



PG&E ALLOCATION

CECAC 2/4/2020

DESCRIPTION OF ALLOCATION

- **CURRENTLY:** CCA customers pay for PG&E's carbon-free power (large hydro and nuclear), but do not get to claim it on their Power Content Labels (PCL).
- **UPCOMING:** SJCE's PLC will reflect this with an increase in carbon-free power (and the amount of carbon-free on PG&E's PLC will be decreased).
- PG&E recommended this to the CPUC in their Advice Letter 5705-E. It will happen in 2020 if CPUC approves.

PG&E POWER CONTENT LABEL

- PG&E's portfolio is 85% carbon-free:
 - 39% renewable
 - 34% nuclear
 - 13% large hydro
 - 15% natural gas and other fuels
- SJCE 2020 Council approved power mix:
 - 45% renewable, 86% carbon-free
- Climate Smart San José Goal
 - SJCE should be 100% carbon-neutral by 2021

POTENTIAL ALLOCATION

- Potential options:
 1. accept 100% of the nuclear and hydro
 2. accept 100% of the hydro and reject 100% of the nuclear
 3. accept 100% of the nuclear and reject 100% of the hydro
 4. reject 100% of the nuclear and hydro

DIABLO CANYON STATUS

- Diablo Canyon is in the process of being de-commissioned and is scheduled to close in 2026
- SJCE supports this closure
- PG&E will produce the same amount of nuclear power whether or not SJCE accepts the allocation



2020 TRADE-OFFS

With the PG&E nuclear allocation, SJCE will pay nothing to be more carbon-free.

91.7% carbon-free

Percentage of nuclear: 21.6%

Percentage of hydro: 33.3%

Additional cost to SJCE: \$0

Without the PG&E nuclear allocation, SJCE will pay ~\$5M to be less carbon-free.

86% carbon-free

Percentage of nuclear: 0%

Percentage of hydro: 49.4%

Additional cost to SJCE: \$5M

2021 TRADE-OFFS

With PG&E nuclear allocation, SJCE will be carbon-neutral without additional cost.

100% carbon-free

Percentage of nuclear: 26%

Percentage of hydro: 29.1%

Additional cost to SJCE: \$0

Without PG&E nuclear allocation, SJCE will be carbon-neutral at an additional cost of ~\$10M.

100% carbon-free

Percentage of nuclear: 0%

Percentage of hydro: 55%

Additional cost to SJCE: \$10M

OPPORTUNITY TO BUY ADDITIONAL NUCLEAR

- Some CCAs are accepting the nuclear allocation and some CCA's / Cities will not accept it due to anti-nuclear policies
- Some CCAs are interested in selling their nuclear allocation.
- SJCE could buy additional nuclear at low cost to increase our carbon-free mix and be carbon-neutral in 2020.

2020 POTENTIAL ADDITIONAL NUCLEAR

Accepting the allocation and **with** accepting additional nuclear from other CCAs.

100% carbon-free

Percentage of nuclear: 29.9%

Percentage of hydro: 33.3%

Cost to SJCE: ~ up to \$200,000

Accepting the allocation but **without** accepting additional nuclear from other CCAs.

91.7% carbon-free

Percentage of nuclear: 21.6%

Percentage of hydro: 33.3%

Cost to SJCE: \$0

STAFF RECOMMENDATION

- Accept the nuclear allocation
- Continue to support Diablo Canyon's decommissioning in 2026
 - SJCE can use the interim time to execute cost effective long-term renewable contracts that can provide carbon-free power
- Continue to advocate that legacy utility owned generation (UOG) costs should not be included in the PCIA
 - SJCE does not believe accepting this allocation impacts our advocacy related to UOG cost recovery in the PCIA

CECAC RECOMMENDATION TO COUNCIL

The Clean Energy Advisory Commission (CECAC) recommends that Council approve the recommendation that SJCE accept its allocation of greenhouse gas-free (GHG-free) attributes from large hydropower and nuclear power generation as part of an agreement set out in PG&E Advice Letter 5705-E. SJCE customers are already paying for costs related to this generation as part of the PCIA, and so accepting the allocation is a way to reduce the financial burden to SJCE customers. Given the financial benefits which will allow SJCE to bolster its operational reserves to shield customers from potential volatility from the PCIA, PG&E bankruptcy, and other factors, the CECAC recommends that SJCE accept its allocation.



QUESTIONS?