

File No. 210831

Committee Item No. 5

Board Item No. 14

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 15, 2021

Board of Supervisors Meeting

Date September 21, 2021

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER (Use back side if additional space is needed)

- |                                     |                                     |   |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Board of Supervisors Resolution No. 580-20</u>         |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Public Utilities Commission Resolution No. 21-0121</u> |
| <input type="checkbox"/>            | <input type="checkbox"/>            | _____   |
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Completed by: Linda Wong Date September 10, 2021

Completed by: Linda Wong Date September 17, 2021

1 [Notice of Potential Retroactive Approvals of Contracts for Energy-Related Products in 2021 -  
2 Public Utilities Commission]

3 **Resolution acknowledging notice from the General Manager of the Public Utilities**  
4 **Commission pursuant to Resolution No. 580-20 of the potential need to seek**  
5 **retroactive Board of Supervisors approval under Charter, Section 9.118, for contracts**  
6 **with costs of \$10,000,000 or more, revenues of \$1,000,000 or more, or terms in excess**  
7 **of ten years, or contracts requiring binding arbitration for the purchase and sale of**  
8 **energy-related products necessary to meet regulatory compliance obligations in 2021.**

9  
10 WHEREAS, State law allows cities and counties to develop community choice  
11 aggregation (CCA) programs, through which local governments supply electricity to serve the  
12 needs of participating customers within their jurisdictions while the existing utility continues to  
13 provide services such as customer billing, transmission, and distribution; and

14 WHEREAS, In May 2016, the San Francisco Public Utilities Commission (PUC)  
15 launched a CCA program called CleanPowerSF to provide San Francisco residents and  
16 businesses the option to receive cleaner, more sustainable electricity at rates comparable to  
17 those offered by Pacific Gas & Electric Company CleanPowerSF currently provides three  
18 million megawatt hours of electricity annually to over 380,000 customer accounts; and

19 WHEREAS, State law requires load serving entities (LSEs) that provide electric service  
20 to customers, such as CleanPowerSF and Hetch Hetchy Power, to own or procure certain  
21 quantities of electricity-related products known as Resource Adequacy; these requirements  
22 are set annually and specify quantities of 13 different types of electricity products that LSEs  
23 are required to own or procure for each month of the following two-year compliance period;  
24 and

1           WHEREAS, Under the California Public Utilities Commission’s (CPUC) annual  
2 compliance schedule, in mid-July the CPUC provides a preliminary notice to each LSE of its  
3 required volumes for the next compliance period and in mid-September provides the final  
4 notice of the volumes each LSE is required to own or control under executed contracts by  
5 October 31; in past years the volumes have changed significantly between the preliminary  
6 and final notices; and

7           WHEREAS, Due to the CPUC’s schedule, all LSEs engage in purchase and sale  
8 transactions for limited supplies in a five to six-week period in order to meet the October 31  
9 compliance deadline; and

10           WHEREAS, CleanPowerSF issues multiple solicitations to obtain supplies throughout  
11 the year, but in the last three years CleanPowerSF has been unable to execute contracts to  
12 purchase sufficient supply or to sell excess supplies in a timeframe that allowed for Board of  
13 Supervisors and Public Utilities Commission (PUC) approval of contracts prior to the  
14 compliance deadline, and CleanPowerSF has sought retroactive approval from the Board and  
15 PUC for such contracts; and

16           WHEREAS, In 2021, CleanPowerSF has already issued five requests for offers (RFOs)  
17 for Resource Adequacy and submitted bids into four RFOs conducted by third parties;  
18 CleanPowerSF plans to issue four additional RFOs prior to the compliance deadline and,  
19 based on experience from prior years, CleanPowerSF anticipates submitting bids into  
20 approximately ten additional RFOs conducted by third parties; and

21           WHEREAS, Resolution No. 580-20 states “the General Manager of the PUC agreed to  
22 provide advance notification and an opportunity for consultation to the PUC Commission and  
23 to the Board of Supervisors through a Resolution if the General Manager believes that the  
24 PUC may be required to seek retroactive Board of Supervisor approval of power supply  
25 contracts;” and

1           WHEREAS, At this time, the CPUC has not yet issued its notices to LSEs for their  
2 compliance obligations, and several factors create uncertainty regarding compliance  
3 obligations and the availability of supplies, including: regulatory uncertainty regarding the  
4 outcome of on-going proceedings at the CPUC and the California Independent System  
5 Operator, on-going implementation of significant changes to the Resource Adequacy  
6 program, the potential for extreme weather events, and the potential for increases in CPUC-  
7 mandated procurement obligations in 2021; and

