



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Lori Mitchell

SUBJECT: SEE BELOW

DATE: August 13, 2019

Approved

Date

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	\$ 3,694,080.00
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