Overview of Hetch Hetchy Power and CleanPowerSF

Rate Fairness Board
March 22, 2024
Erin Corvinova, Financial Planning Director
SFPUC’s Two Power Programs

SFPUC provides over 75% of the electricity consumed in San Francisco today.

**Hetch Hetchy POWER**

- 1 million MWh annual sales (150 MW)
- 6,000 retail customer accounts, and growing
- Ownership in 385 MW hydro generation, 9 MW solar, 3 MW biogas
- Default product 100% GHG-free
- “Premium” 100% California RPS renewable
- 160+ miles of transmission and distribution lines

**CleanPowerSF**

- 3.1 million MWh annual sales (550 MW)
- 380,000+ customer accounts, relatively stable
- Diverse portfolio of short, medium, and long-term power purchase, storage and resource adequacy contracts
- Default “Green” product at least 50% RPS-eligible and nearly 100% GHG free
- SuperGreen 100% renewable
How We Serve Our Power Customers

Hetch Hetchy Power Supply and Transmission

CAISO Transmission
Non-profit grid operator

San Francisco pays PG&E for use of the distribution grid to deliver its electricity supplies.

PG&E-owned Distribution Grid within San Francisco

Hetch Hetchy Power and CleanPowerSF Customers

CleanPowerSF Supply
Hetch Hetchy Power System Overview
What is a Publicly Owned Utility?

• Local government electricity provider – all services
• Authorized by State Constitution
• Self-governed – in SF, by our Commission and Board of Supervisors
• Self-funded by customers, not taxpayers
• Not for Profit = reinvests in the community
• 25% of California is served by a Public Power utility
Hetch Hetchy Power System
### General Use (GUSE) Rates
- General Fund departments, education districts, governmental agencies, some private customers
- Flat rate $/kWh for all customers
- Eligibility and subsidy levels historically based upon Mayor, budget negotiation
- Less than cost of service (subsidized)
- Increasing annually by $0.5–1 cent/kWh

### Hetch Hetchy Retail Rates
- Private customers, mostly in redevelopment areas
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Default rate for new customers
- Set to 10% below PG&E rates
- Generally slightly above cost of service
- Increase annually by PG&E rate % change

### Enterprise Rates
- Airport, Enterprise departments, Port tenants, some private customers
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Set exactly at PG&E rates
- Higher than cost of service
- Change throughout the year to exactly follow PG&E rates
### General Use (GUSE) Rates
- General Fund departments, education districts, governmental agencies, some private customers
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Less than cost of service (subsidized)
- Increasing annually by 3 cent/kWh

### Hetch Hetchy Retail Rates
- Private customers, mostly in redevelopment areas
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Default rate for new customers
- Set at cost of service + share of subsidy
- As of FY 2023-24, same as retail rates

### Enterprise Rates
- Airport, Enterprise departments, Port tenants, some private customers
- Standard rate schedules with tiers, service charges, seasonal, time-of-use, etc.
- Set at cost of service + share of subsidy
- As of FY 2023-24, same as retail rates
Hetch Hetchy Power Rates Study

2022 Accomplishments

• Gradually eliminating subsidized rates – equitable
• Only one rate change per fiscal year – predictable
• Rates set to cover our costs and meet our financial policies – financially sustainable
  • No rates following PG&E
  • Differences between rates schedules reflect differences in our cost of service

2026 Study Goals

• Continue rate consolidation and elimination of subsidies
• Review and update time-of-use periods to reflect modern power market
• Create new rate structures to meet customer needs
  • Electric vehicle charging
  • On-site solar
  • Demand response programs
Hetch Hetchy Power Customers 2023

Number of Customers

- Residential: 1,498
- Residential Discounted: 170
- Small Commercial: 752
- Small Commercial Discounted: 24
- Medium Commercial: 1,498
- Medium Commercial Discounted: 21
- Large Commercial: 2,525
- Large Commercial Discounted: 24
- Industrial: 957
- Industrial Discounted: 16

Total: 6,117

Total Energy Usage (kWh)

- Residential: 13%
- Residential Discounted: 50%
- Small Commercial: 5%
- Small Commercial Discounted: 4%
- Medium Commercial: 12%
- Medium Commercial Discounted: 5%
- Large Commercial: 1%
- Large Commercial Discounted: 1%
- Industrial: 6%
- Industrial Discounted: 3%
Hetch Hetchy Power Bill Comparison

- All Hetch Hetchy Power rates currently below PG&E
- General Use (GUSE) rates increasing but still significantly subsidized
- Public power provides real savings to customers!
CleanPowerSF
What is a Community Choice Aggregator (CCA)?

- 21 CCAs across California
- Offers an alternative to investor-owned electricity providers
- Local government electricity supplier
- Not for Profit = reinvests in the community
How does CleanPowerSF work?

Clean Energy Generation
CleanPowerSF purchases renewable electricity from solar and wind projects

Same Service
PG&E delivers electricity through poles and wires (the grid), responds to power outages, and sends monthly bill

Cleaner Energy
Greener energy for your home or business!

- Launched in 2016 and gradually rolled out to entire city
- Default power provider on an opt-out basis
- Offers Green 50%+ renewable and SuperGreen 100% renewable choices
# How do CCAs differ from POUs?

<table>
<thead>
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<th>Community Choice Aggregators (CCAs)</th>
<th>Publicly-Owned Utilities (POUs)</th>
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<tbody>
<tr>
<td><strong>Services provided</strong></td>
<td>Electric supply &amp; customer programs</td>
<td>Electric supply, delivery, customer programs, billing, metering, outage response</td>
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<tr>
<td><strong>CPUC regulated</strong></td>
<td>Yes</td>
<td>No (locally regulated)</td>
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<td><strong>Surcharges</strong></td>
<td>Exit fees (e.g. PCIA)</td>
<td>None</td>
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<td><strong>Rate structure</strong></td>
<td>Dictated by investor-owned utility (i.e. PG&amp;E)</td>
<td>Set by local priorities</td>
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<td><strong>Local grid access</strong></td>
<td>Investor-owned utility (i.e. PG&amp;E) controls</td>
<td>Set by local priorities</td>
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<td><strong>Other differences</strong></td>
<td>Program offerings dominated by investor-owned utility (i.e. PG&amp;E) &amp; CPUC</td>
<td>Set by local priorities</td>
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CleanPowerSF 2022 Rates History

• From 2016 launch to 2022, set rates +/- PG&E
  • Usually aimed to be below, but sometimes was over PG&E

• 2022 was first rate study for CleanPowerSF
  • Adopted new reserves policy to build up cushion for supply cost increases
  • Only one rate change per fiscal year – predictable
  • Rates set to cover our costs and meet our financial policies – financially sustainable
    • No rates following PG&E
    • Differences between rates schedules reflect differences in our cost of service
CleanPowerSF Customer Bills

- CPSF rate classes exactly match to PG&E
  - ex. 8 different residential rates
- CleanPowerSF only collects the generation portion of the bill
  - CPSF customers also pay “Power Choice Indifference Adjustment” and “Franchise Fee Surcharges” to PG&E
- CPSF sets rates comparing to the (PG&E generation rate) – (PCIA + FFS)
  - Changes to PG&E delivery charges impact customers but have no effect on CleanPowerSF’s competitiveness
- CleanPowerSF current rates are below PG&E for all customers
Future Plans: Full Public Power for San Francisco

• PG&E is not a good partner
  • Requires burdensome and expensive equipment for Hetch Hetchy customers – delays, costs
  • Passes on high costs to CleanPowerSF customers in portion of bill we don’t control
  • Estimate that PG&E delays and unnecessary equipment have cost San Francisco over $28 million

• SFPUC has been working for years to buy out PG&E’s in-city distribution system, merge Hetch Hetchy Power and CleanPowerSF, and operate a unified public power utility for the entire city

• This proposal is still in the future, and in the interim we continue to manage both programs separately
Current Status of Public Power Plan

Preliminary Public Power Options Report (2019)

PG&E Offer #1 (Sept 2019)

PG&E Offer #2 (Aug 2020)

Valuation Petition (July 2021)

Environmental Review (2023)