

# MAY 2021 SERVICE & RATE CHANGES

March 11, 2021

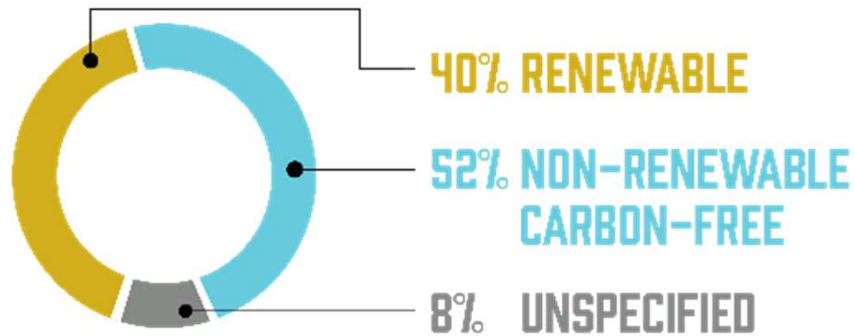


# **MAY 2021 PROPOSED RATE AND SERVICE CHANGES**

# CURRENT POWER MIX AND RATES

## GreenSource

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



## TotalGreen

- Upgrade
  - Priced at \$0.005-\$0.01/kilowatt-hour premium



# PCIA HAS INCREASED BY 900% 2013-2021



# PCIA ADVOCACY

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- 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

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- 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



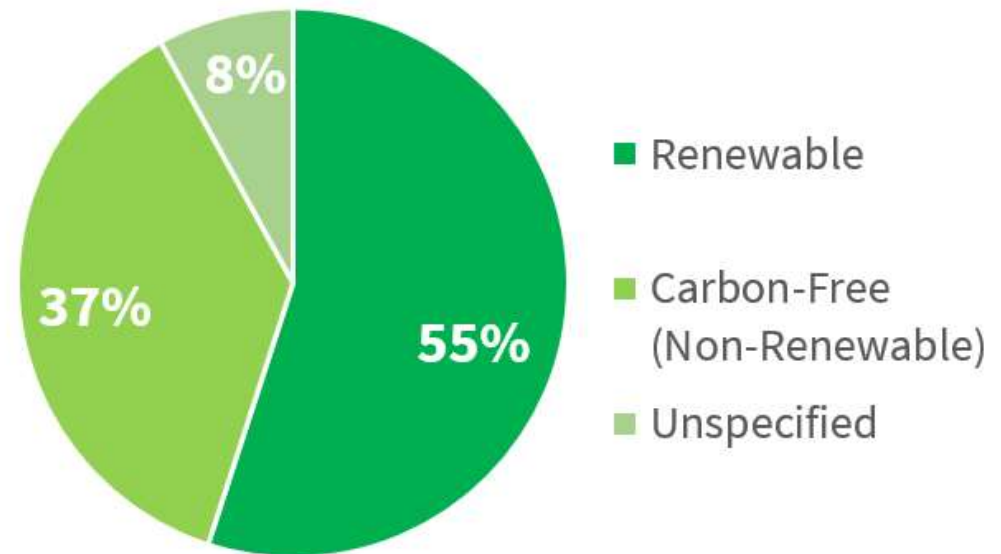


# **PROPOSED RATE CHANGE AND NEW PRODUCT**

# GREENSOURCE

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- Rates 8% higher than PG&E
  - 8.25% 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

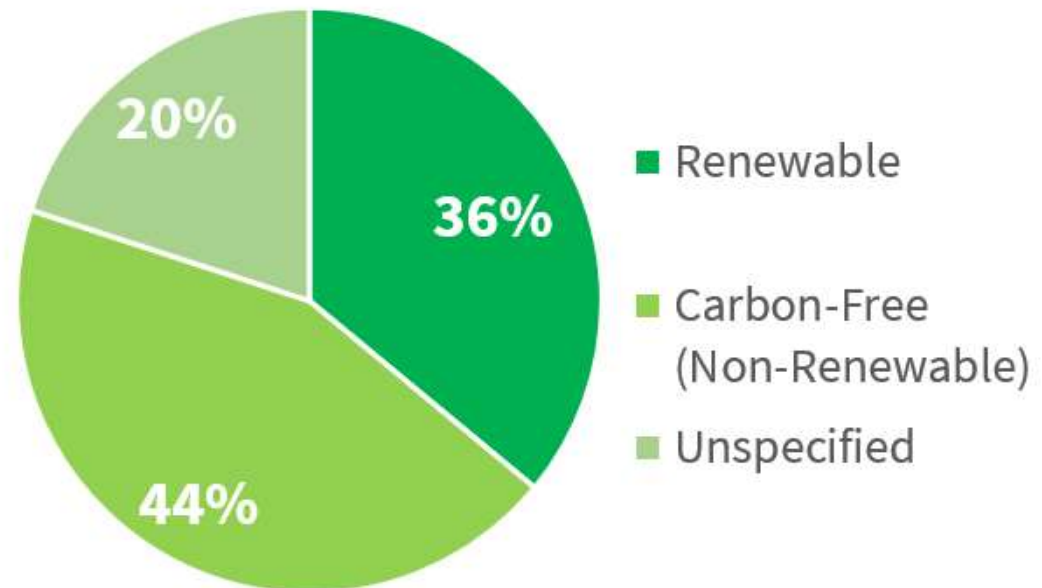
**70% BY 2025**

**80% BY 2028**

# GREENVALUE

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- 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

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- 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	36%	55%	100%
Carbon-Free	80%	92%	100%
Service Option	Opt down	Default product	Upgrade
Rate Relative to PG&E	Parity	8% higher	\$0.005-\$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?

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- PCIA outcome unfavorable ( $\sim$ \$46/MWh  $\rightarrow$  \$51M additional)
- Ongoing PCIA uncertainty/negative outlook; COVID effects
- PG&E generation rate increase ( $\sim$ 5%) deferred from March to  $\sim$  September
- Opportunity to reaccelerate greenhouse gas reductions



# ACTIONS BY OTHER CCAS

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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"><li>• One product that is competitive with SCE and lower renewable content</li></ul>	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

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## 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)



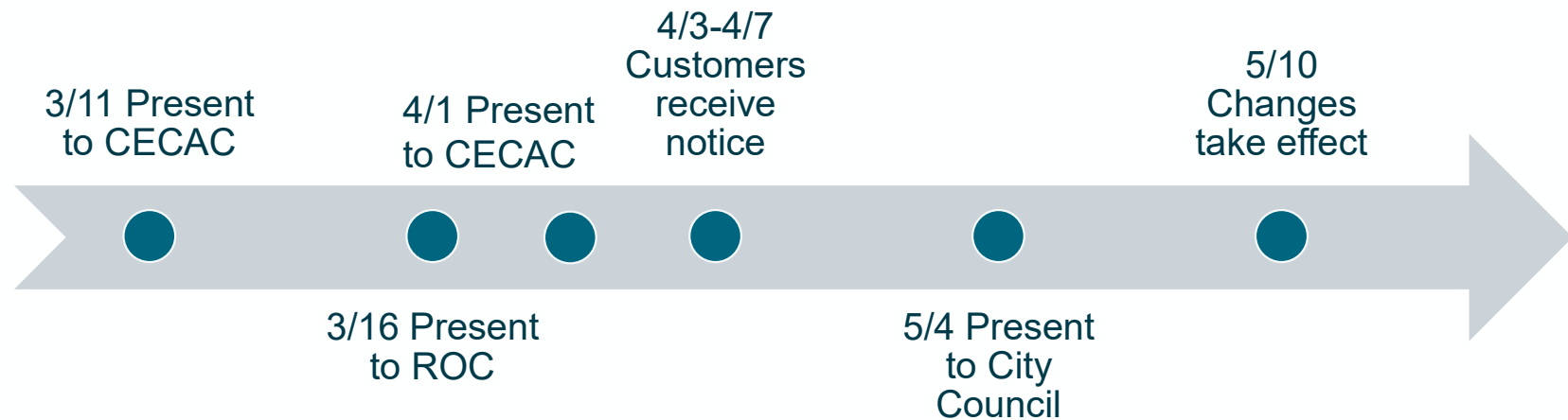
# IMPLEMENTATION



# NOTICING AND TIMELINE

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



# STAFF RECOMMENDATION

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Staff recommendation (effective May 10, 2021):

