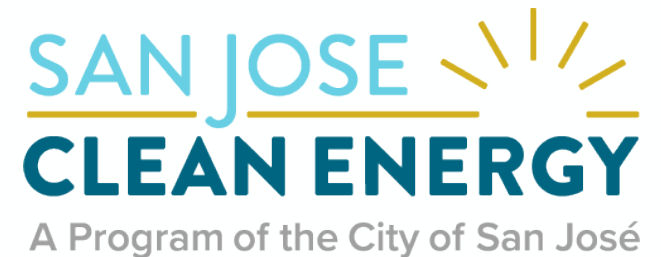


2024 POWER MIX AND RATES

City Council

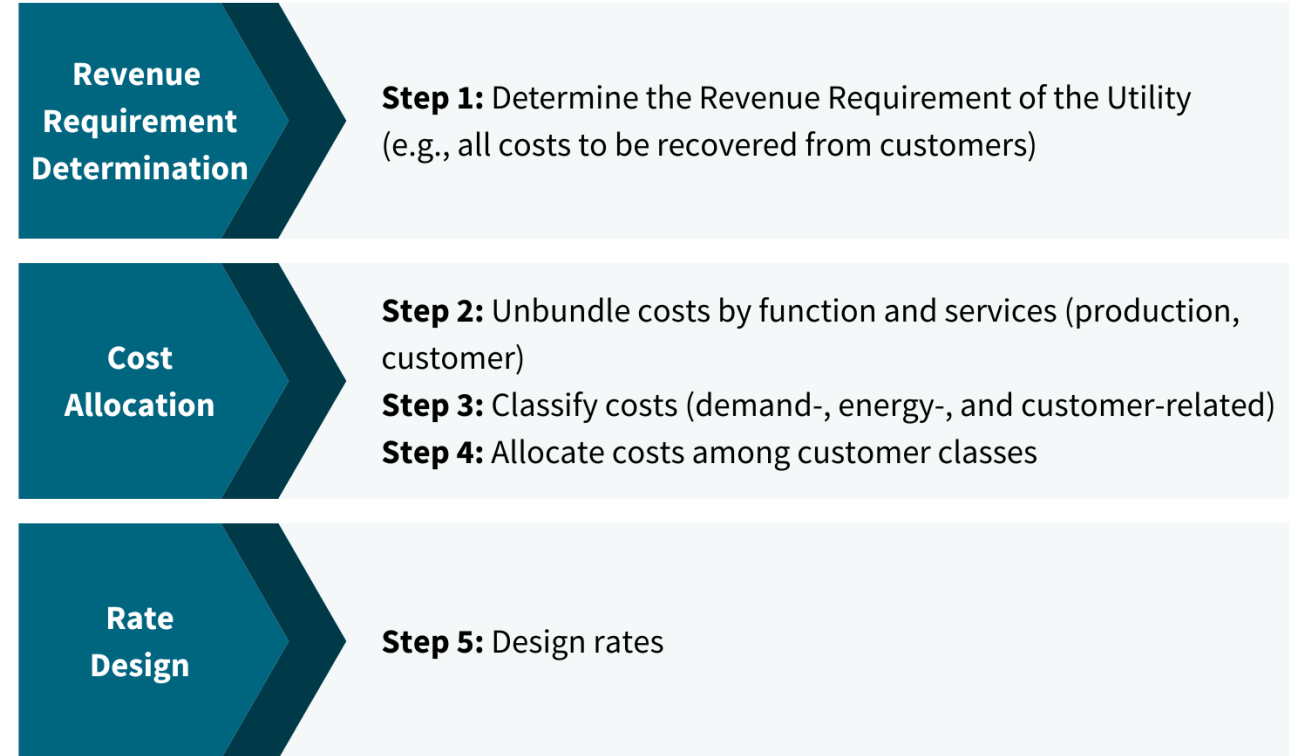
February 6, 2024

Lori Mitchell, Director
Zach Struyk, Assistant Director
Lina Williams, Deputy Director Account Management & Marketing



RATE-SETTING GOALS

1. Offer competitive and stable rates
2. Use cost-of-service model for setting rates
3. Build reserves to at least 180 days of operating expenses*



* [San José Clean Energy Financial Reserves Policy](#)

2024 SJCE REVENUE REQUIREMENT

Power Supply – costs up more than \$100 million compared with 2023 (Resource Adequacy main cost driver)

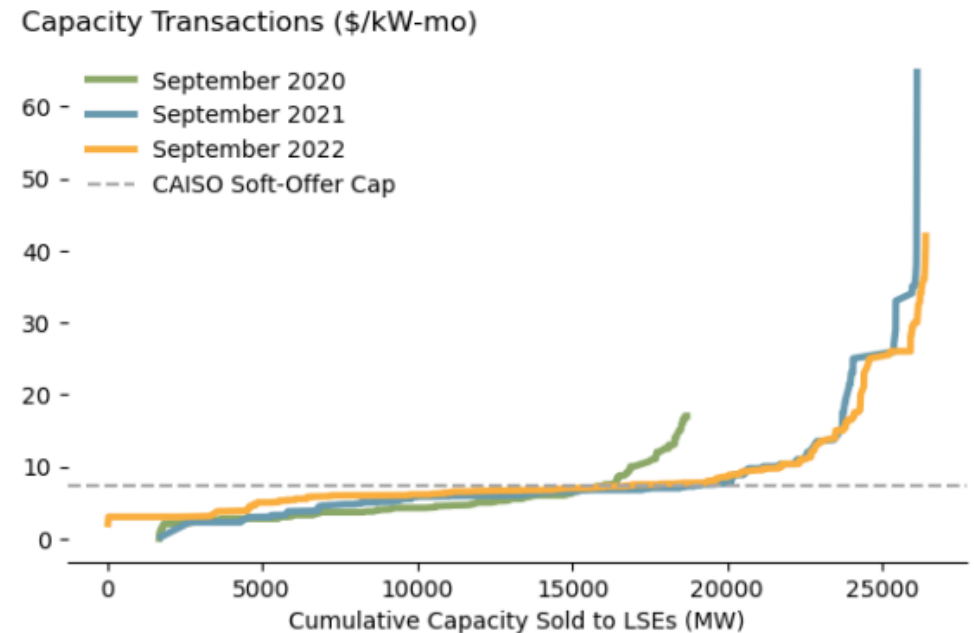
	CY 2023 Costs (Millions)	Forecasted CY 2024 Total Revenue Requirement (Millions)		
	Actual	Better	<i>Expected</i>	Worse
Power Supply Payments	\$363	\$468	\$483	\$513
Operations, General, Administrative and Interest Payments	\$19	\$22	\$22	\$22
Programs	\$2*	\$8	\$8	\$8
Total	\$384	\$498	\$513	\$543

*Primarily CPUC-funded energy efficiency and Solar Access programs

RESOURCE ADEQUACY

- **Resource adequacy (RA)** ensures there is enough capacity and reserves for the grid operator to maintain a balanced supply and demand across the electric system.
- **A shortfall in RA supply has led to market scarcity and skyrocketing prices**
- Load Serving Entities like SJCE are required to buy RA at any price and are penalized if they don't. Sellers can set extraordinary prices knowing those required to buy RA don't want to receive penalties.
- **SJCE's budget for RA has increased** as a result
- The tight market is expected to continue for a few years until new resources are built and generating

Rise in average RA prices is due to increase in extreme price transactions



Source: Figure 5 on p. 10 of CalCCA Stack Analysis, Updated August 2023, found here: https://cal-cca.org/wp-content/uploads/2023/09/CalCCA-Stack-Analysis-2023-2026-updated-9_15_23.pdf

