

MAY 2021 SERVICE & RATE CHANGES

March 11, 2021



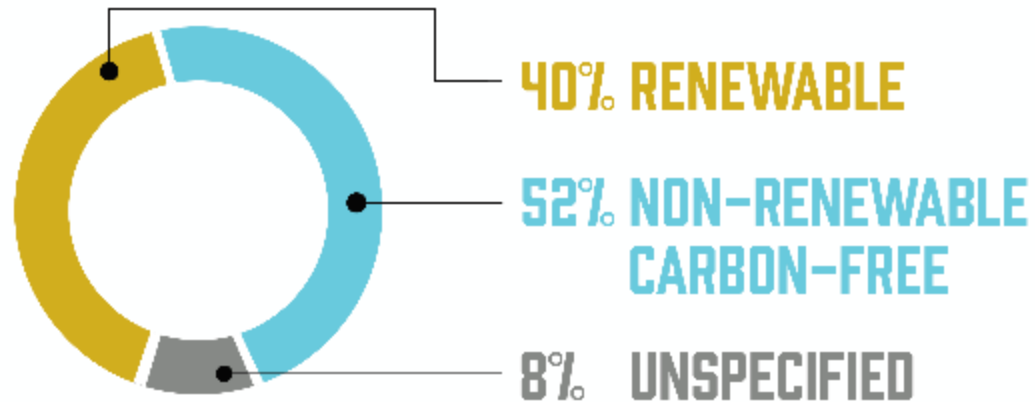


BACKGROUND

CURRENT POWER MIX AND RATES

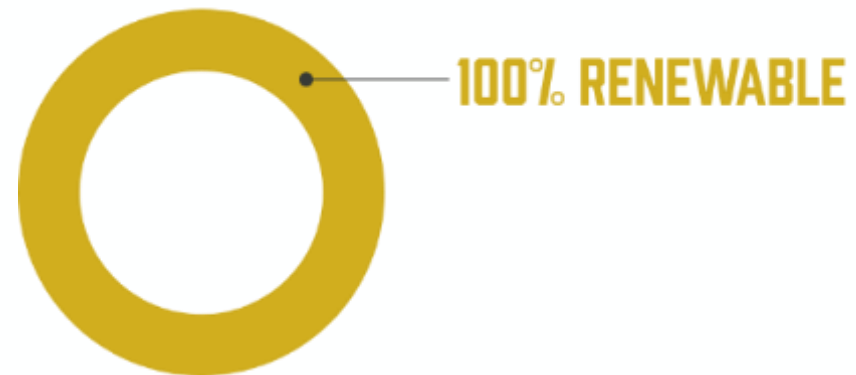
GreenSource

- Default
 - 40% renewable; 0.25% discount relative to PG&E

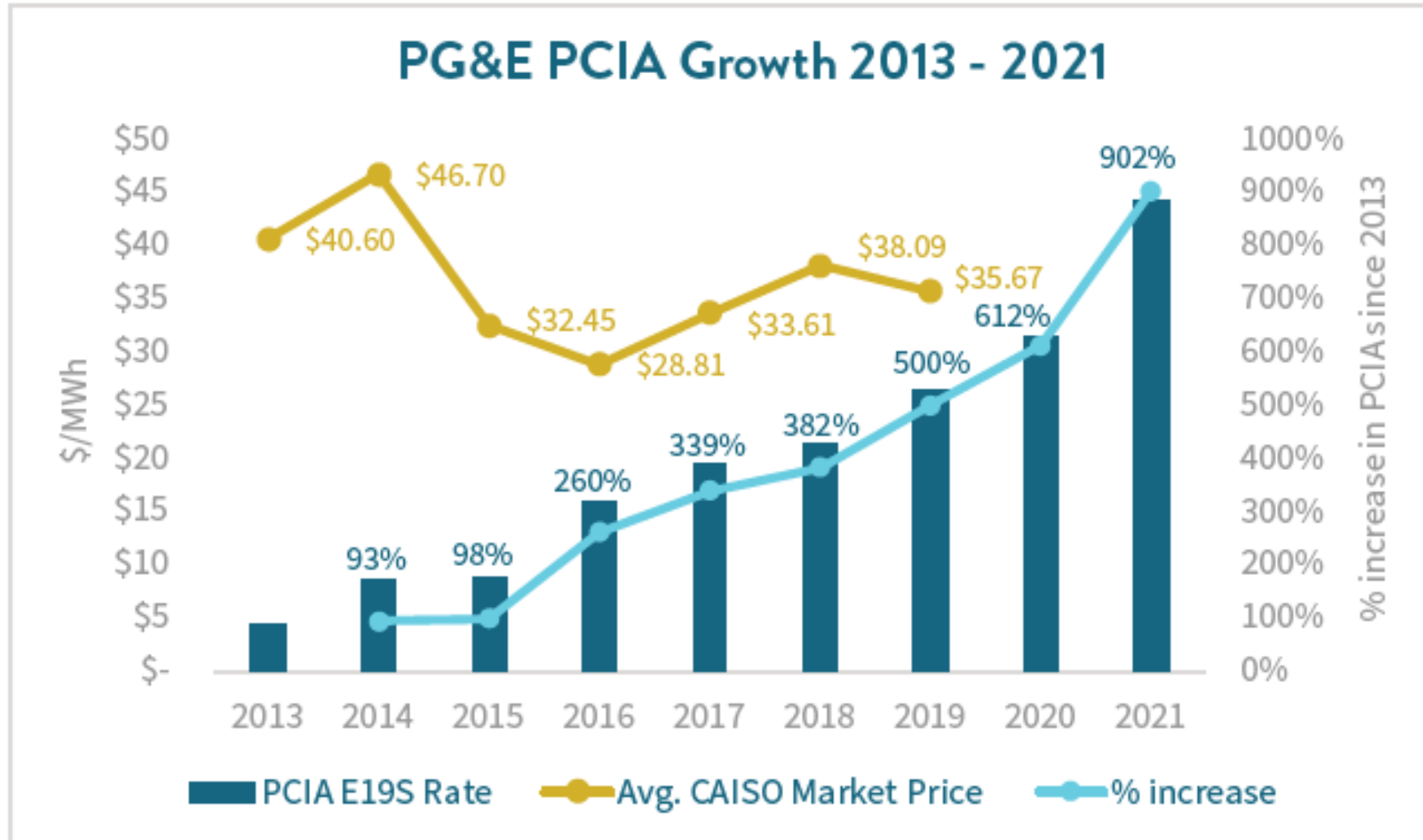


TotalGreen

- Upgrade
 - Priced at \$0.01/kilowatt-hour premium



PCIA HAS INCREASED BY 900% 2013-2021



PCIA ADVOCACY

- SJCE along with CalCCA and other CCAs are advocating for a more open and fair process
- Support Senate Bill 612: Fair Access to Legacy Resources
 - Includes 2 coauthors that represent San Jose
 - Goal: balance customer costs with benefits received and reduce IOU above-market costs to lower charges for all ratepayers
- Corporate customer outreach and coalition building

RENEWABLE INVESTMENTS

- Invested in ~500 MW of solar, wind and battery storage
 - **100 MW solar + battery storage** in Fresno County
 - **162 MW solar + battery storage** in Kern County
 - **225 MW wind** in New Mexico
- Coming online late 2021 through late 2022

