



April 22, 2022 | San Francisco Public Utilities Commission

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# RATE FAIRNESS BOARD MEETING



# AGENDA

1

- Project Schedule

2

- Seasonal and TOU Rates

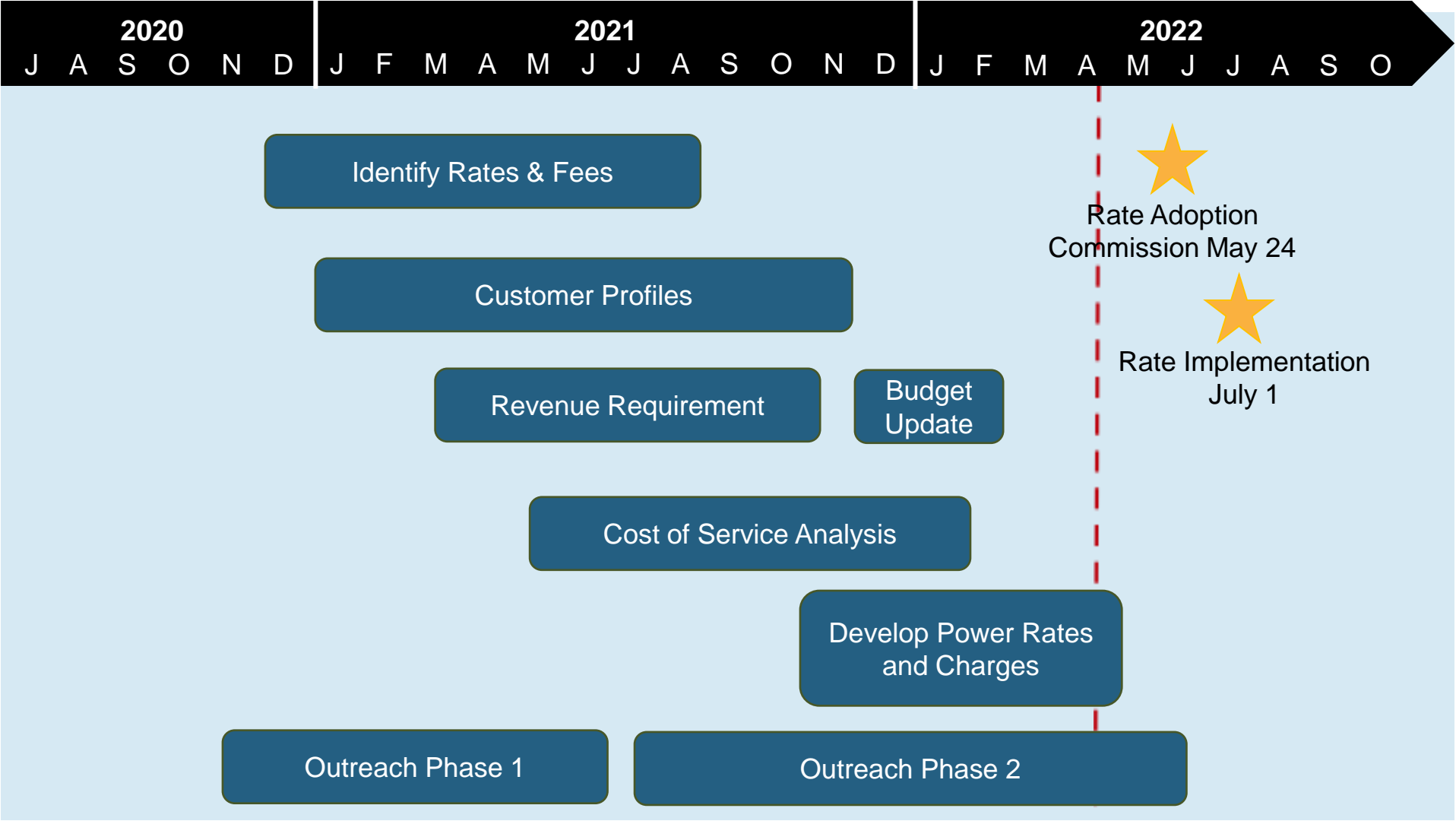
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- CleanPowerSF – Customer Bill Impacts & Staff Proposal

