

Community Energy Department

Lori Mitchell, Director

MISSION

To procure clean, cost-effective energy for the benefit of its customers

CITY SERVICE AREA

Environmental and Utility Services

CORE SERVICES

COMMUNITY ENERGY COMMUNITY PROGRAMMING

To establish San José-specific renewable energy and local renewable energy efficiency programs

COMMUNITY ENERGY CUSTOMER SUPPORT

Provide exceptional customer experience by educating and communicating effectively with customers, the public, and the media

PROVIDING CLEAN ENERGY TO THE COMMUNITY

Promote enhanced sustainable energy practices by providing the community with cleaner energy options, resources, and education

Strategic Support: Administration, Financial Management, Information Technology, Human Resources, and Pandemic Response

Community Energy Department

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Providing Clean Energy to the Community Core Service</i>	
Community Energy Renewable Energy Supply	Procures renewable energy, such as solar, thermal, geothermal, and biomass.
Community Energy Conventional Energy Supply	Procures conventional energy, such as natural gas.
Community Energy Hydro Power Supply	Procures hydro power supply energy, such as large hydro and Greenhouse Gas-free energy
Community Energy Power Scheduling and Other Supply	Manages grid and California Independent System Operator (ISO) charges.
Community Energy Risk Management	Manages and mitigates potential power supply risk to which the Department and City are exposed.
Community Energy Regulatory Compliance	Manages local, state, and federal regulatory compliance and advocacy to ensure compliance with all regulations and to advance City objectives.
<i>Community Energy Customer Support Core Service</i>	
Community Energy Marketing and Public Affairs	Provides direct communication to customers, the public, and media.
Community Energy Data and Call Center Management	Manages energy data and billing accuracy and provides resolution to Call Center customer escalations.
<i>Community Energy Community Programming Core Service</i>	
Local Energy Programs	Provides San José-specific energy programs to reduce carbon and provide additional benefits to the community.
<i>Strategic Support Core Service</i>	
Community Energy Management and Administration	Provides executive-level, analytical, and administrative support to the Department.
Community Energy Financial Management	Manages the budget and all financial transactions for the department; assists in annual budget development.
Community Energy Human Resources	Manages personnel-related functions for the department, including hiring (in coordination with the Human Resources Department), employee development, employee discipline (in coordination with the Office of Employee Relations), and personnel transactions.
Community Energy Information Technology	Provides information technology services, planning, system development, and maintenance for the department in coordination with the Information Technology Department.
Community Energy Legal Support	Manages all legal support functions for the Department.
Community Energy Pandemic Response	Provides for the coordination and delivery of emergency services and recovery activities in response to the COVID-19 pandemic.

Community Energy Department

Department Budget Summary

Expected 2022-2023 Service Delivery

- Provide cost effective electric generation rates by procuring cleaner electric supplies, offer customers at least one power mix option at ten percent or more renewables than PG&E, and offer at least one power mix option that is 100 percent renewable.
- Ensure new electrical infrastructure constructed as part of major development projects are designed and constructed to improve grid resiliency and enable high utilization of renewable energy resources.
- Execute prudent financial management practices, including the implementation of effective cost controls and engagement in the regulatory and legislative process, to ensure the long-term financial stability of the San José Clean Energy (SJCE) program.
- Develop San José-specific energy and programs that reduce carbon, maintain and expand utility programs for low-income customers, and support local renewable energy projects in compliance with regulatory obligations.
- Support Climate Smart San José by aiming to reduce carbon emissions.

2022-2023 Key Budget Actions

- Adds 1.0 Senior Power Resources Specialist position to support power resources procurement. The Power Resources team manages a portfolio of energy products totaling \$280 million annually and 100 contracts valued at \$1.5 billion. With power costs increasing, this team is focused on optimizing energy procurement to maximize value and minimize costs to support an improved financial performance for San José Clean Energy. As part of this effort, this team will seek to secure additional long-term energy contracts with renewables and storage over the next three to five years. A recent decision by the California Public Utilities Commission requires Investor-Owned Utilities and Community Choice Aggregators to procure long-duration storage resources in 2023-2026.
- Adds 1.0 Analyst I/II position to support the department's human resources, recruiting and administrative functions. This position will report directly to a Division Manager and will be responsible for coordinating recruitments, training and development, safety and workers' compensation issues, and provide overall office management support to the Department.
- Adds 1.0 Accountant I/II position to provide additional support to the Department's fiscal/accounting team. As the department's energy portfolio grows (i.e., the quantity and dollar value of contracts), so too does the complexity of the maintenance, reporting, and monitoring requirements of the financials for the San José Clean Energy Operating Fund. The Budget and Financial Planning team manages the fiscal needs of this fund that generates approximately \$335 million in energy sales and \$300 million in energy costs. This Accountant will support the Senior Accountant with maintaining day-to-day accounting transactions and monthly cash analysis; preparing financial statements; ensuring accurate and timely month-end closes; and reviewing, tracking, and reporting monthly revenue, expenses, and net income to stakeholders.

Operating Funds Managed

- San José Clean Energy Fund

Community Energy Department

Department Budget Summary

	2020-2021 Actuals ***	2021-2022 Adopted ****	2022-2023 Forecast	2022-2023 Adopted
Dollars by Core Service				
Community Energy Community Programming	177,064	1,521,961	5,687,411	5,687,411
Community Energy Customer Support	7,190,479	8,615,583	7,924,692	7,924,692
Providing Clean Energy to the Community	278,379,158	289,678,802	314,277,796	297,560,320
Strategic Support - Environmental & Utility Services	3,327,312	5,978,026	4,888,487	7,114,013
Strategic Support - Other - Environmental & Utility Services	13,180,062	3,953,884	6,386,977	6,525,910
Total	\$302,254,075	\$309,748,256	\$339,165,363	\$324,812,346
Dollars by Category				
Personal Services and Non-Personal/Equipment				
Salaries/Benefits	5,759,392	7,524,543	7,720,585	8,198,635
Overtime	2,023	0	0	0
Subtotal Personal Services	\$5,761,415	\$7,524,543	\$7,720,585	\$8,198,635
Non-Personal/Equipment	6,557,795	9,437,801	9,137,801	9,146,801
Total Personal Services & Non-Personal/Equipment	\$12,319,210	\$16,962,344	\$16,858,386	\$17,345,436
Other Costs*				
City-Wide Expenses	23,917	0	0	1,431,000
Debt Service/Financing	11,088,500	1,400,000	3,926,000	3,926,000
General Fund Capital	0	0	0	0
Housing Loans and Grants	0	0	0	0
Other	276,730,886	288,832,028	315,920,000	299,510,000
Other - Capital	0	0	0	0
Overhead Costs	2,091,562	2,553,884	2,460,977	2,599,910
Total Other Costs	\$289,934,865	\$292,785,912	\$322,306,977	\$307,466,910
Total	\$302,254,075	\$309,748,256	\$339,165,363	\$324,812,346

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

** The positions displayed in the 2020-2021 Actuals column reflect those included in the 2020-2021 Adopted Budget.

*** 2020-2021 Actuals may not subtotal due to rounding.

**** The amounts in the 2021-2022 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

Community Energy Department

Department Budget Summary

	<u>2020-2021</u> <u>Actuals ***</u>	<u>2021-2022</u> <u>Adopted ****</u>	<u>2022-2023</u> <u>Forecast</u>	<u>2022-2023</u> <u>Adopted</u>
Dollars by Fund				
General Fund (001)	23,917	300,000	0	1,431,000
Coronavirus Relief Fund (401)	7,527	0	0	0
American Rescue Plan Fund (402)	0	500,000	0	490,000
San José Clean Energy Operating Fund (501)	302,222,631	308,948,256	339,165,363	322,891,346
Total	\$302,254,075	\$309,748,256	\$339,165,363	\$324,812,346
Positions by Core Service**				
Community Energy Community Programming	1.00	2.00	2.00	2.00
Community Energy Customer Support	8.34	9.34	8.00	8.00
Providing Clean Energy to the Community	11.51	14.51	12.00	13.00
Strategic Support - Environmental & Utility Services	8.15	11.15	15.00	17.00
Total	29.00	37.00	37.00	40.00

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*** 2020-2021 Actuals may not subtotal due to rounding.

