




★ 2021 POWER MIX + RATES

★ DAC-GREEN TARIFF

★ DIRECT RENEWABLES

November 17, 2021

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

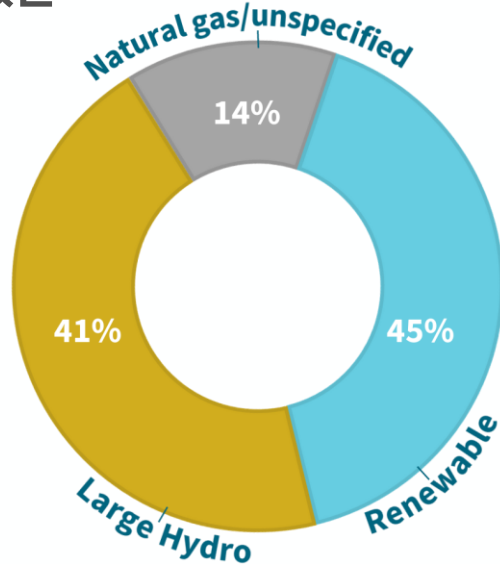


2021 POWER MIX + RATES

SJCE GREENSOURCE POWER MIX

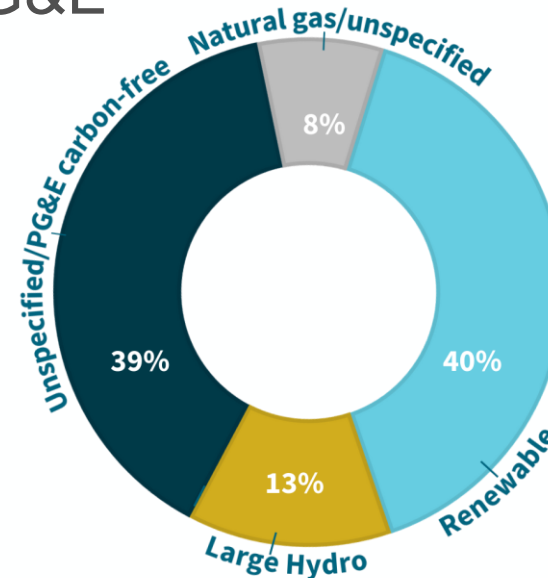
2020 GreenSource:

- At least 45% renewable energy
 - 16% more renewable than PG&E



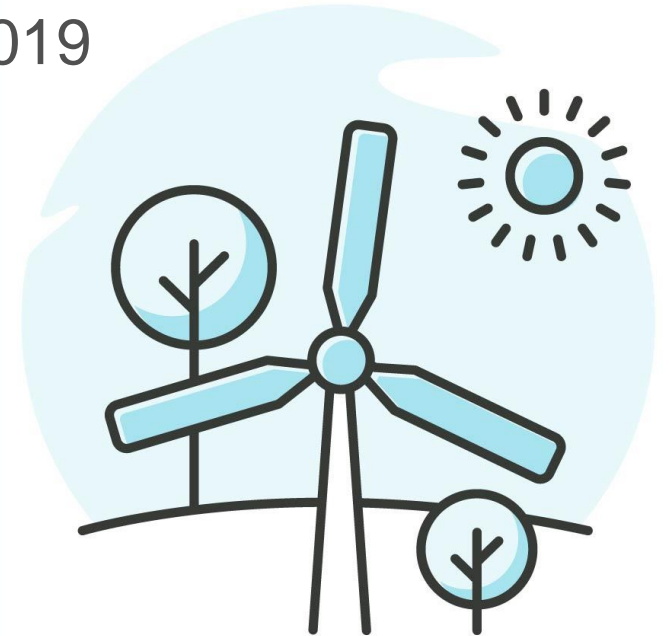
2021 Recommendation:

- At least 40% renewable energy
 - Likely 4% more renewable than PG&E



SJCE GREENSOURCE RATES

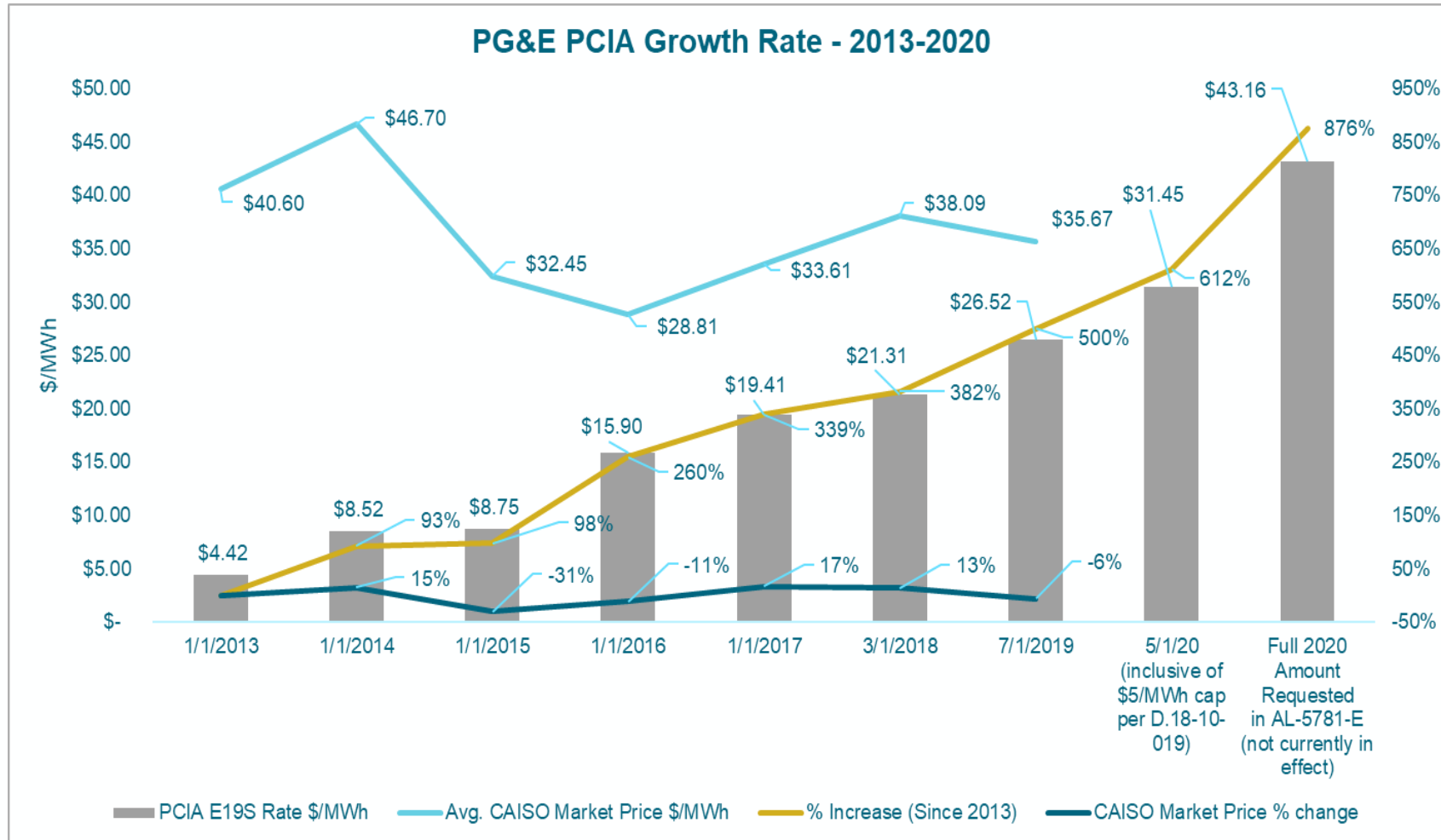
- Rates have been 1% lower than PG&E since Feb 2019 (inclusive of PG&E PCIA and Franchise Fee Surcharge)
- PG&E confirmed the PCIA will rise again in 2021
- **2021 Recommendation:** Set rates at an initial 0.25% discount, with flexibility to vary between 0-1%
 - A 0.25% change in discount results in \$1M in savings
 - 0-1% range provides \$4M in revenue flexibility



