



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: August 13, 2019

Approved

Anthony A. Maguire

Date

8/13/19

INFORMATION

SUBJECT: Q2 2019 SAN JOSE CLEAN ENERGY POWER PROCUREMENT AND REGULATORY COMPLIANCE REPORT

BACKGROUND

On November 7, 2017, Council approved an ordinance to add Title 26 to the San José Municipal Code to provide procedures for the operation and management of San José Clean Energy ("SJCE").

In accordance with Section 26.30.020 of the Municipal Code, the Director of the Community Energy Department shall submit all reports, plans and data required to comply with SJCE's regulatory requirements. On a quarterly basis, the Director shall provide reports to the City Council listing the plans and reports submitted in the past quarter to the various regulatory agencies. Each quarterly report shall be submitted no later than 45 days following the end of the previous quarter. The quarterly report required in this Section may be combined with the quarterly reporting required in Section 26.50.040.

In accordance with Section 26.50.040, the Director of the Community Energy Department is to submit quarterly reports to the City Council summarizing the number of Short Term Transactions and the total cost of those transactions during the previous quarter.

ANALYSIS

Regulatory Compliance

Between April 1 and June 30, 2019 SJCE submitted **23 compliance filings** with state, federal and non-profit regulatory organizations to meet its regulatory obligations. SJCE is also in the process of entering its emissions data into the Climate Registry.

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Attached to this memorandum is a detailed summary of these compliance filings.

As of June 30, 2019, SJCE has also participated in several California Public Utility Commission (CPUC) regulatory proceedings, including the Integrated Resource Planning rulemaking (R. 16-02-007), the Power Charge Indifference Adjustment rulemaking (R. 17-06-026), the Resource Adequacy rulemaking (R. 17-09-020), the Pacific Gas and Electric Company's (PG&E) 2020 Energy Resource Recovery Account (A.19-06-001), the Pacific Gas and Electric Company's (PG&E) General Rate Case application (A. 18-12-009), the PG&E's Cost of Capital application (A. 19-04-015), and the PG&E Safety Culture investigation (I. 15-08-019).

Power Procurement

SJCE entered into 59 agreements during the second quarter of 2019. Purchases accounted for 52 agreements worth a total of \$328,081,202.15. Power sales accounted for seven agreements worth a total of \$760,500.00. This is a net cost to SJCE of \$328,841,702.15.

SJCE does not intend to purchase more energy than it needs. However, a change in the customer phase-in schedule resulted in SJCE having excess Resource Adequacy in 2019. Staff has been seeking opportunities to sell this excess capacity. In Q2 2019, SJCE entered into seven agreements to sell excess Resource Adequacy.

Attached to this memorandum is a detailed summary of these agreements.

/s/

LORI MITCHELL
Director, Community Energy Department

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

Attachment 1: San José Clean Energy Q2 2019 (Q4 FY 2018-2019) Power Transactions
Attachment 2: San José Clean Energy Q2 2019 (Q4 FY 2018-2019) Compliance Filings

Attachment 1 - San José Clean Energy Q2 2019 (Q4 FY 2018-2019) Power Transactions