8           WHEREAS, In view of these uncertainties, CleanPowerSF believes that purchases or  
9 sales that would require Board of Supervisors approval under Charter, Section 9.118 or that  
10 require binding arbitration may be necessary in 2021; and

11           WHEREAS, The PUC Commission acknowledged this possibility in Resolution No.  
12 21-0121, approved in a public meeting on July 27, 2021, and on file with the Clerk of the  
13 Board of Supervisors in File No. 210831; now, therefore, be it

14           RESOLVED, That the Board of Supervisors acknowledges and accepts the General  
15 Manager's notice of the potential for retroactive approvals in 2021 pursuant to Resolution No.  
16 580-20.

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO.: 21-0121

WHEREAS, On December 8, 2020, to comply with state law and due to market conditions out of the SFPUC's control, SFPUC staff brought two power supply contracts to the Commission for approval after execution by the General Manager. One such contract was approved by the Commission on December 8, 2020 in Resolution 20-0239 and by the Board of Supervisors on December 15, 2020 through Resolution 580-20; and

WHEREAS, Resolution 580-20 states the General Manager will provide advance notification and an opportunity for consultation to the Commission and to the Board of Supervisors through a resolution if the General Manager believes that the SFPUC may be required to seek retroactive Board of Supervisor approval of power supply contracts; and

WHEREAS, Conditions have occurred that may require the execution of power supply contracts prior to required approvals, such as a need to meet regulatory compliance deadlines, which cannot be met on the standard approval process timeline; and

WHEREAS, State law requires load serving entities that provide electric service to customers, such as CleanPowerSF and Hetch Hetchy Power, to own or procure certain quantities of electricity-related products known as Resource Adequacy (RA); these requirements are set annually for each month of the following two year compliance period; and

WHEREAS, Under the California Public Utilities Commission's (CPUC) annual compliance schedule, in mid-July the CPUC provides a preliminary notice to each LSE of its required volumes for the next compliance period and in mid-September provides the final notice of the volumes each LSE is required to own or control under executed contracts by October 31; in past years the volumes have changed significantly between the preliminary and final notices; and

WHEREAS, CleanPowerSF issues multiple solicitations to obtain supplies throughout the year, but in the last three years CleanPowerSF has been unable to execute contracts to purchase sufficient supply or to sell excess supplies in a timeframe that allowed for Board of Supervisors and Commission approval of contracts prior to the compliance deadline, and CleanPowerSF has sought retroactive approval from the Commission and the Board of Supervisors for such contracts when necessary to meet regulatory requirements; and

WHEREAS, In 2021, CleanPowerSF has already issued five requests for offers for Resource Adequacy and submitted bids into four RFOs conducted by third parties and to date, CleanPowerSF has not obtained sufficient RA capacity supplies from these solicitations to meet its own forecast of its 2022 RA capacity requirements. CleanPowerSF plans to issue four additional RFOs prior to the compliance deadline and, based on experience from prior years, CleanPowerSF anticipates submitting bids into approximately ten additional RFOs conducted by third parties, many of which are expected to be issued as late as September for an RA compliance obligation due in October; and

WHEREAS, the General Manager has provided advance notification and an opportunity for consultation through Commission and Board of Supervisors resolutions as described in Board Resolution 580-20; and

WHEREAS, this approval does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines Section 15378 because there would be no physical change in the environment; now, therefore, be it

RESOLVED, That the Commission acknowledges and accepts the General Manager's notice of the potential for retroactive approvals in 2021 pursuant to Board Resolution 580-20; and be it

FURTHER RESOLVED, That the Commission directs the General Manager to provide advance notification and an opportunity for consultation through a Board of Supervisors resolution as described in Board Resolution 580-20.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of July 27, 2021.*



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*Secretary, Public Utilities Commission*

1 [Amendment Agreement - Retroactive - Calpine Energy Services, L.P. - Purchase of  
2 Renewable Energy and Electricity-Related Products - Not to Exceed \$220,299,120 in  
3 Purchases - Agreement - Purchase of Electricity-Related Products - Not to Exceed  
4 \$59,400,000]

5 **Resolution retroactively authorizing CleanPowerSF to execute an amendment to an**  
6 **agreement with Calpine Energy Services, L.P. for electricity-related products to**  
7 **increase the cost by \$27,000,000 for a total of \$30,240,000 and to extend the term by**  
8 **seven years for a term ending December 31, 2029; approving an amendment to an**  
9 **agreement with Calpine for renewable energy to increase the cost by \$193,299,120 for a**  
10 **total of \$242,370,666 and to extend the term by seven years for a term ending**  
11 **December 31, 2029, for a total of \$220,299,120 not to exceed in purchases; and**  
12 **approving an agreement with Calpine Energy Services, L.P. for electricity-related**  
13 **products for \$59,400,000 with a term of January 1, 2024, through December 31, 2029.**

14 WHEREAS, State law allows cities and counties to develop community choice  
15 aggregation (CCA) programs, through which local governments supply electricity to serve the  
16 needs of participating customers within their jurisdictions while the existing utility continues to  
17 provide services such as customer billing, transmission, and distribution; and

18 WHEREAS, In May 2016, the San Francisco Public Utilities Commission (PUC)  
19 launched a CCA program called CleanPowerSF to provide San Francisco residents and  
20 businesses the option to receive cleaner, more sustainable electricity at rates comparable to  
21 those offered by Pacific Gas & Electric Company (PG&E); CleanPowerSF uses clean and  
22 renewable energy purchased from various facilities, including energy from the City's municipal  
23 utility, Hetch Hetchy Power; and

24 WHEREAS, State law requires load serving entities (LSEs) that provide electric service  
25 to customers, such as CleanPowerSF and Hetch Hetchy Power, to own or procure certain

1 quantities of electricity-related products known as Resource Adequacy (RA) that is necessary  
2 to meet regulatory requirements; the RA requirements are set annually and specify quantities  
3 of different types of RA products in a number of different geographical areas that each LSE is  
4 required to own or procure; and

5 WHEREAS, In July 2020, the CPUC provided each LSE, including CleanPowerSF, with  
6 a preliminary notice of the volumes of RA the LSE is required to own or procure for each  
7 month of 2021 and 2022, and on September 18, 2020, the CPUC provided final notice of the  
8 actual volumes of each type of RA product that each LSE is required to procure by October  
9 31, 2020, in order to meet its RA compliance obligations; and

10 WHEREAS, CleanPowerSF was required to purchase additional RA products in order  
11 to meet the October 31, 2020, compliance deadline; and

12 WHEREAS, CleanPowerSF issued solicitations for RA supply on August 3, September  
13 2, September 29, and October 16, 2020, and participated in solicitations issued by other LSEs  
14 to purchase and sell RA; and

15 WHEREAS, In response to a solicitation, Calpine Energy Services, LP (Calpine)  
16 submitted offers to CleanPowerSF to increase the volumes of RA and energy sold to  
17 CleanPowerSF from the Geysers geothermal facility and an offer to sell RA from other  
18 facilities located in California pursuant to a master power purchase and sale agreement with  
19 Calpine (Calpine Agreement) which was approved by the Board in Ordinance No. 223-15 and  
20 is on file with the Clerk of the Board of Supervisors in File No. 150408; and

21 WHEREAS, The PUC General Manager has agreed to provide advance notification  
22 and an opportunity for consultation to the PUC Commission and to the Board of Supervisors  
23 through a resolution if the General Manager believes the PUC may be required to seek  
24 retroactive Board of Supervisors approval of power supply contracts; and

25 WHEREAS, CleanPowerSF seeks approval for three transactions with Calpine:



1           1) An amendment to an agreement with Calpine for purchases of RA supplies,  
2 whereby Calpine will purchase additional volumes of RA product from Calpine from the  
3 Geysers geothermal facility, increasing the total contract cost by \$27,000,000 to \$30,240,000  
4 and extending the term from December 31, 2022, to December 31, 2029. CleanPowerSF  
5 executed this amendment on October 30, 2020, in order to meet the October 31 compliance  
6 deadline and seeks retroactive approval here.

7           2) An amendment to an agreement for CleanPowerSF to purchase renewable energy  
8 from the Geysers geothermal facility, increasing the amount of purchases by \$193,299,120 for  
9 a total contract amount of \$242,370,666 and extending the term by seven years to December  
10 31, 2029. This amendment would also extend Calpine’s community benefits commitment.

