



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Lori Mitchell

**SUBJECT:** SEE BELOW

**DATE:** February 10, 2020

Approved

Date

February 11, 2020

## INFORMATION

**SUBJECT: Q2 FISCAL YEAR 2019-2020 (OCTOBER – DECEMBER 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 October 1, 2019 and December 31, 2019, SJCE submitted 23 compliance filings with state, federal, and non-profit regulatory organizations to meet its regulatory obligations.

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Attached to this memorandum is a list of these compliance filings.

During the time period of October 1, 2019 and December 31, 2019, SJCE has also participated in eight California Public Utility Commission (CPUC) regulatory proceedings, including the Integrated Resource Planning (IRP) 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 De-energization Proceeding (R.18-12-005), the Wildfire Mitigation Plan Proceeding (R.18-10-007), and the Direct Access Proceeding (R.19-03-009).

### **Power Procurement**

SJCE entered into 34 agreements during the second quarter of FY 2019-2020. SJCE entered into 24 purchase agreements worth a total of \$124,247,394.07, including a long-term solar power purchase agreement. Power sales accounted for 10 agreements worth a total of \$4,346,281.80. The net cost for the 34 agreements to SJCE is \$119,901,112.27.

SJCE does not intend to purchase more power supplies than it needs. Resource Adequacy (RA) procurement has been challenging. Buying RA for summer 2020 is particularly challenging since SJCE's needs are higher in the summer than in other months. Generators strongly prefer to sell annual fixed amounts of this product. SJCE bought some annual supplies that are more than our need in some months to comply with our summer load requirements with the intention of selling the excess to the extent possible. In Q2 FY 2019-2020, SJCE entered into 10 agreements to sell excess Resource Adequacy.

Attached to this memorandum is a list 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 Q4 2019 (Q2 FY 2019-2020) Compliance Filings

Attachment 2: San José Clean Energy Q4 2019 (Q2 FY 2019-2020) Power Transactions

**ATTACHMENT 1**

**San José Clean Energy Q4 2019 (Q2 FY 2019-2020) Compliance Filings**

As of 12/31/2019

#	Frequency	Topic	Deliverables	Jurisdiction	Due	Status
A		PSD	Independent audit of PSD Report, Power Content Label	CEC	10/1/2019	Filed 10/1/19
M		CRRs	December 2019 Load Forecast for CRR Allocations	CAISO	10/10/2019	Filed 10/9/19
		PCIA	Response to ED-PCIA-19-2 re RA and RPS contracts due	CPUC	10/10/2019	Filed 10/10/19
M		RA	December T-45 RA	CAISO	10/17/2019	Filed 10/14/19
M		RA	December T-45 RA (with local and flex true-up)	CPUC & CEC	10/17/2019	Filed 10/16/19
M		RA	January Load Migration Forecast	CPUC & CEC	10/17/2019	Filed 10/14/19
M		EIA	September 861 filing (accounts, load, revenue)	EIA	10/31/2019	Filed 10/28/19
A		RA	2020 Year Ahead RA Filing	CAISO	10/31/2019	Filed 10/31/19
A		RA	2020 Year Ahead RA Filing	CPUC & CEC	10/31/2019	Filed 10/31/19
M		RA	RA year-ahead waiver filing (Tier 2 Advice Letter)	CPUC	10/31/2019	Filed 10/31/19
Q		Energy Surcharge	Q3 2019 Energy Resources Surcharge Return & Payment due	CDTFA	10/31/2019	Completed 10/31/19
M		CRRs	January 2020 Load Forecast for CRR Allocations	CAISO	11/7/2019	Filed 11/6/19
Q		QFER	Q3 2019 1306B – QFER (accounts, load, revenue)	CEC	11/15/2019	Filed 11/14/19
M		RA	January T-45 RA	CPUC & CEC	11/18/2019	Filed 11/18/19
M		RA	February Load Migration Forecast	CPUC & CEC	11/18/2019	Filed 11/13/19
M		RA	January T-45 RA	CAISO	11/18/2019	Filed 11/18/19
A		RA	Supporting documentation for 2021/22 local capacity	CPUC	11/29/2019	Filed 11/27/19
M		EIA	October 861 filing (accounts, load, revenue)	EIA	11/29/2019	Filed 11/26/19
M		CRRs	February 2020 Load Forecast for CRR Allocations	CAISO	12/12/2019	Filed 12/12/19
M		RA	February T-45 RA	CPUC & CEC	12/18/2019	Filed 12/18/19
M		RA	March-June Load Migration Forecast	CPUC & CEC	12/18/2019	Filed 12/8/19
M		RA	February T-45 RA	CAISO	12/18/2019	Filed 12/18/19
M		EIA	November 861 filing (accounts, load, revenue)	EIA	12/31/2019	Filed 12/17/19