| # | Contract ID | Agreement Date | Power Delivery Period | Counterparty | Energy Type | Contract Amount |
|----|-------------|----------------|--------------------------|--|--------------------|--------------------------|
| 1 | 19-112-18 | 4/2/2019 | May 2019 - April 2020 | Nextera Energy Marketing, LLC | Conventional Power | \$ 9,607,500.00 |
| 2 | 19-112-19 | 4/2/2019 | May 2019 - April 2020 | Nextera Energy Marketing, LLC | Conventional Power | \$ 6,006,000.00 |
| 3 | 19-112-20 | 4/2/2019 | July - September 2019 | TransAlta Energy Marketing (U.S.) Inc. | Conventional Power | \$ 3,088,440.00 |
| 4 | 19-112-21 | 4/2/2019 | July - September 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 3,088,440.00 |
| 5 | 19-112-22 | 4/9/2019 | May - December 2019 | DTE Energy Trading, Inc. | Conventional Power | \$ 3,695,097.60 |
| 6 | 19-112-23 | 4/9/2019 | May 2019 - April 2020 | DTE Energy Trading, Inc. | Conventional Power | \$ 9,420,840.00 |
| 7 | 19-112-24 | 4/9/2019 | June - December 2019 | ConocoPhillips Company | Conventional Power | \$ 5,975,004.00 |
| 8 | 19-112-25 | 4/9/2019 | June - December 2019 | DTE Energy Trading, Inc. | Conventional Power | \$ 5,978,183.75 |
| 9 | 19-108-01 | 4/12/2019 | 2019 | Sonoma Clean Power | Renewable | \$ 462,500.00 |
| 10 | 19-101-03 | 4/16/2019 | 2019 | 3 Phases Renewables Inc. | Renewable | \$ 34,500.00 |
| 11 | 19-112-26 | 4/16/2019 | June - December 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 12,154,142.00 |
| 12 | 19-112-27 | 4/16/2019 | May - August 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 1,973,610.40 |
| 13 | 19-112-28 | 4/16/2019 | June - September 2019 | TransAlta Energy Marketing (U.S.) Inc. | Conventional Power | \$ 3,694,980.00 |
| 14 | 19-112-29 | 4/16/2019 | June - December 2019 | Nextera Energy Marketing, LLC | Conventional Power | \$ 6,034,690.75 |
| 15 | 19-124-06 | 4/17/2019 | 2020 | TransAlta Energy Marketing (U.S.) Inc. | Carbon-free Power | \$ 450,000.00 |
| 16 | 19-113-07 | 4/19/2019 | July 2019 | Pilot Power Group | Resource Adequacy | \$ 110,250.00 |
| 17 | 19-113-12 | 4/21/2019 | July 2019 | California Choice Energy Authority | Resource Adequacy | \$ 130,000.00 |
| 18 | 19-112-30 | 4/23/2019 | October - December 2019 | TransAlta Energy Marketing (U.S.) Inc. | Conventional Power | \$ 2,355,346.25 |
| 19 | 19-112-31 | 4/23/2019 | May 2019 - May 2020 | Nextera Energy Marketing, LLC | Conventional Power | \$ 9,587,550.00 |
| 20 | 19-112-32 | 4/23/2019 | May 2019 - December 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 15,049,956.25 |
| 21 | 19-112-34 | 4/23/2019 | May 2019 - December 2020 | Nextera Energy Marketing, LLC | Conventional Power | \$ 15,049,956.25 |
| 22 | 19-112-33 | 4/24/2019 | July - November 2019 | DTE Energy Trading, Inc. | Conventional Power | \$ 2,844,934.40 |
| 23 | 19-124-07 | 4/24/2019 | April - June 2020 | Shell Energy North America (US), L.P. | Carbon-free Power | \$ 3,276,000.00 |
| 24 | 19-113-13 | 4/26/2019 | July 2019 | Calpine Energy Services L.P. | Resource Adequacy | \$ 720,000.00 |
| 25 | 19-113-08 | 4/29/2019 | October 2019 | Silicon Valley Clean Energy | Resource Adequacy | \$ 90,000.00 |
| 26 | 19-113-09 | 4/29/2019 | September - October 2019 | Silicon Valley Clean Energy | Resource Adequacy | \$ 96,000.00 |
| 27 | 19-113-10 | 4/29/2019 | September - October 2019 | Silicon Valley Clean Energy | Resource Adequacy | \$ 24,000.00 |
| 28 | 19-112-35 | 4/30/2019 | 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 8,948,700.00 |
| 29 | 19-108-08 | 5/14/2019 | 2019-2020 | Pacific Gas and Electric Company | Renewable | \$ 9,440,000.00 |
| 30 | 19-112-36 | 5/14/2019 | July 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 1,072,290.00 |
| 31 | 19-124-10 | 5/17/2019 | July - September 2019 | Powerex Corp. | Carbon-free Power | \$ 2,969,208.00 |
| 32 | 19-124-08 | 5/24/2019 | 2020-2021 | Bonneville Power Agency | Carbon-free Power | \$ 53,947,800.00 |
| 33 | 19-113-20 | 5/28/2019 | October 2019 | TransAlta Energy Marketing (U.S.) Inc. | Resource Adequacy | \$ 475,000.00 |
| 34 | 19-112-37 | 5/31/2019 | 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 17,194,680.00 |
| 35 | 19-112-38 | 5/31/2019 | 2020-2021 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 17,535,228.00 |
| 36 | 19-112-39 | 5/31/2019 | 2020 | TransAlta Energy Marketing (U.S.) Inc. | Conventional Power | \$ 8,707,140.00 |
| 37 | 19-112-40 | 6/7/2019 | July - September 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 2,541,960.00 |
| 38 | 19-112-41 | 6/7/2019 | October - December 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 2,234,955.75 |
| 39 | 19-112-42 | 6/7/2019 | January - March 2021 | Nextera Energy Marketing, LLC | Conventional Power | \$ 2,312,828.75 |
| 40 | 19-113-06 | 6/10/2019 | 2020-2022 | Calpine Energy Services L.P. | Resource Adequacy | \$ 31,680,000.00 |
| 41 | 19-113-17 | 6/10/2019 | 2020-2022 | Calpine Energy Services L.P. | Resource Adequacy | \$ 18,900,000.00 |
| 42 | 19-113-18 | 6/10/2019 | 2020-2022 | Calpine Energy Services L.P. | Resource Adequacy | \$ 13,500,000.00 |
| 43 | 19-113-14 | 6/14/2019 | October 2019 | 3 Phases Renewables Inc. | Resource Adequacy | \$ 112,500.00 |
| 44 | 19-113-19 | 6/20/2019 | October 2019 | Pacific Gas and Electric Company | Resource Adequacy | \$ 155,000.00 |
| 45 | 19-108-03 | 6/21/2019 | 2019 | Shell Energy North America (US), L.P. | Renewable | \$ 1,530,000.00 |
| 46 | 19-109-02 | 6/21/2019 | 2019 | Shell Energy North America (US), L.P. | Renewable | \$ 160,000.00 |
| 47 | 19-112-43 | 6/21/2019 | September 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 216,200.00 |
| 48 | 19-112-44 | 6/21/2019 | 2020 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 8,641,260.00 |
| 49 | 19-112-45 | 6/21/2019 | December 2019 | ConocoPhillips Company | Conventional Power | \$ 917,910.00 |
| 50 | 19-112-46 | 6/21/2019 | August 2019 | Morgan Stanley Capital Group Inc. | Conventional Power | \$ 135,520.00 |
| 51 | 19-124-01-1 | 6/25/2019 | 2019 | TransAlta Energy Marketing (U.S.) Inc. | Carbon-free Power | \$ 300,000.00 |
| 52 | 19-113-16 | 6/28/2019 | 2020 | Tenaska Power Services Co. | Resource Adequacy | \$ 3,456,000.00 |
| | | | | | | \$ 328,081,202.15 |

