

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AMENDING SAN JOSE CLEAN ENERGY'S RATE AND SERVICE OPTIONS BEGINNING JANUARY 1, 2022

WHEREAS, the Council of the City of San José (“City”) unanimously approved the formation of San José Clean Energy (“SJCE”) in May 2017, and SJCE launched service to most businesses and residents in February 2019; and

WHEREAS, on November 7, 2017, City Council approved an ordinance to add Title 26 to the San José Municipal Code that provides procedures for the operation and management of SJCE, whereby SJCE may provide any rate designs or programs as approved by the City Council; and

WHEREAS, on November 6, 2018, the City Council approved SJCE to set rates for the default GreenSource product to be one percent below Pacific Gas and Electric (“PG&E”) generation rates, after accounting for the franchise fees and the Power Charge Indifference Adjustment (“PCIA”) across all rate classes for 2019; and

WHEREAS, on April 16, 2019, City Council approved enrolling small commercial customers in June 2019; and

WHEREAS, on December 10, 2019, the City Council approved SJCE to establish a power mix of at least 86 percent carbon-free energy with at least 45 percent renewable energy for the GreenSource product starting January 1, 2020; and

WHEREAS, on November 17, 2020, the City Council approved SJCE to establish a power mix of between 53 and 92 percent carbon-free energy with at least 40 percent renewable energy for the GreenSource product starting January 1, 2021; and

WHEREAS, on May 11, 2021, the City Council approved SJCE to establish a new low-cost service called GreenValue with rates set at parity with PG&E and a power mix of at least 36% renewable energy and 80% carbon-free energy, and approved SJCE to establish the SJ Cares program, which allows California Alternate Rates for Electricity (“CARE”) and Family Electric Rate Assistance (“FERA”) customers enrolled in GreenSource service to pay GreenValue rates; and

WHEREAS, on June 22, 2021, the City Council authorized the City of San José Financing Authority to issue no more than \$95 million in Commercial Paper Notes (“CP Notes”) to SJCE to finance power purchases and other operating costs; and

WHEREAS, SJCE desires to offer the product options and rates described in Table 4 and Table 5 of the Memorandum from the Director of Community Energy dated November 29, 2021; and

WHEREAS, SJCE has four rate structures – GreenValue, GreenSource, TotalGreen and SJ Cares Program – that are impacted by PG&E rate changes and PCIA rates; and

WHEREAS, the PG&E 2022 Energy Resource Recovery Account Forecast filings to the California Public Utilities Commission (“CPUC”) point to increases in PG&E generation rates and delivery charges; and

WHEREAS, the CPUC will vote on PG&E’s rate changes before the end of December 2021 and the new rates will be effective on January 1, 2022; and

WHEREAS, all California electric customers pay the PCIA fee to cover above market generation costs of investor-owned utilities, and SJCE customers only pay for those above market costs attributable to generation acquired prior to being enrolled in SJCE; and

WHEREAS, PG&E's PCIA fees have risen over 900% between 2013 and 2021 and 41% from 2020 to 2021, resulting in a monthly PCIA fee of \$20.80 for the average residential customer in San José using 482 kWh per month, but the PCIA fee is forecasted to decrease beginning in January 2022 resulting in a monthly PCIA fee of \$5.52 for the average residential customer in San José using 482 kWh per month; and

WHEREAS, staff recommends that the City amend SJCE's rate and service options as described in Table 4 (Plan A) of the Memorandum from the Director of Community Energy dated November 29, 2021. However, if the CPUC delays the implementation of the approved PG&E rate changes and PCIA change, staff recommends that the City amend SJCE's rate and service options as described in Table 5 (Plan B) of the Memorandum from the Director of Community Energy dated November 29, 2021, which will allow SJCE to set interim rates until PG&E's rate changes and PCIA fee changes are implemented and will ensure that revenues cover costs so that SJCE avoids reaching the \$95 million maximum approved amount of CP Notes; and

WHEREAS, the City desires to amend SJCE's rate and service options to further reduce greenhouse gas emissions, promote equity, address customer cost concerns, and strengthen SJCE's financial resiliency;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

- (a) The City amends San José Clean Energy's (SJCE) rate and service options as follows (Plan A) beginning January 1, 2022:
 - (1) Increasing the renewable energy content for SJCE's GreenSource standard service to 60% and continuing to set rates at 8% above Pacific

- Gas & Electric (PG&E) generation rates after accounting for the Franchise Fee Surcharge and the Power Charge Indifference Adjustment (PCIA);
- (2) Increasing the renewable content for SJCE's lowest-cost service GreenValue to 40% and continuing to set rates at parity to PG&E generation rates after accounting for the Franchise Fee Surcharge and the PCIA;
 - (3) Continuing to set rates for TotalGreen, SJCE's 100% renewable energy service, at \$0.005 or \$0.01 per kilowatt-hour above GreenSource, depending on rate class; and
 - (4) Amending the rate for the SJ Cares program, which is open to California Alternate Rates for Electricity and Family Electric Rate Assistance customers, to 5% below PG&E generation rates after accounting for the Franchise Fee Surcharge and the PCIA while continuing to provide SJ Cares customers with GreenSource renewable content.

If there is a delay in the implementation of PG&E's rate change and PG&E's PCIA change:

- (b) The City amends SJCE rate and service options as follows (Plan B) beginning January 1, 2022, provided that SJCE adopt Plan A as soon as is practically reasonable after PG&E's rate change and PCIA change are implemented:
 - (1) Increasing the renewable energy content for SJCE's GreenSource standard service to 60% and set rates at 30% above PG&E generation rates after accounting for the Franchise Fee Surcharge and the PCIA;
 - (2) Increasing the renewable content for SJCE's lowest-cost service GreenValue to 40% and continuing to set rates at parity with PG&E generation rates after accounting for the Franchise Fee Surcharge and the PCIA;

- (3) Continuing to set rates for TotalGreen, SJCE's 100% renewable energy service, at \$0.005 or \$0.01 per kilowatt-hour above GreenSource, depending on rate class; and
- (4) Continuing to set rates for the SJ Cares program, which is open to California Alternate Rates for Electricity and Family Electric Rate Assistance customers, at parity with PG&E generation rates after accounting for the Franchise Fee Surcharge and the PCIA while continuing to provide SJ Cares customers with GreenSource renewable content.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk