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Public Utilities Commission

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Ordinance Amending the Administrative Code – Purchase of Electric Facilities

*Presentation to the Land Use and Transportation
Committee, San Francisco Board of Supervisors*

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Background – Need for New Development

Strong demand for new electric infrastructure

- We are expecting a sharp uptick in electrical demand
- We need new substations, transmission and distribution upgrades

Need for a unified construction process

- Large load customers want Hetch Hetchy Power service ASAP as part of larger construction projects on their property
- Private sector partners are accustomed to constructing and turning over facilities to utilities as part of these larger construction projects

Opportunity for New Electrical Infrastructure

- Existing Admin Code authorizes PUC to acquire facilities constructed by a customer when there is a development agreement
- Proposed amendment provides PUC the same authorization when a customer builds a new facility with significant electric load, but a development agreement is not needed
- Facilitates City policy for PUC electric service to new customers whenever feasible
- Opportunity to capture efficiencies of construction that is already underway and be responsive to market conditions
- Otherwise, PUC may not be able to complete the project in the timeframe needed by the customer

Success of Admin Code 99.5 to Date

- In 2021, the Board of Supervisors added Section 99.5 to the Admin Code on contracting with developers with a development agreement to install facilities PUC will acquire
- This has been very successful – City standards and requirements have been met, infrastructure successfully delivered
- Proposed amendment would extend this authority to other customers with significant new load

Proposed Authority Maintains City Standards

- Amounts PUC will pay to the customer for facilities may not exceed what PUC would expect to pay to perform the same work itself
- The PUC and customer have entered into an agreement that describes scope of work and each party's cost responsibility
- Such an agreement includes equity, labor, and local economic participation requirements
- City is authorized to accept ownership of the facilities, after testing and inspection
- Construction will be performed by licensed contractors and comply with applicable City building and electrical standards

City maintains control and accountability for outcomes

Proposal is in the Public Interest

Expedite customer
and rate base
growth

Expand City-owned
electrical
infrastructure

City's housing
density and climate
action priorities

Cost and efficiency
savings

Equity, labor, and
local economic
participation
requirements in
contracting



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Thank you