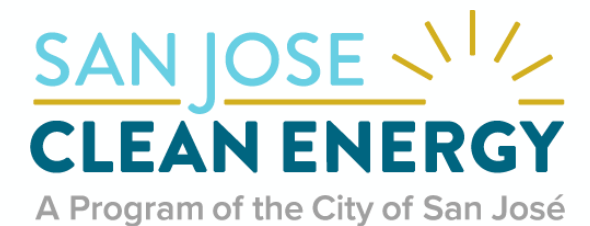


RESIDENTIAL TIME- OF-USE TRANSITION

October 8, 2019

Staff Presenting:

Zach Struyk, Deputy Director of Account Management and Marketing





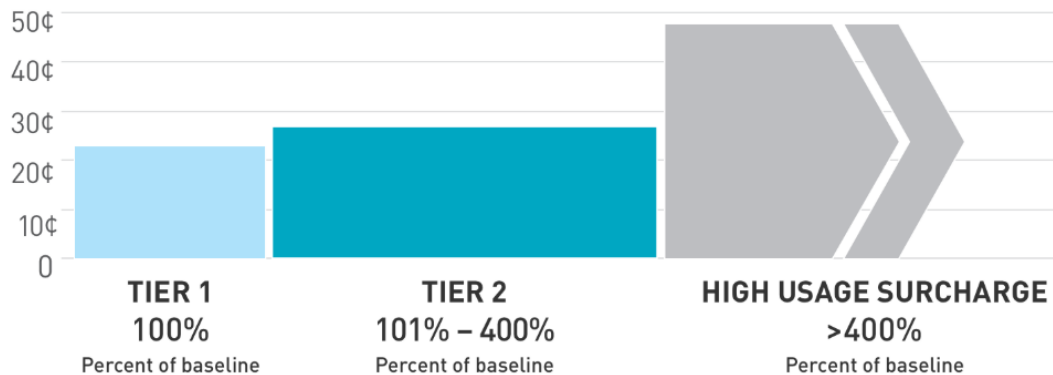
RESIDENTIAL TRANSITION TO TIME- OF-USE ELECTRIC RATES

TYPES OF ELECTRIC RATE PLANS

Current Default: Tiered (E-1)

*Price based on *how much* energy is used

	(\$/kWh)
Baseline	\$0.22981
101% - 400%	\$0.28920
400%	\$0.50667



Proposed Default: Time-of-Use (E-TOU-C3)

*Price based on *when* energy is used (\$/kWh)

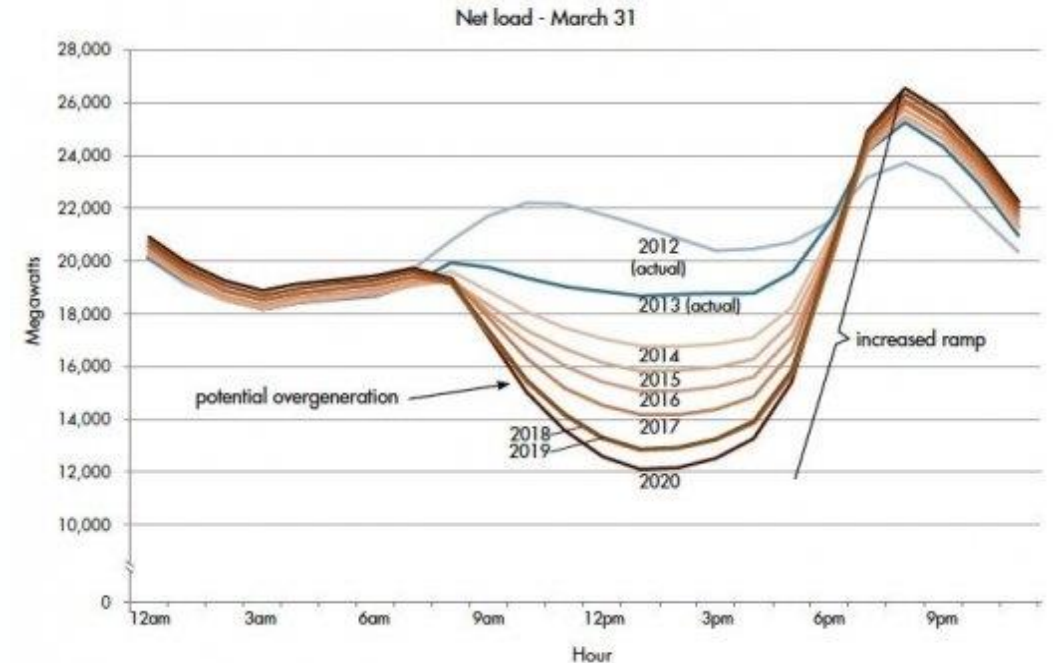
Season	Peak	Off-Peak
Summer		
Baseline	\$0.30606	\$0.24262
Post-baseline	\$0.38927	\$0.32583
Winter		
Baseline	\$0.21897	\$0.20164
Post-baseline	\$0.30218	\$0.28485

EVERY DAY (WEEKDAYS AND WEEKENDS)



WHY TRANSITION TO TIME-OF-USE (TOU)?

- In 2015, CPUC ordered investor-owned utilities (incl. PG&E) to make TOU new default
 - Aligns customer prices with actual costs
 - Sends price signal to incentivize behavior change
 - Assist with transition to renewable energy
- PG&E will transition customers living in City of San José in November 2020
 - Will offer bill protection → no one loses money in first year
- Staff recommend that SJCE transition its customers and offer bill protection as well
 - Reduce overall electricity usage, greenhouse gas emissions, and SJCE procurement costs
 - Result in customer savings (estimate \$2.5M/year)



Graph of “duck curve” – [Energy.gov](https://www.energy.gov)

CUSTOMER CHOICES & NOTIFICATIONS

Your Personalized Electric Rate Plan Comparison

This report is based on your last 12 months of electricity usage and assumes no change to how you use energy. Estimates do not include gas.

Your Rate Plan Options	Current Rate Plan Tiered (E-1) <hr/> Two pricing levels based on monthly usage. Price does not vary by hour of the day.	Transition Rate Plan Time-of-Use (Peak Pricing 4–9 p.m. Every Day) <hr/> Higher prices 4-9 p.m. every day. Lower prices at all other times.	Optional Rate Plan Time-of-Use (Peak Pricing 5–8 p.m. Weekdays) <hr/> Higher prices 5-8 p.m. on weekdays. Lower prices at all other times.
Total Electricity Costs*	\$765/year	\$720/year	\$700/year

Source: PG&E

- Customers can “opt out” and return to tiered rate at any time
- PG&E offering bill protection for one year
- August-October 2020: PG&E will send 2-3 co-branded, personalized mail and email notices and call some CARE/FERA customers
- SJCE will perform additional outreach and marketing

WHO IS NOT INCLUDED IN TOU TRANSITION?

- Medical baseline customers
- Customers eligible for Net Energy Metering (NEM) grandfathering (i.e., installed rooftop solar before July 31, 2017)
- Customers with inadequate energy usage interval data or with less than one year of data
- Customers who converted from NEM to non-NEM
- Customers already on a TOU rate plan
- Customers who have opted out of SJCE and are on a transitional rate

Portion of SJCE
customers to be
transitioned:
~80%

STATE CAMPAIGN: POWER DOWN FROM 4 TO 9

- \$126M+ multilingual mass media and outreach campaign to educate and change behavior



Time Matters

Help California by reducing your energy use from 4-9PM when energy demand is high and less clean energy is available.



How To Use Clean Energy

Read these tips to learn how to optimize your clean energy usage.



Power Down From 4-9PM

Procrastinators! 4-9PM is your time to shine. Turn off, turn down, and unplug your devices during these hours to ensure you're using cleaner energy.



Recharge While You Sleep

Recharge your devices while you do the same, so when you wake up your devices are fully charged with cleaner energy.



Hold Off On Chores

Take a break from chores! Wait to start your dishwasher and laundry until after 9PM or the next morning so that you're cleaning with cleaner energy.



Set a Timer

Use timing to your advantage to use cleaner energy. Know exactly when it's available with a simple alarm setting.



Ready. Set. Go.

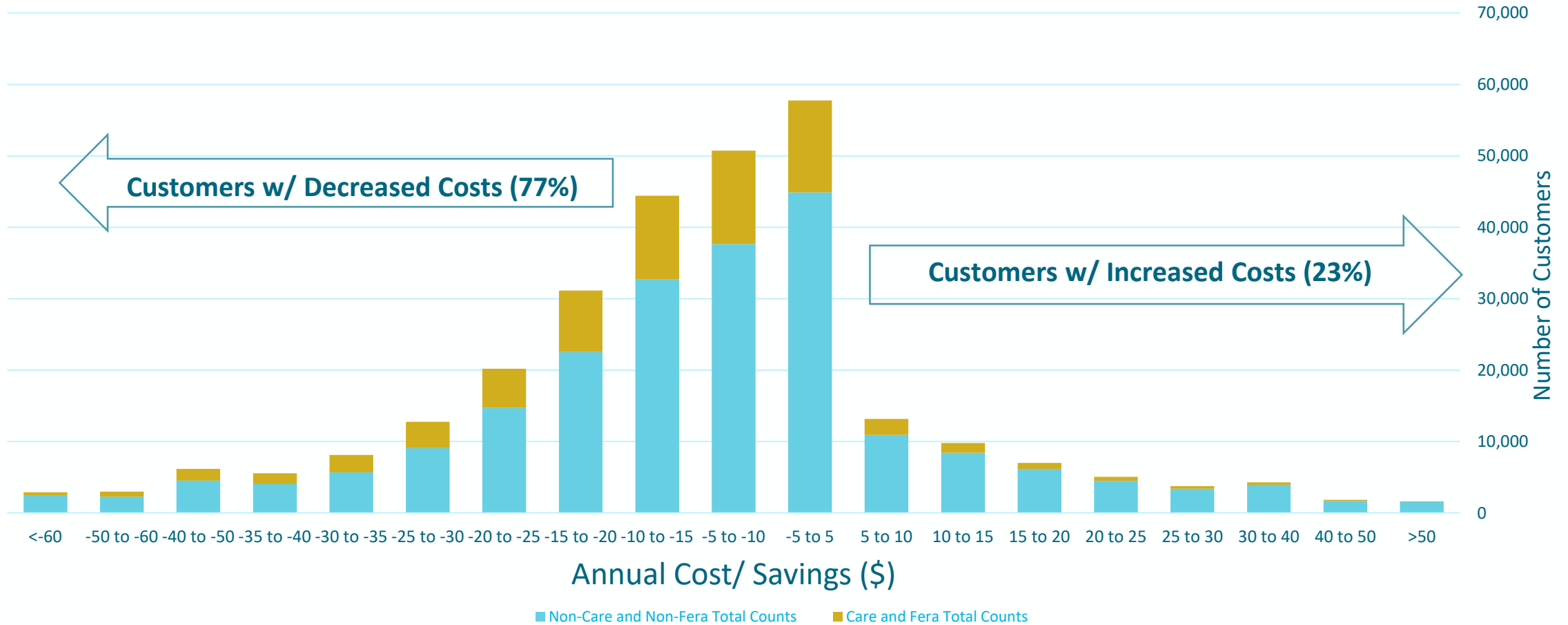
By setting your thermostat to 74° from 4-9PM, you'll be cooling down with cleaner energy.



Precooling is Cool

There's nothing better than walking into a chilled home. Keep it cool by turning your A/C on in the morning and turning it off at 4PM.

ANNUAL PROJECTED INCREMENTAL CUSTOMER COSTS



FINANCIAL IMPACTS

1. Neutral or increased revenue from bill protection
 - Bill protection will cost \$570,000 in year 1 but is revenue neutral (i.e. collected throughout year and returned at true-up)
2. Expected lost revenue from customer savings

	Base case	Max case
Number of customers saving	159,972	183,424
Total annual customer savings	\$2,522,119	\$2,891,869
SJCE net revenue annual loss	\$2,000,000	\$1,800,000
Savings as % of SJCE revenue	~3.0%	~3.4%

RATE DESIGN

- SJCE asking for ability to match any PG&E rate structure (maintaining SJCE 1% discount)
 - Retain customers
 - Increase competitiveness
 - Serve customers without interruption
- Example: PG&E launching B-rates on 11/1/2019
 - New TOU rates for non-residential customers



eBay campus
SJCE 100% renewable energy customer

QUESTIONS?

- SJCE staff
 - Lori Mitchell, Director
 - Zach Struyk, Deputy Director of Account Management and Marketing
- Recommendations
 - Approve a transition of eligible residential SJCE customers, on an “opt out” basis, to TOU electric rate and offer bill protection for one year
 - Approve rate design allowing SJCE to match any PG&E rate structure, maintaining SJCE’s 1% discount

