

1 [Purchase and Sale Agreements - Retroactive - Pacific Gas & Electric Company, Southern
2 California Edison Company - Electricity-Related Products - Not to Exceed \$26,070,118 and
3 \$3,500,000, Respectively]

4 **Resolution retroactively authorizing two agreements for CleanPowerSF to purchase**
5 **electricity-related products from Pacific Gas & Electric Company for a term of January**
6 **1, 2020, through December 31, 2022, for a total cost of \$26,070,118; and retroactively**
7 **authorizing the sale of electricity-related products to Pacific Gas & Electric Company**
8 **and Southern California Edison Company for a term of January 1, 2020, through**
9 **December 31, 2022, in an amount not to exceed \$3,500,000.**

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

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

21 WHEREAS, State law requires load serving entities (LSEs) that provide electric service
22 to customers, such as CleanPowerSF and Hetch Hetchy Power, to own or procure certain
23 quantities of an electricity-related product known as Resource Adequacy (RA); the RA
24 compliance obligations include annual requirements established by the California Public
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1 Utilities Commission (CPUC) for specific quantities of different types of RA and specific
2 quantities of RA located in a number of different geographical areas; and

3 WHEREAS, On July 26, 2019, the CPUC provided each LSE, including
4 CleanPowerSF, with a preliminary notice of the estimated volumes of RA the LSE is required
5 to own or procure for the 2020 through 2022 period; on September 20, 2019, the CPUC
6 provided final notice to each LSE, including CleanPowerSF, of the actual volumes of RA that
7 the LSE is required to procure by October 31, 2019, in order to meet its RA compliance
8 obligations for the period 2020 through 2022; and

9 WHEREAS, CleanPowerSF has issued multiple requests for offers for RA for the 2020
10 through 2022 time period and has executed RA contracts with several suppliers, but the PUC
11 has determined that in order to procure sufficient amounts of RA for the 2020 through 2022
12 time period, CleanPowerSF has no choice but to contract with PG&E; and

13 WHEREAS, To timely meet state law requirements, the PUC executed agreements
14 with PG&E for RA supply for the period January 1, 2020 through December 31, 2022, one
15 agreement in the amount of \$11,070,118 and the second in the amount of \$15,000,000; and

16 WHEREAS, The CPUC's September 20, 2019 notice to CleanPowerSF materially
17 changed the quantities of RA that CleanPowerSF is required to procure in the different
18 geographical areas and CleanPowerSF must engage in several purchases and sales of RA in
19 a short timeframe in order to balance its RA supplies with its RA obligations and meet the
20 compliance deadline of October 31, 2019; and

21 WHEREAS, CleanPowerSF entered into an agreement to sell RA to PG&E in an
22 amount not to exceed \$2,000,000 and a second agreement to sell RA to Southern California
23 Edison Company (SCE) in an amount not to exceed \$1,500,000; and

24 WHEREAS, Both PG&E and SCE require the use of the Edison Electric Institute (EEI)
25 form power purchase agreement for their RA purchase and sale agreements; that form

1 agreement is already on file with the Clerk of the Board of Supervisors in File No. _____;
2 and

3 WHEREAS, In Ordinance Nos. 75-15, 223-15, and 8-18, the Board of Supervisors
4 authorized the PUC to use certain pro forma contracts, including the EEI form power purchase
5 agreement, for the purchase and sale of electricity and electricity related products including
6 the PG&E and SCE RA purchase and sale agreements; and

7 WHEREAS, PG&E and SCE each require binding arbitration in their RA agreements;
8 the Board of Supervisors in Ordinance No. 227-18 delegated to the General Manager of the
9 PUC the authority to enter into contracts for electricity and electricity-related products that
10 contain a binding arbitration provision, subject to certain conditions which are satisfied in this
11 instance; and

12 WHEREAS, The PUC considered the two agreements to purchase RA from PG&E and
13 the two agreements to sell RA to PG&E and SCE during its public meeting on October 8,
14 2019; and

15 WHEREAS, Section 9.118(b) of the Charter requires the Board of Supervisors to
16 approve contracts that are estimated to cost \$10,000,000 or more and contracts with
17 anticipated revenue of \$1,000,000 or more; now, therefore, be it

18 RESOLVED, That the Board of Supervisors hereby retroactively authorizes the
19 General Manager of the Public Utilities Commission to enter into two RA agreements with
20 Pacific Gas & Electric Company in amounts not to exceed \$11,070,118 and \$15,000,000 with
21 the term of January 1, 2020, through December 31, 2022; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors hereby retroactively authorizes
23 the General Manager of the Public Utilities Commission to enter into an agreement to sell RA
24 to PG&E in the amount of \$2,000,000 with the term of January 1, 2020, through

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1 December 31, 2022, and an agreement to sell RA to SCE in the amount of \$1,500,000 with
2 the term of January 1, 2020 through December 31, 2022; and, be it

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

6 FURTHER RESOLVED, That within thirty (30) days of the agreements being fully
7 executed by all parties, the Public Utilities Commission shall provide the final agreements to
8 the Clerk of the Board for inclusion into the official file.

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