POWER CHARGE INDIFFERENCE ADJUSTMENT

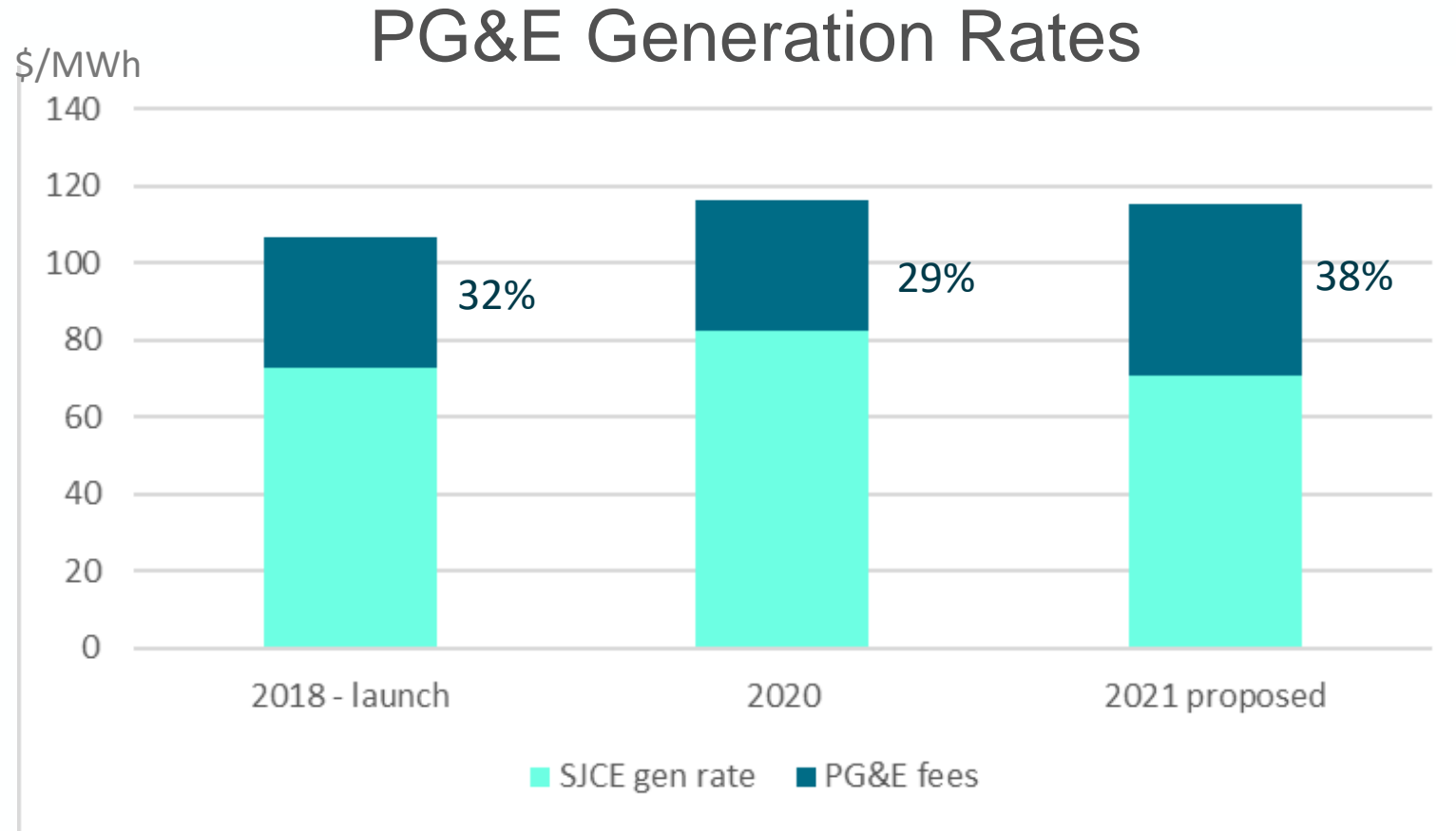
- The PCIA is a fee assessed by PG&E on all customers to cover above market generation costs
- SJCE incorporates the PCIA into its rate setting process so customers save money compared to PG&E
- SJCE needs to adjust its current rate discount to alleviate financial impacts from an increasing PCIA

