

1 [Agreements - Long Duration Storage - Tumbleweed Energy Storage, LLC - CleanPowerSF -
2 Not to Exceed \$65,000,000]

3 **Resolution authorizing the Public Utilities Commission to purchase long duration**
4 **energy storage from Tumbleweed Energy Storage LLC by 1) entering into the Buyer**
5 **Liability Pass Through Agreement; 2) entering into the Tumbleweed Energy Storage**
6 **Project Participation Share Agreement; and 3) entering into the Tumbleweed**
7 **Coordinated Operations Agreement, all of which are agreements between California**
8 **Community Power, CleanPowerSF, and six community choice aggregators to enable the**
9 **City and County of San Francisco to purchase long duration energy storage to serve**
10 **customers of CleanPowerSF with a not to exceed amount of \$65,000,000 for a 15 year**
11 **term to commence upon commercial operation of the project, pursuant to Charter,**
12 **Section 9.118; and making environmental findings under the California Environmental**
13 **Quality Act.**

14

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

19 WHEREAS, The City and County of San Francisco (“City”), through various
20 Ordinances and Resolutions adopted by the Board of Supervisors (“Board”), has implemented
21 a CCA program to provide San Francisco residents and businesses the option to receive
22 cleaner, more sustainable electricity at rates comparable to those of Pacific Gas and Electric
23 Company; and

24

25

1 WHEREAS, In May 2016, the Public Utilities Commission (“PUC”) launched its CCA
2 program called CleanPowerSF with initial service to almost 8,000 customer accounts;
3 CleanPowerSF completed citywide enrollment in 2020 and now serves over 380,000
4 customer accounts; and

5 WHEREAS, In Ordinance No 25-21, the Board authorized CleanPowerSF to enter into
6 a joint powers agreement with nine other CCAs that provide electricity and related services
7 such as self-generation and energy efficiency programs to customers in Northern California,
8 called California Community Power (“CC Power”); and

9 WHEREAS, In April 2021, CleanPowerSF became a member of CC Power; and

10 WHEREAS, The goal of CC Power is for the participating CCAs to engage in joint
11 efforts for energy-related procurement and projects that will benefit the participating CCAs by
12 leveraging economies of scale to achieve lower costs and more favorable terms and
13 conditions for products and services; and

14 WHEREAS, Long-duration energy storage (“LDS”) technology will allow CleanPowerSF
15 to store energy from the grid when it is abundant (e.g., during the middle of the day when solar
16 is available) and discharge it when demand for electricity is high; and

17 WHEREAS, On June 24, 2021, the California Public Utilities Commission (“CPUC”)
18 ordered retail sellers of electricity, which includes CleanPowerSF, to procure 11,500
19 megawatts of new resources, including 1,000 megawatts of LDS; CleanPowerSF’s share of
20 the CPUC’s LDS requirement is 15.5 megawatts; and

21 WHEREAS, CleanPowerSF’s failure to comply with CPUC procurement order could
22 result in significant penalties; and

23 WHEREAS, CleanPowerSF, as a member of the CC Power, has participated in a
24 request for offers for LDS resources; and

25

1 WHEREAS, Following a competitive solicitation, CC Power issued a notice of intent to
2 proceed with its first LDS project, which is known as the Tumbleweed LDS Project; and

3 WHEREAS, On January 19, 2022, in Resolution No. 22-01-02, the CC Power Board of
4 Directors approved the Tumbleweed LDS Project and authorized the CC Power General
5 Manager to execute the Tumbleweed LDS Project agreements on behalf of CC Power; and

6 WHEREAS, CleanPowerSF has agreed to purchase a 16 percent share of the
7 Tumbleweed LDS Project; and

8 WHEREAS, CleanPowerSF's share of the Tumbleweed LDS Project will enable
9 CleanPowerSF to meet more than half of its LDS procurement obligation as ordered by the
10 CPUC; and

11 WHEREAS, The Tumbleweed LDS Project requires four separate agreements, and
12 CleanPowerSF is a party to three of those agreements; and

13 WHEREAS, The first of those agreements is the Energy Storage Service Agreement,
14 which is an agreement between CC Power and Tumbleweed Energy Storage, LLC
15 ("Tumbleweed ESSA"); under the Tumbleweed ESSA, CC Power will purchase 69 megawatts
16 of LDS at the Tumbleweed LDS Project on behalf of CleanPowerSF and the other participating
17 CCAs; the other participants are Peninsula Clean Energy, Redwood Coast Energy Authority,
18 San José Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean
19 Energy; the Tumbleweed ESSA is on file with the Clerk of the Board in File No. 220145;

20 WHEREAS, The second of those agreements is a Buyer Liability Pass Through
21 Agreement ("BLPTA"), which is an exhibit to the Tumbleweed ESSA; under the BLPTA,
22 CleanPowerSF and the other CCAs that are participating in the Tumbleweed LDS Project must
23 guarantee the prompt payment of their share of CC Power's obligations under the
24 Tumbleweed ESSA should CC Power fail to make any required payments; the BLPTA is on file
25 with the Clerk of the Board in File No. 220145; and

1 WHEREAS, The third of those agreements is the Tumbleweed Energy Storage Project
2 Participation Share Agreement (“Tumbleweed PPSA”); the Tumbleweed PPSA is an
3 agreement between CC Power and the CCAs that are participants in the Tumbleweed LDS
4 Project that defines the rights, duties, and obligations of CC Power and the Project participant;
5 the Tumbleweed PPSA is on file with the Clerk of the Board in File No. 220145; and

6 WHEREAS, The fourth of those agreements is the Tumbleweed Coordinated
7 Operations Agreement (“Tumbleweed Operations Agreement”); the Tumbleweed Operations
8 Agreement is also an agreement between CC Power and the CCAs that are participants in the
9 Tumbleweed LDS Project; the Tumbleweed Operations Agreement details how CC Power and
10 the CCAs will work together to operate the Project including hiring a scheduling coordinator
11 and making decisions on charging and discharging the Project; the Tumbleweed Operations
12 Agreement will be finalized and executed by CC Power and the project participants at a later
13 date, prior to the start of Tumbleweed LDS Project operations; the current draft of the
14 Tumbleweed Operations Agreement is on file with the Clerk of the Board in File No. 220145;
15 and

16 WHEREAS, Under the Tumbleweed ESSA, CleanPowerSF and the other participating
17 CCAs have 90 days from the date the CC Power General Manager executed the Tumbleweed
18 LDS Project agreements (January 24, 2022); and

19 WHEREAS, In PUC Resolution No. 22-0041 dated February 22, 2022, the PUC
20 Commission approved the BLPTA, the Tumbleweed PSSA, and Tumbleweed Operations
21 Agreement, and authorized the General Manager of the PUC to execute those agreements on
22 behalf of the PUC. Resolution No. 22-0041 is on file with the Clerk of the Board in File No.
23 220145; and

24 WHEREAS, As required by the Board in Ordinance No. 25-21, the Tumbleweed ESSA
25 provides that Tumbleweed Energy Storage, LLC must comply with California prevailing wage

1 and local permitting requirements and prohibits the use of forced labor in its supply chain; in
2 addition, Tumbleweed Energy Storage, LLC has committed to using a project labor agreement,
3 community workforce agreement, work site agreement, collective bargaining agreement, or
4 other similar agreement, providing for terms and conditions of employment with applicable
5 labor organizations; and

6 WHEREAS, Under the Tumbleweed PPSA, each of the participating CCAs and CC
7 Power will agree to indemnify and hold harmless the other parties to the Tumbleweed PPSA
8 for any injuries or damages caused to the parties or others resulting from a breach of
9 agreement or any negligent acts, errors, omissions or willful misconduct incident to the
10 performance of the agreement; and

11 WHEREAS, On February 22, 2022, the Risk Manager authorized CleanPowerSF to
12 indemnify and hold harmless the other parties to the Tumbleweed PPSA as required by the
13 Tumbleweed PPSA; and

14 WHEREAS, The actions contemplated in this Resolution comply with the California
15 Environmental Quality Act (“CEQA”) (California Public Resources Code Sections 21000 et
16 seq.), because: (i) the Project is undergoing environmental review in Kern County; (ii) the
17 Tumbleweed ESSA and other agreements allow CC Power, CleanPowerSF, and the other
18 participating CCAs to terminate their participation in the Project if Tumbleweed Energy
19 Storage, LLC fails to obtain all applicable discretionary permits and complete CEQA review;
20 and (iii) Tumbleweed Energy Storage, LLC is required by the agreements to comply with all
21 applicable laws during the term of the agreements, which includes CEQA requirements for
22 implementation of mitigation measures; and

23 WHEREAS, The Tumbleweed ESSA, the BLPTA, Tumbleweed PPSA, and
24 Tumbleweed Operations Agreement each has a term of 15 years; and

25

1 WHEREAS, While the Tumbleweed PPSA will be effective upon execution by all the
2 parties in 2022, CleanPowerSF’s payments under the Tumbleweed PPSA will not start until
3 commercial operation of the Tumbleweed LDS Project in 2026, and will continue for 15 years
4 after they start accruing; and

5 WHEREAS, Under the Tumbleweed ESSA and Tumbleweed PPSA the costs to
6 CleanPowerSF to purchase LDS storage from Tumbleweed Energy Storage, LLC over the 15-
7 year term of the project will not exceed \$65,000,000, which costs will be paid solely from the
8 revenues of CleanPowerSF; and

9 WHEREAS, Section 9.118 of the Charter requires approval by the Board for contracts
10 in excess of ten years or requiring expenditures above \$10,000,000; now, therefore, be it

11 RESOLVED, That the Board of Supervisors approves the BLPTA, Tumbleweed PPSA,
12 and Tumbleweed Operations Agreement to allow CleanPowerSF to purchase long duration
13 storage from Tumbleweed Energy Storage, LLC for a term of 15 years to commence upon
14 commercial operation of the Tumbleweed LDS Project , with a not to exceed amount of
15 \$65,000,000, and authorizes the General Manager of the PUC to execute those agreements on
16 behalf of the PUC in substantially the same form as the agreements on file with the Clerk of the
17 Board of Supervisors in File No. 22-0041; and, be it

18 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
19 Manager of the PUC to enter into any amendments or modifications to the Tumbleweed
20 Operations Agreement, prior to the final execution by all parties, that the General Manager
21 determines, in consultation with the City Attorney, are in the best interest of the City, do not
22 otherwise materially increase the obligations or liabilities of the City, are necessary or
23 advisable to effectuate the purposes of the agreement, and are in compliance with all
24 applicable laws; and, be it

1 FURTHER RESOLVED, That within 30 days of the agreements being fully executed
2 by the parties the Public Utilities Commission shall provide them to the Clerk of the Board
3 for inclusion in the official file.

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25