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## San Jose Clean Energy - Discussion for April 30<sup>th</sup> 2018

### Market Based Rates – Benefits and Options

#### Objective:

Include market based electric power rates in the SJCE offerings based on actual wholesale power prices. A full range of pricing and benefits in SJCE rate designs will attract all ratepayers and result in near universal acceptance.

#### Rational for attractive market based rates include:

- PG&E's current high rates are transitory. SJCE rates (based PG&E's) will fall over time as PG&E's legacy costs are paid down and/or when it is politically convenient.
- SJCE exists to serve all residents. Given a choice, many people will select the least expensive power available.
- Low-income households should pay no more than necessary and should not be subsidizing those who can afford solar.
- These rate options are needed for the long-term success of SJCE and are in addition to the 100% renewable rates.

#### Observations

- Day-Ahead market prices range over a wide range and offer an opportunity to deliver low cost power.
- Current Direct Access customers pay approximately half of the PG&E energy rate.
- Since solar and hydro are significant contributions to the market. Market based rates will have a significant renewable component.

#### The following are examples of market based rate options:

- Wholesale Market Rates
  - Electric power rate based on the actual day-ahead market prices and/or time of use.
- Direct Access Rate
  - SJCE could mimic the ESP portfolios and offer an annual guaranteed rate based on annual SJCE supply contracts. Even specific local generators.
- Economic Development Rates.
  - Advantageous rates for new businesses locating in the SJCE territory. These rates would approximate or better the Silicon Valley Power rates so that San Jose is on par with Santa Clara in attracting data centers and commercial development.
- Community Building Rates.
  - The City of San Jose is chronically underfunded. A rate designed to raise revenue to be spent on specific Community needs, such as park maintenance, would be a tangible benefit.