PCIA HAS INCREASED BY 600% 2013-2020



PG&E PCIA Growth Rate for E-19S rate class for 2013 PCIA vintage, 2013-2020

PG&E PCIA FEE SHARE OF SJCE RATES



SJCE rates **29-38% lower** than PG&E generation rates

PCIA ADVOCACY

- The current process for calculating the PCIA is problematic
- SJCE along with other CCAs are advocating for a more open and fair process that:
 - Reduces portfolio costs for all customers
 - Protects customers from steadily rising costs
 - Is administered in a transparent manner
 - Reduces redundancy and leads to a more equal allocation of clean energy resources

OTHER CCA APPROACHES

- CCAs are using the following options to ease revenue shortfalls:
 1. Set rates higher than PG&E
 2. Utilize reserves ★
 3. Benchmark on renewable instead of carbon-free content ★
 4. Lower renewable and carbon-free content ★
- Bay Area CCAs offer 35%-60% renewable power as default, with rates from 5% below to 6% above PG&E



SJCE POWER MIX IMPACTS

- 40% renewable is higher than state requirements and PG&E's anticipated renewable content (36% in 2021)
- Carbon-free content could increase from 86% to 92% in 2021
- Lowering renewable content is expected to reduce 2021 power supply costs



SJCE CUSTOMER IMPACTS

- Sent Customer Rate Notice in October
- Customers will not pay higher rates than PG&E
 - Max. increase for average residential customer = \$0.50 per month

	SJCE GreenSource 40% renewable		PG&E 29% renewable
	0% discount (parity)	Maintain 1% discount	
Electric Generation	\$35.33	\$34.83	\$49.71
PG&E Added Fees	\$14.38	\$14.38	\$0
PG&E Electric Delivery	\$64.03	\$64.03	\$64.03
Average Total Cost	\$113.74	\$113.24	\$113.74

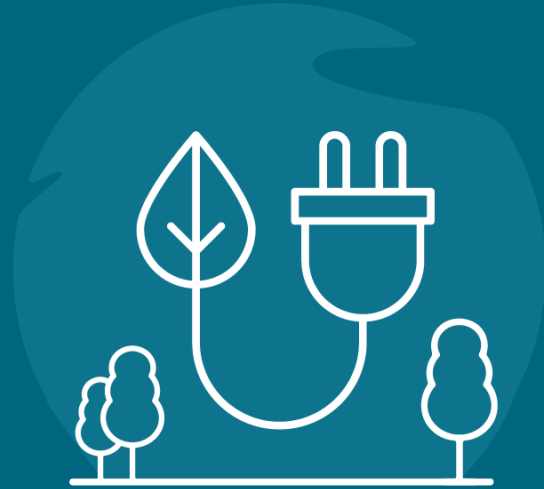


DAC-GREEN TARIFF

DISADVANTAGED COMMUNITY-GREEN TARIFF (DAC-GT) PROGRAM

- 1.6 MW solar site for 500+ DAC/low-income customers that will receive 20% discount on electricity
 - CPUC-funded, including administrative costs
 - Strong equity focus
 - Program implementation in 2021-2022
- **Recommendation:** Authorize SJCE to submit Advice Letter to CPUC by end of 2020





DIRECT RENEWABLES

DIRECT RENEWABLES

- Green Tariff: an electricity rate that allows a customer to source their electricity through a specified renewable resource
 - Typically long-term contracts, customers buy bundled product (electricity + REC)
 - Customers (initially larger commercial users) will receive competitive pricing and meet sustainability goals
 - SJCE would benefit from more predictable loads and increased investment in new renewables
- Staff will return to Council with recommendations in 2021

Green tariff
model: sleeved
PPA



QUESTIONS?

Recommendations for approval:

1. Establish a power mix of at least 40% renewable energy for SJCE's GreenSource product beginning January 1, 2021; provided that
 - 1) in 2021 GreenSource is priced at an initial 0.25% discount, with flexibility to vary between 0-1%; and
 - 2) SJCE's 100% renewable energy TotalGreen product will continue to be 0.5-1 cent per kWh higher than GreenSource
2. Authorize SJCE to submit an advice letter to the CPUC to administer a DAC-GT program