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Community Energy Department

Department Budget Summary

	2020-2021 Actuals**	2021-2022 Adopted	2022-2023 Forecast	2022-2023 Adopted	2022-2023 Adopted Positions
Dollars by Program*					
Community Energy Community Programming					
Local Energy Programs	177,064	1,521,961	5,687,411	5,687,411	2.00
Sub-Total	177,064	1,521,961	5,687,411	5,687,411	2.00
Community Energy Customer Support					
Community Energy Data and Call Center Management	6,001,936	6,715,275	6,360,369	6,360,369	2.50
Community Energy Marketing and Public Affairs	1,188,543	1,900,308	1,564,323	1,564,323	5.50
Sub-Total	7,190,479	8,615,583	7,924,692	7,924,692	8.00
Providing Clean Energy to the Community					
Community Energy Conventional Energy Supply	188,217,806	168,469,805	218,216,167	203,648,167	0.75
Community Energy Hydro Power Supply	3,116,497	3,910,780	61,692,337	61,286,337	1.50
Community Energy Power Scheduling and Other Supply	61,151,060	74,216,698	16,709,195	16,625,195	0.25
Community Energy Regulatory Compliance	609,171	1,511,439	1,198,598	1,198,598	5.00
Community Energy Renewable Energy Supply	25,178,918	41,570,080	15,944,937	14,285,461	2.50
Community Energy Risk Management	105,706	0	516,562	516,562	3.00
Sub-Total	278,379,158	289,678,802	314,277,796	297,560,320	13.00
Strategic Support - Environmental & Utility Services					
Community Energy Financial Management	837,590	792,759	1,425,937	1,571,074	8.00
Community Energy Human Resources	250	0	0	0	0.00
Community Energy Information Technology	(2,483)	571,001	0	0	0.00
Community Energy Legal Support	486,932	0	500,000	500,000	0.00
Community Energy Management and Administration	1,973,579	4,114,266	2,962,550	4,552,939	9.00
Community Energy Pandemic Response	31,444	500,000	0	490,000	0.00
Sub-Total	3,327,312	5,978,026	4,888,487	7,114,013	17.00
Strategic Support - Other - Environmental & Utility Services					
Community Energy Debt/Financing Costs	11,088,500	1,400,000	3,926,000	3,926,000	0.00
Community Energy Overhead	2,091,562	2,553,884	2,460,977	2,599,910	0.00
Sub-Total	13,180,062	3,953,884	6,386,977	6,525,910	0.00
Total	\$302,254,075	\$309,748,256	\$339,165,363	\$324,812,346	40.00

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** 2020-2021 Actuals may not subtotal due to rounding.

Community Energy Department

Budget Reconciliation

Personal Services and Non-Personal/Equipment

(2021-2022 Adopted to 2022-2023 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2021-2022):	37.00	16,962,344	300,000
<hr/> Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• New Franchise Fee Agreement Review		(300,000)	(300,000)
One-time Prior Year Expenditures Subtotal:	0.00	(300,000)	(300,000)
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes:		196,042	0
Technical Adjustments Subtotal:	0.00	196,042	0
2022-2023 Forecast Base Budget:	37.00	16,858,386	0
<hr/> Budget Proposals Approved			
1. Community Energy Power Procurement Staffing	1.00	182,524	0
2. Community Energy Human Resources and Administration Staffing	1.00	159,389	0
3. Community Energy Budget and Financial Planning Staffing	1.00	145,137	0
Total Budget Proposals Approved	3.00	487,050	0
2022-2023 Adopted Budget Total	40.00	17,345,436	0

Community Energy Department

Budget Changes by Department

Personal Services and Non-Personal/Equipment

2022-2023 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Community Energy Power Procurement Staffing	1.00	182,524	0

***Environmental and Utility Services CSA
Providing Clean Energy to the Community Core Service
Community Energy Renewable Energy Supply Program***

This action adds 1.0 Senior Power Resources Specialist. The Power Resources team manages a portfolio of energy products totaling \$280 million annually and 100 contracts valued at \$1.5 billion. This action will bring the total number of Senior Power Resources Specialists on this team to 2.0 positions. With power costs increasing, this team is focused on optimizing energy procurement to maximize value and minimize costs to support an improved financial performance for San José Clean Energy. As part of this effort, this team will seek to secure additional long-term energy contracts with renewables and storage over the next three to five years, which aligns with a recent decision by the California Public Utilities Commission requires Investor-Owned Utilities and Community Choice Aggregators to procure long-duration storage resources in 2023-2026 to better meet forecasted demand. Currently the team manages three contracts, two of which began operations in December 2021. (Ongoing costs: \$215,427)

2. Community Energy Human Resources and Administration Staffing	1.00	159,389	0
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***Environmental and Utility Services CSA
Strategic Support – Environmental and Utility Services Core Service
Community Energy Management and Administration Program***

This action adds 1.0 Analyst I/II to support the department's human resources, recruiting and administrative functions. This position will report directly to a Division Manager and will be responsible for coordinating recruitments, training and development, safety and workers' compensation issues, as well as support overall resource planning and office management for the department. (Ongoing costs: \$156,389)