San José Clean Energy Q2 2019 (Q4 FY 2018-2019) Power Sales Summary

| # | Contract ID | Agreement Date | Power Delivery Period | Counterparty | Energy Type | Contract Amount |
|----|-------------|----------------|---------------------------|-------------------------------------|-------------------|------------------------|
| 53 | 18-113-04-2 | 4/9/2019 | June 2019 | Pacific Gas and Electric Company | Resource Adequacy | \$ (80,500.00) |
| 54 | 19-199-02 | 4/12/2019 | June 2019 | Direct Energy | Resource Adequacy | \$ (258,000.00) |
| 55 | 19-199-03 | 4/16/2019 | June 2019 | East Bay Community Energy Authority | Resource Adequacy | \$ (23,000.00) |
| 56 | 19-199-04 | 4/29/2019 | September & November 2019 | Silicon Valley Clean Energy | Resource Adequacy | \$ (99,000.00) |
| 57 | 19-199-06 | 6/13/2019 | August 2019 | Direct Energy | Resource Adequacy | \$ (210,000.00) |
| 58 | 19-199-07 | 6/13/2019 | August 2019 | Direct Energy | Resource Adequacy | \$ (90,000.00) |
| 59 | 19-199-08 | 6/13/2019 | August 2019 | Direct Energy | Resource Adequacy | \$ - |
| | | | | | | \$ (760,500.00) |

Net Cost

\$ 328,841,702.15

Attachment 2 - San José Clean Energy Q2 2019 (Q4 FY 2018-2019) Compliance Filings

