

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE SETTING SAN JOSE CLEAN ENERGY'S POWER MIX AND RATES EFFECTIVE FEBRUARY 15, 2024; EXPANDING THE SJ CARES PROGRAM TO CUSTOMERS OF AFFORDABLE HOUSING UNITS AND, AS A PILOT PROGRAM, TO UP TO 1,000 CUSTOMERS THAT PARTICIPATE IN THE COUNTY OF SANTA CLARA'S HOMELESSNESS PREVENTION PROGRAM; AND APPROVING THE IMPLEMENTATION OF AN EMERGENCY BILL RELIEF PILOT PROGRAM

WHEREAS, the City 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 San José businesses and residents in February 2019; and

WHEREAS, on November 7, 2017, the 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 authorized SJCE to set rates for the default GreenSource product to be one percent below Pacific Gas and Electric Company's ("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 November 17, 2020, the City Council authorized 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 to set GreenSource rates at 0.25 percent below PG&E's generation rates, after accounting for all PG&E added fees, including the PCIA and Franchise Fee Surcharge, across all rate classes; and

WHEREAS, on May 11, 2021, the City Council authorized 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 percent renewable energy and 80 percent carbon-free energy, and approved SJCE to establish the SJ Cares program, which allowed California Alternate Rates for Energy and Family Electric Rate Assistance customers enrolled in GreenSource service to pay GreenValue rates; and

WHEREAS, on December 14, 2021, the City Council authorized SJCE to amend its rate and service options, beginning January 1, 2022, according to Plan A, as described in the Memorandum from the Director of the Community Energy Department, dated November 29, 2021, if there was no delay in PG&E's rate-setting process, or Plan B, as described in the Memorandum from the Director of the Community Energy Department, dated November 29, 2021, if there was a delay in PG&E's rate-setting process; and

WHEREAS, on January 1, 2022, SJCE implemented Plan B due to delays in PG&E's rate-setting process, and on March 1, 2022, SJCE adopted Plan A once PG&E's rate and PCIA changes became effective; and

WHEREAS, on June 28, 2022, the City Council authorized SJCE to modify Plan A of the 2022 rates in response to the June 1, 2022, rate changes by PG&E; and

WHEREAS, on December 6, 2022, the City Council approved SJCE's rates for 2023 based on a cost-of-service methodology, an industry-accepted framework that assigns or allocates costs to each customer class served by a utility, but at that time, PG&E's rates and PCIA for 2023 had not been finalized, and also approved setting rates for SJ Cares at 10 percent below SJCE's GreenSource rates and transferred customers from the GreenValue service to GreenSource; and

WHEREAS, on December 29, 2022, PG&E submitted Advice Letter number 6805-E with its final rates and fees, effective January 1, 2023, which included the final PCIA, incorporating the approved methodology from the December 15, 2022 California Public Utility Commission (“CPUC”) decision, and on February 27, 2023, PG&E submitted Supplemental Advice Letter number 6863-E with its final rates and fees, effective March 1, 2023; and

WHEREAS, on May 2, 2023, the City Council approved the revision of SJCE rates, inclusive of the PCIA and Franchise Fee Surcharge, for GreenSource, TotalGreen, and SJ Cares, and also approved expanding the SJ Cares program to include customers on non-residential rates; and

WHEREAS, on May 15, 2023, PG&E filed an application with the CPUC to adopt electric revenue requirements and rates associated with its 2024 Energy Resource Recovery Account (“ERRA”) application, and updated ERRA testimony on October 16, 2023 and October 23, 2023; on December 14, 2023 the CPUC issued a decision adopting the 2024 ERRA application; and on December 29, 2023, PG&E issued its Annual Electric True-Up advice letter to formally update the CPUC-approved electric rates, effective January 1, 2024; and

