

1 [Agreements - Long Duration Storage - Tumbleweed Energy Storage, LLC - CleanPowerSF -
2 Not to Exceed \$65,000,000]

3 **Resolution authorizing the Public Utilities Commission to purchase long duration**
4 **energy storage from Tumbleweed Energy Storage LLC by 1) entering into the Buyer**
5 **Liability Pass Through Agreement; 2) entering into the Tumbleweed Energy Storage**
6 **Project Participation Share Agreement; and 3) entering into the Tumbleweed**
7 **Coordinated Operations Agreement, all of which are agreements between California**
8 **Community Power, CleanPowerSF, and six community choice aggregators to enable the**
9 **City and County of San Francisco to purchase long duration energy storage to serve**
10 **customers of CleanPowerSF with a not to exceed amount of \$65,000,000 for a 15-**
11 **year term to commence upon commercial operation of the project, pursuant to**
12 **Charter, Section 9.118.**

13
14 WHEREAS, State law allows cities and counties to develop Community Choice
15 Aggregation (“CCA”) programs through which local governments supply electricity to serve the
16 needs of participating customers within their jurisdictions, while the existing utility continues to
17 provide services such as customer billing, transmission, and distribution; and

18 WHEREAS, The City and County of San Francisco (“City”), through various
19 Ordinances and Resolutions adopted by the Board of Supervisors (“Board”), has implemented
20 a CCA program to provide San Francisco residents and businesses the option to receive
21 cleaner, more sustainable electricity at rates comparable to those of Pacific Gas and Electric
22 Company; and

23 WHEREAS, In May 2016, the Public Utilities Commission (“PUC”) launched its CCA
24 program called CleanPowerSF with initial service to almost 8,000 customer accounts;

1 CleanPowerSF completed citywide enrollment in 2020 and now serves over 380,000
2 customer accounts; and

3 WHEREAS, In Ordinance No 25-21, the Board authorized CleanPowerSF to enter into
4 a joint powers agreement with nine other CCAs that provide electricity and related services
5 such as self-generation and energy efficiency programs to customers in Northern California,
6 called California Community Power (“CC Power”); and

7 WHEREAS, In April 2021, CleanPowerSF became a member of CC Power; and

8 WHEREAS, The goal of CC Power is for the participating CCAs to engage in joint
9 efforts for energy-related procurement and projects that will benefit the participating CCAs by
10 leveraging economies of scale to achieve lower costs and more favorable terms and
11 conditions for products and services; and

12 WHEREAS, Long-duration energy storage (“LDS”) technology will allow CleanPowerSF
13 to store energy from the grid when it is abundant (e.g., during the middle of the day when solar
14 is available) and discharge it when demand for electricity is high; and

15 WHEREAS, On June 24, 2021, the California Public Utilities Commission (“CPUC”)
16 ordered retail sellers of electricity, which includes CleanPowerSF, to procure 11,500
17 megawatts of new resources, including 1,000 megawatts of LDS; CleanPowerSF’s share of
18 the CPUC’s LDS requirement is 15.5 megawatts; and

19 WHEREAS, CleanPowerSF’s failure to comply with CPUC procurement order could
20 result in significant penalties; and

21 WHEREAS, CleanPowerSF, as a member of the CC Power, has participated in a
22 request for offers for LDS resources; and

23 WHEREAS, Following a competitive solicitation, CC Power issued a notice of intent to
24 proceed with its first LDS project, which is known as the Tumbleweed LDS Project; and

25

1 WHEREAS, On January 19, 2022, in Resolution No. 22-01-02, the CC Power Board of
2 Directors approved the Tumbleweed LDS Project and authorized the CC Power General
3 Manager to execute the Tumbleweed LDS Project agreements on behalf of CC Power; and

4 WHEREAS, CleanPowerSF has agreed to purchase a 16 percent share of the
5 Tumbleweed LDS Project; and

6 WHEREAS, CleanPowerSF's share of the Tumbleweed LDS Project will enable
7 CleanPowerSF to meet more than half of its LDS procurement obligation as ordered by the
8 CPUC; and

9 WHEREAS, The Tumbleweed LDS Project requires four separate agreements, and
10 CleanPowerSF is a party to three of those agreements; and

11 WHEREAS, The first of those agreements is the Energy Storage Service Agreement,
12 which is an agreement between CC Power and Tumbleweed Energy Storage, LLC
13 ("Tumbleweed ESSA"); under the Tumbleweed ESSA, CC Power will purchase 69 megawatts
14 of LDS at the Tumbleweed LDS project on behalf of CleanPowerSF and the other participating
15 CCAs; the other participants are Peninsula Clean Energy, Redwood Coast Energy Authority,
16 San José Clean Energy, Silicon Valley Clean Energy, Sonoma Clean Power, and Valley Clean
17 Energy; the Tumbleweed ESSA is on file with the Clerk of the Board in File No. 220145;

