

# PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 15-0222

WHEREAS, Pursuant to the San Francisco Charter, the management and control of the Community Choice Aggregation (CCA) program is the responsibility of the San Francisco Public Utilities Commission (SFPUC) (Board of Supervisors Ord. No. 146-07, Section 1(a)); and

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

WHEREAS, The goals of the CleanPowerSF program are to (1) provide electricity and related services at competitive rates while promoting long-term rate stability, energy security and reliability for San Francisco; (2) reduce, and eventually eliminate, the greenhouse gas emissions associated with the use of electricity in San Francisco; and (3) to the greatest extent possible and affordable, support the development of new clean energy infrastructure and new employment opportunities for San Franciscans; and

WHEREAS, On May 12, 2015 (Resolution 15-0112), the Commission set initial “not-to-exceed” rates, finding that the CleanPowerSF retail rates must be adequate to support CleanPowerSF’s operations, including recovery of program reserves and allow for the Power Enterprise to be financially stable and in compliance with its reserve policies; and

WHEREAS, The Commission adopted a ratemaking methodology for the CleanPowerSF program that is intended to result in bills that are equal to or less than PG&E bills for customers enrolling in the default product at program launch; and

WHEREAS, A primary factor in ensuring that the “not-to-exceed” rates are equal to or less than PG&E’s bills will be procuring competitively priced energy to support the CleanPowerSF program; and

WHEREAS, On August 11, 2015 SFPUC issued a Request for Offers (RFO), CS-1032, which stated that SFPUC seeks to procure a minimum of 30 megawatts (MWs) (average demand) growing to approximately 50 MW of electricity for the first phase of the CleanPowerSF program; and

WHEREAS, CS-1032, sought proposals for three types of products: Bid Option 1 (firmed and shaped energy), Bid Option 2 (renewable power), and Resource Adequacy (RA) Capacity; and

WHEREAS, Bid Option 1 requested proposals for shaped energy meeting CleanPowerSF Phase I energy volumes, an annual GHG emissions standard, and annual renewable energy content requirements with a term of three to five years; and

WHEREAS Bid Option 2 sought renewable energy produced and delivered by new or existing generating facilities with a term of one to 25 years, including, to the extent available, the RA Capacity for any generating facilities that have achieved or are expected to achieve full capacity deliverability status; and

WHEREAS, CS-1032 sought bids for a sufficient quantity of RA Capacity to satisfy the applicable requirements for CleanPowerSF's Phase 1 loads, with a minimum delivery term of one year and no more than five years; and

WHEREAS, CS-1032 stated that SFPUC would negotiate the purchase of electricity under both Bid Option 1 and Bid Option 2 using the industry standard agreements, including the Edison Electric Institute Master Agreement and the Western Systems Power Pool agreement, approved by the Board of Supervisors previously (Board of Supervisors Ord. No. 75-15); and

WHEREAS, The San Francisco Board of Supervisors approved the use of industry pro forma agreements to purchase electricity, and authorized the General Manager to execute certain contracts necessary to launch the CleanPowerSF program, subject to conditions (Board of Supervisors Ord. No. 75-15); and

WHEREAS, In order to satisfy the minimum requirements of CS-1032, respondents were required to: describe the company's organization, key persons, operations and third parties relied upon to provide the proposed services; describe its overall ability and qualifications to deliver each Bid Option; describe the respondent's (or its guarantor's) financial viability and credit support by providing audited financial statements, credit rating history for the previous two years; and

WHEREAS, The SFPUC received six proposals responsive to Bid Option 1, and on September 14, 2015, notified Calpine Energy Services, L.P., Constellation, and Morgan Stanley that they had been shortlisted for Bid Option 1; and

WHEREAS, The SFPUC received 52 proposals responsive to Bid Option 2, and on September 25, 2015, notified Calpine Energy Services, L.P., E.ON, EDF Renewable Development, LLC, First Solar, FTP Power LLC, dba Sustainable Power Group (sPower), Iberdrola Renewables, Republic Services of Sonoma County, Inc., 8minutenergy, Centaurus Renewable Energy, LLC / Clenera, LLC that their Bid Option 2 proposals were selected for further consideration; and

WHEREAS, The SFPUC received five proposals responsive to RA Capacity and on October 20, 2015 notified Calpine Energy Services, L.P., Constellation and EWP Renewable Corporation that their RA Capacity proposals were selected for further consideration; and

WHEREAS, The SFPUC is preparing a draft business plan and risk assessment that will be completed prior to a decision to launch the CleanPowerSF program; now, therefore be it

RESOLVED, That the Commission approves the pool of qualified respondents identified in this Resolution for Bid Option 1, Bid Option 2 and Resource Adequacy Capacity and authorizes the General Manager to negotiate energy supply contracts with one or more of the respondents; and be it

FURTHER RESOLVED, That the Commission conditionally authorizes the General Manager to execute energy supply contracts with one or more of the respondents, subject to the following conditions, and to submit the contracts to the Board of Supervisors for its review, if required:

(i) the contract pricing is consistent with the ratesetting priorities adopted by the Commission in Resolution 15-0112;(ii) , renewable energy supplied under a contract pursuant to

Bid Option 1 or Bid Option 2 is from resources eligible to be counted as California Renewables Portfolio Standard Portfolio Content Category 1 resources; (iii) counterparties to any contract must maintain investment grade credit rating or provide equivalent credit support for the duration of the contract through cash collateral, a letter of credit, a first or second lien on the generating facility or an alternative credit mechanism; (iv) the total volume of power procured under Bid Option 1 and Bid Option 2 shall not exceed 50 MWs (average);

(v) the duration of contracts under Bid Option 1 shall not exceed five years; (vi) the duration of contracts under Bid Option 2 shall not exceed 25 years; (vii) the duration of contracts for Resource Adequacy Capacity only shall not exceed 5 years; (viii) the total quantity of Resource Adequacy Capacity shall not exceed the quantity required by state law for load of 50 MWs (average);

(ix) the total cost of all energy supply contracts shall not exceed \$35 million/year; and be it

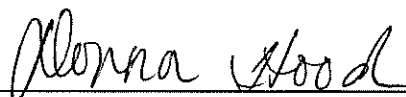
FURTHER RESOLVED, That the Commission intends to review the expected costs of CCA service and consider authorizing the General Manager to finalize the schedule of rates and charges for the initial offering, prior to commencement of the opt-out process; and be it

FURTHER RESOLVED, That the contracts will not be effective until the SFPUC has reviewed the CleanPowerSF business plan and risk assessment and adopted business practice policies for CleanPowerSF; and be it

FURTHER RESOLVED, that the General Manager will report to the SFPUC on the final schedule of rates and charges for the initial offering, prior to commencement of the opt-out process; and be it

FURTHER RESOLVED, That before making any future decisions to construct or cause the construction of specific renewable energy projects subject to the California Environmental Quality Act (CEQA) the SFPUC will consider any environmental review documents prepared by the City or another lead agency in compliance with CEQA and, if it approves such projects, the SFPUC will make or adopt any required CEQA findings as part of such approval actions.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of October 27, 2015.*



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*Secretary, Public Utilities Commission*