

File No. 220497

Committee Item No. 8

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Appropriations Committee Date May 25, 2022

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
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- Legislative Digest
- Budget and Legislative Analyst Report
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- Form 126 – Ethics Commission
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- Application
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OTHER (Use back side if additional space is needed)

- PUC Request for Supplemental Appropriation 4/4/2022
- _____
- _____
- _____
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- _____

Completed by: Brent Jalipa Date May 20, 2022

Completed by: Brent Jalipa Date _____

1 [Appropriation - Proceeds from CleanPowerSF Revenue and California Public Utilities
2 Commission Grant Funds - Disadvantaged Communities Green Tariff and Community Solar
3 Green Tariff Programs - \$3,727,592 - FY2022-2023]

4 **Ordinance appropriating \$1,586,046 CleanPowerSF revenue for CleanPowerSF Capital**
5 **Improvements and \$2,141,546 in California Public Utilities Commission grant funds to**
6 **implement the Disadvantaged Communities Green Tariff and Community Solar Green**
7 **Tariff Programs for Fiscal Year (FY) 2022-2023.**

8
9 Note: **Unchanged Code text and uncodified text** are in plain Arial font.
10 **Additions to Codes** are in *single-underline italics Times New Roman font*.
11 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
12 **Board amendment additions** are in double-underlined Arial font.
13 **Board amendment deletions** are in ~~Arial font~~.
14 **Asterisks (* * *)** indicate the omission of unchanged Code
15 Subsections or parts of tables.

16 Be it ordained by the People of the City and County of San Francisco:

17 Section 1. The sources of funding outlined below are herein appropriated to reflect the
18 funding available for Fiscal Year 2022-2023.

19 **SOURCES Appropriation**

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24761	10036187-0001	495045	Interfund Transfers	\$1,586,046
4	CleanPowerSF Cap	CleanPowerSF	ITI Fr 5Q-	In from	
5	Revenue Fund /	Capital Budget /	Cleanpowersf Funds	CleanPowerSF	
6	198644 HHP	21297 Capital		Funds	
7	CleanPowerSF	Program			
8		CleanPowerSF			
9					
10	25160 CLPSF Public	10038863-0001 DAC	448999 Other State	Other State Grants	
11	Purpose Prog/	Solar Program /	Grants & Subventns	& Subventns	\$2,141,546
12	198644 HHP	22235 DAC Solar			
13	CleanPowerSF	Program			
14					
15	Total SOURCES Appropriation				\$3,727,592

16
17 Section 2. The uses of funding outlined below are herein appropriated in Accounts
18 584030 (Capital Renewal Project), 581130 (CON-Internal Audits), and reflects the projected
19 uses of funding to support the CleanPowerSF Capital Improvement Program at the San
20 Francisco Public Utilities Commission for Fiscal Year 2022-2023.

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22 **USES Appropriation**

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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24761	10036106-0001	584030	Local Renewable	\$665,000
4	CleanPowerSF Cap	Local Renewable	Capital Renewal	Energy Program	
5	Revenue Fund /	Energy Program /	Projects		
6	198644 HHP	21785			
7	CleanPowerSF	Local Renewable			
8		Energy Program			
9					
10	24761	10036107-0001	584030	CleanPowerSF	\$917,874
11	CleanPowerSF Cap	CleanPowerSF	Capital Renewal	Customer Program	
12	Revenue Fund /	Customer Program /	Projects		
13	198644 HHP	21766			
14	CleanPowerSF	CleanPowerSF			
15		Customer Program			
16					
17	25160 CLPSF Public	10038863-0001 DAC	584030	DAC Solar Program	\$2,137,263
18	Purpose Prog /	Solar Program /	Capital Renewal		
19	198644 HHP	22235 DAC Solar	Projects		
20	CleanPowerSF	Program			
21					
22					
23					
24					
25					

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24761	10036187-0001	581130	CSA 0.2%	\$3,172
4	CleanPowerSF Cap	CleanPowerSF	GF-CON-Internal	Controller's Audit	
5	Revenue Fund /	Capital Budget /	Audits	Fund	
6	198644 HHP	21297 Capital			
7	CleanPowerSF	Program			
8		CleanPowerSF			
9					
10	25160 CLPSF Public	10038863-0001 DAC	581130	CSA 0.2%	\$4,283
11	Purpose Prog /	Solar Program /	GF-CON-Internal	Controller's Audit	
12	198644 HHP	22235 DAC Solar	Audits	Fund	
13	CleanPowerSF	Program			
14					
15	Total USES Appropriation				\$3,727,592

17 Section 3. Of the above appropriated amount, \$7,455 representing 0.2% of the
18 expenditure budget net of audit costs, shall be allocated to support the Controller's Audit Fund,
19 pursuant to Charter Appendix F1.113. These appropriations may be increased or decreased by
20 the Controller based on changes to expenditure appropriations to conform to the applicable
21 Charter formula.

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1 Section 4. The Controller is authorized to record transfers between funds and adjust the
2 accounting treatment of sources and uses appropriated in this ordinance as necessary to
3 conform to Generally Accepted Accounting Principles and other laws.