WHEREAS, the City desires to amend SJCE’s rates for 2024 according to the rate schedules outlined in Attachments A, B, and C of the Memorandum from the Director of the Energy Department dated January 16, 2024 (“Memorandum”), while offering the same service options in 2024 that were available in 2023, in order to cover SJCE’s forecasted cost of service and contribute modestly to continuing to build operating reserves; and

WHEREAS, TotalGreen is SJCE’s 100 percent renewable energy product, which customers can choose to upgrade to for a \$0.01 per kilowatt-hour premium, and, in

order to compete with PG&E's rates for a 100 percent renewable energy product that was available when SJCE launched service, SJCE set the TotalGreen premium for medium and large commercial customers at \$0.0005 per kilowatt-hour; and

WHEREAS, in light of SJCE's adoption of a cost-of-service rate structure and recent increases in the cost of renewable energy credits which SJCE must purchase to comply with state goals, the City desires to align the premium for medium and large commercial tariffs with all other TotalGreen tariffs at \$0.01/kilowatt-hour, ensuring that these customers pay the true cost of serving them and help ensure a consistent, equitable structure across all rate classes; and

WHEREAS, since launching service to most San José residents and businesses in 2019, SJCE's renewable power content has increased by about 75 percent, from 33.9 percent to 59.2 percent in 2022, and the City desires to maintain a renewable power mix target of 60 percent in 2024; and

WHEREAS, as San José continues to experience an affordability crisis, the City desires to expand the SJ Cares electricity monthly rate discount program to 16,854 affordable housing units for families, seniors, and special needs individuals, and to conduct a one-year pilot starting in the third quarter of Fiscal Year 2023-2024 whereby approximately 1,000 customers who participate in the County of Santa Clara's Homelessness Prevention Program will be enrolled into SJ Cares and receive the discount for one year following their receipt of housing assistance through the Homelessness Prevention Program; and

WHEREAS, the City also desires to launch an Emergency Bill Relief pilot program in the first quarter of 2024 that will provide electricity bill assistance to 100 residential customers at risk of disconnection, screened by Sacred Heart Community Services and 19 partner organizations serving the County of Santa Clara's Homelessness Prevention

Program, whereby SJCE will provide a credit of up to \$1,600 directly to the applicant's utility account in order to eliminate overdue balances owed to SJCE and PG&E and temporarily avert disconnection as well as a smaller bill credit for three months following the initial credit;

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

- A. San José Clean Energy's rate-setting methodology and service options are hereby amended as follows:
1. Maintain the renewable energy content of GreenSource at 60 percent renewable and set rates, inclusive of the Power Charge Indifference Adjustment and Franchise Fee Surcharge, according to the rate schedule in Attachment A to the Memorandum, effective February 15, 2024;
 2. Set the rate for TotalGreen to \$0.01 per kilowatt-hour above GreenSource for all rate schedules according to the rate schedule in Attachment B to the Memorandum, effective February 15, 2024, while maintaining the renewable energy content of TotalGreen at 100 percent renewable; and
 3. Maintain the renewable energy content of SJ Cares at 60 percent renewable and set rates, inclusive of the Power Charge Indifference Adjustment and Franchise Fee Surcharge, at a 10 percent discount to GreenSource rates, according to the rate schedule in Attachment C to the Memorandum, effective February 15, 2024.
- B. The SJ Cares program, which is open to residential and commercial customer who are enrolled in state bill assistance programs California Alternate Rates for

Energy and Family Electric Rate Assistance, is hereby expanded to customers who are residents of the 16,854 affordable housing units shown in Attachment D to the Memorandum and, as a pilot for 12 months, to up to 1,000 customers that participate in the County of Santa Clara's Homelessness Prevention Program.

- C. The implementation of an Emergency Bill Relief pilot program is hereby approved, with a budget not to exceed \$150,000 in calendar year 2024, in order to forestall Pacific Gas and Electric's electricity disconnections for approximately 100 residential customers by providing a credit of up to \$1,600 directly to a resident's utility account and smaller credits for three subsequent months.

ADOPTED this _____ day of _____, 2024, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk