


COMMUNITY ENERGY PROCUREMENT AUTHORITY

February 28, 2023

Lori Mitchell, Director
Jeanne Solé, Deputy Director of Power Resources

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

REQUEST FOR AUTHORITY TO PURCHASE POWER

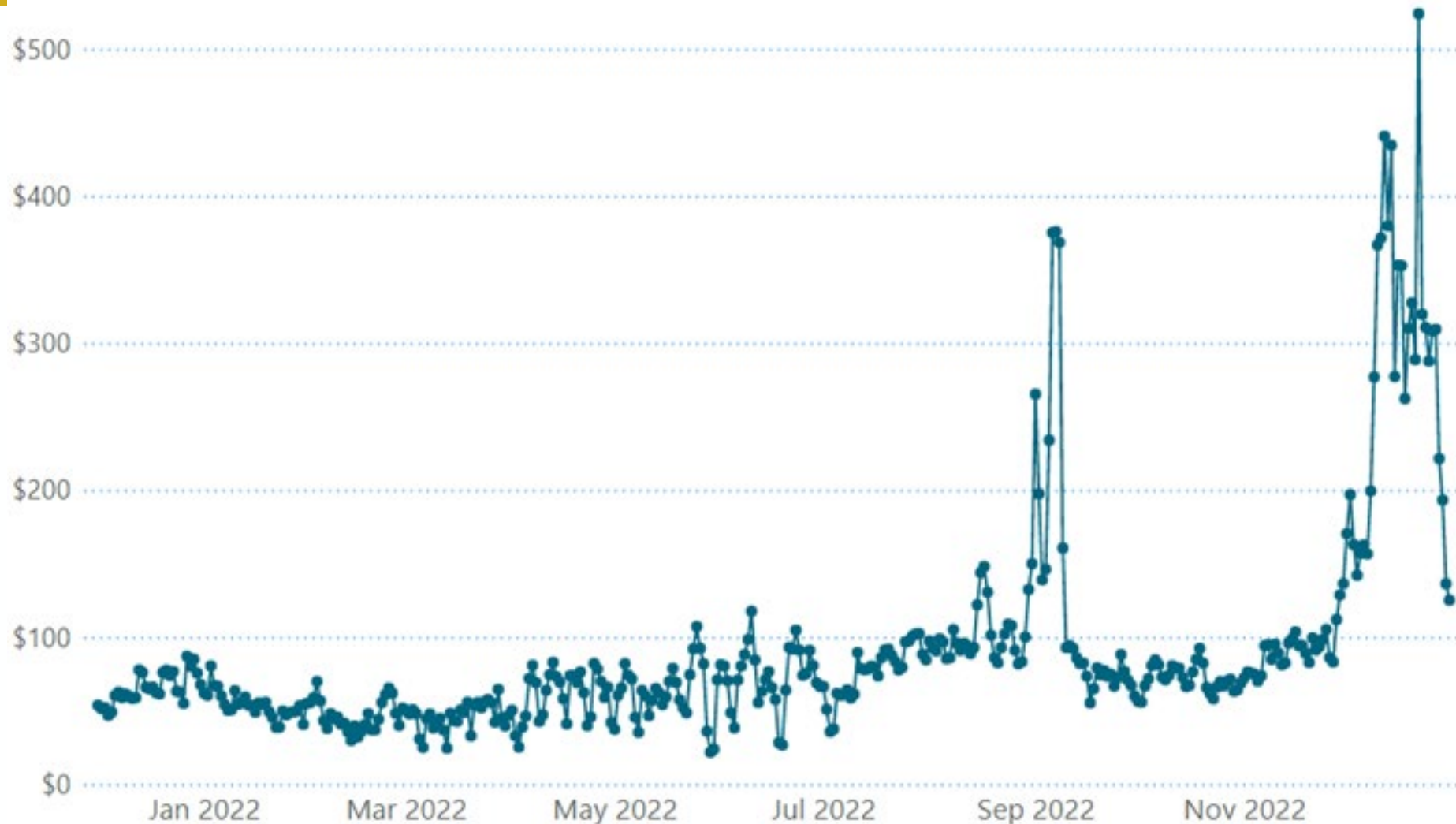
- SJCE recommends increasing the authority of the Director of CED to purchase power products including energy, renewable energy, resource adequacy and low carbon products for the period 2023-2024.

Calendar Year	Existing Authority	Requested Additional Short- and Medium-Term Authority	Authority with Request	Net Expected Cost	Target Coverage Ratio
2023	\$352,900,000	\$60,000,000	\$412,900,000	\$392,000,000	125%
2024	\$337,300,000	\$90,000,000	\$427,300,000	\$404,000,000	125%

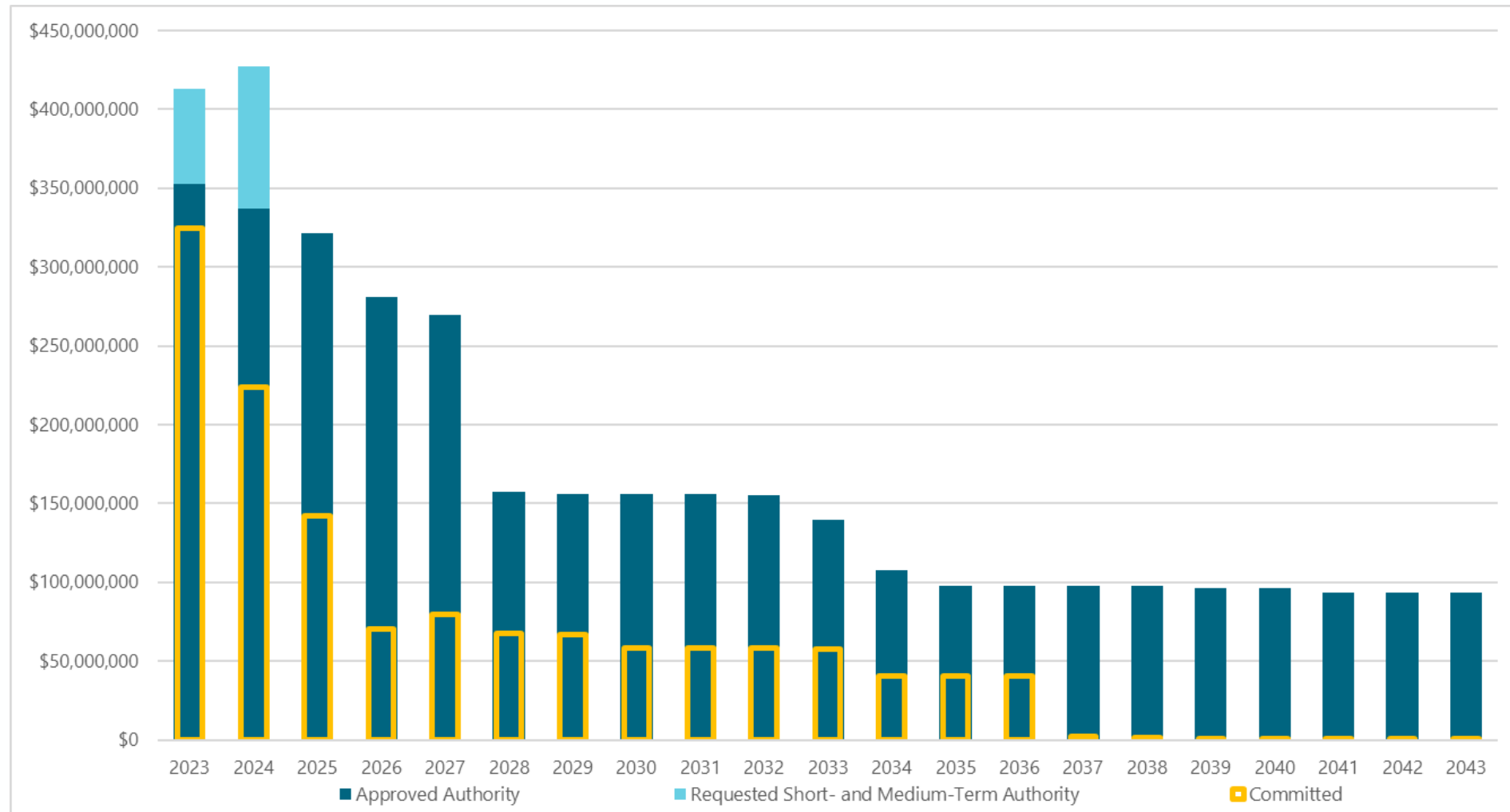
BACKGROUND

- The City Manager's Risk Oversight Committee approved a coverage ratio of 125% (of expected load) for calendar years 2023 and 2024.
- California power prices have been volatile and higher than their historical averages over the last year. This trend is expected to continue.
 - Extreme price increases during the September heatwave disrupted the power market.
 - Colder temperatures and natural gas supply limitations in the West December 2022 to January 2023 significantly increased market prices.
- Procuring ahead limits SJCE's exposure to short-term market disruptions and high prices in the Day-Ahead and Real-Time markets.
- SJCE doesn't expect to raise rates at this time. Revenues were also higher in Dec & Jan. Increased prices may delay achieving reserves target.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR AVERAGE DAY-AHEAD PRICES 2022



EXISTING AUTHORITY, COMMITTED AMOUNTS, AND ADDITIONAL REQUEST



QUESTIONS?

Recommendation

Adopt a resolution increasing the authority of the Director of the Community Energy Department or her designee to negotiate and execute short- and medium-term agreements for the procurement of power products from \$352,900,000 to \$412,900,000 in calendar year 2023 and from \$337,300,000 to \$427,300,000 in calendar year 2024 to be paid solely from the San José Clean Energy Operating Fund.

Presenting staff:

Lori Mitchell, Director

Jeanne Solé, Deputy Director of Power Resources

