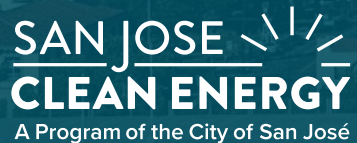


2026 POWER CONTENT AND RATES

Lori Mitchell, Director

Zach Struyk, Assistant Director

City Council
February 10, 2026



STAFF RECOMMENDATION


Adopt a resolution:

- Maintaining the renewable energy content of GreenSource at 62% renewable and set rates according to the rate schedule in Attachment A, effective March 1, 2026;
- Continuing to set the rate for TotalGreen to \$0.01 per kilowatt-hour above GreenSource for all rate schedules according to the rate schedule in Attachment B, effective March 1, 2026 and maintain the renewable energy content of TotalGreen at 100% renewable; and
- Maintaining the renewable energy content of SJ Cares at 62% renewable and set rates at a 10% discount to GreenSource rates, according to the rate schedule in Attachment C, effective March 1, 2026.

Lori Mitchell, Director
Zach Struyk, Assistant Director

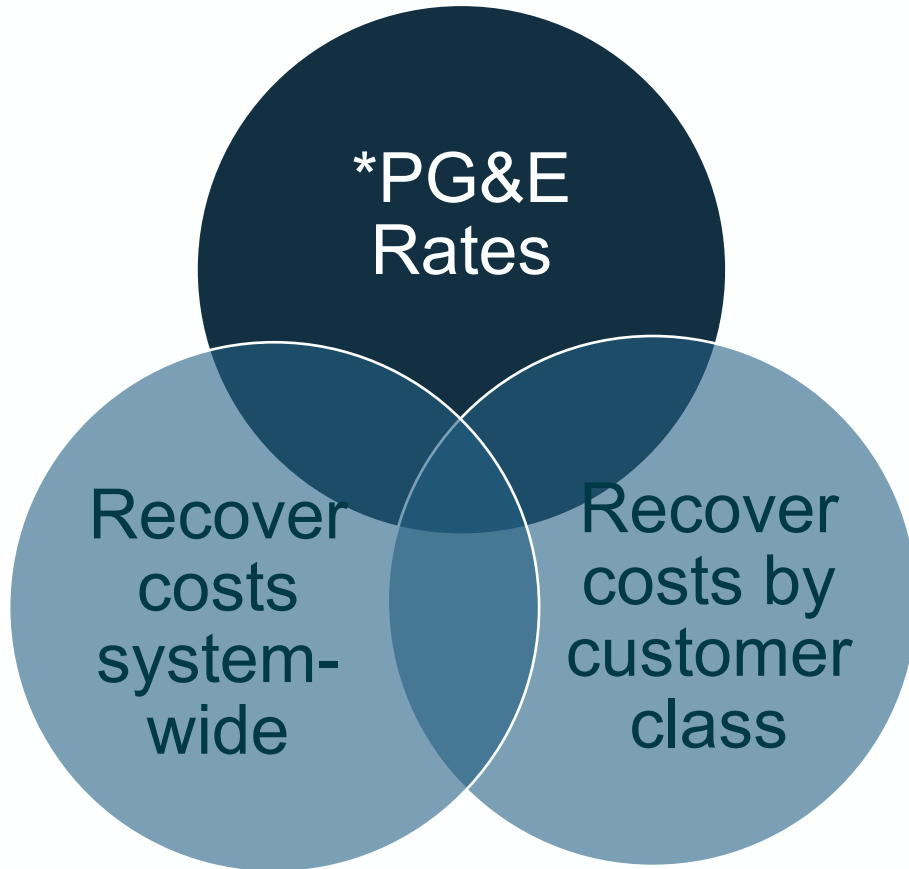
RECOMMENDATION SUMMARY

2026 GreenSource generation charges including PG&E costs:

-  **18% lower** (and 27% lower since 2024)
- Customers will pay **\$92 million less** for SJCE generation service
- GreenSource rates will be **3% lower** than PG&E
- Reduce **operating reserves by \$108M**
- Through long-term planning, SJCE shields customers from PG&E's PCIA volatility.



DESIGNING RATES IN COMPETITIVE MARKET



- Complete cost-of-service study to ensure all costs are recovered and financial goals can be met
- Review current rates to determine if they recover costs
- Consider all competitive service options (i.e., compare to PG&E)
- Design competitive rates

*PG&E rates are not necessarily representative of SJCE's cost to serve.

PCIA= LEGACY ABOVE MARKET COSTS

IOU "Legacy" Energy Generation Resources (PCIA Portfolio)



Renewables PPAs



Utility-Owned Nuclear



Utility-Owned Hydro



Utility-Owned Fossil

- PCIA costs come from long-term utility contracts and assets from decades ago
- PCIA calculations change year to year, little transparency, and hard to predict
- CCAs are advocating for PCIA solutions that increase transparency, reduce costs and increase stability for all ratepayers

PCIA CALCULATIONS =
Stranded "Above Market" Costs

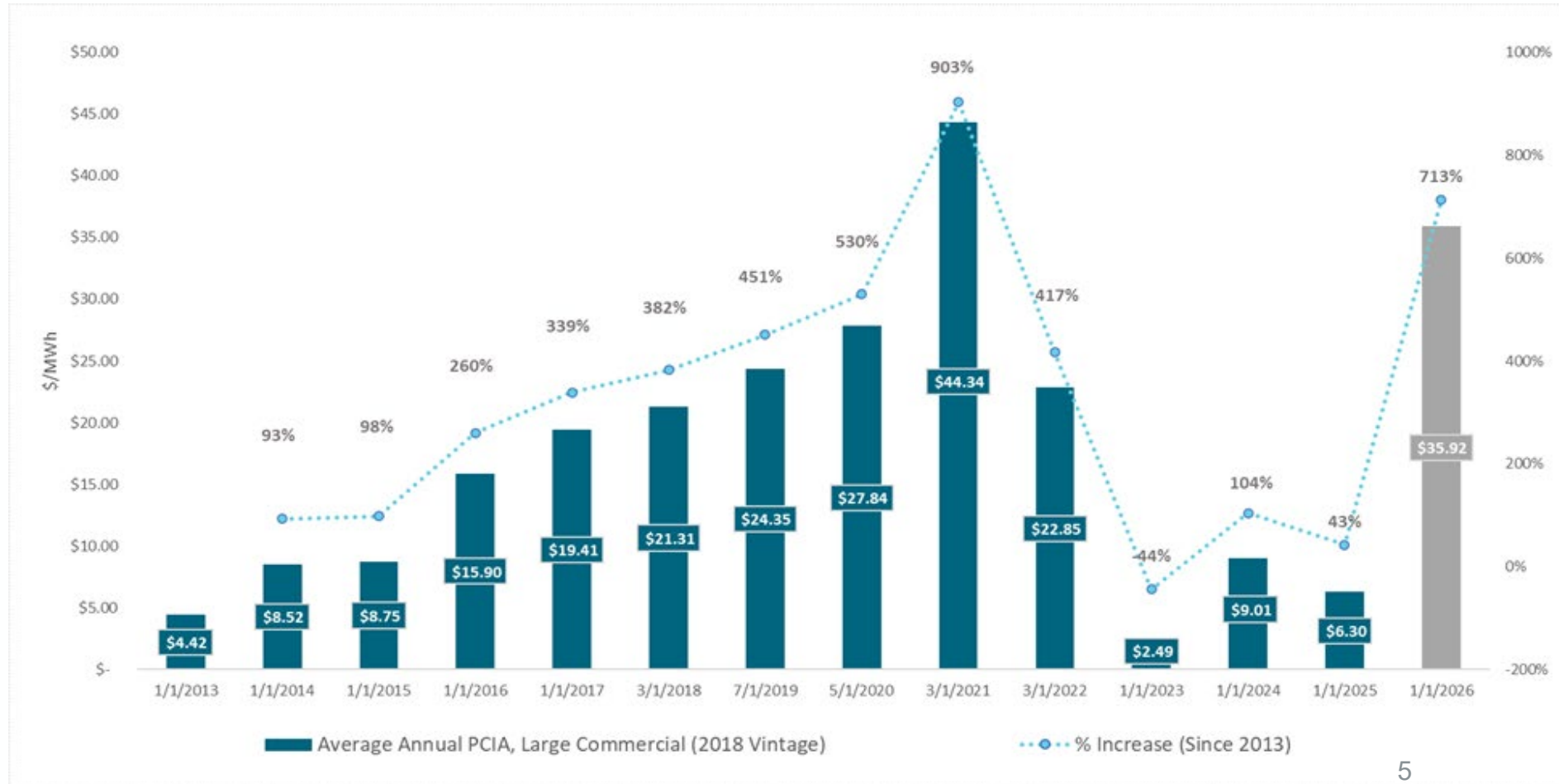


PCIA COSTLY AND UNPREDICTABLE

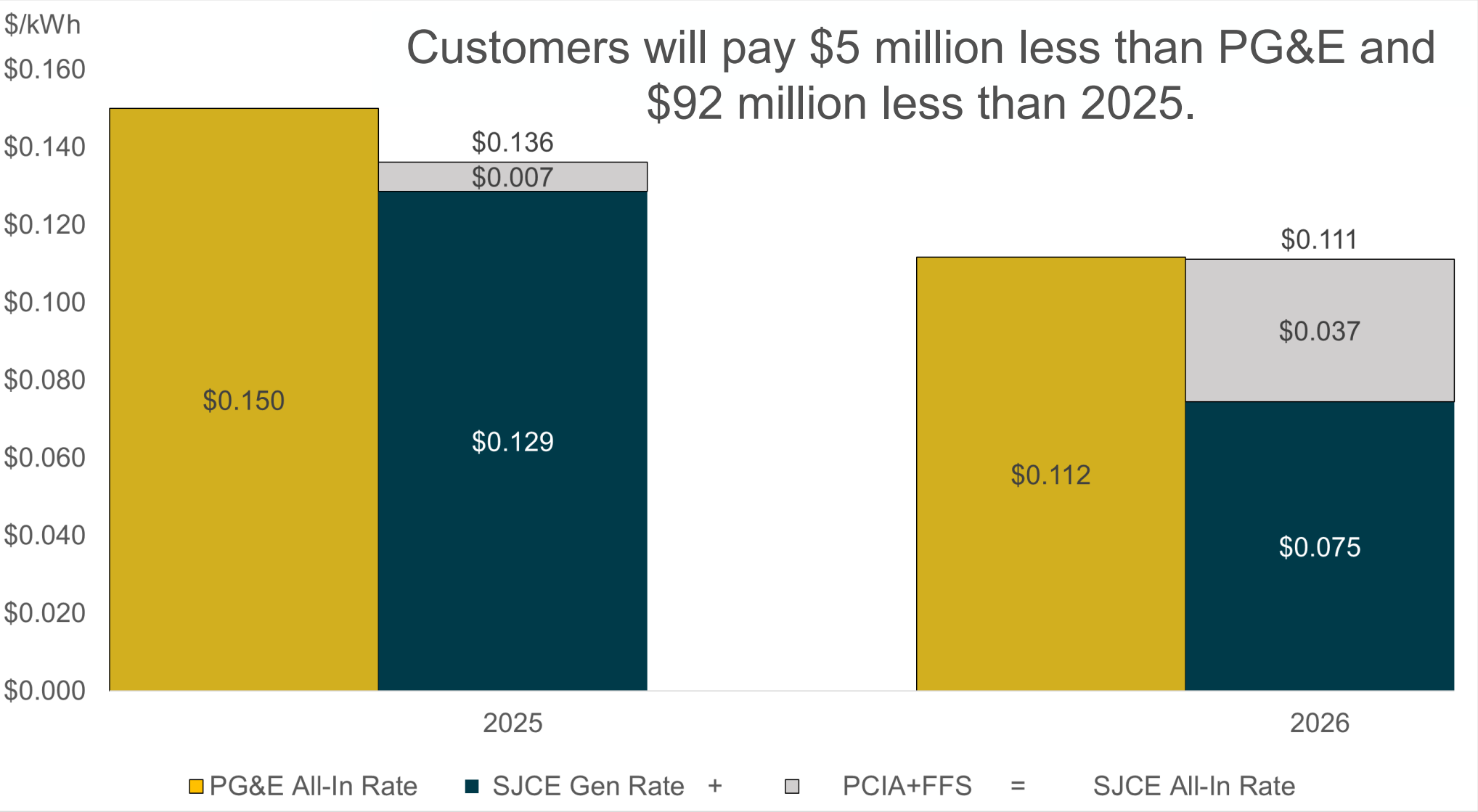
SJCE actively offsets PCIA costs to keep customer rates lower

In 2026, customers will pay **\$132 million** to PG&E.

The 2026 PCIA is **470%** higher than 2025



2026 RATES WILL BE LOWER THAN PG&E



2026 EXPECTED FINANCIALS

SJCE accessing \$108M in reserves to lessen impact of 470% increase in PCIA fees collected by PG&E

2026 Forecast, Power Supply Cost	(Millions)		
	Better	Expected	Worse
Electric Sales and Other Revenue	\$284	\$284	\$284
Rate Stabilization Adjustment	\$87	\$106	\$106
Power Supply Cost	-\$321	-\$344	-\$365
Other Expense	-\$48	-\$48	-\$48
Net Income	\$2	-\$2	-\$22
Unrestricted Cash Available for Operations	\$280	\$276	\$256
Days of Operating Expense, December 2026	274	258	226
Restricted Cash Balance in Rate Stabilization Reserve	\$19	\$0	\$0

POWER CONTENT & CUSTOMER PROGRAMS

- **CY2026 Estimated GreenSource Power Content**
 - 62% renewable, 89% carbon free
 - PG&E 23% renewable in latest filing
- **Customer Energy Programs**
 - Staff recommending \$13.5M budget in FY2026-2027 at T&E Committee and Council in spring 2026
 - Rebates for EVs, Heat Pumps, batteries; electricity bill relief
 - 5-year refresh of programs roadmap to T&E and City Council in spring 2026
- **Financial stability**
 - SJCE will have \$50M-\$60M in reserves above 180-day target at end of 2026 to help manage future volatility



STAFF RECOMMENDATION

Adopt a resolution:

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