As of 06/30/2019

| # | Frequency | Topic | Deliverables | Jurisdiction | Due | Status |
|----|-----------|------------------|--|------------------|-----------|---|
| 1 | M | RA | June T-45 RA | CAISO | 4/17/2019 | Filed 4/16/19 |
| 2 | M | RA | June T-45 RA | CPUC & CEC | 4/17/2019 | Filed 4/16/19 |
| 3 | M | RA | July Load Migration Forecast | CPUC & CEC | 4/17/2019 | Filed 4/13/19 |
| 4 | A | RA | 2020 Load Forecast for Year-Ahead RA | CPUC & CEC | 4/19/2019 | Filed 4/19/19 |
| 5 | A | EIA | Annual 861 Filing (2018) | EIA | 4/30/2019 | Filed 4/30/19 |
| 6 | M | EIA | March 861 filing (accounts, load, revenue) | EIA | 4/30/2019 | Filed 4/30/19 |
| 7 | A | Officer | Annual Officer Certification Form | CAISO | 4/30/2019 | Filed 4/10/19 |
| 8 | Q | Energy Surcharge | Q1 2019 Energy Resources Surcharge Return & Payment due | CDTFA | 4/30/2019 | Filed 4/26/19 |
| 9 | Q | QFER | Q1 2019 1306B – QFER (accounts, load, revenue) | CEC | 5/15/2019 | Filed 5/15/19 |
| 10 | M | RA | July T-45 RA | CAISO | 5/17/2019 | Filed 5/17/19 |
| 11 | M | RA | July T-45 RA (with local and flex true-up) | CPUC & CEC | 5/17/2019 | Filed 5/17/19 |
| 12 | M | RA | August Load Migration Forecast | CPUC & CEC | 5/17/2019 | Filed 5/12/19 |
| 13 | M | EIA | April 861 filing (accounts, load, revenue) | EIA | 5/31/2019 | Filed 5/30/19 |
| 14 | A | PSD | Power Source Disclosure Report submitted to CEC | CEC | 6/3/2019 | Filed 6/3/19 |
| 15 | A | GHG | 2018 Retail Load Reporting for MRR | CARB | 6/3/2019 | Filed 6/3/19 |
| 16 | | IRP | Tier 2 Advice Letter Updating Criteria Pollutant Information | CPUC | 6/14/2019 | Filed 6/14/19 |
| 17 | M | RA | August T-45 RA | CAISO | 6/17/2019 | Filed 6/17/19 |
| 18 | M | RA | August T-45 RA (with local and flex true-up) | CPUC & CEC | 6/17/2019 | Filed 6/17/19 |
| 19 | M | RA | September-December Load Migration Forecast | CPUC & CEC | 6/17/2019 | Filed 6/15/19 |
| 20 | A | RA | 2020 Import Capability Allocation/Transfer Process | CAISO | 6/19/2019 | Filed 6/14/19 |
| 21 | A | RA | 2020 Path 26 Allocation/Transfer Process | CAISO | 6/19/2019 | Filed 6/14/19 |
| 22 | A | RPS | RPS Procurement Plan | CPUC | 6/21/2019 | Filed 6/21/19 |
| 23 | A | Climate Registry | Enter emissions data into CRIS | Climate Registry | 6/30/2019 | In Progress (due dates are recommended and voluntary) |
| 24 | M | EIA | May 861 filing (accounts, load, revenue) | EIA | 6/30/2019 | Filed 6/28/19 |

| Key | |
|-------|---|
| CAISO | California Independent System Operator |
| CAM | Cost Allocation System |
| CARB | California Air Resources Board |
| CDTFA | California Department of Tax and Fee Administration |
| CEC | California Energy Commission |
| CPM | Capacity Procurement Mechanism |
| CPUC | California Public Utilities Commission |
| CRR | Congestion Revenue Rights |
| EIA | Energy Information Administration |
| ERRA | Energy Resource Recovery Account |
| GHG | Greenhouse Gas |
| IRP | Integrated Resource Plan |
| PCIA | Power Charge Indifference Adjustment |
| QFER | Quarterly Fuel Energy Report |
| RA | Resource Adequacy |
| RMR | Reliability Must-Run |
| RPS | Renewable Portfolio Standard |