

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
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October 22, 2015

The Honorable John K. Stewart
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Stewart:

The following is a report on the 2014-2015 Civil Grand Jury Report (Report), "CleanPowerSF At Long Last."

The Board of Supervisors' Government Audit and Oversight Committee conducted a public hearing on October 1, 2015, to discuss the findings and recommendations of the Civil Grand Jury and the departments' responses to the report.


The following City departments submitted a response to the Civil Grand Jury (copies enclosed):

- Mayor's Office, dated September 14, 2015, submitted a consolidated response for:
 - a. Public Utilities Commission
(Finding Nos. 1 through 5 and Recommendations Nos. 1 through 5)

The Report was heard in committee and a Resolution was prepared for the Board of Supervisors approval that formally accepted or rejected the findings and recommendations requiring the Board of Supervisors response on October 6, 2015 (copy of Resolution No. 384-15 enclosed).

If you have any questions, please contact me at (415) 554-5184.

Sincerely,


Angela Calvillo
Clerk of the Board

C:

Members, Board of Supervisors
Jay Cunningham, 2015-2016 San Francisco Civil Grand Jury
Alison Scott, 2015-2016 San Francisco Civil Grand Jury
Janice Pettey, 2014-2015 San Francisco Civil Grand Jury
Philip Reed, 2014-2015 San Francisco Civil Grand Jury
Kate Howard, Mayor's Office
Chris Simi, Mayor's Office
Nicole Elliott, Mayor's Office
Harlan Kelly, Jr., Public Utilities Commission
Juliet Ellis, Public Utilities Commission
Donna Hood, Public Utilities Commission
Ben Rosenfield, Office of the Controller
Todd Rydstrom, Office of the Controller
Asja Steeves, Office of the Controller
Jon Givner, City Attorney's Office
Rick Caldeira, Legislative Deputy
Severin Campbell, Budget and Legislative Analyst
Debra Newman, Budget and Legislative Analyst
Jadie Wasilco, Budget and Legislative Analyst



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Certified Copy

Resolution

150605 [Board Response - Civil Grand Jury - CleanPowerSF At Long Last]

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled "CleanPower At Long Last," and urging the Mayor to cause the implementation of accepted findings and recommendations through his/her department heads and through the development of the annual budget. (Clerk of the Board)

10/6/2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

10/16/2015 Mayor - RETURNED UNSIGNED

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CLERK'S CERTIFICATE

I do hereby certify that the foregoing Resolution is a full, true, and correct copy of the original thereof on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City and County of San Francisco.

October 22, 2015

Date

Angela Calvillo
Clerk of the Board

1 [Board Response - Civil Grand Jury - CleanPowerSF At Long Last]
2

3 **Resolution responding to the Presiding Judge of the Superior Court on the findings**
4 **and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled**
5 **“CleanPower At Long Last”; and urging the Mayor to cause the implementation of**
6 **accepted findings and recommendations through his/her department heads and**
7 **through the development of the annual budget.**
8

9 WHEREAS, Under California Penal Code, Section 933 et seq., the Board of
10 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
11 Court on the findings and recommendations contained in Civil Grand Jury Reports; and,

12 WHEREAS, In accordance with California Penal Code, Section 933.05(c), if a finding or
13 recommendation of the Civil Grand Jury addresses budgetary or personnel matters of a
14 county agency or a department headed by an elected officer, the agency or department head
15 and the Board of Supervisors shall respond if requested by the Civil Grand Jury, but the
16 response of the Board of Supervisors shall address only budgetary or personnel matters over
17 which it has some decision making authority; and

18 WHEREAS, Under San Francisco Administrative Code, Section 2.10(a), the Board of
19 Supervisors must conduct a public hearing by a committee to consider a final report of the
20 findings and recommendations submitted, and notify the current foreperson and immediate
21 past foreperson of the civil grand jury when such hearing is scheduled; and

22 WHEREAS, In accordance with San Francisco Administrative Code, Section 2.10(b),
23 the Controller must report to the Board of Supervisors on the implementation of
24 recommendations that pertain to fiscal matters that were considered at a public hearing held
25 by a Board of Supervisors Committee; and

1 WHEREAS, The 2014-2015 Civil Grand Jury Report entitled "CleanPowerSF At Long
2 Last" (Report) is on file with the Clerk of the Board of Supervisors in File No. 150605, which is
3 hereby declared to be a part of this resolution as if set forth fully herein; and

4 WHEREAS, The Civil Grand Jury has requested that the Board of Supervisors respond
5 to Finding Nos. 1, 2, 3, 4, and 5, as well as Recommendation Nos. 1, 2, 3, 4, and 5 contained
6 in the subject Report; and

7 WHEREAS, Finding No. 1 states: "CleanPowerSF will be a relatively small, low-risk
8 program at startup, but must grow quickly to meet the City's timeline for reducing greenhouse
9 gas emissions;" and

10 WHEREAS, Finding No. 2 states: "CleanPowerSF's rates will be lower and more
11 affordable to all San Franciscans, if it is free to use unbundled [Renewable Energy
12 Certificates] (RECs) as needed, and to provide less than 100% green power;" and

13 WHEREAS, Finding No. 3 states: "Local job creation, while desirable, is not the chief
14 purpose of CleanPowerSF, and should not cause further delay in implementing the program;"
15 and

16 WHEREAS, Finding No. 4 states: "There are ample affordable resources of renewable
17 power to support CleanPowerSF, including local rooftop solar installations such as those
18 funded through the GoSolarSF program;" and

19 WHEREAS, Finding No. 5 states: "Political discord has at times delayed
20 implementation of CleanPowerSF;" and

21 WHEREAS, Recommendation No. 1 states: "That CleanPowerSF be designed, first
22 and foremost, to be financially viable and to grow quickly without undue risk;" and,

23 WHEREAS, Recommendation No. 2 states: "That CleanPowerSF be free to use
24 unbundled RECs, and to provide less than 100% green power, as needed to meet its goals of
25 financial viability and early expansion;" and

1 WHEREAS, Recommendation No. 3 states: "That CleanPowerSF be designed to
2 provide as many local jobs as it can, without compromising its financial viability and potential
3 for early expansion;"

4 WHEREAS, Recommendation No. 4 states: "That [San Francisco Public Utilities
5 Commission] (SFPUC) integrate the GoSolarSF program into CleanPowerSF to take
6 advantage of their complementary relationship;" and

7 WHEREAS, Recommendation No. 5 states: "That local officials, including the Mayor,
8 put the full weight of their offices behind the success of the CleanPowerSF program;" and

9 WHEREAS, In accordance with California Penal Code, Section 933.05(c), the Board of
10 Supervisors must respond, within 90 days of receipt, to the Presiding Judge of the Superior
11 Court on Finding Nos. 1, 2, 3, 4, and 5, as well as Recommendation Nos. 1, 2, 3, 4, and 5
12 contained in the subject Civil Grand Jury report; now, therefore, be it

13 RESOLVED, That the Board of Supervisors reports to the Presiding Judge of the
14 Superior Court that they agree with Finding No. 1 for reasons as follows: 30-60 megawatts is
15 a modest size for launch, and the Board of Supervisors will work with the SFPUC to expand
16 CleanPower San Francisco (CPSF) as quickly as possible, mindful that moving to 100% clean
17 energy is the single most important thing San Francisco can do to combat climate change;
18 and, be it

19 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
20 partially with Finding No. 2 for reasons as follows: The Board of Supervisors recently
21 approved language regarding the use of unbundled Renewable Energy Certificates (RECs),
22 saying they "shall be limited to the extent deemed feasible by the SFPUC, consistent with the
23 goals of the program" and state law. Unbundled RECs may have some utility in the short term
24 but should not be the linchpin to ensure CPSF's competitive rates. The Board of Supervisors
25

1 supports having two product offerings under CPSF: one with 100% green power and another
2 with less than 100% but more than what PG&E offers; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors reports that they disagree
4 partially with Finding No. 3 for reasons as follows: Providing clean energy to San Franciscans
5 is the chief purpose of CPSF, but creating local jobs is an important and complementary
6 purpose that is not delaying the program; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors reports that they agree with
8 Finding No. 4; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors reports that they agree with
10 Finding No. 5 for reasons as follows: After 12 years of effort, the Board of Supervisors knows
11 this truth all-too-well, and is thankful to finally be collaborating with the Mayor and SFPUC to
12 launch CPSF as quickly as possible; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
14 No. 1 has been implemented for reasons as follows: The program is designed to be viable
15 and able to grow quickly; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
17 No. 2 has been implemented for reasons as follows: CPSF is not currently restricted from
18 using unbundled RECs, however the Board of Supervisors recently approved language saying
19 unbundled RECs, "shall be limited to the extent deemed feasible by the SFPUC, consistent
20 with the goals of the program" and state law. CPSF is designed with two product offerings:
21 one with 100% green power and another with less than 100% but more than what PG&E
22 offers; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
24 No. 3 has been implemented for reasons as follows: CPSF is designed to provide local jobs
25 and its expansion will enable it to create yet more local jobs; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
2 No. 4 will be implemented for reasons as follows: As the SFPUC's response indicates, CPSF
3 is designed so that "its customers will be able to access GoSolarSF incentives. [But] the
4 amount of funding CleanPowerSF will contribute to GoSolarSF has not yet been determined."
5 The Board of Supervisors enthusiastically supports this integration and though it cannot
6 predict exactly when the effort will be completed, the Board anticipates it to be one year after
7 the CPSF rollout in the spring of 2016, or by May 2017; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors reports that Recommendation
9 No. 5 has been implemented for reasons as follows: The Board of Supervisors has been
10 putting its full weight behind CleanPowerSF for years, and is thankful to be joined by Mayor
11 Lee, the SFPUC, and a broad coalition of city officials, residents, business owners, and
12 advocates who are committed to CleanPowerSF's success; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors urges the Mayor to cause the
14 implementation of accepted findings and recommendations through his/her department heads
15 and through the development of the annual budget.
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City and County of San Francisco

**Tails
Resolution**

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 150605

Date Passed: October 06, 2015

Resolution responding to the Presiding Judge of the Superior Court on the findings and recommendations contained in the 2014-2015 Civil Grand Jury Report, entitled "CleanPower At Long Last;" and urging the Mayor to cause the implementation of accepted findings and recommendations through his/her department heads and through the development of the annual budget.

October 01, 2015 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

October 01, 2015 Government Audit and Oversight Committee - RECOMMENDED AS AMENDED AS A COMMITTEE REPORT

October 06, 2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 150605

I hereby certify that the foregoing Resolution was ADOPTED on 10/6/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board


Unsigned

Mayor

10/16/15

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.



Angela Calvillo
Clerk of the Board

10/16/15

Date

File No.
150605

OFFICE OF THE MAYOR
SAN FRANCISCO



EDWIN M. LEE
MAYOR

September 14, 2015

The Honorable John K. Stewart
Presiding Judge
Superior Court of California, County of San Francisco
400 McAllister Street
San Francisco, CA 94102

Dear Judge Stewart:

Pursuant to Penal Code sections 933 and 933.05, the following is the official City and County of San Francisco response to the 2014-2015 Civil Grand Jury report, *CleanPowerSF – At Long Last*.

We want thank the Civil Grand Jury for its report on CleanPowerSF. Transitioning from fossil fuels to renewable sources of power is an important component of our City's climate action strategy and one that the Mayor and San Francisco Public Utilities Commission (SFPUC) fully support.

At the beginning of the year, the Mayor worked with Board President Breed to call on the SFPUC to develop a new version of CleanPowerSF, the City's renewable energy alternative to PG&E. Since then, the SFPUC has made great progress. The new version of CleanPowerSF will be greener and competitively priced compared to PG&E, not rely on renewable energy credits, and create new job opportunities.

We have worked closely with President Breed and the Board of Supervisors to enact legislation to quickly move the program forward. SFPUC is on track to launch the first phase of CleanPowerSF in January 2016. Most importantly, consumers can be confident that the new version of CleanPowerSF is a much improved program that is affordable and delivering real renewable energy.

A detailed response from the Mayor's Office and the San Francisco Public Utilities Commission to the Civil Grand Jury's findings and recommendations follows.

Sincerely,

Handwritten signature of Edwin M. Lee in black ink.

Edwin M. Lee
Mayor

Handwritten signature of Harlan Kelly in black ink.

Harlan Kelly
San Francisco Public Utilities Commission

Finding 1: CleanPowerSF will be a relatively small, low-risk program at startup, but must grow quickly to meet the City’s timeline for reducing greenhouse gas emissions.

Disagree with finding, partially. The Mayor’s Office and the SFPUC agree that the program will be relatively small and low-risk at startup. We disagree, however, with the Civil Grand Jury’s report that the SFPUC use unbundled RECs to grow CleanPowerSF. CleanPowerSF is designed to not rely on unbundled RECs.

The long term success of the program, and therefore, the ability of the program to achieve significant greenhouse gas reductions, depends on offering consumers a product that is reliable, transparent, and affordable. SFPUC has designed the program to offer such a product.

Furthermore, the City has a comprehensive climate action strategy and is not solely depending on CleanPowerSF to reach its targets and timelines. The City has reduced its greenhouse gas emissions by 23% below 1990 levels while the City’s economy and population have grown. The City is on track to reach its goal of reducing greenhouse gas emissions 25% below 1990 levels by 2017 and 40% by 2025. CleanPowerSF is one of several strategies to achieve the City’s greenhouse gas reduction goals, including improving the energy-efficiency of municipal, commercial and residential buildings, significantly increasing sustainable modes of transportation like walking, biking, and transit, and achieving the City’s Zero Waste goal.

Recommendation 1: That CleanPowerSF be designed, first and foremost, to be financially viable and to grow quickly without undue risk.

The recommendation has been implemented. CleanPowerSF is designed to be financially viable and to grow quickly without undue risk.

The Mayor’s Office and the SFPUC, however, reject the Civil Grand Jury’s suggestion that the program use unbundled RECs as a tool to support the program’s growth and financial viability.

We believe purchasing unbundled RECs to claim non-renewable power as renewable is not appropriate for the City’s community choice aggregation program. Moreover, unlike the experience of Marin Clean Energy recounted in the report, San Francisco is procuring supply for a CleanPowerSF program at a time when electricity prices – including bundled renewables – are quite low, and projected to remain low. As a result, San Francisco’s program at launch is expected to be affordable with bundled renewable supplies, avoiding the arguments explained in the report about the degraded quality of programs reliant upon unbundled RECs.

CleanPowerSF is designed to not rely on unbundled RECs. We believe that the program will grow more quickly if consumers have the confidence that the renewable power procured and claimed by the program is high quality renewable. We have made the policy decision to only launch the program if the affordability goals can be met with bundled renewables supplying the program.

Finding 2: CleanPowerSF’s rates will be lower and more affordable to all San Franciscans, if it is free to use unbundled RECs as needed, and to provide less than 100% green power.

Disagree with finding, partially. The Mayor’s Office and SFPUC agree with the finding that CleanPowerSF “provide less than 100% green power.” In January 2015, the Mayor asked for a program that

included a default product with a higher renewable energy content than PG&E at a competitive price, and a premium 100% renewable option. The SFPUC has designed CleanPowerSF accordingly.

Given today's low electricity prices, we disagree that CleanPowerSF needs to use unbundled RECs to meet affordability goal for its customers. And, as mentioned above, we believe the use of unbundled RECs is not appropriate for CleanPowerSF.

Recommendation 2: That CleanPowerSF be free to use unbundled RECs, and to provide less than 100% green power, as needed to meet its goals of financial viability and early expansion.

The recommendation will not be implemented. CleanPowerSF is designed to be financially viable without using unbundled RECs. Moreover, as previously stated, the Mayor's Office and the SFPUC reject the use of unbundled RECs for CleanPowerSF to meet its financial goals or increase the growth of the program. CleanPowerSF will be honest and transparent about the renewable content of the power it is procuring for its customers.

There is a growing consensus against the use of unbundled RECs. In July 2015, the Board of Supervisors passed 8-0 an initiative ordinance including the following language:

“It is the City's policy that the use of unbundled renewable energy credits for CleanPowerSF customers *shall be limited* to the extent deemed feasible by the SFPUC, consistent with the goals of the program.” (Italics added for emphasis)

As discussed above, however, the recommendation to include a renewable power option that is less than 100% has been implemented.

Finding 3: Local job creation, while desirable, is not the chief purpose of CleanPowerSF, and should not cause further delay in implementing the program.

Disagree with finding, partially. CleanPowerSF is a program designed to provide ratepayers with a competitively priced renewable energy product that will help the City reduce its greenhouse gas emissions. Local job creation, however, is more than “desirable.” The Mayor expects local jobs to be created through the implementation of the program and has requested a plan from the SFPUC, which is in the process of creating one.

Recommendation 3: That CleanPowerSF be designed to provide as many local jobs as it can, without compromising its financial viability and potential for early expansion.

The recommendation has been implemented. CleanPowerSF is designed to provide as many jobs as it can and add more jobs with its growth.

Finding 4: There are ample resources of renewable power to support CleanPowerSF, including local rooftop solar installations such as those funded through the GoSolarSF program.

Agree with finding.

Recommendation 4: That SFPUC integrate the GoSolarSF program into CleanPowerSF to take advantage of their complementary relationship.

The recommendation has not been implemented, but will be implemented in the future. The CleanPowerSF program design envisions its customers will be able to access GoSolarSF incentives. The amount of funding CleanPowerSF will contribute to GoSolarSF has not yet been determined.

Finding 5: Political discord has at times delayed implementation of CleanPowerSF.

Disagree with finding, wholly. There have been delays to the implementation of CleanPowerSF due to vigorous and substantive policy debates about the design of the program. We disagree with the Civil Grand Jury's characterization of the policy debate as "political discord."

Today's version of CleanPowerSF is a much improved program with a high likelihood of success and minimal risk as a result of the policy debates. As currently designed, CleanPowerSF will offer a default product that: is priced at or below PG&E base rate; has more renewable energy content than PG&E without using unbundled RECs; and is administered by the SFPUC. The SFPUC has designed a program that provides its ratepayers with reliable and affordable power that is greener than PG&E.

Recommendation 5: That local officials, including the Mayor, put the full weight of their offices behind the success of the CleanPowerSF program.

The recommendation has been implemented. The Mayor, Board President Breed, San Francisco Board of Supervisors, and the SFPUC have been working to ensure the success of CleanPowerSF.



San Francisco Local Agency Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184 Fax. 415.554.5163

Received via email

9/30/2015

File Nos. 150604 and 150605

COMMISSIONERS

*John Ayalos, Chair
Board of Supervisors*

*Cynthia Crews, Vice Chair
Member of the Public*

*London Breed
Board of Supervisors*

*David Campos
Board of Supervisors*

*Eric Mar
Board of Supervisors*

*Edwin Lindo
Member of the Public- Alternate*

*Jason Fried
Executive Officer*

*Nancy Miller
Legal Council*

*Alisa Miller
Clerk*

TO: San Francisco Civil Grand Jury

CC: Mayor Ed Lee
San Francisco Board of Supervisors
San Francisco Public Utilities Commission

FROM: Jason Fried, Executive Officer

DATE: September 30, 2015

SUBJECT: 2015 Civil Grand Jury Report

On behalf of the San Francisco Local Agency Formation Commission I would like to thank you for all the hard work that went into your report "CleanPowerSF - At Long Last". The report did a good job in highlighting many of the issues that the CleanPowerSF program has faced over the years. Your section on Renewable Energy Credits (REC's) was well written and describes how REC's work. REC's continue to be a point of discussion and confusion. I have referred people to review your report for an easy-to-follow explanation of REC's and how they work.

While there are plenty of good points in the report, there are some references to LAFCo and in particular to a report from an outside consulting firm (EnerNex) did on CleanPowerSF that we wanted to clarify. There are also other details that may not be technically correct and warrant a second look. Below you will find two sections of comments. The first section is areas that pertain to LAFCo and the work we have completed. The second section is other areas that we view as not technically correct or might need some clarification for the lay person to better understand these issues.

Should you have any questions on this, please do not hesitate to contact me.

LAFCo Items mentioned in the report:

As previously stated, over all, Civil Grand Jury (CGJ) report did a good overview of the CleanPowerSF program, but on pages 17 and 18 it misinterpreted the purpose, reasoning, and results of the EnerNex report that LAFCo commissioned. As background, in

August of 2013, the SFPUC Commission decided not to set rates and innumeraed many reasons why it did not want to move forward. By the beginning of 2014, LAFCo believed no real progress was being made, so an RFP was issued to have an independent expert look at the design of the program. Concerns from the SFPUC Commission and the Mayor were reviewed to see how to best address them and get the program moving forward again. EnerNex issued several drafts of the report and issued its final report to LAFCo in January 2015.

On page 17 in the CGJ report, it states "Be that as it may, the Civil Grand jury concludes that 'job creation' in relationship to clean power is a red herring, not helped by the EnerNex report." LAFCo has issue with this comment given that the lack of job creation was one of the reasons given for why the program was not moving forward. One needs to look no further than the January 26, 2015 joint press release by Mayor Ed Lee and Board of Supervisors President London Breed that stated, "The report also identified potential renewable energy projects and estimates for job creation...the Mayor was pleased to see some progress on a key aspect of the program that was missing in the previous iteration of CleanPowerSF. The Mayor considered the report a good starting point." These basic comments were repeated at the joint LAFCo/PUC meeting held January 30, 2015.

In LAFCo's opinion, the report did exactly what it was intend to do address the concerns that had been raised and give suggestions on how to change or modify the program to address those concerns. Without this report, I am not sure the program would be on its current path to launch in early 2016.

Also on page 17 in the CGJ report it states "The estimates in the report are debatable and were criticized at the meeting as being too optimistic." This statement is overly simplified and can confuse people. First, we do not agree that the numbers for any project are "debatable." The estimates are based on the National Renewable Energy Laboratory (NREL) and Jobs and Economic Development Impact (JEDI) models that focus on the size and type of renewable generation. While the accuracy of the JEDI model can be debated, the EnerNex report is based on an industry standard methodology as represented in the JEDI models. While this is not the same system that the City uses, the NREL and JEDI systems are very similar to models that are used by the City and city staff had no objection to NREL and JEDI being used. Secondly, the estimates are not overly optimistic, but are representative of what could happen if all the projects got built. As stated in the report and repeated by both EnerNex and LAFCo staff at various meetings, not all the projects are currently viable options based on cost and, in some cases, may need additional fine tuning. While not widely known, the report left out some projects, mainly the in pipe water delivery small hydro area, since the SFPUC has a water-first policy which requires further study to determine impacts on water delivery and ensure no negative impacts occur to water delivery as a result of installation of power generation along the system.

On page 18 of the CGJ report states "Because just as the majority of new clean energy projects are geographically far away from San Francisco, so are the jobs

associated with building them.” The report indicates that about half of the potential jobs created are in or near San Francisco. EnerNex used the City’s local hire ordinance to determine local/regional, as those projects would need to ensure that a percentage of the jobs are given to San Franciscans, even if the project is not within San Francisco itself.

The CGJ report also states on page 18 that “More than one interviewee suggested that the real opportunity to create local jobs lies not in generating renewable energy, but rather in energy efficiency.” The EnerNex report also reaffirms this statement because no clear amount of funding and a lack of actual programs were known at the time of the report it could not create a jobs estimate for those programs. Instead EnerNex gave some suggestions and steps that are needed before the energy efficiency estimate can be created. In LAFCo’s opinion, the SFPUC has been following this path so that it might be possible to have an estimate for the program by the end of year, or early next year.

