COUNCIL AGENDA: 11/6/18
FILE: 18-1221
ITEM: 7.1

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Lori Mitchell
Margaret McCahan

SUBJECT: SEE BELOW

DATE: October 25, 2018

Approved D. DSyl Date 10/26/18

SUBJECT: POWER PROCUREMENT, RATE SETTING AND POWER MIX FOR SAN JOSÉ CLEAN ENERGY

RECOMMENDATION

a. Approve San José Clean Energy's GreenSource base product that residential and commercial customers will be enrolled in 2019 to include a power mix of at least 80% GHG-free energy with at least 45% renewable energy and the TrueGreen product to include a power mix of 100% Renewable Energy.

b. Adopt a resolution authorizing the Director of Community Energy or her designee to negotiate and execute supply contracts for Calendar Year 2019 for Energy, Renewable Energy and Renewable Energy Credits ("RECs"), Resource Adequacy ("RA"), and Greenhouse Gas ("GHG") free power and attributes[1] using the Edison Electric Institute ("EEI") Agreement or the Western Systems Power Pool ("WSPP") Agreement and to transact for balancing energy and other necessary services from the California Independent System Operator ("CAISO") through the Northern California Power Authority ("NCPA"), increasing the authorization by $156,000,000 from $70,000,000 to an amount not to exceed $226,000,000 in aggregate through Calendar Year 2019.

c. Approve San José Clean Energy to set rates for the 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 for TrueGreen to be 0.5-1 cent per kWh higher than San José Clean Energy's GreenSource base product.

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[1] Power that is generated without producing GHG emissions.

d. Approve adjusting the launch for residential and commercial customers from March of 2019 to February of 2019. Approve delaying the enrollment of Phase II non-City small commercial and residential net energy metered (NEM) customers until SJCE has paid off debt, built at least 120 days of operating expenses in a financial reserve, and can cover the cost to serve these customers through rates that are lower than PG&E's rates.

e. Adopt the following Fiscal Year 2018-2019 Appropriation Ordinance and Funding Sources Resolution amendments in the San José Clean Energy Fund:

    1. Decrease the Beginning Fund Balance – Operations and Maintenance Reserve by $500,000;
    2. Increase the estimate for Fees, Rates, and Charges by $15,831,000;
    3. Increase the Cost of Energy appropriation to the Community Energy Department in the amount of $9,954,000;
    4. Increase the Community Energy Non-Personal/Equipment appropriation by $641,000;
    5. Increase the Bonding and Security (CPUC) appropriation to the Community Energy Department by $50,000;
    6. Rename the Pacific Gas & Electric Security Deposit appropriation to Pacific Gas & Electric Fees;
    7. Decrease the Pacific Gas & Electric Fees appropriation by $1,000,000;
    8. Establish the Debt Service – Interest – CP appropriation to the Community Energy Department in the amount of $460,000;
    9. Increase the Ending Fund Balance – Operations and Maintenance Reserve in the amount of $6,734,000; and
    10. Decrease the Unrestricted Ending Fund Balance by $1,508,000.

f. Approve the addition of a 1.0 Division Manager position (Regulatory and Legislative Policy) to the Community Energy Department.

OUTCOME

Approving the recommended rates, power content, procurement authority, adjustment to launch strategy, and staffing adjustments will enable San José Clean Energy ("SJCE") to successfully launch Phase II to residential and commercial customers in February 2019 with clean electricity at rates that are lower than PG&E. The recommended budget actions will align the budget with the latest pro forma for this program.

BACKGROUND

At the August 29, 2017 City Council meeting, the City Council approved the SJCE Implementation Plan discussing the funding strategy to obtain power supply contracts, established the SJCE Operating Fund, and approved the establishment of various revenue estimates and expenditure appropriations for City departments, including the Community Energy Department, to facilitate the initial operations of SJCE. On January 30, 2018, the City Council approved revisions to the launch schedules, reducing the number of launches from three to two. Phase I launch (city accounts) began September 1, 2018 and Phase II (residential and commercial accounts) was set to begin on March 1, 2019.

On February 27, 2018, the City Council approved the Professional Services Agreement for Data Management and Customer Call Center Services with Calpine Energy Solutions, LLC ("Calpine") for SJCE for a period of two years from the date of execution. On March 27, 2018, the City Council approved the Scheduling Coordinator, Portfolio Management, and Optimization Service Agreement with Northern California Power Authority. On May 1, 2018, the City Council approved the Risk Management Policy for the supply contracts entered into by the City.

On June 12, 2018, the City Council adopted a resolution authorizing the Director of Community Energy to negotiate and execute energy supply contracts for Phase I using the WSPP Agreement in an amount not to exceed $3.0 million in aggregate, approved initial electric generation rates for Phase I, and approved 2017-2018 budget adjustments to fund these energy supply contracts in the San José Clean Energy Fund. During the June 12, 2018 update to the City Council, staff noted that the next steps to successfully launch Phase II in March included the approval of energy supply contracts for Phase II (residential and commercial accounts).

On August 14, 2018, City Council authorized the Director of Community Energy or her designee to enter into RA contracts for November 2018 through December of 2019, using the WSPP and EEI agreements in an amount not to exceed $35.0 million, subject to approval of the Risk Oversight Committee for contracts over $1.0 million. Staff is in the process of procuring RA for November 2018 through December 2019. RA is a product that, by law, utilities, and Community Choice Aggregation ("CCA"s) must build or purchase to ensure there are sufficient generators available at all times to maintain in the reliability of the electric system.

On September 18, 2018, City Council authorized the Director of Community Energy or her designee to negotiate and execute contracts for Calendar Year 2019 for Renewable Energy, and RECs, to meet San José Clean Energy's minimum compliance obligations pursuant to the California Renewable Portfolio Standard ("RPS") using the EEI Agreement or the WSPP Agreement in an amount not to exceed $32.0 million in aggregate.

On September 25, 2018 Council approved a Revolving Credit Facility in the amount of $50 million with Barclays Bank that requires SJCE to maintain an Operating Reserve Account which shall at all times be maintained and segregated from all other funds and accounts of the City (Section 4.11 of the Agreement); from August 31, 2019 to November 15, 2019 maintain no less than $10.0 million in the Operating Reserve Account; from November 15, 2019 to December 31,

2019, maintain no less than $15.0 million in the Operating Reserve Account; and after December 2019 maintain $20.0 million in the Operating Reserve Account. (Section 5.15 of the Agreement).

ANALYSIS

Regulatory Changes to Power Charge Indifference Adjustment (PCIA) or Exit Fee

The California Public Utilities Commission ("CPUC") has been considering changes to the PCIA. On August 1, 2018, the assigned administrative law judge at the CPUC issued a proposed decision ("PD") that included a balance of measures that maintain the PCIA exit fee at reasonable levels while transitioning to a long-term solution intended to reduce costs for all customers, which will be designed during a second phase of the proceeding. On August 15, 2018, CPUC Commissioner Carla Peterman issued an alternate proposed decision ("APD") that significantly shifted the balance in the favor of the Investor Owned Utilities (e.g. Pacific Gas & Electric, Southern California Edison, and San Diego Gas & Electric.) The APD increases the exit fees significantly for certain customers. It also removed key elements from the initial PD that ensured the necessary balance and stability while the CPUC completes the second phase of the proceeding. These changes include: (1) the removal of changes to rebalance how utility-owned generation costs are allocated consistent with State Law, and (2) the elimination of stabilizing measures like near term caps on exit fee increases. Despite extensive feedback from CCAs, elected officials, and community advocates, the CPUC voted unanimously to approve the APD on October 11, 2018.

The impact on each CCA program varies, however all CCA's agree implementing this decision will have serious impacts on all utility customers. The APD significantly hinders the City's ability to meet our local Climate Smart San José goals and the State's long term environmental policy goals in the short and medium term. The APD drives changes in CCA's business models that will prevent SJCE from achieving some of its objectives in the planned timeframe. Some of these objectives include: exceeding renewable portfolio targets, offering innovative customer programs to reduce greenhouse gas emissions, and investing in local development.

Exit Fee Impacts

1. **Delayed enrollment for certain customers**

   The recently approved APD increases the PCIA in general; however, the fee significantly increased for the following types of customer accounts: small commercial, agriculture, residential net energy metered, standby, and streetlights. Staff recommends delaying the launch of service for at least one year to small commercial customers and residential net energy metered customers (customers who generate energy on premise, such as rooftop solar). SJCE cannot cover the cost of service for these customers due to the forecasted increase in the PCIA for 2019. The small commercial PCIA rate is estimated to increase by 75% over what it is today. These customer accounts represent approximately 20% of

the expected load. Staff recommends allowing voluntarily enrollment of these customer accounts sooner, if the customer elects to receive the 100% renewable product, TrueGreen. It is expected that SJCE can cover the cost to serve these customers under the TrueGreen rate.

In the short-term it is important for SJCE to successfully launch the program, pay off debt, and build an operating reserve to cover at least 120 days of expenses. Once SJCE has met these targets, SJCE may be able to offer service to these customers. SJCE will also work on lowering our generation costs by entering into less expensive long-term power purchase agreements for new renewable energy projects. SJCE has started evaluating these projects and will bring forward a recommendation to Council in 2019. These projects could come online in 2020 or 2021 and provide cost savings that will allow SJCE to enroll these customers and offer service to all customers in San Jose.

2. **Lower the GHG-free content of the portfolio for 2019**

The plan was to launch SJCE with a power supply mix consisting of 40% renewable and 100% carbon free. A necessary action to be fiscally prudent is to adjust the portfolio content of the base product (GreenSource) that customers will be enrolled into in 2019. **The GreenSource product will include 80% instead of 100% GHG-free energy with at least 45% renewable energy instead of 40%.** Based on current market projections and bid responses to date, staff projects that these adjustments will allow SJCE to provide this portfolio to customers with rates that are one percent less than PG&E's generation rates for San José's customers.

This power mix also compares favorably to PG&E's current power mix of 33% renewable and 78% carbon free. If approved SJCE's base product that customers will be enrolled in will have a renewable content that is still 12% more than PG&E and 2% higher GHG-free content than PG&E's portfolio. This portfolio composition moves San José substantially towards its aggressive goals of 100% GHG-free power in 2021 and 60% renewable power in 2030 while also retaining flexibility to lower power procurement costs given the significant regulatory change.

Adjust Launch Date

Staff recommends launching service to both residential and commercial customers in February 2019, one month ahead of the planned launch in March 2019. Adjusting the launch date will help SJCE pay for additional Resource Adequacy ("RA") costs that have recently been required by the CPUC. SJCE and CPUC staff have been in discussions for several months over a new 2019 requirement that SJCE purchase RA in January and February of 2019 for all the load served by SJCE in Phase II instead of just the Phase I load that SJCE had planned to serve. This new requirement will cost approximately $5.0 million dollars. Adjusting the launch of Phase II by one month will help offset these additional costs by increasing SJCE's revenue.

In preparation for the 2019 launch, staff have already begun community outreach events and will continue to employ an intense outreach program across a diverse media spectrum to ensure that customers are aware of this new launch date. SJCE is required by law to send out two notices that customers will be enrolled in SJCE. The law requires that SJCE send out four notices in total, two of the notices must go out in the two months before customers are enrolled and two notices must go out in the two months following enrollment. SJCE plans to send four monthly notices over the months of December 2018 through March 2019.

Power Procurement Recommendation

Staff recommends proceeding with power procurement for SJCE to launch Phase II in February of 2019, provided that the total costs of energy through December 2019 do not exceed $226 million. Staff has issued several RFP's to purchase the Resource Adequacy and Renewable energy that was previously authorized and has executed some of the required supplies needed to serve customers in 2019. Staff utilizes utility best practices to procure power including analyzing forward market price indices to negotiate contracts. Participating in wholesale short-term power markets requires that SJCE is enabled and has the authorization to transact quickly to enter into fixed priced contracts.

SJCE intends to use the industry standard WSPP and EEI agreements to procure the power required for 2019. The standard payment terms in the WSPP and EEI agreements provide for monthly payment to suppliers by the 20th day of the month following service (subject to timely invoicing). Typically, SJCE will receive payment from its customers forty-five (45) days after the end of the service month. The Barclay's revolving credit agreement will provide a bridge in the early months of operating the Department to ensure timely payment for these supplies. Over time, the Department will work to build an operating reserve to cover these payments and enter into long-term power purchase agreements to bring costs down.

Phase II Rates

Staff recommends setting the rates of the base product (GreenSource) into which customers will be enrolled, at a 1% discount to PG&E's generation rates. SJCE will lower rates to shield customers from the exit fee increase. When customers are enrolled by SJCE they will pay PG&E an exit fee; however, SJCE will absorb these increased costs for our customers by lowering SJCE's rates. Lowering SJCE's rates will allow SJCE to remain competitive with PG&E and offer a small discount to all residents and businesses served by SJCE when they are enrolled in 2019.

Staff also recommends offering a 100% Renewable Energy product called TrueGreen in which customers can choose to participate. Staff recommends setting rates for this product at 0.5 to 1 cent per kWh higher than the applicable GreenSource rate to cover the additional costs of procuring 100% renewable energy. Both the Commercial and Residential SJCE rates are detailed in Attachment 1.

Finally, staff recommends offering a program for Net Energy Metered ("NEM") customers who generate energy on premises. Residential NEM customers will be able to enroll on a voluntary basis beginning February 2019 if the customer elects to receive the 100% renewable energy product TrueGreen. The program features will incentivize customers to install on-site solar so that San José can advance the Climate Smart objectives of being the first 1GW solar City. Key NEM program features include:

- Credit roll-overs, from month to month; generation credits are applied at the retail rate against the electricity consumed each month;
- Monthly billing (as opposed to an annual electric generation bill, as in PG&E's NEM program);
- Annual cash-out; SJCE will issue customers a check every April for any surplus energy valued over $100 (if less than $100, credits roll-over)

Staff expects that customers will find the SJCE NEM program to be attractive relative to that offered by PG&E, both financially and from ease-of-use perspective.

Staffing Adjustment

The addition of one Division Manager position to the Community Energy Department is recommended to focus on regulatory and legislative affairs for the Department. The Department has faced several major regulatory and legislative issues over the last year including the PCIA (exit fee) issue described above as well as several energy bills that significantly impact SJCE. It is important that the Department has a highly skilled advocate to expertly engage in regulatory proceedings and advocate for the business interests of SJCE. It is also important to have a legislative policy expert to effectively engage with the legislature to ensure the interests of SJCE are represented. The CPUC expects to initiate Phase II of the PCIA proceeding before the end of 2018. It is expected that work related to Phase II will be ongoing throughout 2019. SJCE also expects significant engagement in the legislature on this issue and other energy related bills that may impact SJCE.

This position will provide energy policy expertise and effectively represent the City and the Department to the CPUC, California Energy Commission, California Independent System Operator, and the state legislature. This position will also collaborate with other staff in the Department, the City Manager's Office, Intergovernmental Relations, and the City Attorney's Office to evaluate the impacts of regulatory and legislative changes and communicate those impacts to stakeholders. This position will provide policy and bill analysis on various energy bills and regulatory proceedings. This work involves regulatory and bill analysis, assessing the business impacts for SJCE, engaging with stakeholders to build effective coalitions as well as convening and testifying on behalf of the Department.

EVALUATION AND FOLLOW-UP

Staff will provide a summary of the power supply contracts executed for Phase II and update Council on the first four months of operating Phase I in January of 2019.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the November 6, 2018 City Council meeting.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

The Clean Energy Community Advisory Commission voted on September 24, 2018 to include the following language regarding their recommendations on rates and SJCE's portfolio content. This language was voted on before the PCIA decision on October 11, 2018.

The Clean Energy Community Advisory Commission recommends that San José Clean Energy set the default rate for customer enrollment at one percent below Pacific Gas and Electric Company's (PG&E) generation rates (net of Power Charge Indifference Adjustment and Franchise Fee) across all rate classes for 2019.

The Clean Energy Community Advisory Commission recommends that San José Clean Energy provide the following power mix: 95 percent greenhouse gas(GHG)-free energy, of which 45 percent is RPS eligible renewable energy and 5 percent unspecified energy, to the extent that it is financially feasible. If the Power Charge Indifference Adjustment regulatory outcome is not favorable or if the cost of these portfolio options is higher than expected, the Clean Energy Community Advisory Commission supports considering a reduction of RPS-eligible and GHG-free energy content to maintain a 1% discount relative to PG&E's generation rates.

The Clean Energy Community Advisory Commission recommends that SJCE also offer a 100% renewable product that customers can choose to enroll in that is 1 cent or less per kWh above the default product and lower than PG&E's 100% renewable product.

FISCAL/POLICY ALIGNMENT

The recommended actions support the City's 2017 Green Vision (Goals 2 and 3), the Climate Smart Plan, and the Envision San Jose 2040 General Plan (Goal MS-2 and Appendix 8: GHG Reduction Strategy).

COST SUMMARY/IMPLICATIONS

While the SJCE program is impacted by the PCIA decision, it remains financially feasible. A revised pro forma shows the anticipated financial performance in FY18-19 and over the next three years as summarized in Attachment 2. This analysis shows that SJCE can pay off debt and build a reserve over time to total 120 days of operating expenses.

In this memorandum, several budget actions are recommended to align the 2018-2019 budget with the latest revenue and expenditure projections as summarized in the revised Source and Use Statement included as Attachment 3. The largest adjustments account for the revised energy sales revenue estimate and the cost of energy projection to implement the Phase II launch. Other adjustments revise the revenue and expenditure line items based on actual expenditures and revised estimates through the remainder of the fiscal year. This includes an increase to the Operations and Maintenance (O & M) Reserve to $20 million, which is the required reserve level to be maintained per the credit facility with Barclays Bank by December 2019. The establishment of the O & M Reserve at the $20 million level is required before any of the Commercial Paper used as start-up funding for the SJCE Program can be repaid. With the O & M Reserve increased to $20 million, an action is also recommended to establish a Debt Service – Interest – CP appropriation totaling $460,000 to cover the 2018-2019 interest costs associated with the Commercial Paper. It is anticipated that the Commercial Paper principal would be repaid in FY 2019-2020.

The following tables summarize the projected power supply costs through calendar year 2019 (fiscal year 2018-2019 and the first half of 2019-2020) of $226 million. An action is recommended as part of this memorandum to increase the Cost of Energy appropriation to ensure there is sufficient funding available to cover the 2018-2019 project cost of $82 million. Funding of $144 million for the first six months of 2019-2020 is subject to the appropriation of funds in 2019-2020.

Projected Power Supply Costs - Through Calendar Year 2019			
	Previously Approved	**New Recommended Authorization**	Total Projected Cost
Projected Power Supply Costs	$70,000,000	**$156,000,000**	$226,000,000

Projected Power Supply Costs by Fiscal Year	
2018-2019	**$82,000,000**
First 6 months of 2019-2020 (July 1, 2019 – December 31, 2019)	**$144,000,000**

The total 2018-2019 estimated position cost for the Division Manager for the remainder of the year is approximately $140,000. Estimated vacancy savings in 2018-2019 are sufficient to cover the additional cost for this new position. The 2019-2020 position cost is estimated at $210,000 and will be factored into the 2019-2020 Proposed Budget development.

BUDGET REFERENCE

The table below identifies the funding source and the appropriation adjustments recommended in this memorandum.

Fund	APPN	Appn. Name	Current Year Appn.	Rec. Budget Action	2018-2019 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
501	R265	Beginning Fund Balance – Operations and Maint. Reserve	$500,000	($500,000)	X-76	06/19/2018, Res. 78672
501	R120	Fees, Rates, and Charges	$98,785,000	$15,831,000	X-76	06/19/2018, Res. 78672
501	202V	Cost of Energy	$72,046,000	$9,954,000	X-76	10/16/2018, Ord. No. 30172
501	0782	Community Energy Dept. Non-Personal /Equipment	$6,586,000	$641,000	X-76	06/19/2018, Ord. No. 30124
501	201P	Bonding and Security (CPUC)	$100,000	$50,000	X-76	06/19/2018, Ord. No. 30124
501	201Q	Pacific Gas & Electric Fees*	$2,000,000	($1,000,000)	X-76	06/19/2018, Ord. No. 30124
501	201R	Debt Service – Interest – CP	$0	$460,000	X-76	10/16/2018, Ord. No. 30172
501	8265	Ending Fund Balance – Operations and Maintenance Reserve	$13,266,000	$6,734,000	X-76	10/16/2018, Ord. No. 30172
501	8999	Unrestricted Ending Fund Balance	$3,938,943	($1,508,000)	X-76	10/16/2018, Ord. No. 30172

* Proposed renaming from Pacific Gas & Electric Security Deposit to Pacific Gas & Electric Fees.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/
LORI MITCHELL
Director, Community Energy

MARGARET MCCAHAN
Budget Director

CERTIFICATION OF FUNDS

I hereby certify that there will be available for appropriation in the San Jose Clean Energy Operating Fund in the Fiscal Year 2018-2019, monies in excess of those heretofore appropriated there from, said excess being at least $15,331,000.