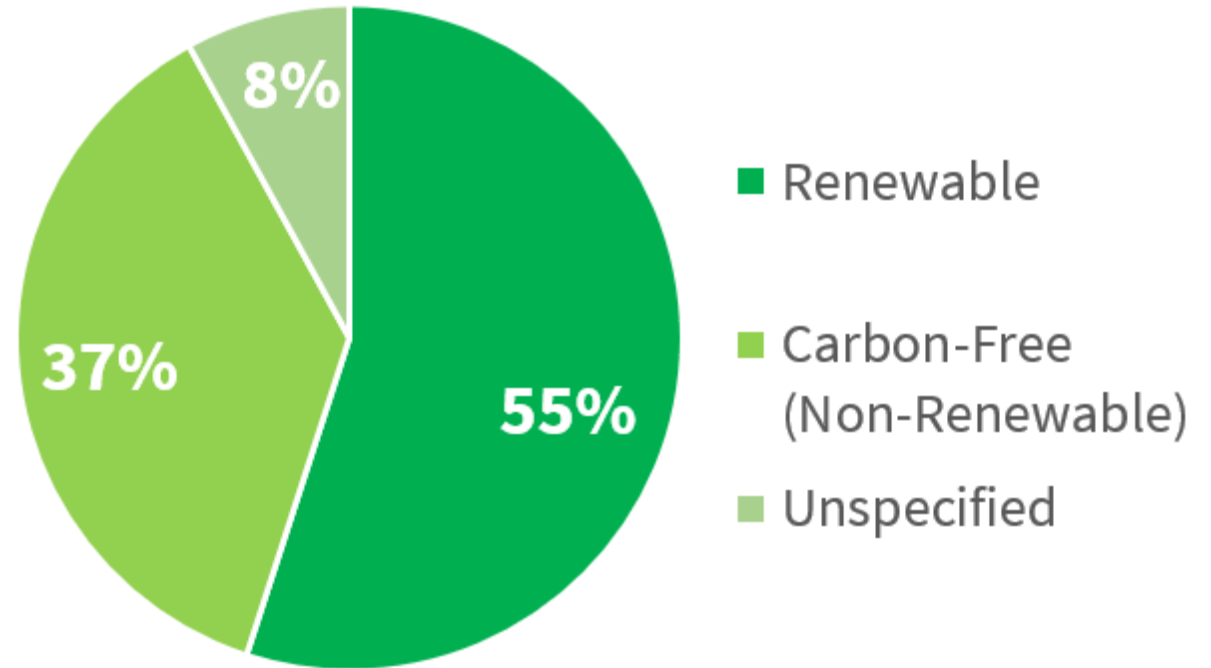




PROPOSED RATE CHANGE AND NEW PRODUCT

GREENSOURCE

- Rates 7% higher than PG&E
 - 7.25% overall increase, or ~\$3 for average resident
- 55% renewable
 - 15% more
 - 92% carbon-free
 - From PG&E allocation
- Remain default product