1. Increase GreenSource to 55% renewable energy (RPS)
  - 8% premium over PG&E\* (\$4 for typical residential customers)
2. Create 3<sup>rd</sup> 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

# EQUITY AND OUTREACH

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- 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

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- 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





# RESILIENCY UPDATE

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- Improvements at City facilities
- Procurement preparations
- Demand-side options



# BACK-UP POWER FOR CRITICAL FACILITIES

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- PSPS allocation of \$5M in Oct 2019 for energy resiliency to 35 critical facilities
- Spring 2020, reduced to \$2M (COVID)
  - \$350K for four EV Arc units (mobile EV charging units using solar and battery, which serves dual purpose to power emergency plug load equipment). Purchased already
  - \$350K for three additional fuel trucks to assist in refueling all emergency generators in the City (procurement in progress)
  - \$300K for backup generation at the Police Substation fueling island. This is the only City-owned fueling island on the south edge of the City, critical for public safety vehicle refueling
  - **\$1 million for microgrid review and construction support. Master agreements executed with two microgrid consultants, Advisian and AECOM. Public Works have been working with Advisian for the past few months to develop a microgrid roadmap and site feasibility assessment for the 35 critical facilities**
- Pursuing FEMA and other grant opportunities to help support facility resiliency, in particular for microgrids

# DISPATCHABLE ENERGY SOLICITATION

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To address load swings driven by extreme weather (primarily heat) SJCE solicited *indicative* offers for dispatchable energy in Q3. This allows SJCE to receive energy from a physical resource at SJCE's discretion.

## Tolling Agreement:

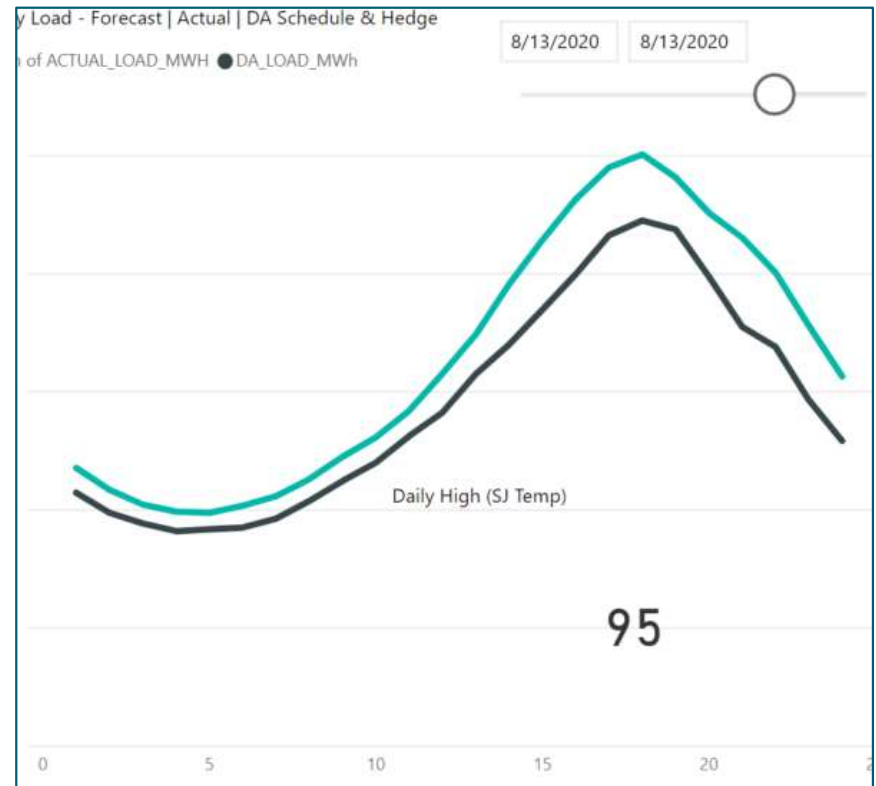
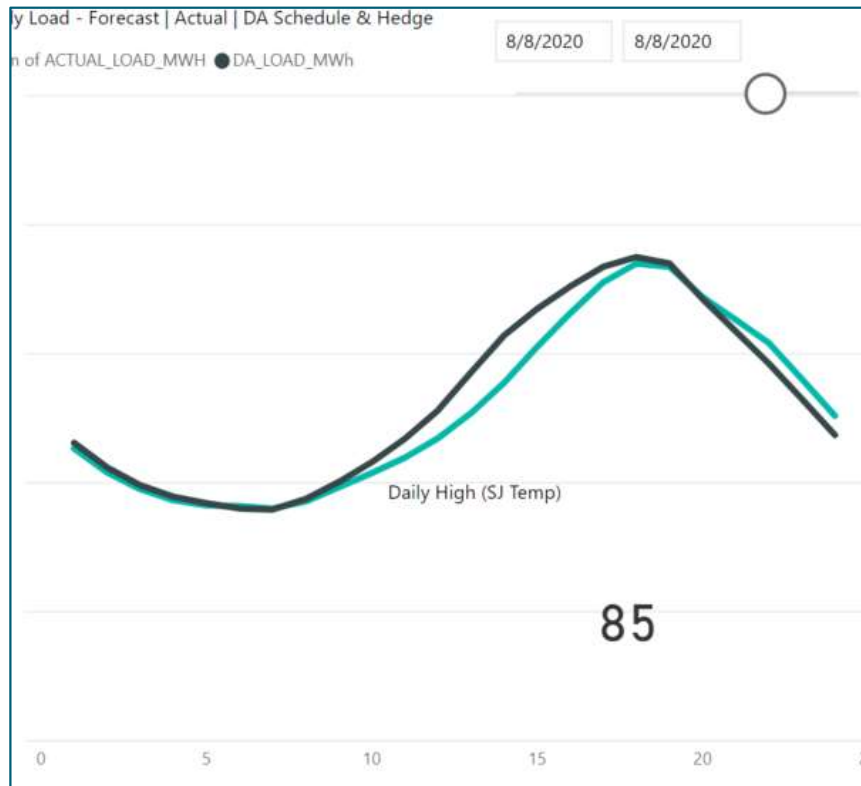
- SJCE pays a capacity price for the resource to be available and a volumetric price (dispatch rate) which will apply when SJCE dispatches the resource for energy delivery. SJCE would dispatch the resource whenever market prices exceed the dispatch rate.
- The dispatched energy will be scheduled into the CAISO Day-Ahead Market

## Next Steps

- SJCE will issue a formal 'Request for Offers' targeting:
  - Any Technology Type offering a Dispatchable Resource(s)
  - Energy Deliveries in 3Q (July-September)



# LOAD VARIATION EXAMPLES



# SJCE DEMAND RESPONSE (DR) RESIDENTIAL PILOT

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- Text/emails day before/day of event
- Expect to send customers after-event update on their performance
- May include financial incentives



## ALSO CONSIDERING IOU-LIKE PROGRAMS...

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- Peak Day Pricing  
(Commercial)/Smart Rate  
(residential)
  - Discount on summer rates in exchange for high prices on up to 15 days/year
- Base interruptible program
  - Customers enroll a pre-determined kW and are compensated (~\$8/kW). When event is called, they must curtail the pledged amount or face penalties.



## 3 DR OPTIONS FOR SJCE (MOST EFFORT -> LEAST)

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1. Develop, manage, and implement our own DR program
  - Allows the most flexibility and capturing of revenue and RA benefits
  - Unclear path. No other CCA has implemented a full-fledged DR program
  - SJCE receives load reduction benefits AND can claim the RA by bidding it into the market.
2. Partner with a DR provider to develop a program that fits SJCE
  - Most of the O&M would be handled by DR company, SJCE would have the freedom to call its own event days, design its own programs, and up the incentives.
  - SJCE receives load reduction benefits and may be able to get RA at a discounted price from the DR provider
3. Partner with a DR provider to promote their program
  - SJCE would pretty much be hands off, other than helping increase enrollment in the DR providers program through outreach, co-branding, and working with the DR company to identify the best candidates.



**QUESTIONS?**