

File No. 240083

Committee Item No. 5

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance Committee Date February 28, 2024

Board of Supervisors Meeting Date \_\_\_\_\_

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#### OTHER (Use back side if additional space is needed)

- PUC Resolution No. 24-0021 1/23/2024
- \_\_\_\_\_
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Completed by: Brent Jalipa Date February 22, 2024

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Increasing Administrative Code, Section 21.43, Power Sales Revenue Limit - Anticipated  
2 Revenue in Excess of \$1,000,000 or More - Annual Revenue Limit of \$20,000,000]

3 **Resolution approving an increase to the Administrative Code, Section 21.43 Power**  
4 **Sales Revenue Limit and authorizing the Public Utilities Commission (PUC) General**  
5 **Manager to execute power sales contracts, with anticipated revenue in excess of**  
6 **\$1,000,000 or more subject to an annual revenue limit of \$20,000,000 per fiscal year,**  
7 **through July 1, 2025.**

8  
9 WHEREAS, The San Francisco Public Utilities Commission (PUC) operates two power  
10 supply programs: Hetch Hetchy Power, the City’s full-service public power utility, and  
11 CleanPowerSF, the City’s Community Choice Aggregation (CCA) program; and

12 WHEREAS, Both Hetch Hetchy Power and CleanPowerSF purchase and sell electricity  
13 in the wholesale markets to serve their respective retail customers; and

14 WHEREAS, While Hetch Hetchy Power services its customers primarily with electricity  
15 generated by City-owned generation resources, CleanPowerSF serves its customers primarily  
16 with electricity purchased through wholesale market transactions; and

17 WHEREAS, The SFPUC engages in a continual process of buying and selling power  
18 and simultaneously negotiating a mix of short, medium, and long-term contracts for a diverse  
19 supply of energy and energy-related products with multiple suppliers, all in an expedited time  
20 frame consistent with regulatory deadlines in order to meet regulatory requirements, secure  
21 the best possible prices and terms, keep rates affordable and competitive, and manage  
22 portfolio risk; and

23 WHEREAS, In July 2022, by Ordinance No.176-22, the Board of Supervisors added  
24 Chapter 21.43 to the Administrative Code, approving form electricity purchase and sales  
25 contracts and delegating authority to the General Manager under Charter, Section 9.118 to

1 execute power sales contracts having anticipated revenues of at least \$1,000,000, subject to  
2 an annual revenue cap of \$10,000,000, for a period of three years through June 30, 2025;  
3 and

4 WHEREAS, The annual revenue cap may be increased by a Resolution approved by  
5 the Board of Supervisors; and

6 WHEREAS, Wholesale prices for electricity products have been significantly higher  
7 than expected since Chapter 21.43 of the Administrative Code was established due to several  
8 factors including armed conflict, supply chain disruptions, and delays to project permitting and  
9 grid interconnection, causing the value of sales contracts executed for the benefit of Hetch  
10 Hetchy Power and CleanPowerSF ratepayers to increase; and

11 WHEREAS, The PUC is seeking Board approval to increase the Administrative Code,  
12 Section 21.43 Power Sales Revenue Limit, in order to continue to facilitate timely and  
13 beneficial sales of excess power supplies for both Hetch Hetchy Power and CleanPowerSF  
14 ratepayers; and

15 WHEREAS, On January 23, 2024, by Resolution No. 24-0021, the PUC authorized the  
16 General Manager to execute energy sales contracts using approved form agreements, and to  
17 seek Board of Supervisors approval to increase the \$10,000,000 annual revenue cap for  
18 power sales contracts with revenues of \$1,000,000 or more by \$10,000,000 for a total  
19 revenue cap of \$20,000,000 per fiscal year, until July 1, 2025; now, therefore, be it

20 RESOLVED, That this Board of Supervisors hereby approves increasing the  
21 \$10,000,000 annual revenue cap by \$10,000,000, for a total revenue cap of \$20,000,000 per  
22 fiscal year, until July 1, 2025.

