

Community Energy Department

Lori Mitchell, Director

M
I
S
S
I
O
N

To 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
<i>Providing Clean Energy to the Community Core Service</i>	
Community Energy Renewable Energy Supply	Procures renewable energy, such as solar, thermal, geothermal, and biomass.
Community Energy Conventional Energy Supply	Procures conventional energy, such as natural gas.
Community Energy Hydro Power Supply	Procures hydro power supply energy, such as large hydro and GHD free energy.
Community Energy Power Scheduling and Other Supply	Manages grid and California Independent System Operator (ISO) charges.
Community Energy Risk Management	Manages and mitigates potential risk to which the Department and City are exposed.
Community Energy Regulatory Compliance	Manages regulatory compliance of San José Community Energy through the City Council-approved Policy, Energy Risk Management Regulations, and the Risk Oversight Committee.
<i>Community Energy Customer Support Core Service</i>	
Community Energy Marketing and Public Affairs	Provides direct communication to customers, the public, and media.
Community Energy Data and Call Center Management	Manages energy data and provides resolution to Call Center customer escalations.
<i>Community Energy Community Programming Core Service</i>	
Local Energy Programs	Provides San José-specific renewable energy and energy efficiency programs to provide additional benefits to the community.
<i>Strategic Support Core Service</i>	
Community Energy Management and Administration	Provides executive-level, analytical, and administrative support to the department.
Community Energy Financial Management	Manages the budget and all financial transactions for the department; assists in annual budget development.
Community Energy Human Resources	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.
Community Energy Information Technology	Provides information technology services, planning, system development, and maintenance for the department in coordination with the Information Technology Department.
Community Energy Legal Support	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
Dollars by Core Service				
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
Total	\$981,316	\$125,461,551	\$297,053,510	\$308,357,159
Dollars by Category				
<i>Personal Services and Non-Personal/Equipment</i>				
Salaries/Benefits	515,563	3,674,551	3,688,137	4,289,172
Overtime	966	0	0	0
Subtotal Personal Services	\$516,529	\$3,674,551	\$3,688,137	\$4,289,172
Non-Personal/Equipment	364,787	6,586,000	7,912,301	8,336,301
Total Personal Services & Non-Personal/Equipment	\$881,316	\$10,260,551	\$11,600,438	\$12,625,473
<i>Other Costs*</i>				
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
Total Other Costs	\$100,000	\$115,201,000	\$285,453,072	\$295,731,686
Total	\$981,316	\$125,461,551	\$297,053,510	\$308,357,159

* 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
Dollars by Fund				
San José Clean Energy Operating Fund (501)	981,316	125,461,551	297,053,510	308,357,159
Total	\$981,316	\$125,461,551	\$297,053,510	\$308,357,159
Positions by Core Service**				
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
Total	0.00	17.00	18.00	22.00

* 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
Dollars by Program*					
Strategic Support - Environmental & Utility Services					
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
Sub-Total	864,199	2,694,876	2,328,540	2,891,979	6.15
Strategic Support - Other - Environmental & Utility Services					
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
Sub-Total	0	44,055,000	44,904,472	14,121,686	0.00
Community Energy Community Programming					
Local Energy Programs	0	150,000	0	150,000	0.00
Sub-Total	0	150,000	0	150,000	0.00
Community Energy Customer Support					
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
Sub-Total	22,731	4,440,363	7,584,662	7,827,225	6.34
Providing Clean Energy to the Community					
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
Sub-Total	94,386	74,121,312	242,235,836	283,366,269	9.51
Total	\$981,316	\$125,461,551	\$297,053,510	\$308,357,159	22.00

* 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 (\$)
Prior Year Budget (2018-2019):	17.00	10,260,551
Base Adjustments		
One-Time Prior Year Expenditures Deleted		
• Community Energy FUSE Fellow		(150,000)
One-time Prior Year Expenditures Subtotal:	0.00	(150,000)
Technical Adjustments to Costs of Ongoing Activities		
• 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)
Technical Adjustments Subtotal:	1.00	1,489,887
2019-2020 Forecast Base Budget:	18.00	11,600,438
Budget Proposals Recommended		
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
Total Budget Proposals Recommended	4.00	1,025,035
2019-2020 Proposed Budget Total	22.00	12,625,473

Community Energy Department

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

2019-2020 Proposed Budget Changes	Positions	All Funds (\$)
1. Community Energy Settlements and Contract Management Division	3.00	419,439
<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>		
2. Community Energy FUSE Fellow		150,000
<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>		
3. Clean Energy Program Billing Services		144,000
<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&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&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 (\$)
4. Administrative Support Staffing	1.00	104,596
<i>Environmental and Utility Services CSA</i> Community Energy Customer Support and Providing Clean Energy to the Community Core Services <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>		
5. Community Energy Data Analytics Stanford Fellow		92,000
<i>Environmental and Utility Services CSA</i> Community Energy Customer Support Core Service <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>		
6. Community Energy Customer Relationship and Utility Data Management Services		65,000
<i>Environmental and Utility Services CSA</i> Community Energy Customer Support Core Service <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

2019-2020 Proposed Budget Changes	Positions	All Funds (\$)
7. Community Energy Climate Corps Fellow		50,000
<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>		
2019-2020 Proposed Budget Changes Total	4.00	1,025,035

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:				
- Renewable Energy	NEW	NEW	45%	45%
- Carbon Free	NEW	NEW	80%	80%
 PG&E mix supplied (as compared with San José Clean Energy above):				
- Renewable Energy	NEW	N/A ¹	33%	N/A ¹
- Carbon Free	NEW	N/A ¹	78%	N/A ¹

¹ 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)
Total Positions	17.00	22.00	5.00