MARGARET MCCAHAN
Budget Director

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

Attachment 1 – San Jose Clean Energy Residential and Commercial Phase II Rates
Attachment 2 – Revised San Jose Clean Energy Pro forma Summary
Attachment 3 – San Jose Clean Energy Operating Fund Statement of Source and Use of Funds

ATTACHMENT 1

San José Clean Energy *GreenSource* Residential Rates

Effective September 1, 2018

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

E1 Basic Residential

All Electric Usage	$0.07271/kWh	

E-TOUA, Residential Time-of-Use

Summer -	Service from June 1 through September 30		
	Peak	$0.15459/kWh	3 P.M. to 8 P.M. Monday through Friday* (except holidays**)
	Off-Peak	$0.07977/kWh	All other hours including holidays**
Winter -	Service from October 1 through May 31		
	Peak	$0.06812/kWh	3 P.M. to 8 P.M. Monday through Friday* (except holidays**)
	Off-peak	$0.05186/kWh	All other hours including holidays**

E-TOUB, Residential Time-of-Use

Summer -	Service from June 1 through September 30		
	Peak	$0.17625/kWh	4 P.M. to 9 P.M. Monday through Friday* (except holidays**)
	Off-Peak	$0.07422/kWh	All other hours including holidays**
Winter -	Service from October 1 through May 31		
	Part-Peak	$0.07047/kWh	4 P.M. to 9 P.M. Monday through Friday (except holidays**)
	Off-Peak	$0.05186/kWh	All other hours including holidays**

E-TOUC, Residential Time-of-Use

Summer -	Service from June 1 through September 30		
	Peak	$0.13078/kWh	4 P.M. to 9 P.M. everyday
	Off-Peak	$0.06797/kWh	All other hours
Winter -	Service from October 1 through May 31		
	Peak	$0.07488/kWh	4 P.M. to 9 P.M. Monday through Friday (except holidays**)
	Off-Peak	$0.05772/kWh	All other hours including holidays**

E6 Residential Time-of-Use

Summer -	Service from June 1 through September 30		
	Peak	$0.20135/kWh	1 P.M. to 7 P.M. Monday through Friday* (except holidays**)
	Part-Peak	$0.06935/kWh	10 A.M. to 1 P.M. and 7 P.M. to 9 P.M. Monday through Friday* & 5 P.M. to 8 P.M. Saturday and Sunday (except holidays**)
	Off-Peak	$0.04403/kWh	All other hours including holidays**
Winter -	Service from October 1 through May 31		
	Part-Peak	$0.06935/kWh	5 P.M. to 8 P.M. Monday through Friday (except holidays**)
	Off-Peak	$0.0568/kWh	All other hours including holidays**

EV, Residential Rates for Electric Vehicle Owners

Summer -	Service from June 1 through September 30		
	Peak	$0.21026/kWh	2 P.M. to 9 P.M. Monday through Friday, 3 P.M. to 7 P.M. Saturday, Sunday, and holidays**
	Part-Peak	$0.08371/kWh	7 A.M. to 2 P.M. and 9 P.M. to 11 P.M. Monday through Friday (except holidays**)
	Off-Peak	$0.02515/kWh	All other hours
Winter -	Service from October 1 through May 31		
	Peak	$0.05727/kWh	2 P.M. to 9 P.M. Monday through Friday, 3 P.M. to 7 P.M. Saturday, Sunday, and holidays**
	Part-Peak	$0.02302/kWh	7 A.M. to 2 P.M. and 9 P.M. to 11 P.M. Monday through Friday (except holidays**)
	Off-Peak	$0.02735/kWh	All other hours

*DAYLIGHT SAVING TIME ADJUSTMENT: The time periods shown above will begin and end one hour later for the period between the second Sunday in March and the first Sunday in April, and for the period between the last Sunday in October and the first Sunday in November.

**HOLIDAYS: Holidays, for the purpose of this rate schedule, are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day and Christmas Day. The dates will be those in which the holidays are legally observed.

San José Clean Energy *TrueGreen* Residential Rates

TrueGreen Premium

Customers electing the TrueGreen 100% renewable energy service option will pay the applicable rate TrueGreen premium.

All usage	as above plus $0.01/kWh

Other Rate Information

PG&E Electric Rates

San José Clean Energy does not provide a full listing of PG&E's generation or non-generation rates, as those rates are subject to change over the course of the year. The most up-to-date information on these rates can be located within PG&E's tariff sheets, available on their website at: http://www.pge.com/tariffs/ERS.SHTML#ERS. For comparison purposes, generation rates are listed under the "Unbundling of Total Rates", which is found after the listing of "Total Rates". All other charges that comprise PG&E's "bundled" charges (such as distribution, transmission, tiering adjustments, and other charges) are assessed equally to San José Clean Energy customers.

San José Clean Energy *GreenSource* Commercial Rates

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

A-1-A, Small General Service*

Summer - Service from May 1 through October 31		
	All Hours	$0.09916/kWh
Winter - Service from November 1 through April 30		
	All Hours	$0.06034/kWh

A-1-B, Small General Service with Time-of-Use*

Summer - Service from May 1 through October 31			
	Peak	$0.11316/kWh	12 Noon to 6 P.M. Monday through Friday* (except holidays**)
	Part-Peak	$0.08975/kWh	8:30 A.M. to 12 Noon and 6 P.M. to 9:30 P.M. Monday through Friday* and all Saturday and Sunday (except holidays**)
	Off-Peak	$0.06267/kWh	9:30 P.M. to 8:30 A.M. Monday through Friday* and all day Saturday and Sunday (except holidays**)
Winter - Service from November 1 through April 30			
	Part-Peak	$0.08840/kWh	8:30 A.M. to 9:30 P.M. Monday through Friday* (except holidays**)
	Off-Peak	$0.06790/kWh	9:30 P.M. to 8:30 A.M Monday through Friday* and all day Saturday and Sunday (except holidays**)

A-6, Small General Service with Time-of-Use*

Summer - Service from May 1 through October 31			
	Peak	$0.34839/kWh	12 Noon to 6 P.M. Monday through Friday* (except holidays**)
	Part-Peak	$0.1112/kWh	8:30 A.M. to 12 Noon and 6 P.M. to 9:30 P.M. Monday through Friday* and all Saturday and Sunday (except holidays**)
	Off-Peak	$0.05270/kWh	9:30 P.M. to 8:30 A.M. Monday through Friday and all day Saturday and Sunday* (except holidays**)
Winter - Service from November 1 through April 30			
	Part-Peak	$0.0787/kWh	8:30 A.M. to 9:30 P.M. Monday through Friday* (except holidays**)
	Off-Peak	$0.06138/kWh	9:30 P.M. to 8:30 A.M Monday through Friday* and all day Saturday, Sunday, and holidays**

A-10-S, Medium General Service

Summer - Service from May 1 through October 31		
	All Hours	$0.0893/kWh
Winter - Service from November 1 through April 30		
	All Hours	$0.06259/kWh
Demand Charges		
Summer Max Demand		$5.3559/kW

Above rates apply for customers using secondary voltage, typical for most customers on this rate schedule. Primary voltage customers receive a 4% discount from the above rates.

A-10-X, Medium General Service with Time-of-Use

		Secondary	Primary	Transmission
Summer - Service from May 1 through October 31				
	Peak	$0.14264/kWh	$0.13087/kWh	$0.11678/kWh
	Part-Peak	$0.08806/kWh	$0.08081/kWh	$0.07038/kWh
	Off-Peak	$0.05940/kWh	$0.05445/kWh	$0.04532/kWh
Winter - Service from November 1 through April 30				
	Part-Peak	$0.07228/kWh	$0.06725/kWh	$0.05871/kWh
	Off-Peak	$0.05538/kWh	$0.05153/kWh	$0.04427/kWh
Demand Charges				
Summer Max Demand		$5.30/kW	$4.61/kW	$3.61/kW

E19, Medium General Service

		Secondary	Primary	Transmission
Summer - Service from May 1 through October 31				
	Peak	$0.11463/kWh	$0.10458/kWh	$0.0684/kWh
	Part-Peak	$0.06210/kWh	$0.06296/kWh	$0.05427/kWh
	Off-Peak	$0.04153/kWh	$0.0362/kWh	$0.03557/kWh
Winter - Service from November 1 through April 30				
	Part-Peak	$0.06463/kWh	$0.05733/kWh	$0.05570/kWh
	Off-Peak	$0.04153/kWh	$0.04281/kWh	$0.04213/kWh
Demand Charges				
Summer Peak Demand		$12.12/kW	$13.58/kW	$13.78/kW
Summer Part-Peak Demand		$2.95/kW	$3.35/kW	$3.46/kW

Time of Use Periods

Summer - Service from May 1 through October 31		
	Peak	12 Noon to 6 P.M. Monday through Friday* (except holidays**)
	Part-Peak	8:30 A.M. to 12:00 Noon Monday through Friday* AND 6:00 P.M. to 9:30 P.M. (except holidays**)
	Off-Peak	9:30 P.M. to 8:30 A.M. Monday through Friday. All day Saturday, Sunday, and holidays**
Winter - Service from November 1 through April 30		
	Part-Peak	8:30 A.M. to 9:30 P.M. Monday through Friday (except Holidays**)
	Off-Peak	9:30 P.M. to 8:30 A.M. Monday through Friday* (except holidays). All day Saturday, Sunday, and holidays**

E20, Large General Service

		Secondary	Primary	Transmission
Summer - Service from May 1 through October 31				
	Peak	$0.10573/kWh	$0.10998/kWh	$0.06679/kWh
	Part-Peak	$0.06577/kWh	$0.06593/kWh	$0.05351/kWh
	Off-Peak	$0.03833/kWh	$0.03883/kWh	$0.03594/kWh
Winter - Service from November 1 through April 30				
	Part-Peak	$0.05996/kWh	$0.06013/kWh	$0.0556/kWh
	Off-Peak	$0.04509/kWh	$0.04548/kWh	$0.04209/kWh
Demand Charges				
Summer Peak Demand		13.14/kW	14.43/kW	17.07/kW
Summer Part-Peak Demand		3.24/kW	3.41/kW	4.07/kW

