

2024 MID-YEAR RATE UPDATE

August 13, 2024



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SAN JOSE 
CLEAN ENERGY
A Program of the City of San José

STAFF RECOMMENDATION

Adopt a resolution to:

Effective August 15, 2024:

- Establish updated San José Clean Energy rates, inclusive of the Power Charge Indifference Adjustment and Franchise Fee Surcharge, for GreenSource, TotalGreen, and SJ Cares according to the rate schedule set forth in Attachments A, B, and C.
- Establish a Residential Super Off-Peak Charging Rate pilot program that creates a new rate plan called E-ELEC-SJ with a time-of-use period from 9 a.m. to 2 p.m. for up to one year.

BACKGROUND AND STRATEGY

- SJCE set rates at approximately 8% less than PG&E in Feb. 2024, after PG&E significantly raised their rates.
- As SJCE anticipated, PG&E's rates dropped substantially July 1.
- The proposed rates represent a reduction of 7% in SJCE generation charges, which will help SJCE remain competitive and result in most customers saving \$4.50 per month for a typical residential customer bill.
- The SJCE generation rates proposed also save most customers 1-3% relative to PG&E and maintain operating reserves.

RATE-SETTING GOALS

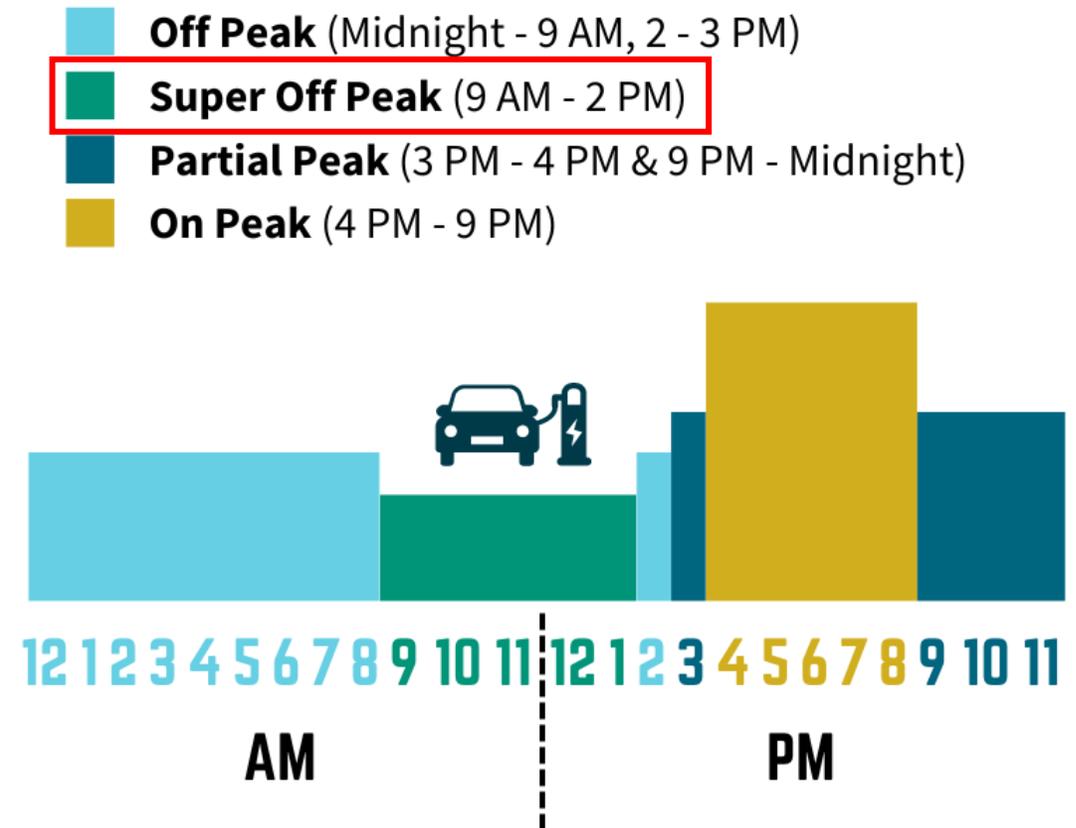
1. Offer competitive and stable rates
2. Use cost-of-service model for setting rates
3. Build reserves to at least 180 days of operating expenses*



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

RESIDENTIAL SUPER OFF-PEAK RATE PILOT

- Create new "E-ELEC-SJ" rate plan with the lowest rates from 9 a.m. to 2 p.m.
 - ~33% lower than off-peak and ~60% lower than peak rates
- Auto-enroll customers from E-ELEC
 - ~1,750 on 8/15 and ongoing as customers enroll in E-ELEC
 - Eligibility: must have an EV, battery, or heat pump; no legacy solar customers
- Study load and revenue impacts



OPERATING RESERVE

Forecasted FY23-24 Ending Balances

| | Better | Expected | Worse |
|--|--------------|--------------|--------------|
| FY23-24 Unrestricted Cash (millions)* | \$251 | \$249 | \$247 |
| Operating Reserve in Days, June 2024 | 215 | 214 | 212 |

**Table values exclude \$30 million in restricted cash allocated to an anticipated Rate Stabilization Reserve (RSR) being considered by City Council. If RSR is not adopted, values will be higher by that \$30 million*

- SJCE financial results year to date are slightly ahead of plan from February 16, 2024 presentation.
- SJCE accumulated reserves during mild spring months while PG&E's rates were higher.

PROJECTED FINANCIAL IMPACTS

Forecasted CY 2024 Ending Balances

| | Better | Expected | Worse |
|---|--------------|--------------|--------------|
| Unrestricted Cash (millions)* | \$240 | \$220 | \$200 |
| Operating Reserve in Days, December 2024 | 168 | 154 | 140 |

Forecasted FY 24-25 Ending Balances

| | Better | Expected | Worse |
|---|--------------|--------------|--------------|
| Unrestricted Cash (millions)* | \$277 | \$257 | \$237 |
| Operating Reserve in Days, June 2025 | 192 | 178 | 164 |

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