



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** October 2, 2019

Approved

*D. D. SyL*

Date

*10/2/19*

## SUPPLEMENTAL

**SUBJECT: RESIDENTIAL TRANSITION TO TIME-OF-USE ELECTRIC RATES**

### REASON FOR THE SUPPLEMENTAL

This purpose of this supplemental memorandum is to clarify the language in the recommended resolution of the City Council. The revised recommendation includes an addition to part (b) to clarify that a rate design allowing San José Clean Energy (“SJCE”) to match any rate structure from Pacific Gas and Electric Company’s (“PG&E”) standard rates must also comply with the requirement that SJCE’s GreenSource product will be at a one percent (1%) below PG&E’s generation rates after accounting for the franchise fee surcharge and the Power Charge Indifference Adjustment.

### RECOMMENDATION

Adopt a resolution approving:

- (a) A transition of eligible residential San José Clean Energy customers, on a default, “opt-out” basis, to the existing Time-of-Use electric rate E-TOUC in November 2020; and offer bill protection to customers for one year to ensure that at the end of one year of service on new rates, no participating customer will have paid more on the new rate; and
- (b) A rate design allowing San José Clean Energy to match any rate structure from Pacific Gas & Electric Company’s standard rates; provided that, notwithstanding any changes to the rate structure, San José Clean Energy’s GreenSource product will be at a one percent (1%) below Pacific Gas and Electric Company’s generation rates after accounting for the franchise fee surcharge and the Power Charge Indifference Adjustment.

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**ANALYSIS**

The recommendation included in the staff memorandum, dated September 26, 2019, includes a proposal for City Council to approve a rate design to match any rate structure from PG&E's standard rates. However, this recommendation does not explicitly state that SJCE's rates for the GreenSource product will remain at one percent below PG&E's generation rates. While the September 26, 2019 memorandum includes several references to this requirement, staff is revising part (b) of the recommendation to clarify that any rate structure must be consistent with the City Council direction, adopted in Resolution No. 78864, which mandates that the SJCE's GreenSource product rates must be at one percent discount to PG&E's generation rates. Staff proposes the following addition to the language of part (b) of the recommendation (shown in *italics*):

- (b) A rate design allowing San José Clean Energy to match any rate structure from Pacific Gas & Electric Company's standard rates; *provided that, notwithstanding any changes to the rate structure, San José Clean Energy's GreenSource product will be at a one percent (1%) below Pacific Gas and Electric Company's generation rates after accounting for the franchise fee surcharge and the Power Charge Indifference Adjustment.*

/s/

LORI MITCHELL

Director, Community Energy Department

For questions, please contact Lori Mitchell, Director of Community Energy Department, at (408) 535-4880.