Time of Use Periods

Summer - Service from May 1 through October 31		
	Peak	12 Noon to 6 P.M. Monday through Friday (except holidays**)
	Part-Peak	8:30 A.M. to 12 Noon and 6 P.M. to 9:30 P.M. Monday through Friday* (except holidays**)
	Off-Peak	9:30 P.M. to 8:30 A.M. Monday through Friday and all day Saturday, Sunday, and holidays
Winter - Service from November 1 through April 30		
	Part-Peak	8:30 A.M. to 9:30 P.M. Monday through Friday (except holidays**)
	Off-Peak	9:30 P.M. to 8:30 A.M. Monday through Friday* (except holidays). All day Saturday, Sunday, and holidays**

San José Clean Energy Agricultural Rates

AG-1, Agriculture

	Rate A	Rate B
Summer - Service from May 1 through October 31	$0.08249/kWh	$0.0857/kWh
Winter - Service from November 1 through April 30	$0.06118/kWh	$0.06126/kWh
Demand & Connected Load Charges		
Summer Connected Load	$1.46/kW	N/A
Summer Maximum Demand	N/A	$2.20/kW

AG-4, Time-of-Use Agriculture

		Rate A	Rate B	Rate C
Summer - Service from May 1 through October 31				
	Peak	$0.14709/kWh	$0.10676/kWh	$0.12707/kWh
	Part-Peak	$ -	$ -	$0.06102/kWh
	Off-Peak	$0.0492/kWh	$0.05141/kWh	$0.03702/kWh
Winter - Service from November 1 through April 30				
	Part-Peak	$0.05364/kWh	$0.04951/kWh	$0.04383/kWh
	Off-Peak	$0.04198/kWh	$0.03837/kWh	$0.03353/kWh
Demand Charges				
Summer Connected Load		$1.45/kW	N/A	N/A
Summer Maximum Demand		N/A	$2.57/kW	N/A
Summer Peak Demand		N/A	$2.72/kW	$6.32/kW
Summer Part-Peak Demand		N/A	N/A	$1.08/kW

AG-5, Large Agriculture

		Rate A	Rate B	Rate C
Summer - Service from May 1 through October 31				
	Peak	$0.13604/kWh	$0.13070/kWh	$0.10535/kWh
	Part-Peak	$ -	$ -	$0.0502/kWh
	Off-Peak	$0.05454/kWh	$0.02778/kWh	$0.02967/kWh
Winter - Service from November 1 through April 30				
	Part-Peak	$0.05832/kWh	$0.04880/kWh	$0.03581/kWh
	Off-Peak	$0.04603/kWh	$0.01877/kWh	$0.02649/kWh
Demand Charges				
Summer Connected Load		$3.97/kW	N/A	N/A
Summer Maximum Demand		N/A	$4.77/kW	N/A
Summer Peak Demand		N/A	$5.98/kW	$11.08/kW
Summer Part-Peak Demand		N/A	N/A	$2.09/kW

San José Clean Energy Street and Outdoor Lighting Rates

SL-1, Street & Hwy. Lighting

All Electric Usage	$0.08015/kWh

TC-1, Traffic Control Service

All Electric Usage	$0.06881/kWh

San José Clean Energy Standby Rates

A-ST-T, Standby Service †

		Secondary & Primary	Transmission
Summer - Service from May 1 through October 31			
	Peak	$0.09592/kWh	$0.07854/kWh
	Part-Peak	$0.07780/kWh	$0.06426/kWh
	Off-Peak	$0.05622/kWh	$0.04537/kWh
Winter - Service from November 1 through April 30			
	Part-Peak	$0.06974/kWh	$0.06570/kWh
	Off-Peak	$0.06403/kWh	$0.052/kWh
Reservation Charge		$0.41/kW	$0.34/kW

† Applies to Full Standby customers under Rate Schedule S. All partial standby customers are billed at their Otherwise Applicable Schedule ("OAS") rate.

* Non-city customer accounts on these rate schedules will not be enrolled in GreenSource in February 2019. These customers will be enrolled at a later date and are not eligible for the GreenSource product. They are eligible for the TrueGreen product on a voluntary basis.

- DAYLIGHT SAVING TIME ADJUSTMENT: The time periods shown above will begin and end one hour later for the period between the second Sunday in March and the first Sunday in April, and for the period between the last Sunday in October and the first Sunday in November.

- HOLIDAYS: Holidays, for the purpose of this rate schedule, are New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day and Christmas Day. The dates will be those in which the holidays are legally observed.

San José Clean Energy *TrueGreen* Commercial Rates

TrueGreen Premium

Customers electing the TrueGreen 100% renewable energy service option will pay the applicable rate TrueGreen premium.

All usage – Small Commercial (A1, A6, and A15), Industrial (E20) and Other (e.g., SL-1, TC-1)	as above plus $0.01/kWh
All usage – Medium Commercial (A10) and Large Commercial (E19)	as above plus $0.005/kWh

Other Rate Information

PG&E Electric Rates

San José Clean Energy does not provide a full listing of PG&E's generation or non-generation rates, as those rates are subject to change over the course of the year. The most up-to-date information on these rates can be located within PG&E's tariff sheets, available on their website at: http://www.pge.com/tariffs/ERS.SHTML#ERS. For comparison purposes, generation rates are listed under the "Unbundling of Total Rates", which is found after the listing of "Total Rates". All other charges that comprise PG&E's "bundled" charges (such as distribution, transmission, tiering adjustments, and other charges) are assessed equally to San José Clean Energy customers.

