

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE ESTABLISHING A POWER MIX OF AT LEAST 40% RENEWABLE ENERGY FOR SAN JOSE CLEAN ENERGY'S ("SJCE") GREENSOURCE BASE PRODUCT BEGINNING JANUARY 1, 2021; PROVIDED THAT 1) IN 2021 GREENSOURCE IS PRICED AT AN INITIAL 0.25% DISCOUNT, WITH FLEXIBILITY TO VARY THE DISCOUNT BETWEEN 0.0% AND 1.0%, FOR ALL CUSTOMERS RELATIVE TO PACIFIC GAS AND ELECTRIC COMPANY'S GENERATION RATES AFTER ACCOUNTING FOR THE FRANCHISE FEE SURCHARGE AND THE POWER CHARGE INDIFFERENCE ADJUSTMENT; AND 2) SJCE'S 100% RENEWABLE ENERGY TOTALGREEN PRODUCT WILL CONTINUE TO BE 0.5-1 CENT PER KWH HIGHER THAN GREENSOURCE; AND AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO PREPARE AND SUBMIT AN ADVICE LETTER TO THE CALIFORNIA PUBLIC UTILITIES COMMISSION TO ADMINISTER THE DISADVANTAGED COMMUNITIES-GREEN TARIFF PROGRAM

WHEREAS, the City of San José ("City") City Council unanimously approved the formation of San José Clean Energy ("SJCE") in May 2017, and SJCE launched service to most businesses and residents in February 2019; and

WHEREAS, on November 7, 2017, City Council approved an ordinance to add Title 26 to the San José Municipal Code that provides procedures for the operation and management of SJCE, whereby SJCE may provide any rate designs or programs as approved by the City Council; and

WHEREAS, on November 6, 2018, the City Council approved SJCE to set rates for the default GreenSource product to be one percent below Pacific Gas and Electric ("PG&E") generation rates, after accounting for the franchise fees and the Power Charge Indifference Adjustment ("PCIA") across all rate classes for 2019; and

WHEREAS, on April 16, 2019, City Council approved enrolling small commercial customers in June 2019; and

WHEREAS, on December 10, 2019, the City Council approved SJCE to establish a power mix of at least 86 percent carbon-free energy with at least 45 percent renewable energy for the GreenSource product starting January 1, 2020; and

WHEREAS, SJCE desires to offer the product options and rates described in Table 1 of the Memorandum from the Director of Community Energy dated October 26, 2020, while GreenSource will continue to be the default product that customers receive, and SJCE's 100% renewable option, TotalGreen, will continue to be verified and marketed to customers to ensure progress on Climate Smart goals, which will allow SJCE to maintain minimum reserve levels to ensure financial stability and continue to achieve high participation rates in SJCE, and result in a change in CO₂ emissions from SJCE customers in 2021 ranging from a decrease of 100,000 metric tons to an increase of 550,000 metric tons compared with CO₂ emissions from the Council approved SJCE electricity mix generation in 2020 (45% renewable and 86% carbon-free); and

WHEREAS, all California electric customers pay the PCIA fee to cover above market generation costs of investor-owned utilities, and SJCE customers only pay for those above market costs attributable to generation acquired prior to being enrolled in SJCE; and

WHEREAS, PG&E's PCIA has risen over 600% between 2013 and 2020 and is expected to rise again in 2021, and, to alleviate financial impacts from an increasing PCIA, SJCE recommends adjusting the 2021 GreenSource power mix and rates, and setting the 2021 GreenSource rates at an initial 0.25% discount, with flexibility to vary between 0.0% and 1.0%, inclusive of PG&E added fees; and

WHEREAS, SJCE recommends offering a GreenSource product with a minimum renewable content of 40% starting January 1, 2021, and the GreenSource carbon-free content is likely to increase to 92%, if the California Public Utilities Commission (“CPUC”) approves PG&E’s resource allocation in 2021; and

WHEREAS, in June 2018, the CPUC adopted three new programs to promote the installation of renewable energy generation in disadvantaged communities, including the Disadvantaged Communities-Green Tariff program (“Program”), a CPUC-funded program that provides customers in disadvantaged communities with 100% solar energy and an additional 20% discount on their electricity bill; and

WHEREAS, in order to implement the Program, SJCE must submit an Advice Letter to the CPUC on or before January 1, 2021; and

WHEREAS, the Program is fully funded by the CPUC and will increase access to 100% renewable energy generation among customers that otherwise cannot afford it;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- A. The City adopts a power mix of at least 40% renewable energy for San José Clean Energy’s (“SJCE”) GreenSource base product beginning January 1, 2021; provided that 1) in 2021 GreenSource is priced at an initial 0.25% discount, with flexibility for the City Manager to vary the discount between 0.0% and 1.0%, for all customers relative to Pacific Gas and Electric Company’s generation rates after accounting for the franchise fee surcharge and the Power Charge Indifference Adjustment; and 2) SJCE’s 100% renewable energy TotalGreen product will continue to be 0.5-1 cent per kWh higher than GreenSource; and

- B. The City Manager or his designee is authorized to prepare and submit an Advice Letter to the California Public Utilities Commission to administer the Disadvantaged Communities-Green Tariff program.

ADOPTED this _____ day of _____, 2020, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk