Residential Electric Generation Rates

Rates effective January 2022 – December 2024

April 27, 2021
Agenda

• Introductions
• Rate Design, Current Approach
• Current Rate Design, Pros and Cons
• Rate Design, Future Approach
• Future Rate Design, Pros and Cons
• Bill Comparisons
• 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
• Follows PG&E Legacy Rate Structures Designed to Support PG&E Service and Not 3CE Service/Programs
• Requires 3CE to Adjust Rates As Often As 6 times Each Year to Correspond to PG&E Rate Adjustments
PG&E Generation Rates Updates Since Inception
March 2018 to March 2021

SYSTEM AVERAGE PG&E GEN RATE ($)

Sep-17 Apr-18 Oct-18 May-19 Dec-19 Jun-20 Jan-21 Jul-21
3CE HISTORIC RATES & COVID-19 RESPONSE

- 2018: 3% rebate
- 2019: 5% rebate
- Jan – April 2020: 7% monthly discount
- May & June 2020: 50% Bill Reduction
- July 2020 – Sep 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 From Each Customer Class
**Pros**

- Significantly Reduces the Number of Rate Schedules
- 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
- Provides Predictability, Simplicity, Fairness and Competitiveness to Rate Design
- Provide Transitional option to

**Cons**

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

### Virtual Public Workshop (March – April 2021)

<table>
<thead>
<tr>
<th>Category</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEM Customers</td>
<td>March 17, 2021</td>
</tr>
<tr>
<td>Key Accounts</td>
<td>March 24, 2021</td>
</tr>
<tr>
<td>Commercial Customers</td>
<td>April 13, 2021</td>
</tr>
<tr>
<td>Agricultural Customers</td>
<td>April 20, 2021</td>
</tr>
<tr>
<td>Residential Customers</td>
<td>April 27, 2021</td>
</tr>
</tbody>
</table>

### Board Meetings (May – June 2021)

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Workshop of the Policy and Operations Boards</td>
<td>May 12, 2021</td>
</tr>
<tr>
<td>Community Advisory Council Review</td>
<td>June 2, 2021</td>
</tr>
<tr>
<td>Policy Board Review and Approval</td>
<td>June 16, 2021</td>
</tr>
</tbody>
</table>

New Rates Will Be Effective from January 1, 2022 to December 31, 2024
• 3CE serves approximately 325,000 or 91% of residential customers in the PG&E service area

• In addition to standard residential customer rate plans, 3CE also serves:
  • 64,872 CARE/FERA customers
  • 26,303 NEM customers
  • 3,837 Electric vehicle customers
Time-of-Use Transition Changes to Residential Rates

Residential shared 3CE/PGE Customers
Transition October 2021

Voluntary Transition Currently Available

NEW Peak hours are from 4pm-9pm 365 Days a Year

Exceptions:
- Medical Baseline, CARE/FERA customers (in hot climate zones)
- Solar customers with grandfathered rate plans that have a deferred TOU enrollment
- Customers already on a Time-of-Use rate plan (including an EV rate plan)
- Customers with less than 12 months of interval data
- Master-metered customers
- For additional exceptions, please visit this link (page 222) at the CPUC website

The Time-of-Use (Peak Pricing 4-9 p.m. Every Day) Rate Plan has Two Periods:

- Lower pricing for 19 hours each day
- Higher pricing for 5 hours each day
Cost of Service Rate Options

All customers 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 January 1, 2025

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, automatically switched to the Default Option beginning January 1, 2025
Adjustment to PG&E Rates for 2020
ERRA Over Collection

• During 2020 PG&E over collected generation costs
• PG&E reduced their generation rates to their customers by 1.2 cent/kwh for CY 2021 to account for the over collection
• For 3CE customers, enrolled in Jan 2021, PG&E is refunding the over-collection through a reduction of the PCIA charge in 2021
• The following bill comparisons assumes a conservative scenario starting January 1, 2022:
  • PG&E generation rates will increase by 0.6 cent/kwh (average 5.5%)
## 2022 Generation Bill Comparison: Residential Customer (ETOUC) - 8.5 MWH Annually

### Day 1 Load Profile Favors Proposed TOU Rate Design

<table>
<thead>
<tr>
<th>Item</th>
<th>Based on Forecasted PG&amp;E 2022 Rates</th>
<th>3CE Current Approach to Rate Design</th>
<th>Proposed COS Based TOU Rate Design</th>
<th>Proposed Seasonal Flat Rate Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Summer Bill</td>
<td>$46.20</td>
<td>$45.36</td>
<td>$38.82</td>
<td>$39.32</td>
</tr>
<tr>
<td>Avg. Winter Bill</td>
<td>$50.31</td>
<td>$49.43</td>
<td>$49.82</td>
<td>$52.32</td>
</tr>
<tr>
<td>Avg. Monthly</td>
<td>$48.94</td>
<td>$48.07</td>
<td>$46.15</td>
<td>$47.99</td>
</tr>
</tbody>
</table>

### Day 2 Load Profile Favors Proposed Seasonal Rate Design

<table>
<thead>
<tr>
<th>Item</th>
<th>Based on Forecasted PG&amp;E 2022 Rates</th>
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<th>Proposed Seasonal Flat Rate Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Summer Bill</td>
<td>$49.86</td>
<td>$48.95</td>
<td>$44.00</td>
<td>$39.32</td>
</tr>
<tr>
<td>Avg. Winter Bill</td>
<td>$52.40</td>
<td>$51.48</td>
<td>$56.59</td>
<td>$52.32</td>
</tr>
<tr>
<td>Avg. Monthly</td>
<td>$51.55</td>
<td>$50.64</td>
<td>$52.40</td>
<td>$47.99</td>
</tr>
</tbody>
</table>

Load profiles with greater energy consumption in off-peak TOU periods benefit from the TOU rate design.

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PG&E rates are forecasted to increase by 0.6 cents/kwh.
2022 GENERATION BILL COMPARISON: ELECTRIC VEHICLE CUSTOMER (EV2) – 7.3 MWH ANNUALLY

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</thead>
<tbody>
<tr>
<td>Avg. Summer Bill</td>
<td>$54.30</td>
<td>$53.32</td>
<td>$44.39</td>
<td>$49.30</td>
</tr>
<tr>
<td>Avg. Winter Bill</td>
<td>$40.93</td>
<td>$40.23</td>
<td>$43.65</td>
<td>$46.13</td>
</tr>
<tr>
<td>Avg. Monthly</td>
<td>$46.87</td>
<td>$46.05</td>
<td>$43.98</td>
<td>$47.54</td>
</tr>
</tbody>
</table>

Day 2 Load Profile Favors Proposed Seasonal Rate Design

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<th>Proposed Seasonal Flat Rate Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. Summer Bill</td>
<td>$66.71</td>
<td>$65.49</td>
<td>$55.43</td>
<td>$49.30</td>
</tr>
<tr>
<td>Avg. Winter Bill</td>
<td>$45.61</td>
<td>$44.81</td>
<td>$49.97</td>
<td>$46.13</td>
</tr>
<tr>
<td>Avg. Monthly</td>
<td>$54.99</td>
<td>$54.00</td>
<td>$52.40</td>
<td>$47.54</td>
</tr>
</tbody>
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Day 1 Load Profile Favors Proposed TOU Rate Design

Day 2 Load Profile Favors Proposed Seasonal Rate Design

Load profiles with greater energy consumption in off-peak TOU periods benefit from the TOU rate design.

PG&E rates are forecasted to increase by 0.6 cents/kwh.
## NEM Rates: Current vs. Proposed

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Proposed (January 1, 2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Charges</strong></td>
<td>$0/month</td>
<td>$4.50/month</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 generation) 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 ($0.063/kWh)</td>
<td>TOU Rate Option: Wholesale market price ($0.025/kWh) Seasonal Flat Rate Option: $0.064/kWh - summer months $0.06/kWh - winter months</td>
</tr>
<tr>
<td><strong>Net Surplus Compensation (NSC)</strong></td>
<td>- Roughly 20% of NEM customers are net generators and therefore receive NSC at true-up</td>
<td></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>
## BILL COMPARISON: RESIDENTIAL NEM DEFAULT OPTION - PROPOSED TOU RATES

<table>
<thead>
<tr>
<th>Item</th>
<th>Customer w/o Solar (500 kWh)</th>
<th>Customer w/ Solar (350kWh Net)</th>
<th>Customer w/ Solar (0 Net, 500 Excess)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Output</td>
<td>0 kWh</td>
<td>150 kWh</td>
<td>1,000 kWh</td>
</tr>
<tr>
<td>Proposed TOU Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Charge</td>
<td>$4.50</td>
<td>$4.50</td>
<td>$4.50</td>
</tr>
<tr>
<td>Energy Charge</td>
<td>$30.42</td>
<td>$22.51</td>
<td>$3.45</td>
</tr>
<tr>
<td>NSC (Credit)</td>
<td>$0</td>
<td>$0</td>
<td>$(13.25)</td>
</tr>
<tr>
<td>Total Rate Charges</td>
<td>$34.92</td>
<td>$27.01</td>
<td>$(5.30)</td>
</tr>
</tbody>
</table>
## BILL COMPARISON: RESIDENTIAL NEM ALTERNATE OPTION – PROPOSED SEASONAL FLAT RATES

<table>
<thead>
<tr>
<th>Item</th>
<th>Customer w/o Solar (500 kWh)</th>
<th>Customer w/ Solar (350 kWh Net)</th>
<th>Customer w/ Solar (0 Net, 500 Excess)</th>
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<tr>
<td>Solar Output</td>
<td>0 kWh</td>
<td>150 kWh</td>
<td>1,000 kWh</td>
</tr>
<tr>
<td>Proposed Seasonal Flat Rate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Charge</td>
<td>$4.50</td>
<td>$4.50</td>
<td>$4.50</td>
</tr>
<tr>
<td>Energy Charge</td>
<td>$30.43</td>
<td>$21.26</td>
<td>$0</td>
</tr>
<tr>
<td>NSC (Credit)</td>
<td>$0</td>
<td>$0</td>
<td>$(30.70)</td>
</tr>
<tr>
<td>Total Rate Charges</td>
<td>$34.93</td>
<td>$25.76</td>
<td>$(26.20)</td>
</tr>
</tbody>
</table>
Resources for Customers

- Webpage - https://3cenergy.org/cost-of-service/
- Recorded webinars for NEM, agricultural, commercial, and residential customers
- FAQ (available in early May)
- Talking points
- Cost comparison tool (available in late June/early July) to compare TOU and Flat Rate
  - Decision to elect one-time flat rate will be October 15, 2021
- Board meetings – customers can attend and provide input
- Call Center – customers can engage and speak to educated energy advisors about their options
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

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1.888.909.6277

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