ATTACHMENT 2

Summary of San Jose Clean Energy Financial Pro Forma by Fiscal Year and Calendar Year (2018-2019 through 2021-2022)

		Fiscal Year			
		FY18-19	FY19-20	FY20-21	FY21-22
*Financing**		*$ 30,000,000*	$ -	$ -	$ -
Revenues					
	Total Electric Sales Revenues	**$ 114,615,761**	**$ 322,695,369**	**$ 351,969,829**	**$ 345,996,521**
Costs	Power Supply	$ 81,557,499	$ 270,041,953	$ 302,429,402	$ 300,515,141
	Operating and Administrative	$ 12,929,023	$ 17,753,706	$ 16,187,784	$ 15,377,859
	Total Operating Costs	**$ 94,486,522**	**$ 287,795,659**	**$ 318,617,186**	**$ 315,893,000**
	Debt repayment		**$ 30,000,000**		
Annual Program Balance [Surplus/(Deficit)]		$ 20,129,239	$ 4,899,710	$ 33,352,643	$ 30,103,521
Cumulative Reserves		**$ 20,129,239**	**$ 25,028,949**	**$ 58,381,592**	**$ 88,485,113**

		Calendar Year			
		2019	2020	2021	2022
*Financing**		*$ 30,000,000*	$ -	$ -	$ -
Revenues					
	Total Electric Sales Revenues	**$ 267,141,382**	**$ 344,998,626**	**$ 346,247,104**	**$ 345,745,939**
Costs	Power Supply	$ 225,373,795	$ 280,015,708	$ 298,042,232	$ 302,988,050
	Operating and Administrative	$ 16,913,342	$ 17,642,210	$ 15,021,487	$ 15,436,253
	Total Operating Costs	**$ 242,287,137**	**$ 297,657,918**	**$ 313,063,719**	**$ 318,424,303**
	Debt repayment		**$ 30,000,000**		
Annual Program Balance [Surplus/(Deficit)]		$ 24,854,245	$ 17,340,708	$ 33,183,385	$ 27,321,636
Cumulative Reserves		**$ 24,854,245**	**$ 42,194,953**	**$ 75,378,338**	**$ 102,699,974**

** includes $10 Million in commerical paper and $20 Million line of credit*

ATTACHMENT 3

2018-2019
San José Clean Energy Operating Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2017-2018 Actual	2018-2019 Adopted	2018-2019 Current Modified	Proposed Changes	2018-2019 Modified w/Proposed Changes
SOURCE OF FUNDS					
Beginning Fund Balance					
Operations and Maintenance Reserve	0	500,000	500,000	(500,000)	0
Reserve for Encumbrances	0	0	49,164		49,164
Unrestricted Beginning Fund Balance	0	0	(251,897)		(251,897)
Total Beginning Fund Balance	0	500,000	297,267	(500,000)	(202,733)
Fees, Rates, and Charges					
Energy Sales	0	98,785,000	98,785,000	15,831,000	114,616,000
Total Fees, Rates, and Charges	0	98,785,000	98,785,000	15,831,000	114,616,000
Financing Proceeds					
Commercial Paper Proceeds	897,488	3,887,000	9,102,512		9,102,512
Financing Proceeds	0	35,000,000	20,000,000		20,000,000
Total Financing Proceeds	897,488	38,887,000	29,102,512	0	29,102,512
TOTAL SOURCE OF FUNDS	**897,488**	**138,172,000**	**128,184,779**	**15,331,000**	**143,515,779**
USE OF FUNDS					
Expenditures					
City Attorney Personal Services	78,981	372,374	372,374		372,374
Community Energy Personal Services	516,529	3,674,551	3,674,551		3,674,551
Finance Department Personal Services	0	117,747	117,747		117,747
ESD Personal Services	39,924	0	0		0
Community Energy Non-Personal/Equipment	364,787	6,586,000	6,586,000	641,000	7,227,000
Cost of Energy	0	69,046,000	72,046,000	9,954,000	82,000,000
Bonding and Security (CPUC)	100,000	100,000	100,000	50,000	150,000
PG&E Fees	0	2,000,000	2,000,000	(1,000,000)	1,000,000
Letter of Credit Fees	0	0	375,000		375,000
Debt Service - Interest - Revolver	0	1,095,000	720,000		720,000
Debt Service - Principal - Revolver	0	35,000,000	20,000,000		20,000,000
Debt Service - Interest - CP	0	460,000	0	460,000	460,000
Debt Service - Principal - CP	0	7,500,000	0		0
Total Expenditures	1,100,221	125,951,672	105,991,672	10,105,000	116,096,672
Ending Fund Balance					
Operations and Maintenance Reserve	0	5,306,000	13,266,000	6,734,000	20,000,000
Community Energy Rate Stabilization Reserve	0	4,939,000	4,939,000		4,939,000
Reserve for Encumbrances	49,164	0	49,164		49,164
Unrestricted Ending Fund Balance	(251,897)	1,975,328	3,938,943	(1,508,000)	2,430,943
Total Ending Fund Balance	(202,733)	12,220,328	22,193,107	5,226,000	27,419,107
TOTAL USE OF FUNDS	**897,488**	**138,172,000**	**128,184,779**	**15,331,000**	**143,515,779**