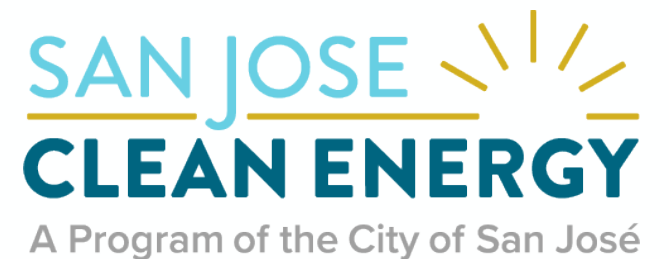


MUNICIPAL CODE & ENERGY RISK MANAGEMENT POLICY REVISIONS

March 23, 2023

Zach Struyk, Assistant Director



OVERVIEW

- Title 26 Revisions
- Energy Risk Management Policy Revisions

BACKGROUND

Title 26 of San Jose Municipal Code and Energy Risk Management Policy (ERMP) work together to ensure CED manages risks related to SJCE's power product procurement.

Governing Documents	Objectives	Approval Authority	Review
Title 26, San Jose Municipal Code	Establishes operational parameters for power procurement and rate setting	Approved through Ordinance by the City Council	Amendments as necessary
Energy Risk Management Policy	Prescribes organization, authority, and processes for risk management	Approved by the City Council	Reviewed annually or as necessary

TITLE 26 SUMMARY OF REVISIONS

- Power product procurement and contract authority
- Rate change and noticing requirements
- Billing and payment
- Reports to Council
- Drafting improvements



TITLE 26 – PROPOSED REVISIONS

- **Title 26 Revisions – Procurement Authority of Power Products**
 - Delete Director of Community Energy authority to buy \$500,000 of power per day
 - Authorize the City Manager or designee to execute short-term (3 years or less) and medium-term agreements (more than 3 years and less than 10 years), and Master Power Purchase and Sale Agreements
 - Authorize the Director of Community Energy or designee to execute short-term agreements
 - Council must approve all long-term agreements with term of 10 years or more

Changes enable SJCE to procure power in forward markets within approved coverage ratios and negotiate short and medium term agreements at the pace required by the market, within approved budgeted appropriations.

TITLE 26 – PROPOSED REVISIONS (CONTD.)

- **Title 26 Revisions – Rates and Charges for Electricity**
 - Rates established at least on an annual basis by resolution of City Council
 - Remove the limitation that rates may not be increased more than twice in any fiscal year
 - Revisions to noticing requirements
 - Change requirement to send notice directly to customers from 45-30 days to at least 15 days before rate hearing
 - Add requirement to post rate changes on SJCE's website and at City Hall at least 15 days before rate hearing
 - Noticing requirement exemptions for rate increase when rates are set with reference to IOU rates and rate increase, inclusive of PCIA, is not more than 10% (instead of 5%).

TITLE 26 – PROPOSED REVISIONS (CONTD.)

- **Title 26 Revisions – Billing and Payment**
 - Make application of late charges for non-payment optional (instead of mandatory).
 - Allow option to return to PG&E service, customers who fail to bring their account current (instead of mandatory); Extend the payment cure period for customers from 30 days to 90 days.
- **Other Revisions**
 - Drafting improvements in Title 2, Part 46 Functions, Powers and Duties of CED Director, and Title 26

ENERGY RISK MANAGEMENT POLICY REVISIONS

- **Substantive revisions:**
 - Procurement authority for power products revised consistent with Muni Code amendments
 - Power Products definition expanded to include "energy load shaping, transmission, import capability, etc."
 - Addition of term limits on procurement authority
 - Addition of procurement procedures

QUESTIONS?