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

**ATTACHMENT 2**

**San José Clean Energy Q4 2019 (Q2 FY 2019-2020) Power Transactions**

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
1	19-109-06	11/21/2019	Nextera Energy Marketing, LLC	Renewables	2020	\$ 828,750.00
2	19-112-57	10/1/2019	NRG Power Marketing LLC	Conventional Power	2020	\$ 3,387,017.50
3	19-112-58	10/17/2019	Calpine Energy Services L.P.	Conventional Power	2020	\$ 2,822,465.00
4	19-112-59	12/10/2019	DTE Energy Trading	Conventional Power	2020	\$ 422,500.00
5	19-112-60	12/10/2019	TransAlta Energy Marketing (U.S.) Inc.	Conventional Power	2020	\$ 422,500.00
6	19-113-32	10/28/2019	Monterey Bay Community Power	Resource Adequacy	2020	\$ 672,000.00
7	19-113-43	10/1/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020	\$ 1,339,860.00
8	19-113-47	10/1/2019	Calpine Energy Services L.P.	Resource Adequacy	2020	\$ 932,400.00
9	19-113-48	10/1/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020, 2022	\$ 2,514,306.00
10	19-113-49	10/29/2019	EDF Trading North America, LLC	Resource Adequacy	2020	\$ 13,875.00
11	19-113-50	10/29/2019	Southern California Edison	Resource Adequacy	2020	\$ 268,514.80
12	19-113-52	10/1/2019	Calpine Energy Services L.P.	Resource Adequacy	2020	\$ 612,000.00
13	19-113-53	10/28/2019	San Diego Gas & Electric	Resource Adequacy	2020	\$ 630,000.00
14	19-113-55	10/23/2019	East Bay Community Energy Authority	Resource Adequacy	2020	\$ 716,750.00
15	19-113-56	10/9/2019	City of Santa Clara, dba Silicon Valley Power	Resource Adequacy	2020	\$ 620,085.00
16	19-113-57	10/29/2019	Southern California Edison	Resource Adequacy	2020	\$ 2,700,000.00
17	19-113-58	10/29/2019	Southern California Edison	Resource Adequacy	2020	\$ 44,286.00
18	19-113-59	10/23/2019	Pacific Gas and Electric Company	Resource Adequacy	2020-2021	\$ 1,936,036.30
19	19-113-60	10/29/2019	EDF Trading North America, LLC	Resource Adequacy	2021	\$ 805,200.00
20	19-113-61	10/28/2019	Northern California Power Authority	Resource Adequacy	2020	\$ 36,800.00
21	19-113-62	10/28/2019	City of Santa Clara, dba Silicon Valley Power	Resource Adequacy	2020	\$ 63,745.00
22	19-113-63	10/30/2019	Peninsula Clean Energy	Resource Adequacy	2020	\$ 140,250.00
23	19-113-64	12/6/2019	Algonquin Power Sanger LLC	Resource Adequacy	2021	\$ 1,019,920.00
24	19-108-11	12/18/2019	Edwards Solar V, LLC	Renewables	2020-2037	\$ 101,298,133.47
						<b>\$ 124,247,394.07</b>

**San José Clean Energy Q4 2019 (Q2 FY 2019-2020) Power Sales Summary**

#	Contract ID	Agreement Date	Counterparty	Energy Type	Power Delivery Period	Contract Amount
25	19-199-15	10/1/2019	Shell Energy North America (US), L.P.	Resource Adequacy	2020	\$ (586,800.00)
26	19-199-16	10/1/2019	Calpine Energy Services L.P.	Resource Adequacy	2020	\$ (510,000.00)
27	19-199-17	10/1/2019	Calpine Energy Services L.P.	Resource Adequacy	2020	\$ (802,000.00)
28	19-199-18	10/29/2019	Southern California Edison	Resource Adequacy	2020	\$ (33,000.00)
29	19-199-19	10/23/2019	East Bay Community Energy Authority	Resource Adequacy	2020	\$ (883,400.00)
30	19-199-20	10/28/2019	Monterey Bay Community Power	Resource Adequacy	2020	\$ (726,000.00)
31	19-199-21	10/28/2019	Northern California Power Authority	Resource Adequacy	2020	\$ (155,250.00)
32	19-199-22	10/30/2019	Peninsula Clean Energy	Resource Adequacy	2020	\$ (153,000.00)
33	19-199-23	10/30/2019	East Bay Community Energy Authority	Resource Adequacy	2020	\$ (388,500.00)
34	19-199-24	11/13/2019	Monterey Bay Community Power	Resource Adequacy	2020	\$ (108,331.80)
						<b>\$ (4,346,281.80)</b>

<b>Net Cost</b>
<b>\$ 119,901,112.27</b>