

STATUS REPORT ON 2021-2022 CITY ROADMAP INITIATIVE

Lowering PG&E Above-Market Costs For
Clean Energy



Staff Presenting:
Lori Mitchell, Director
Zach Struyk, Assistant Director
Kari Smith, Division Manager

CITY ROADMAP

“Lowering PG&E Above-Market Costs for Clean Energy” identified as a 2021-2022 City Roadmap Initiative.

San José City Roadmap | FY 2021-2022 | Approved by Council on March 16, 2021

Enterprise Priority

COVID-19 Pandemic: Community + Economic Recovery

Emergency Management + Preparedness

Creating Housing + Preventing Homelessness

Safe, Vibrant, + Inclusive Neighborhoods + Public Life

Building the San José of Tomorrow with a Downtown for Everyone

Smart, Sustainable, + Reliable City: 21st Century Infrastructure

Project

Housing Stabilization

Re-Employment + Workforce Development

Small Business Recovery

Food + Necessities Distribution

Digital Equity

Child Care Learning Pods

Vaccination Taskforce

Emergency Housing Construction + Operation

Sheltering + Enhanced Encampment Services

Police Reforms Work Plan

San José 311 + Service Delivery

Encampment Waste Pick-Up BeautifySJ

Vision Zero Traffic Safety

Align Zoning with General Plan

Development Services Transformation

Google Development

Major Real Estate Development Projects

Pavement, Fire, EOC, Transit Capital Improvements

Regional Wastewater Facility Capital Improvements

Electrical Service for Major Development

Climate Smart American Cities Climate Challenge

Strategy

North San José Strategy

Equity Strategy Development

Neighborhood Services Access Strategy

BART + High-Speed Rail Strategy

Lowering PG&E Above Market Costs for Clean Energy

Policy

Build Back Better + Recovery Taskforce

Soft-Story Building Earthquake Retrofit Policy

Encampment Management + Safe Relocation Policy

Enterprise Priority Foundational

Strategic Fiscal Positioning + Resource Deployment

Powered by People

Project

Federal + State Recovery Advocacy

Secure City Cybersecurity

Procurement Improvement

Pension Obligation Bond Analysis

Continuity of City Services

Safe Workplace

Employee Health + Wellness

Drive to Digital

Effective Teams

Strategy

Budgeting for Equity

City Workforce Diversity + Skill Building

City Roadmap Budgeting, Accountability, + Performance

Policy

Legend:

COVID-19 Response

Enterprise Initiatives

Priority

Higher

Lower

Higher

Lower

FIVE MAIN INITIATIVES

Educational Materials

- SJCE PCIA Fact Sheets, Social Media, and Website updates
- Legislative Education and Letters of Support

Legislative Outreach

- Outreach to San Jose Legislative Delegation
- Outreach to Legislative Committee Leadership

Stakeholder Outreach

- Organize stakeholder support for PCIA legislative and policy reform
- Alert stakeholders to legislative hearings and opportunities to support

Analysis of Expanded Reform

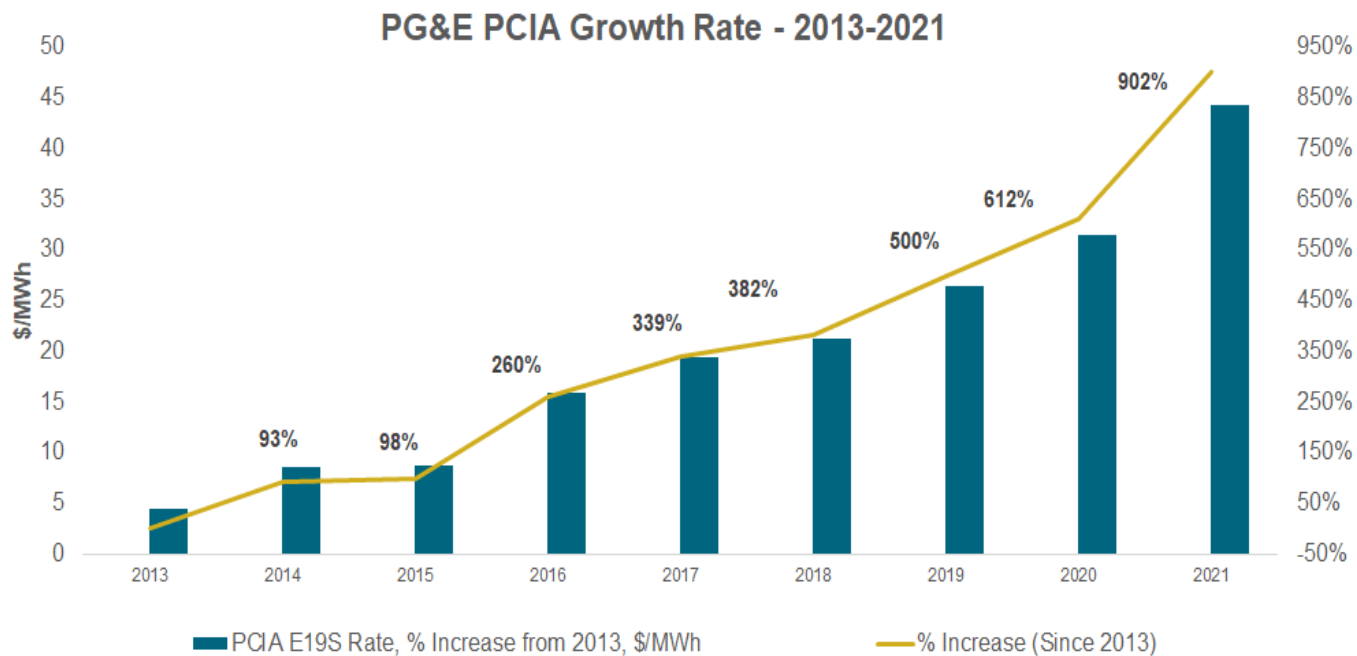
- IOU portfolio cost analysis; PCIA impact analysis from PG&E costs
- Research of IOU Exit Fee Costs and Policies in Other States

Support of Expanded Reform

- Develop CCA consensus around potential PCIA reform measures
- Support advocacy to improve PG&E PCIA cost transparency

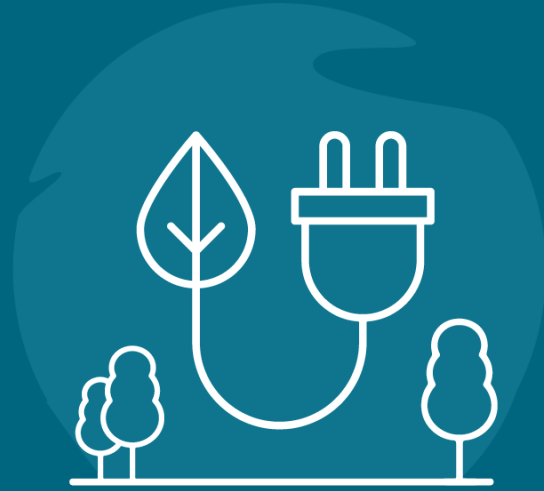
PG&E “ABOVE-MARKET COSTS” AND SJCE COSTS

PG&E "above-market" costs for energy resource investments are recovered through the Power Charge Indifference Adjustment (PCIA) as an added per KWh utility charge paid by PG&E and SJCE customers.



ENERGY STATEMENT www.pge.com/MyEnergy			
Details of PG&E Electric Delivery Charges			
03/02/2019 - 03/31/2019 (30 billing days)			
Service For: 1234 MAIN STREET			
Service Agreement ID: 5678910123			
Rate Schedule: E1 X Residential Service			
03/02/2019 - 03/31/2019	Your Tier Usage	1	2
Tier 1 Allowance	501.00000 kWh (30 days x 16.7 kWh/day)		
Tier 1 Usage	501.00000 kWh @ \$0.21536		\$107.90
Tier 2 Usage	105.00000 kWh @ \$0.28478		\$29.90
Generation Credit			-65.33
Power Charge Indifference Adjustment			19.97
Franchise Fee Surcharge			0.29
Utility Users' Tax			1.75
Total PG&E Electric Delivery Charges			\$94.48
2019 Vintaged Power Charge Indifference Adjustment			

Annual re-calculation of PG&E PCIA rates based on confidential PG&E cost inputs makes it difficult to plan for PG&E PCIA costs and reduce price volatility



INITIATIVE UPDATE

SJCE AND CALCCA EDUCATIONAL MATERIALS

POWER CHARGE INDIFFERENCE ADJUSTMENT (PCIA)

ABOVE-MARKET COSTS

WHAT IS THE PCIA?

All California electricity customers, whether they are served by investor-owned utilities (IOUs), Community Choice Aggregators (CCAs), or a combination of the two, pay for IOU's above-market costs related to legacy power contracts and operating costs for power plant resources. The California Public Utilities Commission (CPUC) has updated IOU projected costs and CCA rates based on updated IOU projected costs and CCA rates.

These above-market costs are recovered for a service from other providers, including CCAs, to 30 years. San José Clean Energy (SJCE) customers previously purchased on their behalf and for

SB 612 (Portantino)
UTILITY ABOVE-MARKET COSTS

BACKGROUND

In the last decade over 17 million California ratepayers transitioned from investor-owned utilities (IOUs) to Community Choice Aggregators (CCAs) for electric service. California's 23 CCAs are not-for-profit, locally managed public agencies purchasing power on behalf of their residents and businesses in more than 100 cities and counties. They provide clean, reliable energy; operate under the direction of governing boards comprised of local elected officials; are accountable to the community; and comply with all State and Federal requirements governing power reliability and clean energy purchases.

CCAs have accelerated California's transition to clean energy by purchasing renewable energy in excess of the state's requirements (204% from 2011-2019).

UCLA Luskin Center on Innovation supports the Role of Community Choice Aggregators in Reducing Clean Energy Transition

IMPACT ON RATEPAYERS

The economic impact of the PCIA is of major concern to millions of dollars in added costs on California ratepayers. The PCIA is a major burdening all ratepayers.

With Californians struggling to meet their monthly expenses, a situation that has been exacerbated by COVID-19, it is more important than ever that we look carefully for ways to scale back ratepayer costs while simultaneously staying on track to achieve California's clean energy and reliability goals.

SJCE fact sheets

ABOUT YOUR CHOICES RATES & BILLING PROGRAMS **ESPAÑOL** **TIẾNG VIỆT**

THE POWER CHARGE INDIFFERENCE ADJUSTMENT

Watch on YouTube

SJCE is advocating for improved PG&E management of above-market costs with the California Public Utilities Commission and State Legislature to reduce rates for all customers.

The PCIA is paid by all electric consumers in PG&E territory to cover PG&E's above-market costs from legacy energy contracts and power plant operations. SJCE incorporates all PG&E added fees into our rate setting process so that, in total, our rates remain competitive with PG&E.

Excluding PG&E added fees, SJCE's GreenSource generation charges are **still about 30% lower** than PG&E's. Over the past years, SJCE has had to reduce generation charges to offset major and continuous increases in the PCIA and protect customers.

PG&E's PCIA has risen over 900% between 2013-2021. For the average residential customer in San José using 482 kilowatt hours (kWh) per month, PCIA fees have doubled from \$10.27 per month in 2018 to \$20.80 per month in 2021. To learn more about the PCIA, read our fact sheet or visit CalCCA's PCIA webpage.

PG&E PCIA Growth in Relation to SJCE Generation Charges

Year	SJCE generation charges E-195, \$/kWh	PCIA E-195 Rate, \$/kWh
2018	~\$0.05	~\$0.10
2019	~\$0.05	~\$0.15
2020	~\$0.05	~\$0.20
2021	~\$0.05	~\$0.25

SJCE & CalCCA social media posts

CalCCA @cal-cca · Jun 2

Yesterday, SB 612 was passed off the Senate Floor with a vote of 33-6! This is a huge step toward making ratepayer equity a reality.

Thank you to @Portantino as well as all of our amazing supporters!

Learn how you can support here: cal-cca.org/sb-612/ #YesOnSB612

Fair
treatment for ALL Californians

Yes to Ratepayer Equity!

cal-cca.org/sb-612/

You and 9 others

1 12 15

San José Clean Energy @sjcleanenergy · Apr 24

All ratepayers deserve fair and equitable treatment, regardless of their energy provider. This Monday SB 612 is in committee so find out how you can support it here: cal-cca.org/sb-612/

#YesOn612 #FairEnergyAccess @cal-cca

Fair
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Yes to Ratepayer Equity!

cal-cca.org/sb-612/

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ABOUT IMPACT RESOURCES POLICY NEWS EVENTS JOBS/RFOS **JOIN US**

THE POWER CHARGE INDIFFERENCE ADJUSTMENT

The PCIA Story

The California Community Choice Association is engaged in ongoing efforts to reduce the Power Charge Indifference Adjustment (PCIA) for all ratepayers. California's investor-owned utilities (IOUs) use the PCIA to recover above-market costs associated with their power portfolios. The impact of the PCIA on ratepayers is a major concern because it has increased by hundreds of millions of dollars in recent years. We believe more can be done to reduce the PCIA.

Why Reduce the PCIA?

Update: CalCCA Statement on CPUC's May 20 PCIA Decision:

Today marks 454 days since the PCIA Working Group 3 (WG3) proposal was submitted to the CPUC. The proposal resulted from nearly a year of dedicated work by co-chairs

SJCE & CalCCA webpages

SJCE EDUCATIONAL VIDEO ON PCIA



POLICY ANALYSIS

- SJCE completed a study on departing load fees and sunset rules in 20 other states.
 - Retail Electric Choice is available in 16 states. Only 3 states, including California, have no Sunset Provision for IOU exit fees.
- SJCE completed an analysis of regulatory options to improve CPUC oversight of IOU portfolio cost management and above-market costs.



RECOMMENDATIONS

- Continue to monitor PG&E rates and accounting to reduce risk of PG&E cost shifts to SJCE in multiple CPUC proceedings.
- Expand California market and regulatory analysis to support new policies to reduce costs and improve PCIA forecasts.
- Re-visit SB 612 (Portantino) in 2022 Legislative Session and continue to build broad based coalition around cost concerns.
- Thank San Jose delegation for their strong support.