

1 [Professional Services Agreement - APX Inc. - Power Scheduling Coordination Services and
2 Related Support Services - Not to Exceed \$895,742,800]

3 **Resolution approving Amendment No. 2 to Contract No. PRO.0152, Power Scheduling**
4 **Coordination and Related Support Services, with APX Inc., to allow for the processing**
5 **of the California Independent System Operator power transmission service charges, to**
6 **increase the contract by \$636,000,000 for a total not to exceed contract amount of**
7 **\$895,742,800 subject to the Board of Supervisors approval pursuant to Charter, Section**
8 **9.118, with no change to the five year of term from March 2022, through April 2027**

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10 WHEREAS, In order for the San Francisco Public Utilities Commission (SFPUC) to
11 provide service to its electric customers, it must transmit electric energy through the
12 transmission system controlled by the California Independent System Operator (CAISO), and
13 conduct wholesale electricity transactions through the CAISO operated wholesale market; and

14 WHEREAS, Only entities that have been certified as Scheduling Coordinators (SC)
15 may interact with the CAISO to schedule all power deliveries over the transmission system
16 and to process payments for electricity transactions; and

17 WHEREAS, The SFPUC is not a CAISO-certified SC and without contracting with a
18 certified SC, the SFPUC will not be able to transport power to its electric customers or engage
19 in the CAISO wholesale markets; and

20 WHEREAS, It is necessary to procure the services of a qualified firm to provide
21 specialized services including, but not limited to: CAISO communications, settlements, dispute
22 resolution, invoice processing, Congestion Revenue Rights (CRR) management services, and
23 processing all SFPUC payments to the CAISO for transmission and wholesale electricity
24 transaction payments, charges, costs, and fees; and

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1 WHEREAS, On July 16, 2021, the SFPUC advertised a Request for Proposals (RFP)
2 for a firm to assist the SFPUC with power scheduling coordination and scheduling agent
3 services for the SFPUC's participation in the markets of the CAISO, with services anticipated
4 to begin in April 2022 and end in March 2027, for a term of five years; and

5 WHEREAS, The SFPUC Power and Contract Monitoring Division (CMD) staff, upon
6 review of the proposal, determined that APX is a responsive and responsible firm based on
7 the established scoring criteria; and

8 WHEREAS, The estimated cost of Power Enterprise Operating Budget-funded
9 Contract No. PRO.0152 is \$134,742,800, with payments to APX in an amount not to exceed
10 \$4,242,800 for the scheduling coordinator services and \$130,500,000 in pass through
11 payments to the CAISO which will be processed by APX without a mark-up; and

12 WHEREAS, On March 8, 2022, by Resolution No. 79-22, the Board of Supervisors
13 (Board) approved the award of Contract No. PRO.0152, Power Scheduling Coordination
14 Services and Related Support Service with APX to assist with power scheduling coordination
15 services required for the SFPUC's participation in the CAISO electricity market, for an amount
16 not to exceed \$134,742,800 and with services anticipated to begin in April 2022, and end on
17 March 9, 2027, for a term of five years; and

18 WHEREAS, The wholesale energy market prices are higher than expected for all
19 market participants, including other municipal utilities in California due to trade disruptions,
20 war, supply chain delays, extreme weather changes and severe drought; and

21 WHEREAS, As a result, the SFPUC is experiencing significant increases in the energy
22 product and related charges from the CAISO, causing the pass-through payments APX
23 makes on their behalf to be higher than anticipated; and

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1 WHEREAS, When comparing the last 12-month period of the CAISO pass-through,
2 staff observed a 197% increase in CleanPowerSF costs and a 67% increase in Hetchy Power
3 costs; and

4 WHEREAS, On January 6, 2023, the General Manager of the SFPUC executed the
5 First Amendment to the APX agreement to ensure sufficient funding for power costs and
6 approved the contract under the authority delegated by the Board in Administrative Code,
7 Section 21.43 for power purchases; and

8 WHEREAS, The First Amendment did not change the services of the contract, only the
9 amount for CAISO pass-through charges, increasing it by \$125,000,000 for a total contract
10 not-to-exceed amount of \$259,742,800; and

11 WHEREAS, The SFPUC is seeking approval of Amendment No. 2 to increase the
12 contract by \$636,000,000 for a total not-to-exceed contract amount of \$895,742,800, in order
13 to continue payment of the CAISO power transmission service charges through APX, a
14 CAISO-certified SC; and

15 WHEREAS, The type, cost, and amount of services will not change as a result of
16 Amendment No.2 and the SFPUC retains the right to terminate the contract at any time during
17 the term per Section 20 of the contract; and

18 WHEREAS, Funds for the Contract will be available at the time of execution from the
19 Hetch Hetchy Power Operating Budget, the CleanPowerSF Operating Budget, and the
20 CleanPowerSF Customer Fund; and

21 WHEREAS, Pursuant to Chapter 14B of the San Francisco Administrative Code, the
22 Contract Monitoring Division (CMD) Local Business Enterprise (LBE) sub-consulting
23 requirement has been waived for this contract; and

24 WHEREAS, A delay in approving the Second Amendment could result in the SFPUC
25 being unable to serve power to its electric customers; and

1 WHEREAS, On January 24, 2023, by Resolution No.23-0025, the SFPUC approved
2 Amendment No. 2 to Contract No. PRO.0152, Power Scheduling Coordination and Related
3 Support Services, with APX Inc., to allow for the processing of the CAISO power transmission
4 service charges, to increase the contract by \$636,000,000, subject to the Board of
5 Supervisors approval under Charter, Section 9.118; now, therefore, be it

6 RESOLVED, That this Board of Supervisors hereby authorizes the General Manager of
7 the SFPUC to execute Amendment No. 2 to Contract No. PRO.0152, to increase the contract
8 by \$636,000,000 for a total not-to-exceed contract amount of \$895,742,800 and with a
9 duration of five years, and to make amendments to the Agreement, as needed, that do not
10 materially increase the obligations or liabilities of the City or reduce the benefits of the City;
11 and

12 FURTHER RESOLVED, That the SFPUC shall submit quarterly reports showing actual
13 CAISO charges compared with projections and remaining contract expenditure authority to
14 the Clerk of the Board for inclusion into the official file through Fiscal Year 2023-24; and

15 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
16 executed by all parties, the SFPUC shall provide the final agreement to the Clerk of the Board
17 for inclusion into the official file.

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