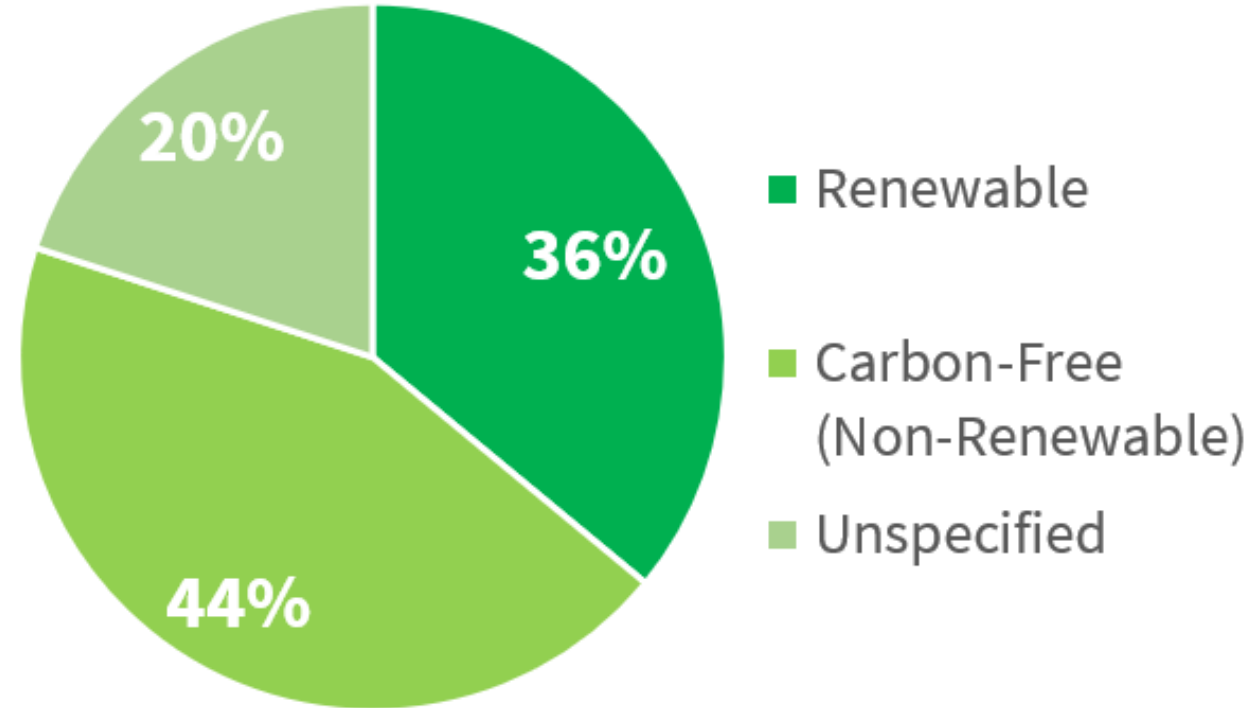
RENEWABLE ENERGY GOALS - GREENSOURCE

70% BY 2025

80% BY 2028

GREENVALUE

- Cheapest product
 - Parity with PG&E (0.25% increase)
- 36% renewable
- 80% carbon-free
 - From PG&E allocation
- Anyone can enroll in this product ("opt down") at any time



NEW DISCOUNT PROGRAM – SJ CARES

- CARE and FERA customers will automatically be enrolled upon program launch May 10
- Receive GreenSource energy at GreenValue price (parity with PG&E)
- Shows up as line item on SJCE page of bill “SJ Cares Discount”
- Approximately 80,000 customers to participate initially

PRODUCT COMPARISON

	GreenValue ↔	GreenSource ↔	TotalGreen
Renewable	25%	55%	100%
Carbon-Free	80%	92%	100%
Service Option	Opt-Down	Default product	Upgrade
Rate Relative to PG&E	Parity	7% higher	\$0.01/kWh premium over GreenSource
Average Residential Customer Impact (425 kWh/month)	\$0.12 more per month than current GreenSource	\$3 more per month than current GreenSource	\$4 more per month than GreenSource

WHY NOW?

- PCIA outcome unfavorable (\sim \$47/MWh \rightarrow \$56M additional)
 - CY 2020 net income \$22M; \$20M reserve + \$11M cash 12/31/20
- PG&E generation rate increase (\sim 5%) deferred from March to \sim September
- Opportunity to reaccelerate greenhouse gas reductions
- Ongoing PCIA uncertainty/negative outlook; COVID effects



ACTIONS BY OTHER CCAS

CCA	Action over last year	Opt out rate
CleanPowerSF	Raised rates to 1% above PG&E	4% opt-out*
Sonoma Clean Power	Raised rates to 5% above PG&E	13% opt-out*
MCE	Raised rates to 7% above PG&E	14% opt-out*
Clean Power Alliance	Offers three products <ul style="list-style-type: none">• One product that is competitive with SCE and lower renewable content	2% opt-down 6% opt-out

*Historical opt out rates; these CCAs did not report a measurable increase in opt outs from raising rates above PG&E

