


2022 RATES AND POWER MIX

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

OBJECTIVE

Adopt a resolution that:

- strengthens financial resiliency,
- addresses the climate emergency,
- and promotes equity.



STAFF RECOMMENDATION

Effective January 1, 2022

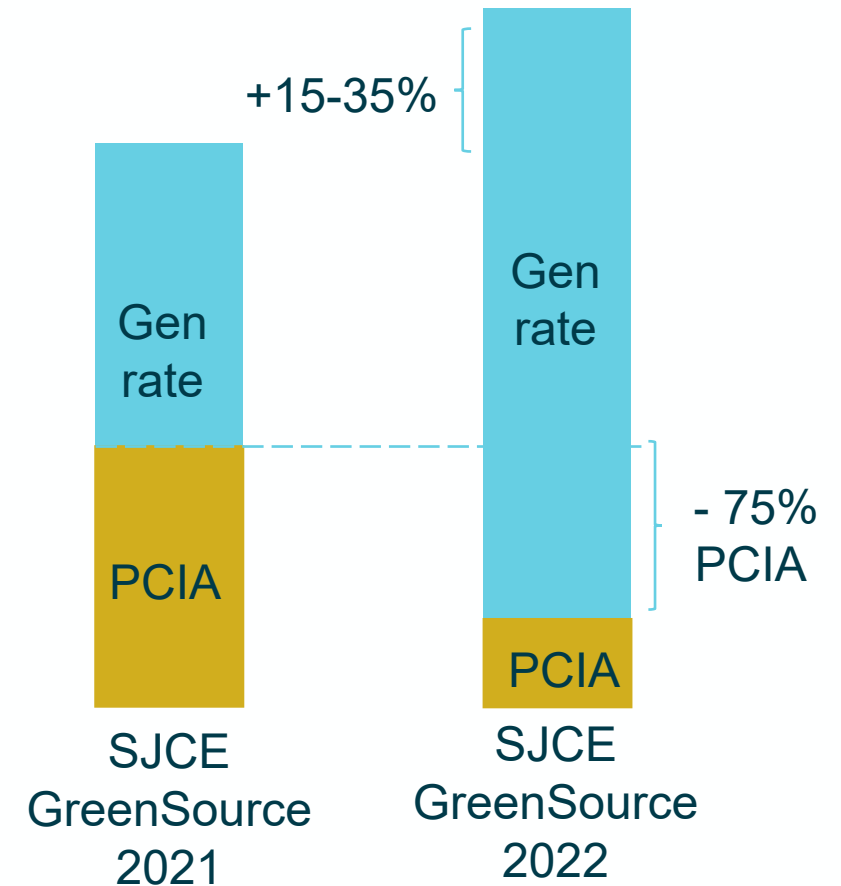
- Interim rate increase for standard service GreenSource
- Increase renewable content for GreenSource, GreenValue, and SJ Cares program

Effective after PG&E changes rate and PCIA

- Return to existing rate structure and provide SJ Cares a discount

SJCE RATES PEGGED TO PG&E

- PG&E projected to increase generation rates by 15-35%
- PCIA expected to decrease by ~\$0.034/kWh or ~75%
- More clarity expected in January 2022



RECOMMENDED INTERIM RATES EFFECTIVE JAN. 1, 2022

	GreenValue	GreenSource	TotalGreen	SJ Cares
Rate*	No Change Parity to PG&E	Increase to 12% above PG&E total bill	\$0.01 or \$0.005 per kWh above GreenSource	No Change Parity to PG&E

*For average residential customer consuming 465 kWh/month. SJCE rates include generation charges, PCIA and Franchise Fee Surcharge. Total bill includes generation and delivery charges.

RECOMMENDED RATES POST PG&E CHANGES

	GreenValue	GreenSource	TotalGreen	SJ Cares
Annual Renewable Energy	Increase from 36% to 40%	Increase from 55% to 60%	100%	Increase from 55% to 60%
Rate*	Set at Parity to PG&E	Set at 3-4% above PG&E total bill	\$0.01 or \$0.005 per kWh above GreenSource	Decrease to 3% below PG&E total bill

