

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.**

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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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