.4</b>



**QUESTIONS?**

# Community Energy Department

Lori Mitchell, Director

M  
I  
S  
S  
I  
O  
N

**T**o procure clean cost effective energy for the benefit of its customers

## *City Service Area*

### **Environmental and Utility Services**

#### *Core Services*

##### **Community Energy Community Programming**

To establish San José-specific renewable energy and local renewable energy efficiency programs

##### **Community Energy Customer Support**

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

##### **Providing Clean Energy to the Community**

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

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

# Community Energy Department

## Service Delivery Framework

PROGRAM	DESCRIPTION
<b><i>Providing Clean Energy to the Community Core Service</i></b>	
<b>Community Energy Renewable Energy Supply</b>	Procures renewable energy, such as solar, thermal, geothermal, and biomass.
<b>Community Energy Conventional Energy Supply</b>	Procures conventional energy, such as natural gas.
<b>Community Energy Hydro Power Supply</b>	Procures hydro power supply energy, such as large hydro and GHD free energy.
<b>Community Energy Power Scheduling and Other Supply</b>	Manages grid and California Independent System Operator (ISO) charges.
<b>Community Energy Risk Management</b>	Manages and mitigates potential risk to which the Department and City are exposed.
<b>Community Energy Regulatory Compliance</b>	Manages regulatory compliance of San José Community Energy through the City Council-approved Policy, Energy Risk Management Regulations, and the Risk Oversight Committee.
<b><i>Community Energy Customer Support Core Service</i></b>	
<b>Community Energy Marketing and Public Affairs</b>	Provides direct communication to customers, the public, and media.
<b>Community Energy Data and Call Center Management</b>	Manages energy data and provides resolution to Call Center customer escalations.
<b><i>Community Energy Community Programming Core Service</i></b>	
<b>Local Energy Programs</b>	Provides San José-specific renewable energy and energy efficiency programs to provide additional benefits to the community.
<b><i>Strategic Support Core Service</i></b>	
<b>Community Energy Management and Administration</b>	Provides executive-level, analytical, and administrative support to the department.
<b>Community Energy Financial Management</b>	Manages the budget and all financial transactions for the department; assists in annual budget development.
<b>Community 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>Community Energy Information Technology</b>	Provides information technology services, planning, system development, and maintenance for the department in coordination with the Information Technology Department.
<b>Community Energy Legal Support</b>	Manages all legal support functions for the Department.

# Community Energy Department

## Department Budget Summary

---

### Expected 2019-2020 Service Delivery

- Continue to deliver and operate the San José Clean Energy program. Phases to launch Municipal, Commercial, Residential, and Small Commercial were successful; the final phase to launch Net Energy Metering residential solar customers is scheduled in 2020.
- 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 offer at least one power mix option that is 100 percent renewable.
- Support sustainable energy practices throughout the community through education and public-private partnerships.
- Develop San José-specific renewable energy and energy efficiency programs that 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 greenhouse gas emissions.

### 2019-2020 Key Budget Actions

- Adds 1.0 Division Manager, 1.0 Analyst, and 1.0 Senior Account Clerk positions to form a Settlement and Contracts Management Division that will manage compliance and performance, as well as provide operational oversight for all power supply contracts. Once medium and long-term contracts are introduced, the value of the supply contracts could total more than \$2 billion and extend three to five years for medium-term and ten to twenty years for long-term contracts, representing approximately 500 contracts to manage with various terms, compensation, and type of power being purchased.
- Adds 1.0 Principal Office Specialist position and corresponding non-personal/equipment funding to provide administrative support for two Deputy Directors and two Division Managers. In addition, ongoing non-personal/equipment funding will support a third party billing reconciliation and accounting services firm (\$144,000) to support more than 300,000 accounts, as well as fund subscriptions and licenses to a web-based, commercially available Customer Relationship Management tool and Utility Data Management service (\$65,000) to improve customer services by accurately providing energy data from PG&E to customers.
- Adds one-time funding of \$150,000 to host a FUSE fellow from September 2019 through August 2020 to assist with a variety of projects as the department ramps up and develops a comprehensive Community Programs plan for the Community Energy Department. The FUSE fellowship is a national non-profit program that recruits experienced professionals that will partner with local governments on a range of issues impacting a community.
- Adds one-time funding of \$92,000 for two Data Analytics Stanford Fellows for one year to assist with analyzing the department's data and provide reports of customer energy usage and the implications for the Department's procurement of energy.
- Adds one-time funding of \$50,000 for one Climate Corps Fellow to assist with customer outreach, research and data analytics, and groundwork development of future community programming.