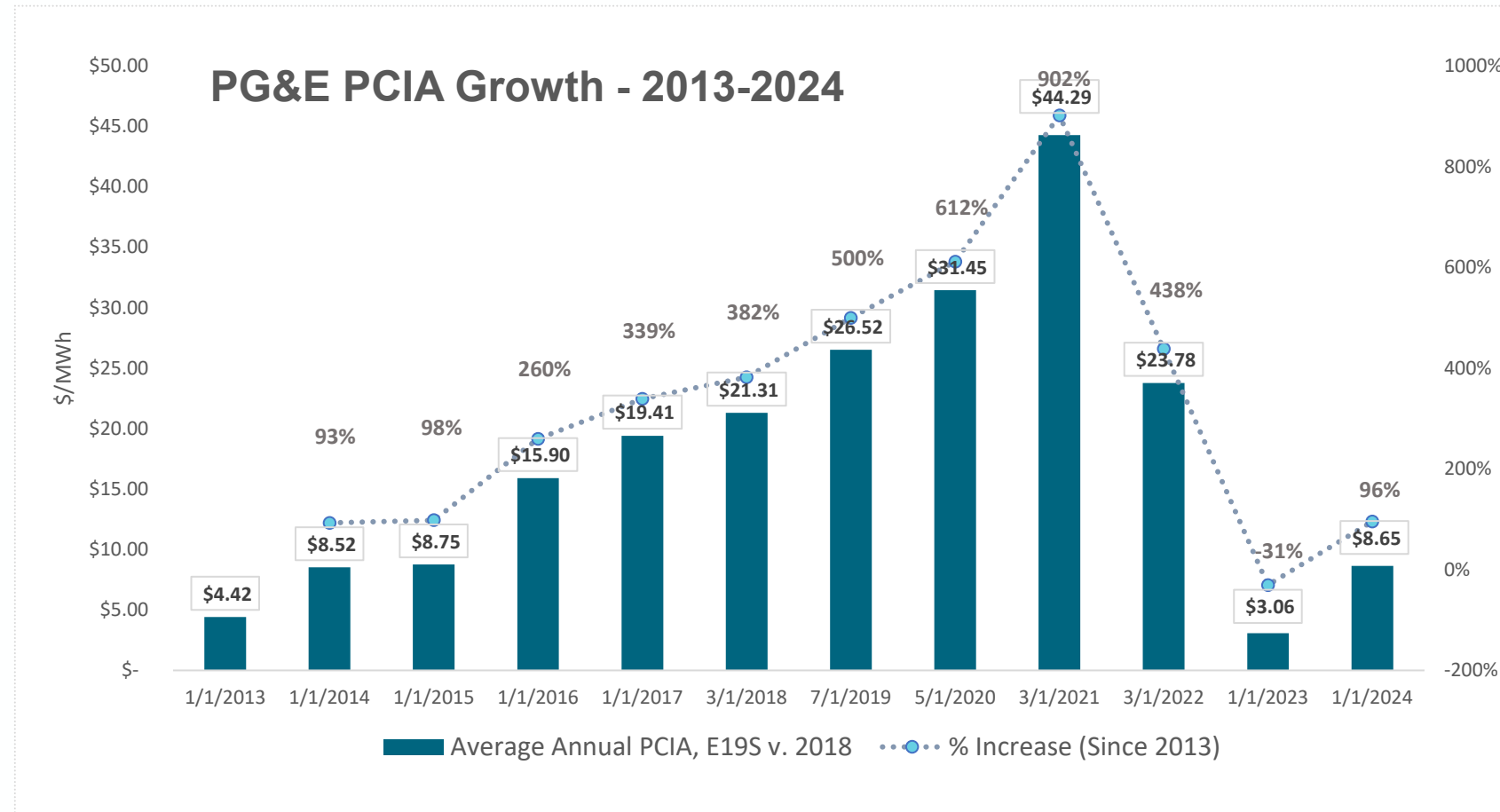
OPERATING RESERVE

Forecasted CY 2024 Ending Balances (\$ in Millions)			
	Better	<i>Expected</i>	Worse
CY 2024 Unrestricted Cash net of Commercial Paper Loan repayment*	\$230	\$215	\$185
Operating Reserve in Days @ \$1.4M per day, December 2024	164	153	132

Forecasted FY23-24 Ending Balances (\$ in Millions)			
	Better	<i>Expected</i>	Worse
FY23-24 Unrestricted Cash	\$248	\$241	\$226
Operating Reserve in Days @ \$1.4M per day, June 2024	177	173	161

POWER CHARGE INDIFFERENCE AMOUNT (PCIA) VOLATILITY

- In 2024, the PCIA is approximately \$8.89/MWh, up from 2023.
- PG&E will collect approximately \$23 million more from SJCE customers than in 2023.



Note that the PCIA value is the average PCIA for the year. The date is when the PCIA changed to reflect the new rate for the rest of the calendar year

STRATEGY: COMPETITIVE RATES, BUILD RESERVES, INVEST IN PROGRAMS

- Set GreenSource rates approximately 8% less than PG&E.
- PG&E's rates expected to drop significantly July 1, 2024.
- SJCE rate strategy should add approximately \$22 million to operating reserves in 2024.
- Includes \$6 million to start funding programs (more discussion at the Transportation and Environment Committee Meeting on March 4, 2024).

Difference from PG&E	Compared to 2023
-8.1%	7.6%

SJ CARES EXPANSION

- Expand eligibility to 17,926 affordable housing units.
 - Income limit ranges from 30-80% of area median income.
 - Two enrollment phases
- Pilot for the ~1,000 customers who participate in the County of Santa Clara's Homelessness Prevention Program will receive the discount for one year following their receipt of housing assistance.
- Annual reduced revenue to SJCE (customer savings) \$150k-\$590k.

EMERGENCY BILL RELIEF PILOT PROGRAM

- Bill credit up to \$1,600 for ~100 residents to wipe out any arrearages and 3 months of ongoing bill payments.
 - Ensure that PG&E will not disconnect their electric service.
- Pilot will be essential to streamline coordination between SJCE, PG&E, and partner agencies.



STAFF RECOMMENDATION

Adopt a resolution to:

- Effective February 15, 2024
 - Set GreenSource rates, inclusive of PG&E fees, at approximately 6.5-9.0% discount to PG&E, depending on customer class and usage.
 - Maintain SJ Cares rates at a 10% discount to GreenSource rates.
 - Maintain 60% renewable energy for GreenSource and SJ Cares.
 - Set the rate for TotalGreen to \$0.01/kWh above GreenSource for all rate schedules; maintain 100% renewable service.
- Expand the SJ Cares program to customers who are residents of 17,926 affordable housing units and, as a 12-month pilot, to up to 1,000 customers that participate in Santa Clara County's Homelessness Prevention Program.
- Approve the implementation of an Emergency Bill Relief pilot with a budget not to exceed \$150,000 in CY 2024.

2024 POWER MIX AND RATES

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