

**SJCE Business Plan Analysis**  
**(San Jose City Council 21 March 2017 - Item 7.1)**

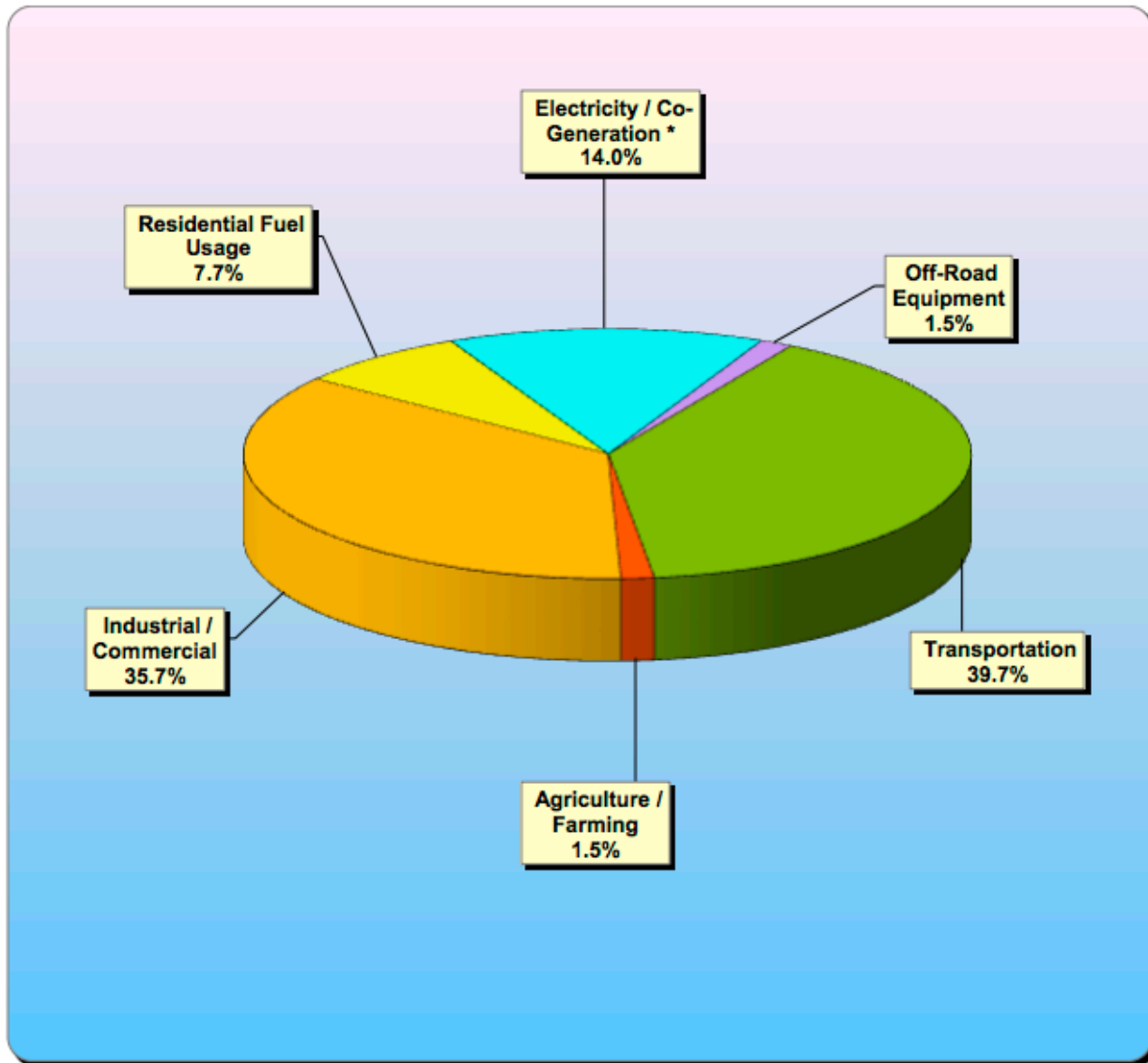
No	SJCE CLAIMS*	FACTS
1	Increase the renewable energy in power mix	<ul style="list-style-type: none"> <li>• PG&amp;E has lowest carbon intensity of 25 largest generators (excludes pure hydro)</li> <li>• PG&amp;E on track to reduce GHG by 50% by 2030.</li> </ul>
2	Receive a share of CCA revenues for use on local, energy programs	<ul style="list-style-type: none"> <li>• Bypasses voter approval like fatally flawed Redevelopment Agency</li> </ul>
3	Ensure low-income program offerings are, at minimum, on par with current PG&E offerings	<ul style="list-style-type: none"> <li>• Already offered by PG&amp;E and regulated by state</li> </ul>
4	Provide the City with option to assume operations of CCA	<ul style="list-style-type: none"> <li>• Inefficient &amp; costly: 19 employees. Avg salary &gt; \$201,900 per year [~\$282,660 w/ benefits]</li> <li>• Creates another mismanaged agency like SCVWD</li> <li>• Siphons PG&amp;E jobs, grants, and tax revenue</li> <li>• Cheaper outsourcing not considered</li> </ul>
5	Keep customer rates cost competitive with PG&E's rates	<ul style="list-style-type: none"> <li>• Anti-competitive: forces expensive and delayed "Opt-Out"</li> <li>• SJCE fails unless consumer choice eliminated</li> </ul>
6	Reduce GHG emissions	<ul style="list-style-type: none"> <li>• Fails to incentivize renewables generation</li> <li>• Unproven "clean energy" programs</li> <li>• Fails to consider cost-effective alternatives</li> </ul>

