

To: SJCE Advisory Commission Members

From: Richard Zahner, Gerald L. Gottheil
Commissioners SJCE Advisory Commission

Re: SJCE Advisory Commission – Proposed Topics for Sub-Committees

At the July 21st meeting of the SJCE Advisory Commission we were tasked with outlining tasks for a subcommittee of the Commission. These issues might include Goals and objectives of the City of San Jose, Power storage options, and Market Risk.

The issues we suggest are:

Renewable Energy Goals

The city is committed to conversion to 100% renewable electric generation and to be fossil fuel free in the near future. Based on current generation mix, future retirements, and lack of investment in new dispatchable generation, it may not be possible to achieve these goals and provide reliable service. Is the City perusing laudable but implausible goals?

Long Duration Dispatchable Storage

SJCE is committed to electricity storage at a modest scale and short duration. The recent RFO evaluation eliminated hybrid (gas and renewable) storage option and will likely result in only modest, if any, creation of long duration, low carbon, dispatchable energy storage. Is SJCE limiting options that will result in increased natural gas generation?

Market Risk

CCAs that go long on solar PV to achieve carbon neutrality take on both buy-side and sell-side market risk. Excess solar that cannot be stored must be sold in the market, typically at very low value. The CCA maintains its payment obligation under a PPA, but market sales will likely not cover the cost. When the sun sets, the CCA must procure energy in the market, which can expose it to buy side risk. Financial risks can also be exacerbated by external conditions: fire, weather, transmission outages. Are SJCE's attempts to mitigate these risks sufficient?