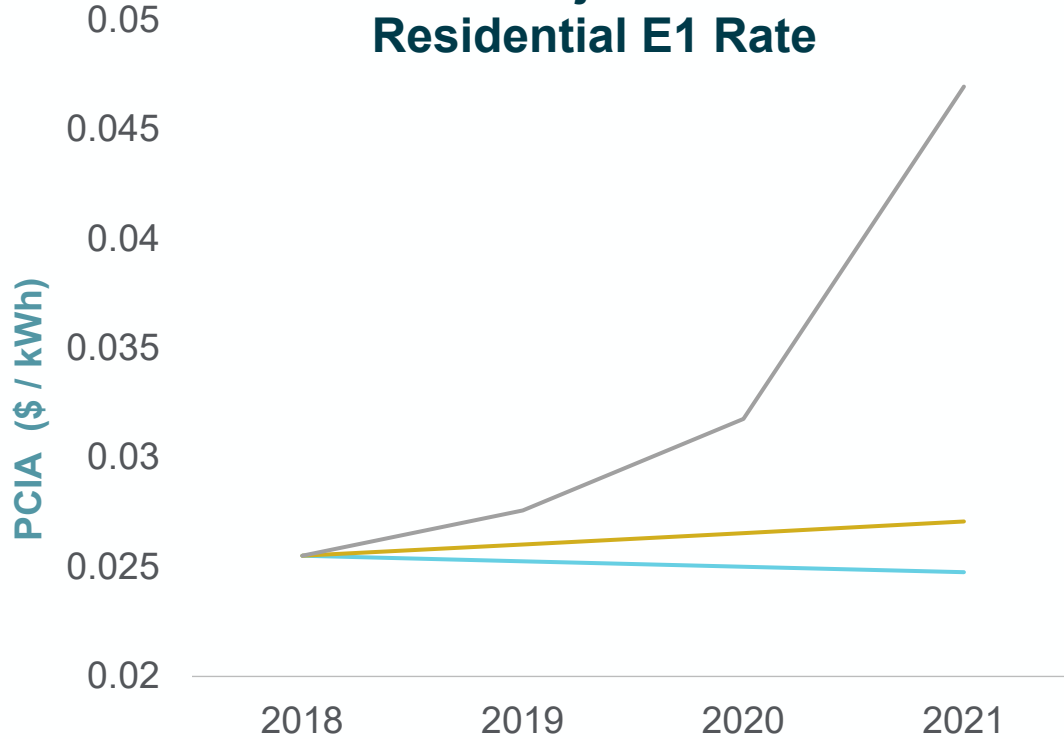
*For average residential customer consuming 465 kWh/month. SJCE rates include generation charges, PCIA and Franchise Fee Surcharge. Total bill includes generation and delivery charges.

STRENGTHEN FINANCIAL RESILIENCY

- In June, Council authorized SJCE to borrow no more than \$95 M in Commercial Paper Notes
- Near-term forecast
 - Power prices projected to be high and more volatile 2022-2025
 - PCIA expected to increase in 2023
 - PG&E generation rates expected to decrease in 2023
- Build reserves for financial stability
 - Building 180 days' worth of operating expenses in reserves
 - Examining cost-of-service rates

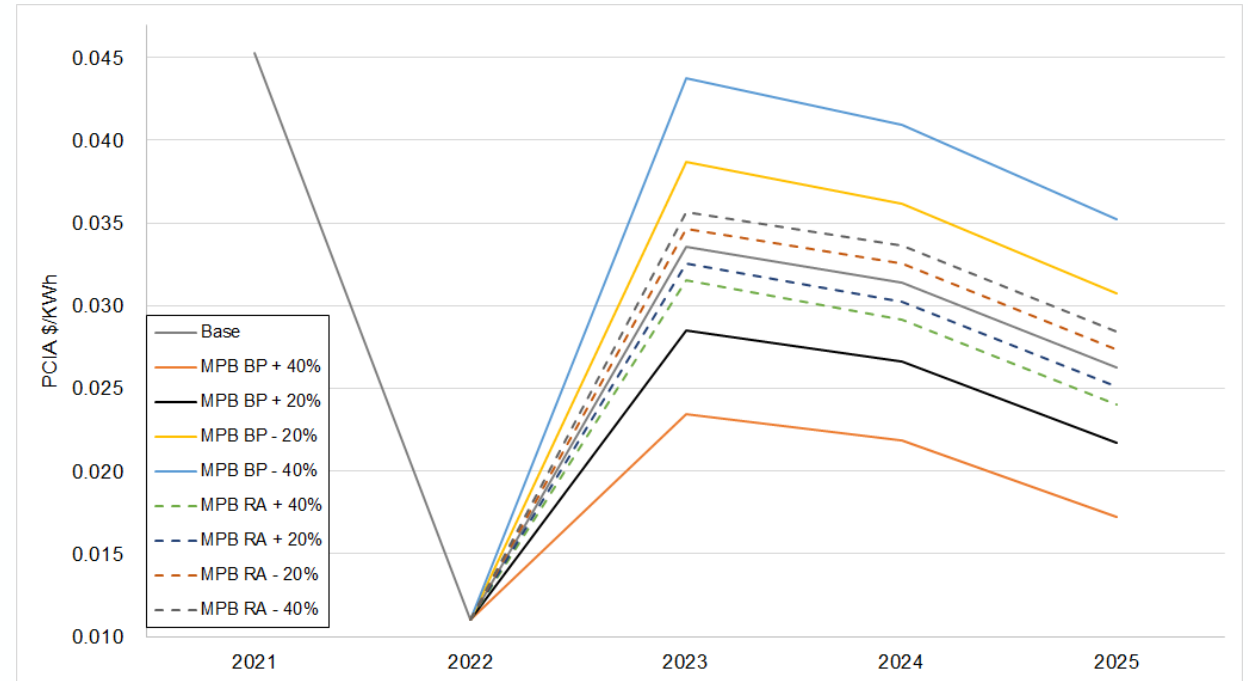
PCIA VOLATILITY REQUIRES CONSERVATIVE APPROACH

Actual vs Projected PCIA for Residential E1 Rate



— 2017 plan (Low) — 2017 plan (High)
 — Actual

Comparison of PCIA Projection Scenarios



MBP BP: Market Price Benchmark for Brown Power
 MBP RA: Market Price Benchmark for Resource Adequacy