11           3) An agreement to sell to CleanPowerSF certain RA products for the period January 1,  
12 2024, through December 31, 2029, with a total cost of \$59,400,000; now, therefore, be it

13           RESOLVED, That the Board of Supervisors retroactively authorizes the General  
14 Manager of the Public Utilities Commission to enter into an amendment to an agreement to  
15 purchase RA from Calpine in an amount not to exceed \$27,000,000 and to extend the term of  
16 the agreement by seven years to December 31, 2029; and, be it

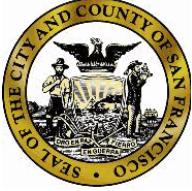
17           FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
18 Manager of the Public Utilities Commission to enter into an amendment to the Calpine  
19 Geysers renewable energy agreement in an amount not to exceed \$193,299,120, to extend  
20 the term by seven years to December 31, 2029, and to extend Calpine’s community benefits  
21 commitment; and, be it

22           FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
23 Manager of the Public Utilities Commission to enter into an agreement with Calpine to  
24 purchase RA in an amount not to exceed \$59,400,000; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
2 Manager of the Public Utilities Commission to make amendments to the agreements, as  
3 needed, that do not materially increase the obligations or liabilities of the City or reduce the  
4 benefits to the City; and, be it

5           FURTHER RESOLVED, If the PUC believes retroactive approval of power supply  
6 contracts may be necessary and fails to provide advance notification to the Board of  
7 Supervisors, the PUC shall provide a justification for the failure to provide advance notice in  
8 the resolution or ordinance seeking retroactive approval and the justification shall be subject  
9 to scrutiny by the Board of Supervisors; and be it

10           FURTHER RESOLVED, That within thirty (30) days of the amendments and agreement  
11 being fully executed by all parties, the San Francisco Public Utilities Commission shall provide  
12 the final amendments and agreement to the Clerk of the Board for inclusion into the official  
13 file.



# City and County of San Francisco

## Tails Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 201245

**Date Passed:** December 15, 2020

Resolution retroactively authorizing CleanPowerSF to execute an amendment to an agreement with Calpine Energy Services, L.P. for electricity-related products to increase the cost by \$27,000,000 for a total of \$30,240,000 and to extend the term by seven years for a term ending December 31, 2029; approving an amendment to an agreement with Calpine for renewable energy to increase the cost by \$193,299,120 for a total of \$242,370,666 and to extend the term by seven years for a term ending December 31, 2029, for a total of \$220,299,120 not to exceed in purchases; and approving an agreement with Calpine Energy Services, L.P. for electricity-related products for \$59,400,000 with a term of January 1, 2024, through December 31, 2029.

December 09, 2020 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

December 09, 2020 Budget and Finance Committee - RECOMMENDED AS AMENDED

December 15, 2020 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

December 15, 2020 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 201245

I hereby certify that the foregoing  
Resolution was ADOPTED AS AMENDED  
on 12/15/2020 by the Board of Supervisors  
of the City and County of San Francisco.



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Angela Calvillo  
Clerk of the Board



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London N. Breed  
Mayor

12.23.20

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Date Approved



**TO: Angela Calvillo, Clerk of the Board**

**FROM: John Scarpulla, Policy and Government Affairs**

**DATE: July 19, 2021**

**SUBJECT: Notice of Potential Retroactive Approvals of Contracts for Energy-Related Products in 2021 – San Francisco Public Utilities Commission**

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Please see attached for a proposed Resolution acknowledging notice from the General Manager of the San Francisco Public Utilities Commission pursuant to Resolution 580-20 of the potential need to seek retroactive Board of Supervisors approval under Charter Section 9.118 for contracts with costs of \$10,000,000 or more, revenues of \$1 million or more, or terms in excess of ten years, or contracts requiring binding arbitration for the purchase and sale of energy-related products necessary to meet regulatory compliance obligations in 2021.

The following is a list of accompanying documents:

- Proposed Resolution

Please contact John Scarpulla at (415) 934-5782 or [jscarpulla@sfgwater.org](mailto:jscarpulla@sfgwater.org) if you need any additional information on these items.

**London N. Breed**  
Mayor

**Sophie Maxwell**  
President

**Anson Moran**  
Vice President

**Tim Paulson**  
Commissioner

**Ed Harrington**  
Commissioner

**Michael Carlin**  
Acting  
General Manager

