

September 10, 2021

To: Clean Energy Community Advisory Commissioners  
From: Victor Niemeyer  
Subject: Suggested Additional Question for the Zander-Gottheil Memo

First, I fully endorse the Zander/Gottheil Proposed Topics memo of August 12:

- 1) systems of fully 100% renewable electricity based on wind and solar have not been demonstrated at scale so it is prudent to question the 100% goal,
- 2) there are no clear candidate technologies to provide *dispatchable emission free resources* (DEFERs, per the NYISO) needed to keep the lights on when the renewables fall below loads, so forcing the 100% goal too soon will be expensive,
- 3) the potential financial risks to the City are far more than the City Council seems to appreciate, e.g., San Antonio's municipal utility was said to have lost \$1 billion last February when an unprecedented surge in customer load coincided with an unprecedented surge in market prices.

I would add my own question for the Commission's consideration: what is SJCE's value proposition if it cannot beat PG&E in the marketplace for clean energy on a sustained basis?

SJCE's original business model was based on the assumption that it could buy power at market prices below PG&E's average costs, creating room to offer power that was cheaper and cleaner, and support programs for disadvantaged communities in the City. This was before the CPUC completed its update of the PCIA, which largely removed SJCE's cost advantage. Note: the basic purpose of the PCIA is to protect non-CCA customers from the CCAs. PG&E shareholders do not have a dog in this fight as profits are tied to other metrics. This makes it hard for the CPUC or Sacramento to take sides; it's like pitting the ratepayers of Marin County against those of Hollister.

Currently SJCE's rates are a near-match for PG&E's, and my interpretation of the August CECAC meeting is SJCE is hemorrhaging money daily. Next year is likely to be better, but what are SJCE's prospects for buying new renewable power (required for true additional environmental benefits) cheaper than PG&E in the long term? If it cannot beat PG&E in the market for clean energy on a sustained basis what is its justification? What is the value for the City's residential and business ratepayers?

I look forward to following the Commission's deliberations on any and all of these questions. Let's all hope the Commission's advice finds the City Council's attention.