BALANCING TEST

Pros

- Improves SJCE's financial viability and ability to offer community programs faster
- Adds more renewable energy to power mix and lowers GHG emissions
- More customer choice

Cons

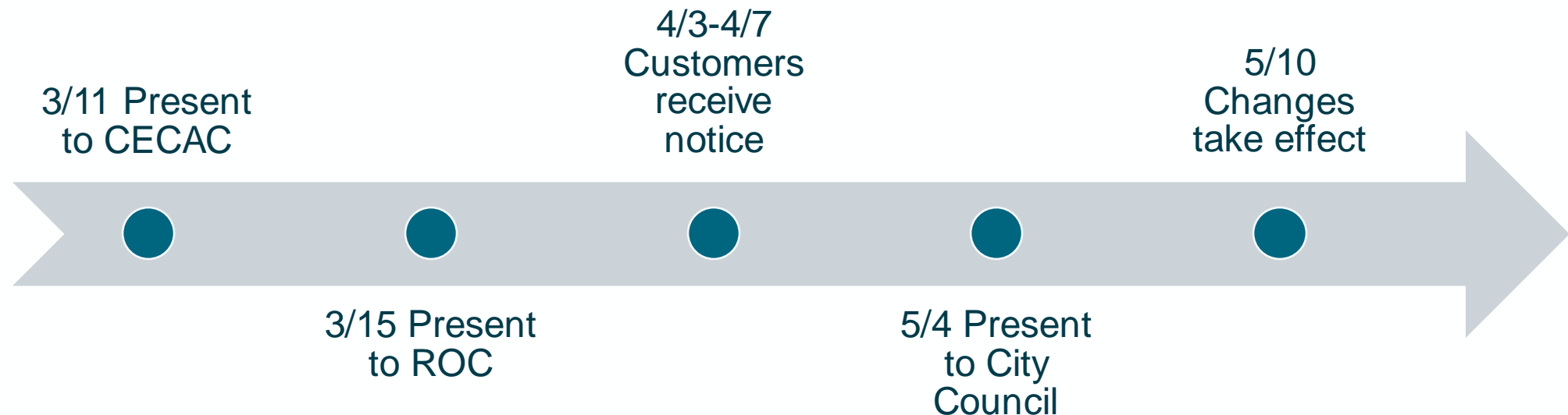
- Could lead to lower participation
 - Uncertainty with large commercial customers
- Could impact community trust
- Forming third product is resource intensive
- May 15 SJCE rate change followed by June TOU rate plan default (w PG&E)



IMPLEMENTATION

NOTICING AND TIMELINE

- Rate notices for each customer group
 - Residential
 - Low-income (CARE/ FERA)
 - Commercial



EQUITY AND OUTREACH

- Targeted trilingual outreach to inform customers of service and rate changes
 - CARE/FERA customers
 - Low to moderate income customers
 - Small businesses
 - Leverage NGO relationships



SJCE MARKETING CHANGES

- Shift messaging to emphasize choice, more renewable energy, benefits of local provider (programs, transparency, accountability)
- Less comparison to PG&E
- Updates to:
 - Brand colors
 - Website
 - Collateral



STAFF RECOMMENDATION

Effective May 10, 2021:

1. Increase GreenSource to 55% renewable energy (RPS)
 - 7% premium over PG&E* (\$3 for typical residential customers)
2. Create 3rd product, GreenValue, with 36% RPS
 - Same price as PG&E*
3. Implement SJ Cares discount program wherein CARE/FERA customers pay GreenValue price for GreenSource service.
4. TotalGreen pricing unchanged (0.5-1.0 cent/kWh above GreenSource)

*inclusive of PCIA and Franchise Fee Surcharge



BACK-UP

ASSUMPTIONS

- Opt out & opt down
 - Base scenario
 - 5-10% additional opt out
 - 10-20% opt down
- PCIA
 - Flat through 2023, then begin to decrease in 2024
 - Level off at \$35/MWh