IMPROVE SJCE'S FINANCIAL POSITION

Recommendation allows SJCE to:

- Likely pay back commercial paper in FY23 or FY24
- Build 90+ days of operating reserves in FY23 or FY24



ADDRESSING THE CLIMATE EMERGENCY

- Recommendation puts us in good shape to meet San José's climate goals

Goal	GreenSource 2022	GreenValue 2022
Carbon Neutral by 2030	95% carbon-free*	80% carbon-free*
100% Renewable by 2045	60% renewable	40% renewable



*Carbon-free content for 2022 is influenced by PG&E resource allocations paid for in the PCIA fee.

CUSTOMER BILL IMPACTS, PROMOTING EQUITY

PG&E Generation Rate Increase	2022 GreenSource total bill compared to PG&E 2022*		2022 SJ Cares total bill compared to PG&E 2022*	
Low (15%)	+ 3%	+ \$5	- 3%	- \$3
High (35%)	+ 4%	+ \$6	- 3%	- \$4

*for average residential customer consuming 465 kWh/month. Total bill includes generation and delivery charges. PG&E delivery rates are also expected to increase by ~10%, or an additional \$8 monthly for the average residential customer.

COMMUNICATING WITH OUR RATEPAYERS

Notices sent to all customers via mail or email starting Nov 12

- Trilingual (English, Spanish, Vietnamese)
- 3 versions: Residential, Low-income (CARE/FERA), Commercial
- Reflected information that was available at the time (8-15% PG&E generation increase)
- Will also provide direct outreach to key accounts

SJCE is here to help

- SJCE will alert customers of bill impacts and share resources to help customers lower their bill or find assistance
- SJCE will advise low and middle-income customers who do not qualify for CARE or FERA of GreenValue option

SERVICE OPTIONS DESIGNED TO RETAIN CUSTOMERS

GreenValue	GreenSource	TotalGreen	SJ Cares
<p>Cost conscious</p> <p>Lower cost and the same as standard PG&E service. Meets the CA requirement for Renewable Energy Content</p>	<p>Better value</p> <p>Standard service. Will provide 20%+ more renewable energy than standard PG&E service and CA requirement</p>	<p>Climate conscious</p> <p>An easy, cost-effective way to power homes and businesses with 100% renewable energy</p>	<p>Lowest income earners</p> <p>Customers enrolled in the CARE or FERA state programs receive a discount</p>

STAFF RECOMMENDATION EFFECTIVE JAN 1, 2022

Amend GreenSource service

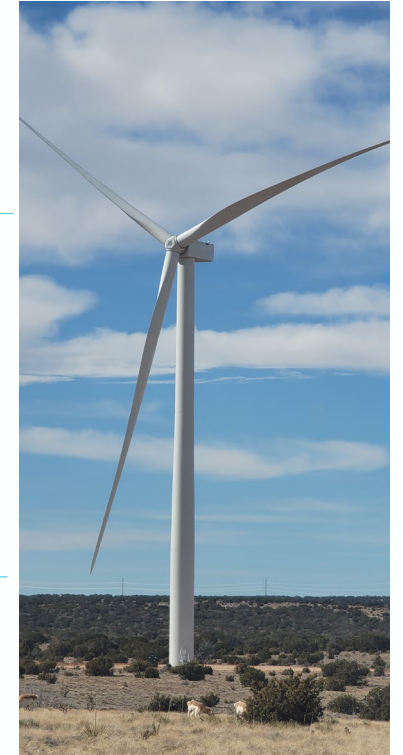
- Increase renewable content from 55% to 60%
- Interim rate*: Total bill 12% above PG&E
- *After PG&E rate & PCIA change: Total bill** 3-4% above PG&E*

Amend GreenValue service

- Increase renewable content from 36% to 40%
- Interim rate*: Maintain at parity to PG&E
- *After PG&E rate & PCIA change: Maintain at Parity to PG&E*

Amend SJ Cares program

- Increase renewable content from 55% to 60%
- Interim rate*: Set at same price as GreenValue
- *After PG&E rate & PCIA change: Total bill** 3% below PG&E*



*SJCE rates include generation charges, PCIA and Franchise Fee Surcharge

**Total bill includes SJCE generation and PG&E delivery charges



QUESTIONS