3

- Hetch Hetchy – Recommended Rate Plan

# POWER RATE STUDY TIMELINE



# HETCHY AND CPSF RATES DESIGN – SEASONAL PRICING

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- Study found that for both CleanPowerSF and Hetch Hetchy, cost-of-service energy rates are higher in winter vs. summer – opposite of current rate structure
  - Current rates based on PG&E’s costs/service area, where highest energy usage is in the summer for air conditioning
  - Our costs based on SF usage patterns, where limited A/C due to cool summers, and higher winter usage for heating
- Recommendation: leave current ratio between summer/winter rates for both CleanPowerSF and Hetch Hetchy
  - Continue analysis and consider making changes in future rates packages
  - Need communication strategy that acknowledges customers hear “save energy in the summer” in PG&E messaging

# HHETCHY AND CLEANPOWERSF RATES DESIGN – TOU PRICING

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- Time of use (TOU) rates charge higher prices during “peak” hours
  - Aligns higher rates to higher costs
  - Incentivizes customers to switch energy usage to cheaper (and greener!) hours of the day
  - Many rates in CleanPowerSF and Hetch Hetchy already have TOU structure
- Not proposing changes to current TOU periods
  - CleanPowerSF uses PG&E’s periods, with peak 4-9 pm for most schedules
    - Many legacy rates have different TOU periods – very complex
  - Hetch Hetchy Power uses older PG&E periods, with peak noon-6 pm
- Analyzed market energy costs x load profile by customer class to get cost of service ratio between peak vs. off-peak rates for energy

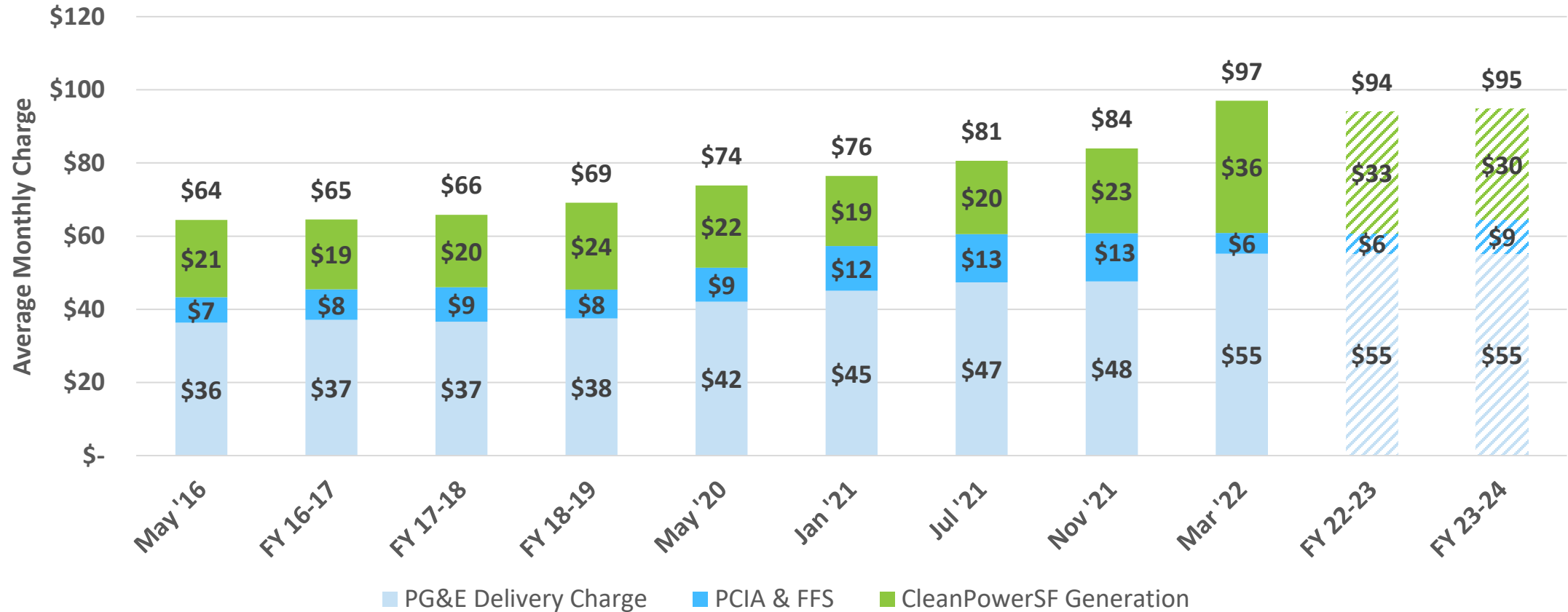
# HETCHY AND CLEANPOWERSF RATES DESIGN – TOU PRICING

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- General results:
  - Peak costs higher than off-peak costs (expected but good to confirm!)
  - Winter differential between peak vs. off peak lower than summer differential
  - In most cases, cost of service ratios are greater than current rates (summer peak at cost of service would be higher than current summer peak, etc.)
- Recommendation
  - Hetch Hetchy: adjust peak vs. off-peak pricing to reflect our costs
  - CleanPowerSF: keep current ratios, continue analysis of customer bill impacts, messaging needs

# CLEANPOWERSF RATES – SAMPLE RESIDENTIAL BILLS

CleanPowerSF Average Customer Residential Bill (E-1)

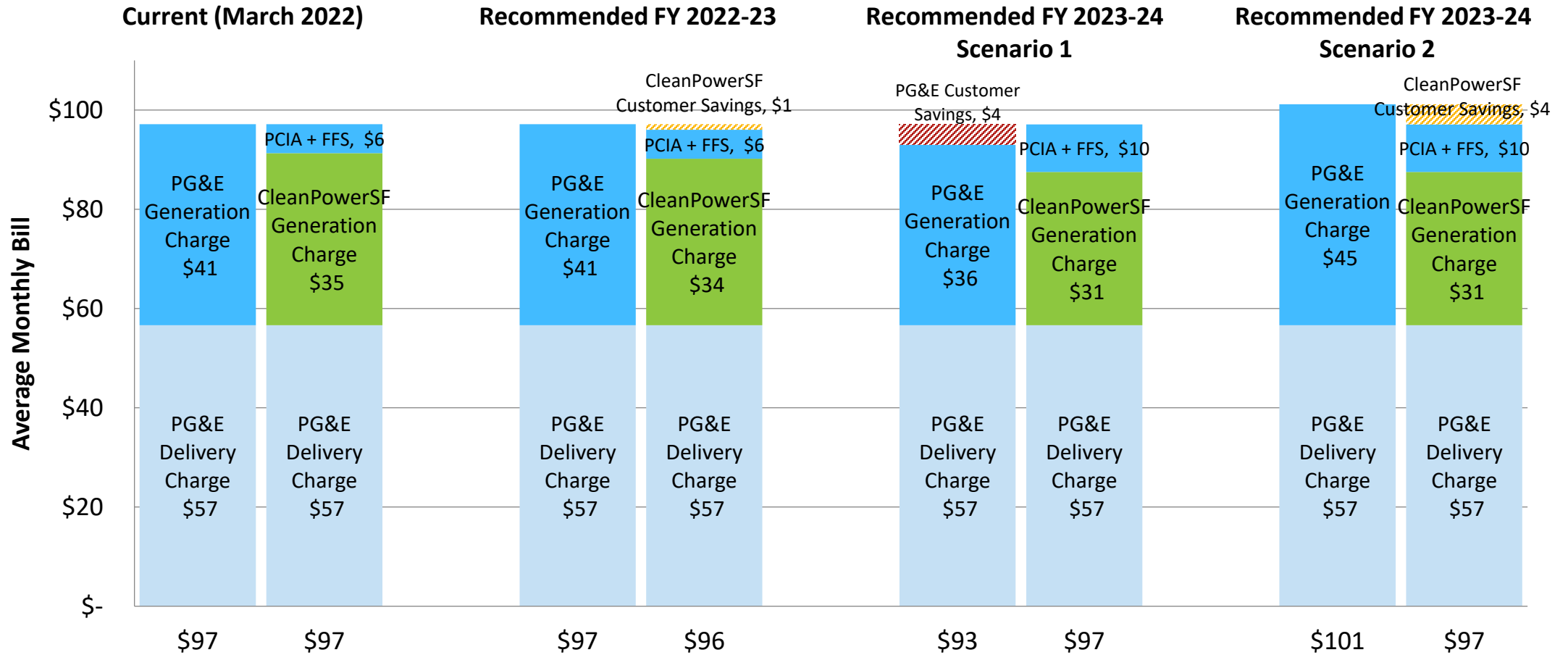


*PCIA and PG&E Delivery Charges for FY 2023-24 are forecasts, and may be higher or lower than shown*



# CLEANPOWERSF RATES – SAMPLE RESIDENTIAL BILLS

## Recommended CleanPowerSF Residential Rates (E-TOU-C), Comparison to PG&E

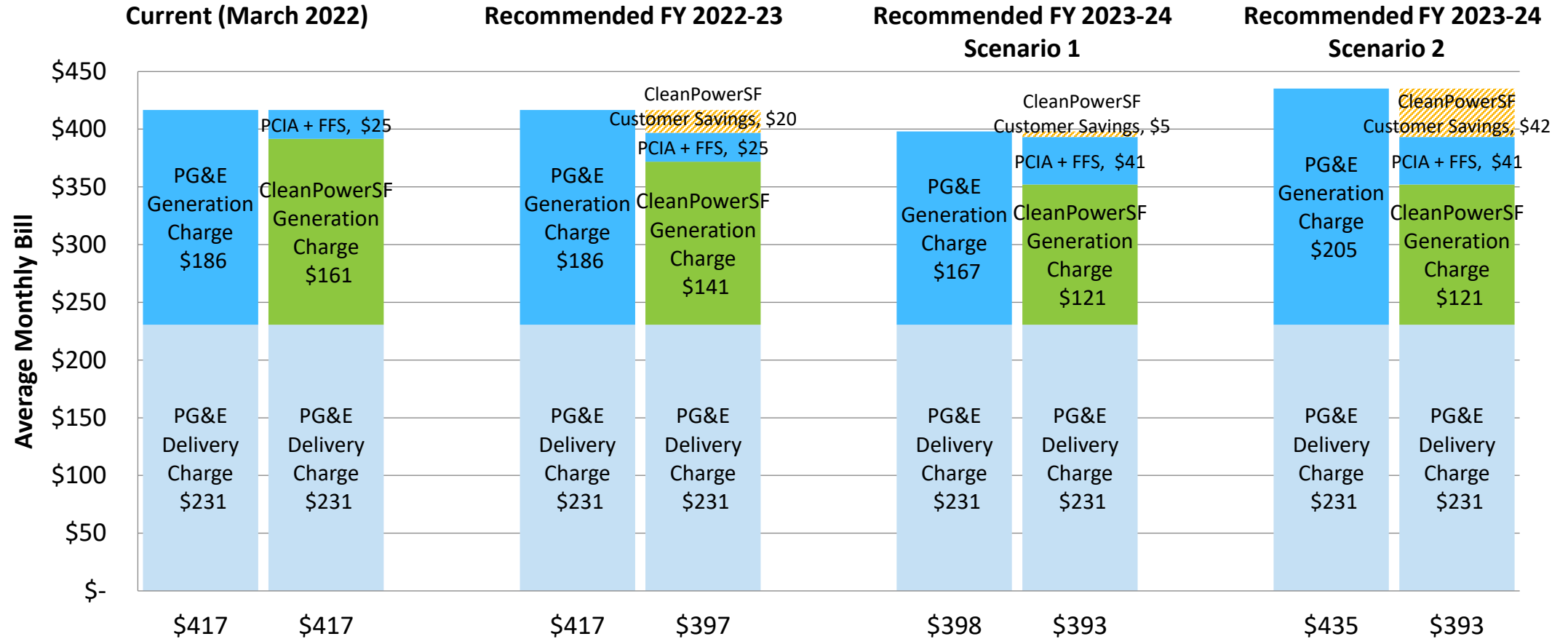


*PCIA and PG&E Delivery and Generation Charges for FY 2023-24 are forecasts, and may be higher or lower than the range shown*



# CLEANPOWERSF RATES – SAMPLE SMALL COMMERCIAL BILLS

## Recommended CleanPowerSF Small General Rates (B-1), Comparison to PG&E



*PCIA and PG&E Delivery and Generation Charges for FY 2023-24 are forecasts, and may be higher or lower than the range shown*

# CLEANPOWERSF RATES – STAFF PROPOSAL

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- Staff proposes to adopt the first year of the consultant recommended rates (FY 2022-23 only)
- Significant recent increase in power supply costs
  - If it continues, would drive up costs, especially in FY 2023-24 when we have more “open position” in the market
  - Goal to build to 180 days cash on hand target required by new reserve policy
- Will return in spring 2023 with rates for the next fiscal year
  - Still aiming to decrease from FY 2022-23 rates

# HETCH HETCHY RATES – GOALS AND TRADEOFFS

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- Based on prior feedback, tried to balance several competing goals
  - Retail and Enterprise rates at cost of service in Year 2 (*revenue sufficiency, equity*)
  - No all-in effective rate increases >10% (*affordability, predictability*)
  - Avoid increase in year 1 followed by decrease in year 2 (*predictability*)
  - Don't increase already-high Enterprise rates (*affordability, equity*)
  - Cover cost of service in all years (*revenue sufficiency*)
- Can't meet all goals above, so must consider tradeoffs

# HETCH HETCHY RATES – METHODOLOGY

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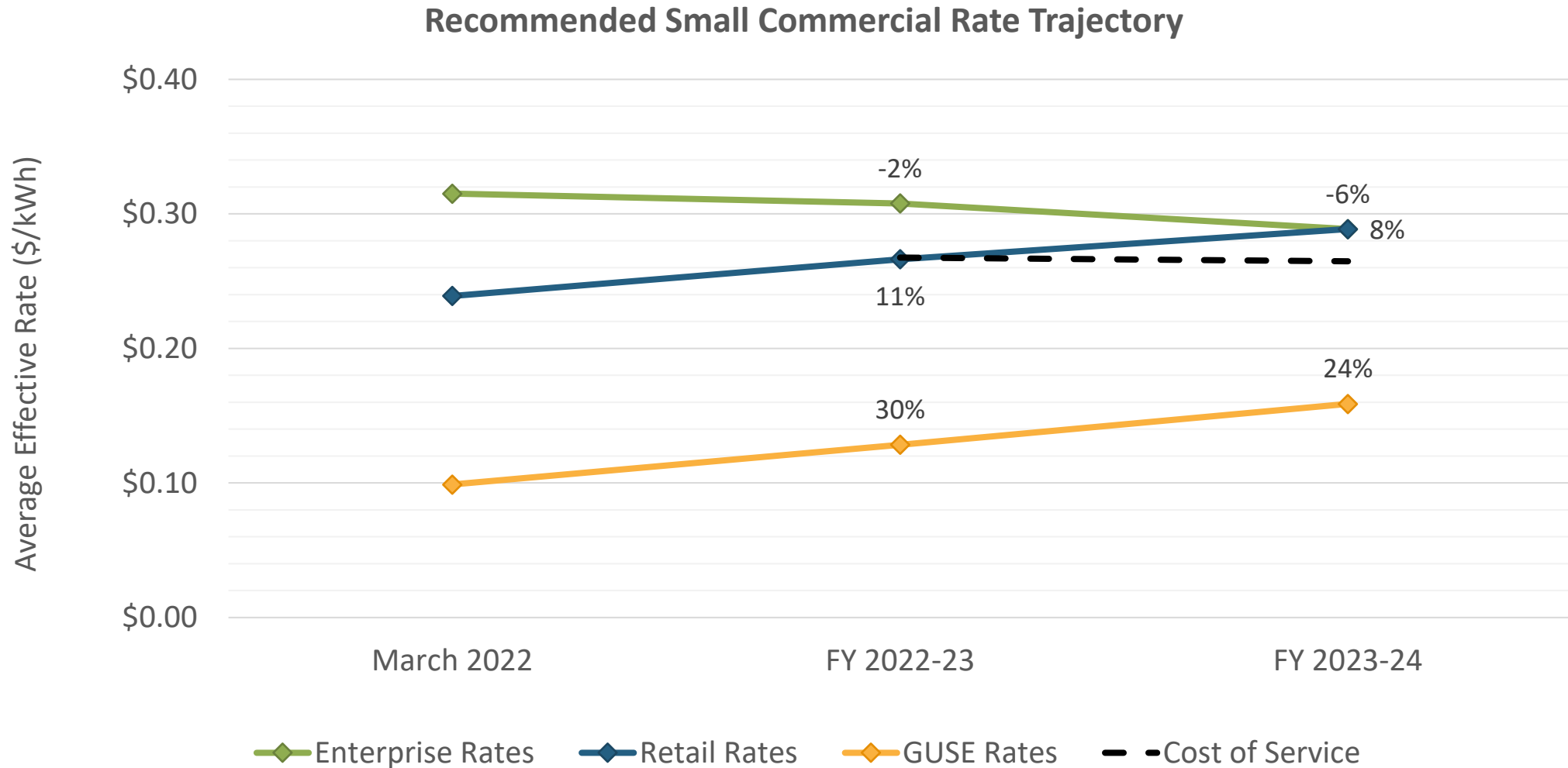
- Set all retail and Enterprise rates to cost of service in year 2
  - Phase-in 50% from current rates in year 1
- Raise GUSE effective rates by \$0.03/kWh annually
- Set residential low-income rates to 30% discount
- Cap residential rate increases to 10% annually
- Calculate residential + GUSE shortfall in \$
  - Divide \$ by total kWh all non-residential and non-GUSE rates to get “adjustment factor” in \$/kWh needed to achieve cost recovery
  - Add adjustment factor to all other rates
- Modify adjustment factor for each Enterprise/retail rate to prevent swings up-then-down or large increases

# HETCH HETCHY RATES – NOTES ON RESULTS PRESENTATION

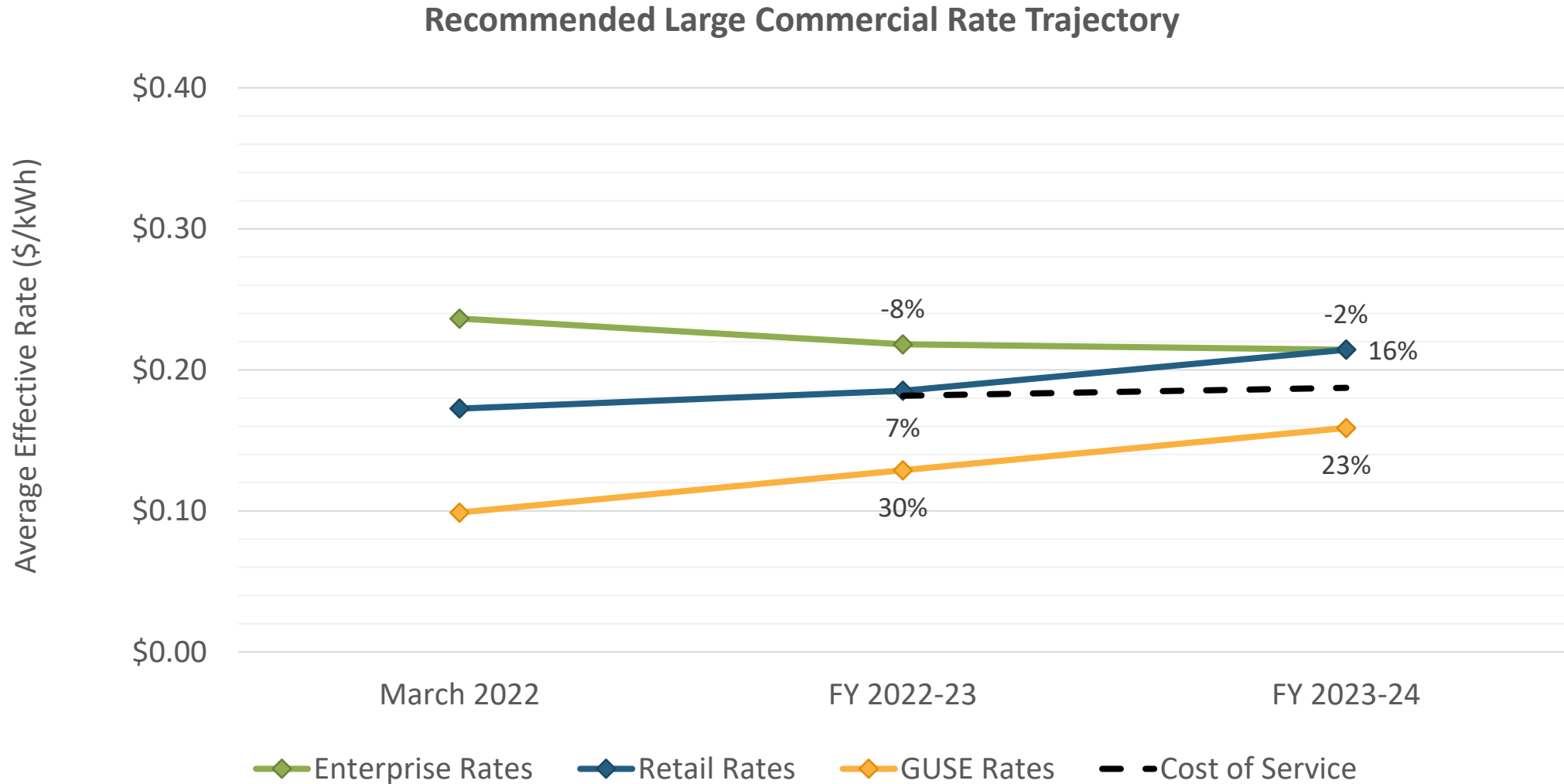
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- The following slides present illustrative examples of the recommended Hetch Hetchy rates
  - Not all rates are shown, see appendix for full list
- The “effective rate” in \$/kWh is used to represent an entire tariff schedule in a single number
  - Actual recommended rate schedules have customer, demand, energy, seasonal, and time-of-use charges
  - The effective rate is calculated using these bill determinants, then divided only by kWh to get a point of comparison
  - Effective rates are an average. Based on how a customer uses power, their bill changes may be higher or lower than the percentages shown

# HETCH HETCHY RATES – METHODOLOGY RESULTS



# HETCH HETCHY RATES – METHODOLOGY RESULTS





# HETCH HETCHY PROPOSED RATES – SUMMARY (1/2)

Customer Class and Rate	Current Effective Rate (\$/kWh)	FY 2022-23		FY 2023-24	
		Effective Rate (\$/kWh)	% Change	Effective Rate (\$/kWh)	% Change
<b>Residential</b>					
Retail (R-1)	\$0.22011	\$0.24213	10%	\$0.26659	10%
Enterprise (E1TB)	\$0.34932	\$0.31934	-9%	\$0.28164	-12%
<b>Small Commercial</b>					
Retail (C-1)	\$0.23898	\$0.26629	11%	\$0.29476	11%
Enterprise (A-1)	\$0.31514	\$0.31208	-1%	\$0.29476	-6%
GUSE (CG-1)	\$0.09877	\$0.12837	30%	\$0.15869	23%
<b>Medium Commercial</b>					
Retail (C-2S)	\$0.19658	\$0.21625	10%	\$0.23740	10%
Enterprise (A-10S)	\$0.27194	\$0.27118	-0.3%	\$0.23740	-12%
GUSE (CG-2S)	\$0.09877	\$0.12879	30%	\$0.15877	23%

# HETCH HETCHY PROPOSED RATES – SUMMARY (2/2)

Customer Class and Rate	Current Effective Rate (\$/kWh)	FY 2022-23		FY 2023-24	
		Effective Rate (\$/kWh)	% Change	Effective Rate (\$/kWh)	% Change
<b>Large Commercial</b>					
Retail (C-3P)	\$0.17635	\$0.17907	2%	\$0.20381	14%
Enterprise (E-19P)	\$0.21902	\$0.20421	-7%	\$0.20381	-0.2%
GUSE (CG-3P)	\$0.09877	\$0.12878	30%	\$0.15875	23%
<b>Industrial</b>					
Retail (I-1P)	\$0.15824	\$0.16976	7%	\$0.17368	2%
Enterprise (E-20P)	\$0.19500	\$0.17088	-12%	\$0.17368	2%
GUSE (IG-1P)	\$0.09877	\$0.12876	30%	\$0.15877	23%

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# QUESTIONS?



San Francisco  
**Water Power Sewer**  
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**NewGen**  
Strategies & Solutions

# APPENDIX – PROPOSED CLEANPOWER SF, % RATE CHANGE

Residential	
E-1 Basic Residential	-8.3%
E-6 Residential TOU (Legacy)	-5.8%
E-TOU-B Residential TOU (Legacy)	-5.5%
E-TOU-C Residential TOU	-7.3%
E-TOU-D Residential TOU	-7.6%
E-EV Residential Rates for EV Owners	12.3%
E-EV-2 Residential Rates for EV Owners	-5.4%
B-1-ST Small General Service with Storage	-7.1%

- *Percent change shown is the change in each CleanPowerSF generation rate schedule – inclusive of all energy and demand charges, seasonal and TOU periods, etc. – from current (March 2022) rates to rates effective FY 2022-23.*
- *Does not account for PCIA + FFS or PG&E delivery charges. Since CleanPowerSF generation represents only a portion of the total bill, customers' entire bills will not decrease by the amount shown*

# APPENDIX – PROPOSED CLEANPOWERSF % RATE CHANGE

Small General Service (<75 kW)	
B-1 Small General Service	-12.3%
B-6 Small General Service TOU	-10.5%
A-6 Small General Service TOU (Legacy)	-11.4%
A-1-A Small General Service (Legacy)	-10.3%
A-1-B Small General Service TOU (Legacy)	-9.1%
BEV-1 Small General Business Electric Vehicles (kW<100)	-16.9%
B-1-ST Small General Service with Storage	-7.1%

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# APPENDIX – PROPOSED CLEANPOWERSF % RATE CHANGE

Medium General Service - Low Demand (75-500 kW)	
B-10 Medium General Service - Low Demand TOU	-15.5%
A-10-A Medium General Service - Low Demand (Legacy)	-15.1%
A-10-B Medium General Service - Low Demand TOU (Legacy)	-13.7%
BEV-2 Medium General Business Electric Vehicles (kW>100)	-17.0%
Medium General Service - High Demand (500-1000 kW)	
B-19 Medium General Service - High Demand TOU	-12.0%
B-19-R Medium General Service - High Demand with Storage	-12.7%
E-19 Medium General Service - High Demand TOU (Legacy)	-12.7%
Large General Service (>1000 kW)	
B-20 Large General Service TOU	-14.0%
E-20 Large General Service TOU (Legacy)	-15.8%

