

1 [Notice of Potential Retroactive Approvals of Contracts for Energy-Related Products in 2021 -
2 Public Utilities Commission]

3 **Resolution acknowledging notice from the General Manager of the Public Utilities**
4 **Commission pursuant to Resolution No. 580-20 of the potential need to seek**
5 **retroactive Board of Supervisors approval under Charter, Section 9.118, for contracts**
6 **with costs of \$10,000,000 or more, revenues of \$1,000,000 or more, or terms in excess**
7 **of ten years, or contracts requiring binding arbitration for the purchase and sale of**
8 **energy-related products necessary to meet regulatory compliance obligations in 2021.**

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

14 WHEREAS, In May 2016, the San Francisco Public Utilities Commission (PUC)
15 launched a CCA program called CleanPowerSF to provide San Francisco residents and
16 businesses the option to receive cleaner, more sustainable electricity at rates comparable to
17 those offered by Pacific Gas & Electric Company CleanPowerSF currently provides three
18 million megawatt hours of electricity annually to over 380,000 customer accounts; and

19 WHEREAS, State law requires load serving entities (LSEs) that provide electric service
20 to customers, such as CleanPowerSF and Hetch Hetchy Power, to own or procure certain
21 quantities of electricity-related products known as Resource Adequacy; these requirements
22 are set annually and specify quantities of 13 different types of electricity products that LSEs
23 are required to own or procure for each month of the following two-year compliance period;
24 and

1 WHEREAS, Under the California Public Utilities Commission’s (CPUC) annual
2 compliance schedule, in mid-July the CPUC provides a preliminary notice to each LSE of its
3 required volumes for the next compliance period and in mid-September provides the final
4 notice of the volumes each LSE is required to own or control under executed contracts by
5 October 31; in past years the volumes have changed significantly between the preliminary
6 and final notices; and

7 WHEREAS, Due to the CPUC’s schedule, all LSEs engage in purchase and sale
8 transactions for limited supplies in a five to six-week period in order to meet the October 31
9 compliance deadline; and

10 WHEREAS, CleanPowerSF issues multiple solicitations to obtain supplies throughout
11 the year, but in the last three years CleanPowerSF has been unable to execute contracts to
12 purchase sufficient supply or to sell excess supplies in a timeframe that allowed for Board of
13 Supervisors and Public Utilities Commission (PUC) approval of contracts prior to the
14 compliance deadline, and CleanPowerSF has sought retroactive approval from the Board and
15 PUC for such contracts; and

16 WHEREAS, In 2021, CleanPowerSF has already issued five requests for offers (RFOs)
17 for Resource Adequacy and submitted bids into four RFOs conducted by third parties;
18 CleanPowerSF plans to issue four additional RFOs prior to the compliance deadline and,
19 based on experience from prior years, CleanPowerSF anticipates submitting bids into
20 approximately ten additional RFOs conducted by third parties; and

21 WHEREAS, Resolution No. 580-20 states “the General Manager of the PUC agreed to
22 provide advance notification and an opportunity for consultation to the PUC Commission and
23 to the Board of Supervisors through a Resolution if the General Manager believes that the
24 PUC may be required to seek retroactive Board of Supervisor approval of power supply
25 contracts;” and

1 WHEREAS, At this time, the CPUC has not yet issued its notices to LSEs for their
2 compliance obligations, and several factors create uncertainty regarding compliance
3 obligations and the availability of supplies, including: regulatory uncertainty regarding the
4 outcome of on-going proceedings at the CPUC and the California Independent System
5 Operator, on-going implementation of significant changes to the Resource Adequacy
6 program, the potential for extreme weather events, and the potential for increases in CPUC-
7 mandated procurement obligations in 2021; and

8 WHEREAS, In view of these uncertainties, CleanPowerSF believes that purchases or
9 sales that would require Board of Supervisors approval under Charter, Section 9.118 or that
10 require binding arbitration may be necessary in 2021; and

11 WHEREAS, The PUC Commission acknowledged this possibility in Resolution No. 21-
12 0121, approved in a public meeting on July 27, 2021, and on file with the Clerk of the Board of
13 Supervisors in File No. 210831; now, therefore, be it

14 RESOLVED, That the Board of Supervisors acknowledges and accepts the General
15 Manager’s notice of the potential for retroactive approvals in 2021 pursuant to Resolution No.
16 580-20.