Non LAFCo/EnerNex report related matters in the CGJ report:

The Civil Grand Jury report focused in several areas on how jobs seem to be a driving force but were not part of the original planning of the program. While, from a technical point, job creation was not central to the program when first conceived, it does directly relate to what was discussed at the time. From the start, building and owning its own renewable generation system along with large amounts of energy efficiency and load demand reductions were part of the program being discussed here in San Francisco. Jobs would need to be created in order to accomplish all the new generation, energy efficiency, and load demand reductions. Over time, these goals and job creation simply became one discussion, since the more new generation, energy efficiency, and load demand reductions that get completed the more jobs are created. The main discussion now tends to be about how many jobs are created, and that simply translates to how quickly are we building new generation and reducing our electricity needs on the whole, which has always been part of the discussion related to the creation of a CCA program here in San Francisco.

The size of the program is also discussed in several areas about how small our CCA program is compared to other CCA programs. It is not always clear in the CGJ report if they are comparing our program at launch to the other programs at launch as they are today. In either case it should be noted that the other programs have the ability to serve various local governmental loads in their jurisdiction, whereas San Francisco already has its own generation system to serve its load. If you took out the municipal load of the first phase of the other programs you would likely see that their program at launch for phase one is not as small compared to the other 2 programs. While LAFCo agrees that we should get to city wide full service as soon as possible, the current plan of the SFPUC does a good job of balancing risk of launching a new program with desire for a program.

On page 7 of the report it states that “Members of the Board of Supervisors and the Mayor publicly expressed disapproval of contracting with SENA...” While this

statement is correct it should be noted that while members of the Board of Supervisors did at the time expressed dissatisfaction with contracting with SENA, it remained supportive of doing so with a super majority approving the contract with SENA. It was viewed simply as a bridge contract to help get the program moving forward, similar to what occurred in Marin.

On page 9 of the report it states "Mayor Lee, the City's Commission on the Environment and members of the labor movement objected that unbundled RECs are not green energy." LAFCo disagrees with this statement. Neither the Environment Commission nor the labor movement have officially objected to REC's. Some of the members of the Environment Commission at its August 2013 meeting tried to pass a motion claiming that the CCA was no longer green because of REC's. This motion failed so the position that the Environment Commission took in 2012 in support of the program still stands and can be found here:

http://www.sfenvironment.org/sites/default/files/agenda/attach/res_009-12-coe_support_of_cleanpowersf.pdf

LAFCo has also found no position taken by the local labor movement against REC's. In 2013, the San Francisco Labor Council took a position that supported the creation of CCA, as long as they followed some basic labor friendly principals, with no mention of RECs, which can be found here:

<http://sflaborcouncil.org/wp-content/uploads/2013/05/05-13-13ResSptLbrFrndlyCCA.pdf>

In many cases this report tends to refer to labor as one united body, yet seems to only refer to the position of one labor union, IBEW 1245. There have been several unions that, for some time now, have been supportive of the creation of the CCA program which are not acknowledged in the report. In many cases, when the report refers to "labor" it really means to refer to IBEW 1245's position.

At the bottom of page 11 the report mentions that "unbundled RECs usually represent power generated at a distance." LAFCo does want to note that unbundled RECs can also be produced both in state as well as in city through such programs as GoSolarSF. Treating all unbundled RECs as energy produced far away is not always correct. On a similar subject matter on page 13, the report states "In 2010 almost all of MCE's renewable energy derived from unbundled RECs generated outside California. Today unbundled RECs represent about half of its renewable energy." LAFCo would like to note that at the time of MCE'S launch this was the only way to launch as the first CCA in the state. Over time they have been moving away from out of state unbundled REC's. By next year, they will have a very small amount of their energy coming from out-of-state unbundled REC's.

For the rate section on page 14, it should be highlighted that this is a generation line item. This is not how the average person looks at their bill, which is usually based on either total electricity portion of the bill or total gas and electricity costs.