Community Energy Department

Budget Changes by Department

Personal Services and Non-Personal/Equipment



2022-2023 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
3. Community Energy Budget and Financial Planning Staffing	1.00	145,137	0
<i>Environmental and Utility Services CSA Strategic Support – Environmental and Utility Services Core Service Community Energy Financial Management Program</i>			
<p>This action adds 1.0 Accountant I/II to augment the department’s fiscal/accounting functions. As the department’s energy portfolio grows (i.e., the quantity and dollar value of contracts), so too does the complexity of the maintenance, reporting, and monitoring requirements of the financials for the San José Clean Energy Operating Fund. The Budget and Financial Planning team manages the fiscal needs of this fund that generates approximately \$335 million in energy sales and \$300 million in energy costs. This Accountant will support the Senior Accountant with duties that include: maintaining day-to-day accounting transactions and monthly cash analysis; preparing financial statements; ensuring accurate and timely month-end closes; and reviewing, tracking, and reporting monthly revenue, expenses, and net income to stakeholders (e.g., Risk Oversight Committee, Finance Department and the City Manager’s Budget Office, and banks/credit facilities). (Ongoing costs: \$155,057)</p>			
2022-2023 Adopted Budget Changes Total	3.00	487,050	0

Community Energy Department

Performance Summary

Community Energy Customer Support

Performance Measures

	2020-2021 Actual	2021-2022 Target	2021-2022 Estimated	2022-2023 Target
 % of customers who opt out ¹	2.63%	<5%	3.05%	<5%
 % of customers that opt up to TotalGreen (100% renewable energy service)	0.38%	0.50%	0.44%	0.50%

¹ When the San José Clean Energy (SJCE) program initially launched, San José customers were automatically enrolled, or opted in, to the program. Customers do have the option to leave, or opt out, of SJCE service at any time during the year.

Activity and Workload Highlights



	2020-2021 Actual	2021-2022 Forecast	2021-2022 Estimated	2022-2023 Forecast
Number of customers that opt up to TotalGreen (100% renewable energy service)	1,333	1,500	1,540	1,765
Number of San José Clean Energy customers	349,214	340,000	351,000	353,000

Community Energy Department

Performance Summary


Providing Clean Energy to the Community

Performance Measures

	2020-2021 Actual	2021-2022 Target	2021-2022 Estimated	2022-2023 Target
 San José Clean Energy mix supplied:				
- Renewable Energy	55%	54%	60%	60%
- Carbon Free	90%	89%	95%	95%
 PG&E mix supplied (as compared with San José Clean Energy above):				
- Renewable Energy	30.6% ²	N/A ¹	49% ³	N/A ¹
- Carbon Free	83.5% ²	N/A ¹	92% ³	N/A ¹
¹ Information is reported for actual data only.				
² Data reflects PG&E information reported for calendar year 2020.				
³ Data reflects PG&E information reported for calendar year 2021.				

Strategic Support

Performance Measures

	2020-2021 Actual	2021-2022 Target	2021-2022 Estimated ¹	2022-2023 Target
 % customer savings compared to PG&E	-0.1%	-6.3%	-8.4%	-5.7%

Activity and Workload Highlights

	2020-2021 Actual	2021-2022 Forecast	2021-2022 Estimated ¹	2022-2023 Forecast
Total customer savings compared to PG&E	-\$0.52M	-\$27.6M	-\$38.2M	-\$27.9M

¹ Reflects a price increase of 8% above PG&E's rate increase of approximately 35% inclusive of the Power Charge Indifference Adjustment, which was approved by City Council in December 2021.

Community Energy Department

Department Position Detail

Position	2021-2022 Adopted	2022-2023 Adopted	Change
Accountant II	0.00	1.00	1.00
Accounting Technician	1.00	1.00	-
Analyst I/II	4.00	5.00	1.00
Assistant Director	1.00	1.00	-
Associate Engineer	1.00	1.00	-
Deputy Director	3.00	3.00	-
Director of Community Energy	1.00	1.00	-
Division Manager	3.00	3.00	-
Power Resources Specialist I/II	5.00	5.00	-
Principal Power Resources Specialist	2.00	2.00	-
Program Manager I	1.00	1.00	-
Public Information Manager	1.00	1.00	-
Public Information Representative II	3.00	3.00	-
Senior Account Clerk	1.00	1.00	-
Senior Accountant	1.00	1.00	-
Senior Analyst	2.00	2.00	-
Senior Environmental Program Manager	1.00	1.00	-
Senior Power Resources Specialist	2.00	3.00	1.00
Senior Public Information Representative	1.00	1.00	-
Staff Specialist	3.00	3.00	-
Total Positions	37.00	40.00	3.00