

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE (A) ESTABLISHING SAN JOSE CLEAN ENERGY RATES, INCLUSIVE OF THE POWER CHARGE INDIFFERENCE ADJUSTMENT AND FRANCHISE FEE SURCHARGE, FOR GREENSOURCE, TOTALGREEN, AND SJ CARES EFFECTIVE MAY 15, 2023; AND (B) EXPANDING THE SJ CARES PROGRAM TO INCLUDE CUSTOMERS ON NON-RESIDENTIAL RATES EFFECTIVE MAY 15, 2023

WHEREAS, the Council of the City of San José (“City”) unanimously approved the formation of San José Clean Energy (“SJCE”) in May 2017, and SJCE launched service to most San José businesses and residents in February 2019; and

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 SJCE, whereby SJCE may provide any rate designs or programs as approved by the City Council; and

WHEREAS, on November 6, 2018, the City Council authorized SJCE to set rates for the default GreenSource product to be one percent below Pacific Gas and Electric Company’s (“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, all California electric customers pay the PCIA fee to cover above market generation costs of investor-owned utilities, and SJCE customers only pay for those above market costs attributable to generation acquired prior to being enrolled in SJCE; and

WHEREAS, on November 17, 2020, the City Council authorized SJCE to establish a power mix of between 53 and 92 percent carbon-free energy with at least 40 percent

renewable energy for the GreenSource product starting January 1, 2021 and to set GreenSource rates at 0.25 percent below PG&E's generation rates, after accounting for all PG&E added fees, including the PCIA and Franchise Fee Surcharge, across all rate classes; and

WHEREAS, on May 11, 2021, the City Council authorized SJCE to establish a new low-cost service called GreenValue with rates set at parity with PG&E and a power mix of at least 36 percent renewable energy and 80 percent carbon-free energy, and approved SJCE to establish the SJ Cares program, which allows California Alternate Rates for Electricity ("CARE") and Family Electric Rate Assistance ("FERA") customers enrolled in GreenSource service to pay GreenValue rates; and

WHEREAS, on June 22, 2021, the City Council authorized the City of San José Financing Authority to issue no more than \$95 million in Commercial Paper Notes to SJCE to finance power purchases and other operating costs; and

WHEREAS, on December 14, 2021, the City Council authorized SJCE to amend its rate and service options, beginning January 1, 2022, according to Plan A, as described in the Memorandum from the Director of the Community Energy Department, dated November 29, 2021, if there was no delay in PG&E's rate-setting process, or Plan B, as described in the Memorandum from the Director of the Community Energy Department, dated November 29, 2021, if there was a delay in PG&E's rate-setting process; and

WHEREAS, on January 1, 2022, SJCE implemented Plan B due to delays in PG&E's rate-setting process, and on March 1, 2022, SJCE adopted Plan A once PG&E's rate and PCIA changes became effective; and

WHEREAS, on June 28, 2022, the City Council authorized SJCE to modify Plan A of the 2022 rates in response to the June 1, 2022 rate changes by PG&E; and

WHEREAS, on December 6, 2022, the City Council approved SJCE's rates for 2023 based on a cost-of-service methodology, but at that time, PG&E's rates and PCIA for 2023 had not been finalized, and also approved setting rates for SJ Cares 10 percent below SJCE's GreenSource rates; and

WHEREAS, on December 29, 2022, PG&E submitted Advice Letter number 6805-E with its final rates and fees, effective January 1, 2023, which included the final PCIA, incorporating the approved methodology from the California Public Utility Commission's December 15, 2022 decision, and on February 27, 2023, PG&E submitted Supplemental Advice Letter number 6863-E with its final rates and fees, effective March 1, 2023; and

WHEREAS, this rate change resulted in an overall customer bill increase of 4.4 percent occurring on the transmission and delivery portion of the bill, but did not affect the PG&E bundled generation rates; and

WHEREAS, approximately 75,000 SJCE customers are enrolled in SJ Cares and have saved more than \$6 million since the program began in 2021; and

WHEREAS, the SJ Cares discount currently is extended only to qualifying customers on residential rates, but staff has identified 38 customer accounts that are enrolled in the CARE or FERA program on commercial rates and consist of nonprofit supportive housing and other uses that qualify for CARE or FERA, but are not currently receiving the extra 10 percent discount through SJ Cares; and

WHEREAS, staff recommends that the City establish SJCE rates, inclusive of the PCIA and Franchise Fee Surcharge, for GreenSource, TotalGreen, and SJ Cares according to the rate schedules in Attachments A, B, and C of the Memorandum from the Director

of the Community Energy Department, dated April 10, 2023, effective May 15, 2023, which are necessary to maintain charges that are 1-3 percent below PG&E for all customers; and

WHEREAS, staff also recommends that the City extend the 10 percent SJ Cares discount to commercial rates that are enrolled in the state's CARE or FERA program according to the rate schedule in Attachment C of the Memorandum from the Director of the Community Energy Department, dated April 10, 2023, effective May 15, 2023, which would benefit hundreds of residents; and

WHEREAS, the City desires to establish SJCE rates and extend the SJ Cares discount to customer accounts that are enrolled in the CARE or FERA program on commercial rates effective May 15, 2023;

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

- (a) The San José Clean Energy rates, inclusive of the Power Charge Indifference Adjustment and Franchise Fee Surcharge, for GreenSource, TotalGreen, and SJ Cares according to the rate schedule set forth in Attachments A, B, and C, effective May 15, 2023, are hereby established.
- (b) The SJ Cares program, which is open to San José Clean Energy customers eligible for California Alternate Rates for Energy or Family Electric Rate Assistance, is hereby expanded to include customers on non-residential rates, according to the rate schedule set forth in Attachment C, effective May 15, 2023.

ADOPTED this _____ day of _____, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk