Agricultural Customer Electric Generation Rates
Rates effective Oct. 2021 – Sept. 2024

April 20, 2021
Agenda

• Introductions
• Rate Design, Current Approach
• Current Rate Design, Pros and Cons
• Rate Design, Future Approach?
• Future Rate Design, Pros and Cons?
• Agricultural Customer rate structure
• Conclusion
• Q & A
How Does CCA Work?

“A Partnership to support shared customers”
Current Approach to Rate Design

1. Start with PG&E Generation Rate

2. Subtract “Power Charge Indifference Adjustment” and Other Exit Fees Imposed by PG&E and Sanctioned by CPUC

3. Discount the Resulting Rate By the Same Fraction
Current Approach

Pros
• It Ensures That Every Customers Will Do Better With 3CE Than They Would If They Remain a PG&E Generation Customer

Cons
• It Doesn’t Reflect the True Cost to Serve 3CE Customer Base
• It Mimics PG&E Legacy Rate Adjustments Designed to Promote Adoption of Certain Programs Suitable For PG&E Customer Base, Even If These Programs Are Neither Suitable Nor Applicable to 3CE Customers
• Requires 3CE to Adjust Rates As Often As 6 times Each Year to Correspond to PG&E Rate Adjustments
Add slide about PG&E rates increasing since 2018
3CE HISTORIC RATES & COVID-19 RESPONSE

- 2018: 3% rebate
- 2019: 5% rebate
- January – April 2020: 7% monthly discount
- May & June 2020: 50% Bill Reduction
- July 2020 – September 2021: 2% discount

- $50 million savings relative to PG&E for all Customer Groups since 3CE launched Operation in March 2018
- Reduction of 50% in 3CE Electric Generation Charges in May & June 2020 for a Cumulative Bill Reduction of approximately $24 Million
FUTURE APPROACH TO RATE DESIGN

1. Calculate the Cost to Serve 3CE Customers Including Power Supply Costs, General & Administrative Expenses, Energy Programs Costs, and Funding Rate Stabilization Reserves For FYs Oct 2021 – Sep 2024

2. Segment Customer Classes Based on Size and Consumption Profile

3. Allocate Average Annual Cost to Various Customer Classes

4. Adjust Cost Allocation to Ensure That Each Customer Class will Save Relative to Remaining With PG&E

5. Design Rates to Recover COS to Each Customer Class
Future Approach

Pros

• Significantly Reduces the Number of Customer Classes (79 to 41)
• Reflects Accurately the Cost to Serve Customer Classes Based on 3CE’s Service Area and Customer’s Consumption Patterns
• Makes the Necessary Adjustment To Ensure Orderly Transition TO True Reflection of Cost of Service
• Eliminate Numerous Annual Adjustments To Reflect PG&E’s Adjustments
• Provide Stability, Options, Accuracy and Fairness To Rate Design

Cons

• While It Guarantees Competitive Rates To Each Customer Class, That Guarantee Doesn’t Extend to Each and Every Customer
Implementation of New Rates Outreach Calendar

<table>
<thead>
<tr>
<th>Virtual Public Workshop (March – April 2021)</th>
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</thead>
<tbody>
<tr>
<td>NEM Customers</td>
<td>3/17/2021</td>
</tr>
<tr>
<td>Key Accounts</td>
<td>3/24/2021</td>
</tr>
<tr>
<td>Commercial Customers</td>
<td>4/13/2021</td>
</tr>
<tr>
<td>Agricultural Customers</td>
<td>4/20/2021</td>
</tr>
<tr>
<td>Residential Customers</td>
<td>4/27/2021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Board Meetings (June – August 2021)</th>
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<tbody>
<tr>
<td>Community Advisory Council review</td>
<td>6/2/2021</td>
</tr>
<tr>
<td>Policy Board review and approval</td>
<td>6/16/2021</td>
</tr>
<tr>
<td>Operations Board of Directors review</td>
<td>8/11/2021</td>
</tr>
</tbody>
</table>

New Rates Will Be Implemented On October 1, 2021
Cost of Service Rate Options

All customers (including NEM) will have the following options:

- **Default Option**: Cost based rates applied to new TOU periods

- **Alternate Option**: Seasonal flat rates for 3 years, automatically switched to the default option beginning October 1, 2024

For customers that are exempt from the mandatory transition or excluded from default TOU, the following options will be available:

- **Default Option**: Cost based rates applied to Legacy TOU periods

- **Alternate Option**: Seasonal flat rates for 3 years. Beginning October 1, 2024, they will be enrolled to the Default Option.
BILL COMPARISON
CURRENT TOU RATES

• To be updated by Tiffany by March 10 (after NewGen completed the update by March 9)
BILL COMPARISON
DEFAULT OPTION - PROPOSED NEW TOU RATES

• To be updated by Tiffany by March 10 (after NewGen completed the update by March 9)
BILL COMPARISON
ALTERNATE OPTION – PROPOSED SEASONAL FLAT RATES

• To be updated by Tiffany by March 10 (after NewGen completed the update by March 9)
Bill Comparison, Large Customers

General Service customer without solar, average use: 410,000 kWh / Month
General Service customer with solar, average use: 205,000 kWh / Month

<table>
<thead>
<tr>
<th>Item</th>
<th>Customer w/o Solar</th>
<th>Customer w/ Solar</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3CE Cost to Serve</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Charges</td>
<td>$6,128</td>
<td>$6,128</td>
</tr>
<tr>
<td>Variable Charges</td>
<td>$19,499</td>
<td>$9,749</td>
</tr>
<tr>
<td><strong>Total Cost of Service</strong></td>
<td>$25,627</td>
<td>$15,878</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3CE Proposed Rate (TOU)</strong></th>
<th>Customer Charge</th>
<th>Energy Charge</th>
<th>Total Rate Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>$25,627</td>
<td>$12,813</td>
</tr>
</tbody>
</table>

General Service customer without solar, average use: 410,000 kWh / Month
General Service customer with solar, average use: 205,000 kWh / Month
NEM Impacts – Proposed Rates

• Proposed rates do not eliminate full subsidy but do help to address it
  • Customer charge recommendation provides fixed cost recovery
  • Options with TOU Rates reduce subsidy as NEM customers sell energy in low-cost market period and buy power in higher cost periods
  • Flat Rates simplifies the administration of NEM customer billing while reduces the reduction in incentives associated with the new TOU rates
CONCLUSIONS

• COS allows for the following to support customers
  • Simplicity
  • Competitiveness
  • Predictability
  • Fairness
  • Options

• Helps to utilize rates to shift behavior change that is better for the system/grid and climate goals

• Customers benefit from access to Energy Programs
Stay Connected to 3CE

EA@3CE.org
1.888.909.6277

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@3CEnergy
@3CEnergyEnEspanol

Follow us online, join our newsletter and board agenda notification list, and check our extensive FAQ section on the website.

www.3Cenergy.org
NEM Impacts – Current Subsidy

![CAISO Market Pricing vs Production of Rooftop Solar Array (Illustrative Example - October 2019 Data)](image1)

Average IST LMP ($/MWh)
Average of PV Watts Monterey (kWh)

Hour Ending

![Net Metering Customer Net Load (Illustrative Example – October 2019 Data)](image2)

Energy Purchased from 3CE
Energy Sold to 3CE
NEM Impacts – proposed changes

One Week in August

One Day in August

Energy Purchased by 3CE

Energy Sold by 3CE
Residential TOU Rate Comparison

<table>
<thead>
<tr>
<th>Time (Summer Hours)</th>
<th>$0.00</th>
<th>$0.05</th>
<th>$0.10</th>
<th>$0.15</th>
<th>$0.20</th>
<th>$0.25</th>
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</thead>
<tbody>
<tr>
<td>Wholesale Market Price</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td>Old TOU Rate</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td>Current TOU Rate</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td>New TOU Rate</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
<tr>
<td>New Flat Rate</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
<td>$0.05</td>
</tr>
</tbody>
</table>
# NEM Rates: Current vs. New

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>New (Oct. 1, 2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Charges</strong></td>
<td>$0/month</td>
<td>$4.50/month (residential only)</td>
</tr>
<tr>
<td><strong>Billing Cycle</strong></td>
<td>Debits &amp; Credits are reconciled on the customer’s anniversary of NEM interconnection</td>
<td>Debits (net consumption) are billed monthly and Credits (net energy production) may accumulate and true-up at the 12th month billing cycle of each year for all customers ($200 NSC for residential or $500 for non-residential)</td>
</tr>
<tr>
<td><strong>Net Surplus Compensation (NSC)</strong></td>
<td>Average of 3CE’s wholesale and retail charges ($0.06620/kWh)</td>
<td>Wholesale market Price ($0.0247/kWh) for TOU Rate Option Flat rate NSC will be match retail rate (0.0625/kWh)</td>
</tr>
<tr>
<td><strong>Administrative Expenses associated with Data Management</strong></td>
<td>Estimated to be 3 times the cost to administer billing for general residential customers</td>
<td>Less costly but remains higher than the cost to serve general residential customers</td>
</tr>
</tbody>
</table>