### Operating Funds Managed

- San José Clean Energy Fund

# Community Energy Department

## Department Budget Summary

	2017-2018 Actuals ***	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Proposed
<b>Dollars by Core Service</b>				
Community Energy Community Programming	0	150,000	0	150,000
Community Energy Customer Support	22,731	4,440,363	7,584,662	7,827,225
Providing Clean Energy to the Community	94,386	74,121,312	242,235,836	283,366,269
Strategic Support - Environmental & Utility Services	864,199	2,694,876	2,328,540	2,891,979
Strategic Support - Other - Environmental & Utility Services	0	44,055,000	44,904,472	14,121,686
<b>Total</b>	<b>\$981,316</b>	<b>\$125,461,551</b>	<b>\$297,053,510</b>	<b>\$308,357,159</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	515,563	3,674,551	3,688,137	4,289,172
Overtime	966	0	0	0
<b>Subtotal Personal Services</b>	<b>\$516,529</b>	<b>\$3,674,551</b>	<b>\$3,688,137</b>	<b>\$4,289,172</b>
Non-Personal/Equipment	364,787	6,586,000	7,912,301	8,336,301
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$881,316</b>	<b>\$10,260,551</b>	<b>\$11,600,438</b>	<b>\$12,625,473</b>
<b>Other Costs*</b>				
Debt Service/Financing	0	44,055,000	44,055,000	13,130,000
Housing Loans and Grants	0	0	0	0
Other	100,000	71,146,000	240,548,600	281,610,000
Overhead Costs	0	0	849,472	991,686
<b>Total Other Costs</b>	<b>\$100,000</b>	<b>\$115,201,000</b>	<b>\$285,453,072</b>	<b>\$295,731,686</b>
<b>Total</b>	<b>\$981,316</b>	<b>\$125,461,551</b>	<b>\$297,053,510</b>	<b>\$308,357,159</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 amounts in the 2018-2019 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.

\*\* The positions displayed in the 2017-2018 Actuals column reflect those included in the 2017-2018 Adopted Budget.

\*\*\* 2017-2018 Actuals may not subtotal due to rounding.

# Community Energy Department

## Department Budget Summary

	2017-2018 Actuals ***	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Proposed
<b>Dollars by Fund</b>				
San José Clean Energy Operating Fund (501)	981,316	125,461,551	297,053,510	308,357,159
<b>Total</b>	<b>\$981,316</b>	<b>\$125,461,551</b>	<b>\$297,053,510</b>	<b>\$308,357,159</b>
<b>Positions by Core Service**</b>				
Community Energy Customer Support	0.00	6.00	6.00	6.34
Providing Clean Energy to the Community	0.00	7.85	8.85	9.51
Strategic Support - Environmental & Utility Services	0.00	3.15	3.15	6.15
<b>Total</b>	<b>0.00</b>	<b>17.00</b>	<b>18.00</b>	<b>22.00</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 amounts in the 2018-2019 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.

\*\* The positions displayed in the 2017-2018 Actuals column reflect those included in the 2017-2018 Adopted Budget.

\*\*\* 2017-2018 Actuals may not subtotal due to rounding.



# Community Energy Department

## Department Budget Summary

	2017-2018 Actuals **	2018-2019 Adopted	2019-2020 Forecast	2019-2020 Proposed	2019-2020 Proposed Positions
<b>Dollars by Program*</b>					
<b>Strategic Support - Environmental &amp; Utility Services</b>					
Community Energy Financial Management	0	1,027,964	640,113	784,113	2.00
Community Energy Information Technology	0	285,000	424,001	424,001	0.00
Community Energy Legal Support	0	182,000	250,000	250,000	0.00
Community Energy Management and Administration	864,199	1,199,912	1,014,426	1,433,865	4.15
<b>Sub-Total</b>	<b>864,199</b>	<b>2,694,876</b>	<b>2,328,540</b>	<b>2,891,979</b>	<b>6.15</b>
<b>Strategic Support - Other - Environmental &amp; Utility Services</b>					
Community Energy Debt/Financing Costs	0	44,055,000	44,055,000	13,130,000	0.00
Community Energy Overhead	0	0	849,472	991,686	0.00
<b>Sub-Total</b>	<b>0</b>	<b>44,055,000</b>	<b>44,904,472</b>	<b>14,121,686</b>	<b>0.00</b>
<b>Community Energy Community Programming</b>					
Local Energy Programs	0	150,000	0	150,000	0.00
<b>Sub-Total</b>	<b>0</b>	<b>150,000</b>	<b>0</b>	<b>150,000</b>	<b>0.00</b>
<b>Community Energy Customer Support</b>					
Community Energy Data and Call Center Management	0	2,142,258	6,419,002	6,661,565	2.84
Community Energy Marketing and Public Affairs	22,731	2,298,105	1,165,660	1,165,660	3.50
<b>Sub-Total</b>	<b>22,731</b>	<b>4,440,363</b>	<b>7,584,662</b>	<b>7,827,225</b>	<b>6.34</b>
<b>Providing Clean Energy to the Community</b>					
Community Energy Conventional Energy Supply	0	14,632,079	175,693,809	183,906,089	1.58
Community Energy Hydro Power Supply	0	29,231,167	1,196,659	17,621,219	2.96
Community Energy Power Scheduling and Other Supply	94,386	297,151	1,235,950	1,235,950	1.25
Community Energy Regulatory Compliance	0	729,748	167,902	236,935	0.76
Community Energy Renewable Energy Supply	0	29,231,167	63,941,516	80,366,076	2.96
<b>Sub-Total</b>	<b>94,386</b>	<b>74,121,312</b>	<b>242,235,836</b>	<b>283,366,269</b>	<b>9.51</b>
<b>Total</b>	<b>\$981,316</b>	<b>\$125,461,551</b>	<b>\$297,053,510</b>	<b>\$308,357,159</b>	<b>22.00</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 2017-2018 Actuals may not subtotal due to rounding.

# Community Energy Department

## Budget Reconciliation

### Personal Services and Non-Personal/Equipment (2018-2019 Adopted to 2019-2020 Proposed)

	Positions	All Funds (\$)
<b>Prior Year Budget (2018-2019):</b>	<b>17.00</b>	<b>10,260,551</b>
<hr/> <b>Base Adjustments</b> <hr/>		
<b>One-Time Prior Year Expenditures Deleted</b>		
• Community Energy FUSE Fellow		(150,000)
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>0.00</b>	<b>(150,000)</b>
<b>Technical Adjustments to Costs of Ongoing Activities</b>		
• Salary/benefit changes and the following position reallocations:		(492,234)
- 1.0 Senior Accountant to 1.0 Program Manager I		
- 1.0 Senior Analyst to 1.0 Senior Power Resources Specialist		
- 1.0 Staff Technician to 1.0 Staff Specialist		
• Calpine agreement annualization		2,618,500
• Northern California Power Agency contract agreement annualization		277,600
• Power Procurement Rate Setting and Power Mix for San José Clean Energy (City Council approval November 6, 2018) Adds 1.0 Division Manager	1.00	270,519
• California Community Choice Association (CalCCA) contract agreement annualization		220,000
• City Pay Plan for Various Classifications (City Council approval December 18, 2018) (Deletes 2.0 Senior Analyst, Adds 1.0 Power Resources Specialist II, and 1.0 Principal Power Resources Specialist)	0.00	235,301
• Printing, advertising, and mailings (one-time program launch expenses)		(1,100,000)
• Computers, furniture, office supplies (one-time program launch expenses)		(318,799)
• Marketing and communications (one-time program launch expenses)		(221,000)
<b>Technical Adjustments Subtotal:</b>	<b>1.00</b>	<b>1,489,887</b>
<b>2019-2020 Forecast Base Budget:</b>	<b>18.00</b>	<b>11,600,438</b>
<hr/> <b>Budget Proposals Recommended</b> <hr/>		
1. Community Energy Settlements and Contract Management Division	3.00	419,439
2. Community Energy FUSE Fellow		150,000
3. Clean Energy Program Billing Services		144,000
4. Administrative Support Staffing	1.00	104,596
5. Community Energy Data Analytics Stanford Fellow		92,000
6. Community Energy Customer Relationship and Utility Data Management Services		65,000
7. Community Energy Climate Corps Fellow		50,000
<b>Total Budget Proposals Recommended</b>	<b>4.00</b>	<b>1,025,035</b>
<b>2019-2020 Proposed Budget Total</b>	<b>22.00</b>	<b>12,625,473</b>