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# APPENDIX – PROPOSED CLEANPOWERSF % RATE CHANGE

Agriculture	
AG-A Agriculture TOU	-8.0%
AG-B Agriculture TOU	-13.8%
AG-C Agriculture TOU	-21.6%
AG5-A Agriculture (Legacy)	-4.7%
AG5-B Agriculture (Legacy)	-12.6%
AG5-C Agriculture (Legacy)	-9.0%
Street and Highway Lighting	
LS-1 Street and Highway Lighting (Legacy)	0.4%
Traffic Control	
TC-1 Traffic Control (Legacy)	5.8%

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# APPENDIX – PROPOSED HETCH HETCHY POWER % RATE CHANGE

Residential	FY 2022-23	FY 2023-24
<b>Retail</b>		
R-1 Residential, Gas and Electric	10%	10%
R-1E Residential, Electric Heating	-4%	10%
R-2 Residential Low Income, Gas and Electric	-1%	10%
R-2E Residential Low Income, Electric Heating	-4%	10%
REV-1 Residential with Electric Vehicle	9%	21%
R-M Residential Medical Necessity Assistance, Gas & Electric	12%	11%
R-ME Residential Medical Necessity Assistance, Electric Heating	1%	9%
<b>Enterprise</b>		
E1TB Individually Metered Gas and Electric	-9%	-12%
EL1TB Low Income Individually Metered Gas and Electric	-13%	-13%
EM1TB/ES1TB Mastered Metered Gas and Electric	-20%	-16%
EMLTB/ESLTB Low Income Mastered Metered Gas and Electric	-21%	-16%
EMLTH Low Income Mastered Metered Electric Heating	-15%	-16%

*Percent change shown is the change in each rate schedule – inclusive of all energy and demand charges, seasonal and TOU periods, etc. – from current rates to rates effective FY 2022-23 and from FY 2022-23 to FY 2023-24.*

# APPENDIX – PROPOSED HETCH HETCHY POWER % RATE CHANGE

Small Commercial (Demand <75kW)	FY 2022-23	FY 2023-24
<b>General Use Municipal</b>		
CG-1 General Use Municipal Small Commercial	30%	24%
<b>Retail</b>		
C-1 Retail Small Commercial	11%	9%
<b>Enterprise</b>		
A1-S and A1-P Enterprise Small Commercial	-1%	-4%
A1-US and A1-UP Enterprise Small Commercial TOU	-4%	-9%
Medium Commercial (Demand 75kW-500kW)	FY 2022-23	FY 2023-24
<b>General Use Municipal</b>		
CG-2S General Use Municipal Medium Commercial Secondary	30%	23%
CG-2P General Use Municipal Medium Commercial Primary	30%	23%
<b>Retail</b>		
C-2S Retail Medium Commercial Secondary	10%	10%
<b>Enterprise</b>		
A10-S Enterprise Medium Commercial Secondary	0%	-13%
A10-P Enterprise Medium Commercial Primary	-1%	-16%
A10-US Enterprise Medium Commercial TOU Secondary	-9%	-3%
A10-UP Enterprise Medium Commercial TOU Primary	-9%	-5%

*Percent change shown is the change in each rate schedule – inclusive of all energy and demand charges, seasonal and TOU periods, etc. – from current rates to rates effective FY 2022-23 and from FY 2022-23 to FY 2023-24.*

# APPENDIX –

## PROPOSED HETCH HETCHY POWER % RATE CHANGE

Large Commercial (Demand 500kW-1000kW)	FY 2022-23	FY 2023-24
<b>General Use Municipal</b>		
CG-3S General Use Municipal Large Commercial Secondary	30%	23%
CG-3P General Use Municipal Large Commercial Primary	30%	23%
<b>Retail</b>		
C-3S Retail Large Commercial Secondary	13%	15%
C-3P Retail Large Commercial Primary	2%	13%
<b>Enterprise</b>		
E19-S Enterprise Large Commercial Secondary	-9%	-1%
E19-P Enterprise Large Commercial Primary	-7%	1%
<b>Industrial (Demand&gt;1000kW)</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>General Use Municipal</b>		
IG-1S General Use Municipal Industrial Secondary	30%	23%
IG-1P General Use Municipal Industrial Primary	30%	23%
<b>Retail</b>		
I-1S Retail Industrial Secondary	7%	9%
<b>Enterprise</b>		
E-20S Enterprise Industrial Secondary	-12%	-5%
E-20P Enterprise Industrial Primary	-12%	-5%
E-20T Enterprise Industrial Transmission	0%	-1%

*Percent change shown is the change in each rate schedule – inclusive of all energy and demand charges, seasonal and TOU periods, etc. – from current rates to rates effective FY 2022-23 and from FY 2022-23 to FY 2023-24*