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# **PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 24-0021

WHEREAS, The San Francisco Board of Supervisors (“Board”) established a Community Choice Aggregation (“CCA”) program in 2004 (Ordinance 86-04) and has implemented the program, called CleanPowerSF, through the work of the San Francisco Public Utilities Commission (“SFPUC” or “Commission”) in consultation with the San Francisco Local Agency Formation Commission (Ordinances 146-07, 147-07, and 232-09); and

WHEREAS, Hetch Hetchy Power serves its customers primarily with electricity generated by City-owned generation resources; CleanPowerSF serves its customers entirely with electricity purchased through wholesale market transactions; and

WHEREAS, Hetch Hetchy Power and CleanPowerSF must comply with state law and California Independent System Operator market rules, including requirements to procure renewable energy, Resource Adequacy capacity, and energy storage, and to contribute to grid reliability; and

WHEREAS, The SFPUC needs to engage in a continual process of buying and selling power and simultaneously negotiating a mix of short-, medium-, and long-term contracts for a diverse supply of energy and energy-related products with multiple suppliers, all in an expedited time frame consistent with regulatory deadlines in order to meet regulatory requirements, secure the best possible prices and terms, keep rates affordable and competitive, and manage portfolio risk; and

WHEREAS, To support the need of the Power Enterprise to conduct business at a commercial pace in competitive electricity markets, the Commission adopted Resolution No. 22-0109, conditionally authorizing the General Manager to execute energy supply contracts using specified form agreements and to seek Board of Supervisors approval, as necessary; and

WHEREAS, The Board of Supervisors and Mayor approved Ordinance No. 176-22 adding Chapter 21.43 to the Administrative Code, approving form electricity purchase and sales contracts and delegating authority to the General Manager under Charter Section 9.118 to execute power sales contracts having anticipated revenues exceeding \$1 million, subject to an annual revenue cap of \$10 million, for a period of three years through July 1, 2025; and

WHEREAS, Wholesale prices for electricity products have been significantly higher than expected since Chapter 21.43 of the Administrative Code was established due to several factors including armed conflict, supply chain disruptions, and delays to project permitting and grid interconnection, causing the value of sales contracts executed for the benefit of Hetch Hetchy Power and CleanPowerSF ratepayers to increase; and

WHEREAS, To facilitate timely and beneficial sales of excess power supplies, Staff seeks Commission approval to increase the annual revenue cap for use of the delegated authority to the General Manager to make sales of electricity products in excess of \$1 million, from \$10 million to \$20 million, and to seek approval from the Board of Supervisors, as necessary; and

WHEREAS, Adoption of this Resolution does not constitute a “project” under the California Environmental Quality Act (CEQA) Guidelines section 15378 because it does not involve any commitment to any specific contract or project that may result in a physical change in the environment; the form contracts require Sellers of electricity products to comply with the law and, for to-be-constructed projects, to complete environmental review and obtain all necessary permits prior to commercial operation and commencing delivery of electricity; now, therefore, be it

RESOLVED, That this Commission authorizes the General Manager to execute energy sales contracts using approved form agreements, and to seek Board of Supervisors approval, as necessary, to increase the \$10 million annual revenue cap for power sales contracts with revenues of \$1 million or more by \$10 million, for a total revenue cap of \$20 million per year, until July 1, 2025.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of January 23, 2024.*

  
Secretary, Public Utilities Commission



# San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

**FROM: Jeremy Spitz, Policy and Government Affairs**

**DATE: January 26, 2024**

**SUBJECT: [Administrative Code - Increasing the Administrative Code Section 21.43 Power Sales Revenue Limit – Public Utilities Commission]**

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Please see attached a proposed Resolution approving an increase to the Administrative Code Section 21.43 Power Sales Revenue Limit and authorizing the Public Utilities Commission (PUC) General Manager to execute power sales contracts, with anticipated revenue in excess of \$1 million or more subject to an annual revenue limit of \$20 million per fiscal year, through July 1, 2025

The following is a list of accompanying documents:

- Proposed Resolution (Word Doc Version)
- SFPUC Resolution No. 24-0021 (PDF Version)

Please contact Jeremy Spitz at [jspitz@sflower.org](mailto:jspitz@sflower.org) if you need any additional information on these items.

**London N. Breed**  
Mayor

**Tim Paulson**  
President

**Anthony Rivera**  
Vice President

**Newsha K. Ajami**  
Commissioner

**Sophie Maxwell**  
Commissioner

**Kate H. Stacy**  
Commissioner

**Dennis J. Herrera**  
General Manager

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

