

LEGISLATIVE DIGEST

[Administrative Code - Purchase and Sale of Electricity and Related Products - Public Utilities Commission]

Ordinance amending the Administrative Code to modify the waivers of specified contract-related requirements in the Administrative and Environment Codes for electricity and related product transactions, authorize binding arbitration for contracts with Investor Owned Utilities and increase the annual expenditure limit for energy procurements from \$150,000,000 to \$200,000,000.

Existing Law

Chapter 21.43 of the San Francisco Administrative Code delegates authority to the General Manager of the Public Utilities Commission (PUC) to enter contracts for the purchase of electricity and related services that exceed ten years in duration for more than 10 million dollars. The ordinance made the procurement approval subject to several conditions, including: the duration of any individual contract does not exceed 25 years, inclusive of contract extensions, and; the total cost of the contracts does not exceed 150 million dollars per year. Chapter 21.43 also allows the General Manager to waive certain City contracting requirements for these agreements if it is not feasible to include those requirements.

Amendments to Current Law

Chapter 21.43 would amend the Administrative Code by increasing the annual expenditure maximum amount to 200 million dollars per year. The ordinance would allow the General Manager to waive certain City contracting requirements for these agreements if it is not feasible to include those requirements. The ordinance would also authorize the General Manager to enter into agreements with binding arbitration provisions with California investor owned utilities when buying Resource Adequacy (RA) and Renewable Portfolio Standard (RPS) products.

Background Information

The PUC operates two power businesses—its municipal electric utility, Hetch Hetchy Power (HHP), and its community aggregation program, CleanPowerSF (CPSF). HHP mostly uses clean hydro power from Hetch Hetchy and renewable energy from City facilities, but it sometimes needs to engage in other purchases and sales. CPSF obtains all of its energy through purchases, to meet the needs of enrolled San Franciscans (380,000 accounts) under PG&E tariffs approved by the California Public Utilities Commission (CPUC). PG&E provides transmission, distribution and billing service for CPSF customers. The program has grown from 8,000 customers to 380,000 customers in five years. CleanPowerSF competes for wholesale power supplies in the highly competitive and highly volatile California Independent

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System Operator energy market and competes with PG&E and private energy suppliers for customers in San Francisco.

CPSF must enter into a large number of contracts for a variety of electricity products and services under compressed timelines to comply with state law and CPUC regulations. This makes Board approval of every power and related service contract in the usual manner neither practical nor possible.

Due to growth of the programs and the number of energy procurements needed in the future, PUC sought and the Board approved the Section 21.43 which codified delegated authority and contract waivers for CPSF and HHP procurements through June 30, 2025.

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