18 WHEREAS, The second of those agreements is a Buyer Liability Pass Through
19 Agreement ("BLPTA"), which is an exhibit to the Tumbleweed ESSA; under the BLPTA,
20 CleanPowerSF and the other CCAs that are participating in the Tumbleweed LDS Project must
21 guarantee the prompt payment of their share of CC Power's obligations under the
22 Tumbleweed ESSA should CC Power fail to make any required payments; the BLPTA is on file
23 with the Clerk of the Board in File No. 220145; and

24 WHEREAS, The third of those agreements is the Tumbleweed Energy Storage Project
25 Participation Share Agreement ("Tumbleweed PPSA"); the Tumbleweed PPSA is an

1 agreement between CC Power and the CCAs that are participants in the Tumbleweed LDS
2 Project that defines the rights, duties, and obligations of CC Power and the Project participant;
3 the Tumbleweed PPSA is on file with the Clerk of the Board in File No. 220145; and

4 WHEREAS, The fourth of those agreements is the Tumbleweed Coordinated
5 Operations Agreement (“Tumbleweed Operations Agreement”); the Tumbleweed Operations
6 Agreement is also an agreement between CC Power and the CCAs that are participants in the
7 Tumbleweed LDS Project; the Tumbleweed Operations Agreement details how CC Power and
8 the CCAs will work together to operate the Project including hiring a scheduling coordinator
9 and making decisions on charging and discharging the Project; the Tumbleweed Operations
10 Agreement will be finalized and executed by CC Power and the project participants at a later
11 date, prior to the start of Tumbleweed LDS Project operations; the current draft of the
12 Tumbleweed Operations Agreement is on file with the Clerk of the Board in File No. 220145;
13 and

14 WHEREAS, Under the Tumbleweed ESSA, CleanPowerSF and the other participating
15 CCAs have 90 days from the date the CC Power General Manager executed the Tumbleweed
16 LDS Project agreements (January 24, 2022); and

17 WHEREAS, In PUC Resolution No. 22-0041 dated February 22, 2022, the PUC
18 Commission approved the BLPTA, the Tumbleweed PPSA, and Tumbleweed Operations
19 Agreement, and authorized the General Manager of the PUC to execute those agreements on
20 behalf of the PUC; Resolution No. 22-0041 is on file with the Clerk of the Board in File
21 No. 220145; and

22 WHEREAS, As required by the Board in Ordinance No. 25-21, the Tumbleweed ESSA
23 provides that Tumbleweed Energy Storage, LLC must comply with California prevailing wage
24 and local permitting requirements and prohibits the use of forced labor in its supply chain; in
25 addition, Tumbleweed Energy Storage, LLC has committed to using a project labor agreement,

1 community workforce agreement, work site agreement, collective bargaining agreement, or
2 other similar agreement, providing for terms and conditions of employment with applicable
3 labor organizations; and

4 WHEREAS, Under the Tumbleweed PPSA, each of the participating CCAs and CC
5 Power will agree to indemnify and hold harmless the other parties to the Tumbleweed PPSA
6 for any injuries or damages caused to the parties or others resulting from a breach of
7 agreement or any negligent acts, errors, omissions or willful misconduct incident to the
8 performance of the agreement; and

9 WHEREAS, On February 22, 2022, the Risk Manager authorized CleanPowerSF to
10 indemnify and hold harmless the other parties to the Tumbleweed PPSA as required by the
11 Tumbleweed PPSA; and

12 WHEREAS, The Tumbleweed ESSA, the BLPTA, Tumbleweed PPSA, and
13 Tumbleweed Operations Agreement each has a term of 15 years; and

14 WHEREAS, Under the Tumbleweed ESSA and Tumbleweed PPSA the costs to
15 CleanPowerSF to purchase LDS storage from Tumbleweed Energy Storage, LLC over the 15-
16 year term of the project will not exceed \$65 million, which costs will be paid solely from the
17 revenues of CleanPowerSF; and

18 WHEREAS, Section 9.118 of the Charter requires approval by the Board for contracts
19 in excess of ten years or requiring expenditures above \$10,000,000; now, therefore, be it

20 RESOLVED, That the Board of Supervisors approves the BLPTA, Tumbleweed PPSA,
21 and Tumbleweed Operations Agreement to allow CleanPowerSF to purchase long duration
22 storage from Tumbleweed Energy Storage, LLC for a term of 15 years to commence upon
23 commercial operation of the project, with a not to exceed amount of \$65,000,000, and authorizes
24 the General Manager of the PUC to execute those agreements on behalf of the PUC in
25

1 substantially the same form as the agreements on file with the Clerk of the Board of
2 Supervisors in File No. 220145; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
4 Manager of the PUC to enter into any amendments or modifications to the Tumbleweed
5 Operations Agreement, prior to the final execution by all parties, that the General Manager
6 determines, in consultation with the City Attorney, are in the best interest of the City, do not
7 otherwise materially increase the obligations or liabilities of the City, are necessary or
8 advisable to effectuate the purposes of the agreement, and are in compliance with all
9 applicable laws; and, be it

10 FURTHER RESOLVED, That within 30 days of the agreements being fully executed
11 by the parties the Public Utilities Commission shall provide them to the Clerk of the Board
12 for inclusion in the official file.

13
14
15
16
17
18
19
20
21
22
23
24
25