

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (A) AMENDING SAN JOSE CLEAN ENERGY'S GREENSOURCE DEFAULT PRODUCT BEGINNING MAY 15, 2021 BY INCREASING ITS RENEWABLE ENERGY CONTENT TO 55% AND INCREASING ITS RATES TO 8% ABOVE PACIFIC GAS AND ELECTRIC COMPANY'S (PG&E) GENERATION RATES; (B) ESTABLISHING A THIRD PRODUCT CALLED GREENVALUE, WITH RATES SET AT PARITY TO PG&E GENERATION RATES; AND (C) ESTABLISHING THE SJ CARES PROGRAM FOR CARE (CALIFORNIA ALTERNATE RATES FOR ELECTRICITY) AND FERA (FAMILY ELECTRIC RATE ASSISTANCE) CUSTOMERS, FOR WHOM GREENSOURCE GENERATION SERVICE WILL BE SET AT PARITY TO PG&E GENERATION RATES

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 San José Clean Energy ("SJCE"), under which SJCE may provide any rate designs or programs as approved by the City Council; and

WHEREAS, on November 6, 2018, the City Council approved SJCE to set rates for the GreenSource product to be 1% below Pacific Gas and Electric Company ("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 April 16, 2019, the City Council approved enrolling small commercial customers in SJCE's programs beginning in June 2019; and

WHEREAS, on December 10, 2019, the City Council approved SJCE to establish a power mix of at least 86% carbon-free energy with at least 45% renewable energy for the GreenSource product starting January 1, 2020, waived opt-out fees for SJCE customers, approved the final phase of customer enrollments for residential and small

commercial Net Energy Metering customers, and continued SJCE's GreenSource product at 1% below PG&E generation rates, after accounting for the PCIA and Franchise Fee Surcharge, across all rate classes for 2020; and

WHEREAS, on November 17, 2020, the City Council approved SJCE to establish a power mix of between 53-92% carbon-free energy with at least 40% renewable energy for the GreenSource product starting January 1, 2020, and with SJCE's GreenSource product et at 0.25% below PG&E generation rates, after accounting for the PCIA and Franchise Fee Surcharge across all rate classes for 2021, with flexibility to vary the discount between 0.0% and 1.0%; and

WHEREAS, all California electric customers pay the PCIA fee to cover above-market generation costs of investor-owned utilities, with SJCE customers paying for those above-market costs attributable to generation resources acquired prior to being enrolled in SJCE, and PG&E's PCIA has risen over 900% between 2013 and 2021 and 41% from 2020 to 2021; and

WHEREAS, as directed by Council, SJCE factors in the cost of the PCIA and Franchise Fee Surcharge when setting rates, and to date SJCE has shielded customers from PG&E PCIA increases by lowering SJCE generation rates to maintain the Council-specified discount relative to PG&E generation rates; and

WHEREAS, since its service launch, SJCE's rates, inclusive of the PCIA and Franchise Fee Surcharge, have been set 1% to 0.25% below PG&E rates, however given the significant increase in the PCIA fee for 2021 and forecasted increase for 2022 and 2023, starting May 1, 2021 SJCE recommends setting GreenSource generation charges (GreenSource rates plus the PCIA and Franchise Fee Surcharge) at 8% above PG&E standard generation rates, inclusive of the PCIA and Franchise Fee Surcharge; and

WHEREAS, while setting GreenSource generation charges at 8% above PG&E would not fully make up the decreased revenue from the PCIA, it would allow SJCE to stabilize financially and slowly build financial reserves through the end of 2022; and

WHEREAS, to help address our climate emergency and give customers a better value, SJCE recommends increasing the minimum renewable energy content in GreenSource to 55% starting May 1, 2021; and

WHEREAS, recognizing that many San José families have been impacted by loss of jobs or income during the COVID-19 pandemic, and that rising utility bills have exacerbated strained finances, SJCE recommends introducing a new product called GreenValue as of May 1, 2021, setting GreenValue generation charges (GreenValue rates plus the PCIA and Franchise Fee Surcharge) at parity with PG&E, setting its minimum renewable energy content at 36%, and setting its estimated carbon-free content to 80%, while keeping GreenSource as the default service for customers and allowing all customers to “opt down” from GreenSource to GreenValue or “opt up” to GreenSource or TotalGreen at any time in order to avoid an increase in customer opt-outs caused by higher rates; and

WHEREAS, to limit bill impacts for San José’s lowest income residents and increase customer access to renewable energy, SJCE recommends creating SJ Cares, a discount program that would allow customers enrolled in state discount programs CARE (California Alternate Rates for Electricity) and FERA (Family Electric Rate Assistance) to remain at parity with PG&E rates (GreenValue) but remain in GreenSource service, receiving 55% renewable energy;

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

- A. San José Clean Energy's (SJCE) GreenSource default product is hereby amended beginning May 15, 2021 by increasing its renewable energy content to 55% and increasing its rates to 8% above Pacific Gas and Electric Company's (PG&E) generation rates after accounting for the Franchise Fee Surcharge and the Power Charge Indifference Adjustment, provided that SJCE's 100% renewable energy TotalGreen product will continue to be 0.5-1 cent per kWh higher than GreenSource.

- B. A third product called GreenValue is hereby established, with rates set at parity to PG&E generation rates after accounting for the Franchise Fee Surcharge and the Power Charge Indifference Adjustment.

- C. The SJ Cares program is hereby established for CARE (California Alternate Rates for Electricity) and FERA (Family Electric Rate Assistance) customers, for whom GreenSource generation service will be set at parity to PG&E generation rates after accounting for the Franchise Fee Surcharge and the Power Charge Indifference Adjustment.

ADOPTED this _____ day of _____, 2021, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk