



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

**SUBJECT: SAN JOSE CLEAN ENERGY
RATE ADJUSTMENT
IN RESPONSE TO PACIFIC GAS
AND ELECTRIC COMPANY'S
RATE CHANGES**

DATE: March 12, 2020

Approved

Date

3-13-20

INFORMATION

BACKGROUND

On March 19, 2019, the City Council approved Ordinance No. 30233, amending Section 26.40.020 of the San José Municipal Code, which allows San José Clean Energy (“SJCE”) to adjust rates without requiring written notice to customers or a finding of extraordinary circumstances by City Council if all of the following conditions are met:

1. As required under Section 26.40.010, the rate was equal to or below similar Pacific Gas & Electric (“PG&E”) rates when it was established and will continue to be equal to or below similar PG&E rates after the rate increase or decrease;
2. The rate increase or decrease follows a rate increase or decrease by PG&E;
3. The rate increase or decrease is consistent with City Council resolutions establishing rates; and
4. The rate increase inclusive of the Power Charge Indifference Adjustment (PCIA) is not more than five percent (5%).

City Council also directed SJCE to provide an informational memorandum comparing the adjusted rate with both the previous rate and PG&E rate.

City Council must approve any rate increase that exceeds five percent (5%), inclusive of the Power Charge Indifference Adjustment (“PCIA”), which is the “exit fee” that PG&E charges customers served by Community Choice Energy programs, like SJCE.

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ANALYSIS

On February 25, 2020, PG&E submitted advice letter 5769-E to the California Public Utility Commission ("CPUC") to update its electric rates effective March 1, 2020. There are no changes to PG&E's authorized revenue requirement, but several changes are made to select rate schedules effective March 1, 2020:

1) Changes to California Alternate Rates for Energy (CARE) discount.

On February 12, 2020, PG&E submitted Advice Letter 5758-E to *implement a decrease in the overall residential discount for CARE customers from 35.5 percent to 35.0 percent*. This change is a result of a previous ruling by the Public Utilities Commission, (D.)18-12-004, which changed the CARE discount from separate CARE rates into a line item discount. This means that all CARE rates (EL-1, EL-6, EL-TOU, EL-TOU-C3, EML, EML-TOU, ESL, ESRL, ETL, EVL2) are eliminated and replaced with the line item discount. This new methodology means that CARE customers impacted by the delivery minimum bill amount would see an increase in their monthly costs. Accordingly, to allow delivery minimum bill customers to retain their full discount and still have the total average discount remain 35.5%, the residential CARE discount had to be decreased by .5%.

Commercial E-CARE rates, which are based off the residential CARE discount and vary by rate class will also be revised based on the new discount level of 35%. It is important to note that all CARE and E-CARE discounts are reflected on the distribution side of customers' bill and are managed by PG&E. SJCE does not control or affect the CARE discount.

2) Change to residential time-of-use (TOU) rate, Schedule E-TOU-C.

On July 11, 2019, the California Public Utilities Commission issued Decision (D.) 19-07-004 in Phase IIB of the 2018 Rate Design Window (RDW) Applications filed by PG&E, Southern California Edison (SCE), and San Diego Gas and Electric Company (SDG&E). D.19-07-004 approved, with modifications, PG&E's proposed default time-of-use (TOU) rate, Schedule E-TOU-C. In compliance, on October 9, 2019, PG&E submitted Advice Letter 5653- E, which was approved by Energy Division on January 6, 2020 effective March 1, 2020.

Advice Letter 5653-E modified the existing Electric Rate Schedule E-TOU-C3 into Schedule E-TOU-C. In addition to changing the name, it also implemented a reallocation of the peak to off-peak price (POPP) differential among the Generation and Distribution rate components. Prior to this reallocation, the total difference between peak and off-peak prices came entirely from the Generation rate component. PG&E will begin to allocate a portion of the difference to both the Generation and Distribution rate components in its new Schedule E-TOU-C. *The total effective rate that customers pay has been designed to remain unchanged, so customers should see no financial impact*. SJCE will alter its generation rates to match and apply its customary discount to PG&E's new generation rates. The changes to the TOU-C rate are show in Attachment A.

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3) New agricultural rate options.

As part of its broader transition to a new TOU structure with peak hours in the evening, PG&E also introduced new default agricultural rates, AG and AG-F, effective March 1, 2020. ***These new agricultural rates have their peak periods at 5pm-8pm, rather than noon to 6pm.***

Customers will be enrolled on the AG rate in one of four sub-rates (AG-A1, AG-A2, AG-B, or AG-C) based on their eligibility criteria. Generally, AG-A1 and AG-B are designed for lower load factor customers with fewer operating hours and contains lower demand charges and higher energy charges than AG-A2 and AG-C, respectively. By contrast, AG-A2 and AG-C are generally designed for higher load factor customers with more operating hours, and have higher demand charges and lower energy charges than AG-A1 and AGB. Schedule AG-F is a flexible rate plan with peak hours on five days per week instead of seven. The AG-F peak rates are higher as they are only applied five days a week instead of seven.

SJCE will offer its customers all of these rates and maintain its current 1% discount. SJCE's rate adjustments are outlined in Attachments A and are **effective March 1, 2020.**

PUBLIC OUTREACH

The increased rates, effective March 1, 2020, will be posted and accessible to the public on the SJCE website.

/s/

LORI MITCHELL
Director, Community Energy

For questions please contact Zachary Struyk, Deputy Director, at 408-535-4868.

Attachments:

Attachment A – Rate Changes effective March 1, 2020

Rate Name	Season, Charge Type & Time-of-Use Period (TOU)	Previous SJCE Generation Rate	Previous PG&E Fees (FFS + PCIA)	Previous SJCE Generation Rate + PG&E fees	New SJCE Generation Rate <i>(Effective 3/1/2020)</i>	PG&E Fees (FFS + PCIA)	New SJCE Generation Rate + PG&E fees	PG&E Rate <i>(Effective 3/1/2020)</i>	Estimated Savings vs PG&E	SJCE Service Rate % Change <i>(Nov '19 vs. Mar '20)</i>
Residential Rates										
Residential Time-of-Use Service (E-TOU-C)	Summer, Generation, Peak	\$0.14686	\$0.02777	\$0.19270	\$0.13862	\$0.02777	\$0.16639	\$0.16807	-1.0%	-5.6%
	Summer, Generation, Off-Peak	\$0.08405	\$0.02777	\$0.11788	\$0.08571	\$0.02777	\$0.11348	\$0.11463	-1.0%	2.0%
	Winter, Generation, Peak	\$0.09096	\$0.02777	\$0.10623	\$0.09035	\$0.02777	\$0.11812	\$0.11931	-1.0%	-0.7%
	Winter, Generation, Off-Peak	\$0.07380	\$0.02777	\$0.09208	\$0.07547	\$0.02777	\$0.10324	\$0.10428	-1.0%	2.3%
Agricultural Rates										
Default Time-of-Use Agricultural Power (AG-A1-A)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.20025	\$0.02465	\$0.22490	\$0.22717	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.08000	\$0.02465	\$0.10465	\$0.10749	-2.6%	N/A
	Winter, Generation, Peak	N/A	N/A	N/A	\$0.07848	\$0.02465	\$0.10313	\$0.10417	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.07772	-4.0%	N/A
Default Time-of-Use Agricultural Power (AG-A2-A)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.20025	\$0.02465	\$0.22490	\$0.22717	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.08000	\$0.02465	\$0.10465	\$0.10749	-2.6%	N/A
	Winter, Generation, Peak	N/A	N/A	N/A	\$0.07848	\$0.02465	\$0.10313	\$0.10417	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.07772	-4.0%	N/A
Default Time-of-Use Agricultural Power (AG-B-A)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.22379	\$0.02465	\$0.24844	\$0.25095	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.10000	\$0.02465	\$0.12465	\$0.12788	-2.5%	N/A
	Summer, Generation, Peak	N/A	N/A	N/A	\$0.09666	\$0.02465	\$0.12131	\$0.12254	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09634	-1.8%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-C-A)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.09472	\$0.02465	\$0.11937	\$0.12058	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09110	3.9%	N/A
	Summer, Demand, Peak	N/A	N/A	N/A	\$13.02355	\$0.02465	\$13.04820	\$13.18000	-1.0%	N/A
	Summer, Generation, Peak	N/A	N/A	N/A	\$0.08023	\$0.02465	\$0.10488	\$0.10594	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.08042	-7.2%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-A1)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.16609	\$0.02465	\$0.19074	\$0.19267	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.09000	\$0.02465	\$0.11465	\$0.11553	-0.8%	N/A
	Winter, Generation, Peak	N/A	N/A	N/A	\$0.07963	\$0.02465	\$0.10428	\$0.10533	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.07888	-5.4%	N/A

Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-A2)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.16609	\$0.02465	\$0.19074	\$0.19267	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.09000	\$0.02465	\$0.11465	\$0.11553	-0.8%	N/A
	Winter, Generation, Peak	N/A	N/A	N/A	\$0.07963	\$0.02465	\$0.10428	\$0.10533	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.07888	-5.4%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-A3)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.16609	\$0.02465	\$0.19074	\$0.19267	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.09000	\$0.02465	\$0.11465	\$0.11553	-0.8%	N/A
	Winter, Generation, Peak	N/A	N/A	N/A	\$0.07963	\$0.02465	\$0.10428	\$0.10533	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.05000	\$0.02465	\$0.07465	\$0.07888	-5.4%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-B1)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.19088	\$0.02465	\$0.21553	\$0.21771	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.11000	\$0.02465	\$0.13465	\$0.13640	-1.3%	N/A
	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.09845	\$0.02465	\$0.12310	\$0.12434	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09789	-3.3%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-B2)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.19088	\$0.02465	\$0.21553	\$0.21771	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.11000	\$0.02465	\$0.13465	\$0.13640	-1.3%	N/A
	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.09845	\$0.02465	\$0.12310	\$0.12434	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09789	-3.3%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-B3)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.19088	\$0.02465	\$0.21553	\$0.21771	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.11000	\$0.02465	\$0.13465	\$0.13640	-1.3%	N/A
	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.09845	\$0.02465	\$0.12310	\$0.12434	-1.0%	N/A
	Winter, Generation, Off-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09789	-3.3%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-C1)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.09882	\$0.02465	\$0.12347	\$0.12472	-1.0%	N/A
	Summer, Generation, Part-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09471	-0.1%	N/A
	Summer, Demand, Peak	N/A	N/A	N/A	\$13.02355	\$0.02465	\$13.04820	\$13.18000	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.08455	\$0.02465	\$0.10920	\$0.11030	-1.0%	N/A
	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.06000	\$0.02465	\$0.08465	\$0.08385	1.0%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-C2)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.09882	\$0.02465	\$0.12347	\$0.12472	-1.0%	N/A
	Summer, Generation, Part-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09471	-0.1%	N/A
	Summer, Demand, Peak	N/A	N/A	N/A	\$13.02355	\$0.02465	\$13.04820	\$13.18000	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.08455	\$0.02465	\$0.10920	\$0.11030	-1.0%	N/A

	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.06000	\$0.02465	\$0.08465	\$0.08385	1.0%	N/A
Flexible Off-Peak Time-of-Use Agricultural Power (AG-F-C3)	Summer, Generation, Peak	N/A	N/A	N/A	\$0.09882	\$0.02465	\$0.12347	\$0.12472	-1.0%	N/A
	Summer, Generation, Part-Peak	N/A	N/A	N/A	\$0.07000	\$0.02465	\$0.09465	\$0.09471	-0.1%	N/A
	Summer, Demand, Peak	N/A	N/A	N/A	\$13.02355	\$0.02465	\$13.04820	\$13.18000	-1.0%	N/A
	Summer, Generation, Off-Peak	N/A	N/A	N/A	\$0.08455	\$0.02465	\$0.10920	\$0.11030	-1.0%	N/A
	Winter, Generation, Part-Peak	N/A	N/A	N/A	\$0.06000	\$0.02465	\$0.08465	\$0.08385	1.0%	N/A