# Community Energy Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2019-2020 Proposed Budget Changes	Positions	All Funds (\$)
<b>1. Community Energy Settlements and Contract Management Division</b>	<b>3.00</b>	<b>419,439</b>
<i>Environmental and Utility Services CSA Strategic Support Core Service Community Energy Management and Administration Program</i>		
<p>This action adds 1.0 Division Manager, 1.0 Analyst, and 1.0 Senior Account Clerk positions that will form a Settlements and Contract Management Division in the Community Energy Department. This team will manage compliance and performance, as well as provide operational oversight for all power supply contracts. In 2019-2020, power supply is estimated to cost \$296 million. Once medium and long-term contracts are introduced, the value of the supply contracts could total more than \$2 billion and extend three to five years for medium-term and ten to twenty years for long-term. This represents approximately 500 contracts to manage with various terms, compensation, and type of power being purchased. The team must ensure that the department remains in compliance with risk management policies. Some of the duties of this team include: evaluating and reviewing credit terms for long, medium, and short-term power supply contracts; evaluating counterparty performance; providing support during contract negotiations; ensuring compliance with credit terms; and evaluating the performance of a contract. (Ongoing costs: \$445,776)</p>		
<b>2. Community Energy FUSE Fellow</b>		<b>150,000</b>
<i>Environmental and Utility Services CSA Community Energy Community Programming Core Service Local Energy Programs</i>		
<p>This action continues one-time non-personal/equipment funding of \$150,000 for the second year to fund a FUSE Fellow in 2019-2020 in the Community Energy Department. The FUSE fellowship program is a national nonprofit organization that partners experienced professionals in a range of industries with local governments to assist with strategic projects in the public sector. The FUSE fellow for the Community Energy Department will help refine the Department's Community Programs strategy and also explore ways for Clean Energy to partner with existing programming in various City departments (including Transportation, Environmental Services, and Public Works). Finally, this fellow will research and apply for grants on behalf of the Department. (Ongoing costs: \$0)</p>		
<b>3. Clean Energy Program Billing Services</b>		<b>144,000</b>
<i>Environmental and Utility Services CSA Strategic Support Core Service Community Energy Financial Management Program</i>		
<p>This action provides ongoing funding of \$144,000 for a third party billing service that will reconcile the more than 300,000 separate accounts with PG&amp;E each month that include the statement remittances as well. This provider will ensure the accuracy and integrity of the data in the accounts. This contract provides for a data storage warehouse, reconciliation of account revenue received through PG&amp;E's billing service, the research of discrepancies, and some customized reports. (Ongoing costs: \$144,000)</p>		

# Community Energy Department

## Budget Changes By Department Personal Services and Non-Personal/Equipment

2019-2020 Proposed Budget Changes	Positions	All Funds (\$)
<b>4. Administrative Support Staffing</b>	<b>1.00</b>	<b>104,596</b>
<i>Environmental and Utility Services CSA</i> <b>Community Energy Customer Support and Providing Clean Energy to the Community Core Services</b> <i>Community Energy Data and Call Center Management and Community Energy Regulatory Compliance Programs</i>		
<p>This action adds 1.0 Principal Office Specialist position to provide administrative support for two Deputy Directors and two department Division Managers. The Department currently has 2.0 Staff Specialist positions that provide administrative support. This Principal Office Specialist will support the managers in scheduling, calendaring, and travel coordination, as well as coordinating the council memo process. This position will serve as back-up to the Staff Specialist currently supporting the Department Director. (Ongoing costs: \$110,537)</p>		
<b>5. Community Energy Data Analytics Stanford Fellow</b>		<b>92,000</b>
<i>Environmental and Utility Services CSA</i> <b>Community Energy Customer Support Core Service</b> <i>Community Energy Data and Call Center Management Program</i>		
<p>This action adds one-time personal services funding of \$92,000 to fund two Stanford Fellows (at \$46,000 each) for one year in the Community Energy Department. The fellows' primary focus will be to analyze the department's data and provide reports of customer energy usage and the implications for the Department's procurement of energy. This includes preparing an analysis that will help the Department to more accurately estimate customer load and assist in forecasting which will be especially instrumental once Community Energy starts executing longer-term supply agreements. The fellows will also research opportunities to optimize operations by leveraging tools that exist commercially. Power supply costs are expected to reach almost \$300 million in 2019-2020, and grow annually as load grows. Even moderate reductions in energy costs to more accurately match supply resources could mean millions of dollars of savings. (Ongoing costs: \$0)</p>		
<b>6. Community Energy Customer Relationship and Utility Data Management Services</b>		<b>65,000</b>
<i>Environmental and Utility Services CSA</i> <b>Community Energy Customer Support Core Service</b> <i>Community Energy Data and Call Center Management Program</i>		
<p>This action adds ongoing funding of \$65,000 for subscriptions and licenses to the web-based Customer Relationship Management (CRM) tool and a Utility Data Management service. The CRM will be used to track customer interactions with staff to ensure excellent customer service especially with large commercial customers; will prepare tariff analyses; and will track long-term customer relationships to discover patterns and trends that could lead to future program partnerships and services. (Ongoing costs: \$65,000)</p>		

# Community Energy Department

## **Budget Changes By Department Personal Services and Non-Personal/Equipment**



<b>2019-2020 Proposed Budget Changes</b>	<b>Positions</b>	<b>All Funds (\$)</b>
<b>7. Community Energy Climate Corps Fellow</b>		<b>50,000</b>
<i>Environmental and Utility Services CSA Strategic Support Core Service Community Energy Data and Call Center Management Program</i>		
<p>This action adds one-time non-personal/equipment funding of \$50,000 to fund a Climate Corps fellow from July 2019 through May 2020 in the Community Energy Department. Climate Corps is a professional development program for emerging leaders in the field of climate change. This fellowship program pairs participants with local governments and non-profit agencies to work on a variety of special projects. The Community Energy Department will have the Climate Corps fellow assist with customer outreach, research and data analytics, and groundwork development of future community programming. Climate Corps is one of three fellowship programs with which Clean Energy will partner in 2019-2020. (Ongoing costs: \$0)</p>		
<b>2019-2020 Proposed Budget Changes Total</b>	<b>4.00</b>	<b>1,025,035</b>

# Community Energy Department

## Performance Summary

### Community Energy Customer Support

#### Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 % of customers who opt out	NEW	NEW	3%	< 5%
 % of customers that opt up to TotalGreen (100% renewable energy service)	NEW	NEW	0.2%	0.4%

#### Activity and Workload Highlights



	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Number of customers that opt up to TotalGreen (100% renewable energy service)	NEW	NEW	700	1,500
Number of San José Clean Energy customers	NEW	NEW	317,000	357,000

# Community Energy Department

## Performance Summary

### Providing Clean Energy to the Community

#### Performance Measures

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 San José Clean Energy mix supplied: <ul style="list-style-type: none"> <li>- Renewable Energy</li> <li>- Carbon Free</li> </ul>	NEW	NEW	45%	45%
 PG&E mix supplied (as compared with San José Clean Energy above): <ul style="list-style-type: none"> <li>- Renewable Energy</li> <li>- Carbon Free</li> </ul>	NEW	N/A <sup>1</sup>	33%	N/A <sup>1</sup>

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

# Community Energy Department


## Performance Summary

---

### Strategic Support

#### Performance Measures

---

	2017-2018 Actual	2018-2019 Target	2018-2019 Estimated	2019-2020 Target
 % Customer savings compared to PG&E	NEW	NEW	1%	1%

---

#### Activity and Workload Highlights

---

	2017-2018 Actual	2018-2019 Forecast	2018-2019 Estimated	2019-2020 Forecast
Total customer savings compared to PG&E	NEW	NEW	\$1.2 million	\$2.0 million

---



# Community Energy Department

## Departmental Position Detail

Position	2018-2019 Adopted	2019-2020 Proposed	Change
Analyst II	2.00	3.00	1.00
Deputy Director	2.00	2.00	-
Director of Community Energy	1.00	1.00	-
Division Manager	1.00	3.00	2.00
Power Resources Specialist II	0.00	1.00	1.00
Principal Office Specialist	0.00	1.00	1.00
Principal Power Resources Specialist II	0.00	1.00	1.00
Program Manager I	0.00	1.00	1.00
Public Information Representative II	2.00	2.00	-
Senior Account Clerk	0.00	1.00	1.00
Senior Accountant	1.00	0.00	(1.00)
Senior Analyst	5.00	2.00	(3.00)
Senior Power Resources Specialist	0.00	1.00	1.00
Senior Public Information Representative	1.00	1.00	-
Staff Specialist	1.00	2.00	1.00
Staff Technician	1.00	0.00	(1.00)
<b>Total Positions</b>	<b>17.00</b>	<b>22.00</b>	<b>5.00</b>