\* Community Choice Aggregation Business Plan February 27, 2017

**Paltry Benefits**

**The optimistic non-profit energy savings (4.2%) only saves about half of profit-making PG&E's (8.25%) shareholder return.** A profit-making company is almost twice as efficient as the non-profit SJCE.

**Figure 5: 2011 Bay Area GHG Emissions by Sector**



**Transportation generates 2.8X more GHG than electrical production**

source: Bay Area Air Quality Management District, 2011 & updated in 2016

## Who Wins & Loses?

### Winners:

- Consultants: Annual cost exceeds 1.5 X staff salary
- **Annual Costs**
  - Salaries (19 headcount): \$3,837,839 + ~40% for benefits
  - ⇒ \$202,000 / year – over \$282,000 with benefits
  - Office: \$357,000
  - Consultants: \$5,924,761

### Losers:

- Public: negligible to non-existent savings, cumbersome “opt-out”
- Residents burdened for malfeasance & incompetence v. PG&E stockholders
- No consequences for failure

Limited income hardest hit

### San Jose Environmental Services speculates 4.2% energy savings but:

- a. No margin of error estimate – what’s the degree of confidence?
- b. Why does Silicon Valley Clean Energy, Marin, and Sonoma claim only a 1% savings v. 4.2% claimed for SJCE?
  - ⇒ San Francisco’s is more expensive than PG&E.
  - ⇒ Monthly residential savings less than a cup of coffee at Starbucks for everyone else.
- c. **Why incur a \$50M cost? We’re facing millions in flood costs, decaying roads, increased public safety costs & a budget deficit.**
  - ⇒ **Financing increases our borrowing costs. We’re paying \$160M / year for failed Redevelopment Agency (debt retired in 2037).**

Cost projections fail to show (lower cost) Joint Powers Authority governance. Why not advocate a lower cost JPA proposal?

Palo Alto & Santa Clara generate own power at substantially lower cost than SJCE’s proposal.

### Why not generate our own power to increase prosperity?

\$/kWh  
Palo Alto: \$0.11029 [first US city to be carbon neutral]  
Santa Clara: \$ 0.10282  
SJCE: \$0.19130 **1.73X more expensive than Palo Alto, 1.86X more than Santa Clara. Unlike PA & SC, SJ subject to blackouts.**

### Local job creation much more impactful. Jobs/Housing (source: ABAG Year 2000 data)

Palo Alto 4.12, Santa Clara 3.53. **San Jose 1.55 (worst imbalance in area – source: sf.curbed.com, Oct 2016))**

- **Cheaper energy attracts jobs. Local jobs reduce commuting and achieves best GHG emission reduction**
- **#1 Control Strategy Recommendation in 2017 BAAQMD Clean Air Plan (page 5)**
- **Monthly savings of ~ \$40 significantly helps low income residents**

Dave Truslow, 20 March 2017