## San José Clean Energy Operating Fund (501)

### STATEMENT OF SOURCE AND USE OF FUNDS

	2017-2018 Actuals *	2018-2019 Adopted	2018-2019 Modified	2018-2019 Estimate	2019-2020 Proposed
<b>SOURCE OF FUNDS</b>					
<b>Beginning Fund Balance</b>					
Operations and Maintenance Reserve (Source)	0	500,000	0	0	5,000,000
Reserve for Encumbrances (Source)	0	0	49,164	49,164	49,164
Unrestricted Beginning Fund Balance (Source)	0	0	(251,935)	(251,935)	2,611,187
<b>Total Beginning Fund Balance</b>	<b>0</b>	<b>500,000</b>	<b>(202,771)</b>	<b>(202,771)</b>	<b>7,660,351</b>
<b>Fees, Rates, and Charges</b>					
Energy Sales	0	98,785,000	114,616,000	114,616,000	296,000,000
<b>Total Fees, Rates, and Charges</b>	<b>0</b>	<b>98,785,000</b>	<b>114,616,000</b>	<b>114,616,000</b>	<b>296,000,000</b>
<b>Financing Proceeds</b>					
Other Financing Proceeds	0	35,000,000	20,000,000	0	30,000,000
Commercial Paper Proceeds	913,673	3,887,000	9,102,512	9,086,327	0
<b>Total Financing Proceeds</b>	<b>913,673</b>	<b>38,887,000</b>	<b>29,102,512</b>	<b>9,086,327</b>	<b>30,000,000</b>
<b>TOTAL SOURCE OF FUNDS</b>	<b>913,673</b>	<b>138,172,000</b>	<b>143,515,741</b>	<b>123,499,556</b>	<b>333,660,351</b>
<b>USE OF FUNDS</b>					
<b>Expenditures</b>					
Bonding and Security (CPUC)	100,000	100,000	150,000	150,000	150,000
City Attorney Personal Services	95,203	372,374	368,270	300,000	483,637
Community Energy Non-Personal/Equipment	364,787	6,586,000	7,227,000	6,000,000	8,336,301
Community Energy Personal Services	516,529	3,674,551	3,674,551	3,000,000	4,289,172
Cost of Energy	0	69,046,000	105,000,000	105,000,000	280,000,000
Debt Service - Interest - CP	0	460,000	100,000	93,458	480,000
Debt Service - Interest - Revolver	0	1,095,000	720,000	265,000	1,650,000
Debt Service - Principal - CP	0	7,500,000	0	0	0
Debt Service - Principal - Revolver	0	35,000,000	0	0	10,000,000
ESD Personal Services	39,924	0	0	0	0
Finance Personal Services	0	117,747	117,747	117,747	153,891
Letter of Credit Fees	0	0	375,000	255,000	1,000,000
Overhead	0	0	0	0	1,140,543
Pacific Gas & Electric Security Fees	0	2,000,000	1,000,000	658,000	1,460,000
<b>Total Expenditures</b>	<b>1,116,444</b>	<b>125,951,672</b>	<b>118,732,568</b>	<b>115,839,205</b>	<b>309,143,544</b>
<b>Transfers</b>					
Transfer to the City Hall Debt Service Fund	0	0	0	0	215,789
<b>Total Transfers</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>215,789</b>
<b>Ending Fund Balance</b>					
Community Energy Rate Stabilization Reserve	0	4,939,000	1,939,000	0	0
Operations and Maintenance Reserve (Use)	0	5,306,000	20,000,000	5,000,000	20,000,000
Reserve for Encumbrances (Use)	49,164	0	49,164	49,164	49,164
Unrestricted Ending Fund Balance (Use)	(251,935)	1,975,328	2,795,009	2,611,187	4,251,854
<b>Total Ending Fund Balance</b>	<b>(202,771)</b>	<b>12,220,328</b>	<b>24,783,173</b>	<b>7,660,351</b>	<b>24,301,018</b>
<b>TOTAL USE OF FUNDS</b>	<b>913,673</b>	<b>138,172,000</b>	<b>143,515,741</b>	<b>123,499,556</b>	<b>333,660,351</b>

\* 2017-2018 Actuals may not subtotal due to rounding.