4
5 APPROVED AS TO FORM:
6 DENNIS J. HERRERA, City Attorney

FUNDS AVAILABLE
BEN ROSENFELD, Controller

7 By: /s/ _____
8 JON GIVNER
9 Deputy City Attorney

By: /s/ _____
BEN ROSENFELD
Controller

Item 8 File 22-0497	Department: Public Utilities Commission
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EXECUTIVE SUMMARY

Legislative Objectives

- File 22-0497 is an ordinance appropriating \$1,586,046 in CleanPowerSF revenues to fund capital projects and \$2,141,546 in California Public Utilities Commission grant funds to fund the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs in FY 2022-23. The total appropriation is \$3,727,592.

Key Points

- According to the SFPUC’s 10-Year Financial Plan (adopted in February 2022), the CleanPowerSF Capital Improvement Plan includes funding of approximately \$62 million from FY 2022-23 to FY 2031-32, all of which is funded by customer revenues from power sales. Of the \$62 million, \$49 million (79 percent) will fund the Local Renewal Energy Program and the remaining \$13 million (21 percent) will fund the CleanPowerSF Customer Program.
- The Local Renewable Energy Program funds the development of new renewable energy (solar) and battery storage facilities to help CleanPowerSF meet its renewable energy mix targets. The CleanPowerSF Customer Program funds the development and implementation of programs that incentivize customers to invest in clean energy technology and decarbonization tools, including peak day pricing (demand response), electric mobility, building decarbonization through a Regional Heat Pump Water Heater Incentive Program, and local renewable energy generation through the Low-Income Inverter Replacement program.
- As directed by Assembly Bill 327, the California Public Utilities Commission (CPUC) created the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs to increase the use of renewable energy in disadvantaged communities. Funding in FY 2022-23 would primarily go towards providing discounts to participating customers and program management for the Green Tariff program, and program management and procurement to prepare for the launch of the Community Solar Green Tariff program.

Fiscal Impact

- The Local Renewable Energy Program would receive \$665,000 and the Customer Program would receive \$917,874 in FY 2022-23. As required by the Charter, the Controller’s Office would receive \$3,172 for its audit fund for the two programs. These programs will be paid for by CleanPowerSF’s customer revenues from power sales. In addition, the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs would receive \$2,137,263, and the Controller’s Office would receive \$4,283 for its audit fund for the programs. These programs will be funded by a \$2,141,546 grant from CPUC.

Recommendation

- Approve the proposed ordinance.

MANDATE STATEMENT

Charter Section 9.105 states that the Board of Supervisors shall approve by ordinance all amendments to the Annual Appropriation Ordinance after the Controller certifies the availability of funds.

Charter Section F1.113 states that 0.2 percent of the City’s budget, excluding bond debt, must be set-aside for the Controller’s audit fund.

BACKGROUND

CleanPowerSF

CleanPowerSF, operated by the San Francisco Public Utilities Commission (SFPUC) Power Enterprise, provides electricity generated from renewable sources to approximately 380,000 San Francisco customers. In 2016, CleanPowerSF began serving customers after the enactment of California Public Utilities Code Section 331.1(c) and 366.2 in 2002 authorizing local governments to create community choice aggregators to provide electricity to customers using the existing investor-owned utility’s billing, transmission, and distribution infrastructure. Between 2004 and 2015, the Board of Supervisors approved a series of legislation supporting implementation of CleanPowerSF as the City’s community choice aggregator.¹ In February 2021, the Board of Supervisors authorized CleanPowerSF to join a nine-member Joint Powers Agreement (JPA) with other community choice aggregators in Northern California (Ordinance 25-21).² The JPA, called California Community Power or “CC Power,” was formed in April 2021.

DETAILS OF PROPOSED LEGISLATION

File 22-0497 is an ordinance appropriating \$1,586,046 in CleanPowerSF revenues to fund capital projects and \$2,141,46 in California Public Utilities Commission grant funds to fund the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs in FY 2022-23. The total appropriation is \$3,727,592.

¹ See Ordinance Nos. 86-04, 147-07, 232-09, 45-10, 200-12, and 78-14; and Resolution Nos. 348-12, 331-13, and 75-15.

² According to the Budget and Legislative Analyst’s report to the January 27, 2021 Budget and Finance Committee, the JPA was to be made up of Clean Power SF; Central Coast Community Power (serving parts of Monterey, San Benito, Santa Cruz, San Luis Obispo and Santa Barbara counties); East Bay Community Energy Authority (Alameda County); Marin Clean Energy Authority (serving Contra Costa, Marin, Napa and Solano counties as well as towns and cities within those counties); San Jose Clean Energy (City of San Jose); Redwood Coast Energy Authority (Humboldt County); Peninsula Clean Energy (San Mateo County and incorporated cities); Silicon Valley Clean Energy Authority (parts of Santa Clara County); and Sonoma Clean Power Authority (Sonoma and Mendocino Counties).

CleanPowerSF Capital Plan

According to the SFPUC's 10-Year Financial Plan (adopted in February 2022), the CleanPowerSF Capital Improvement Plan includes funding of approximately \$62 million from FY 2022-23 to FY 2031-32, all of which is funded by customer revenues from power sales. Of the \$62 million, \$49 million (79 percent) will fund the Local Renewal Energy Program, and the remaining \$13 million (21 percent) will fund the CleanPowerSF Customer Program. The SFPUC's 2017 fund balance requires that enterprises maintain fund balances equal to a minimum of 90 days or 25 percent of operating and maintenance expenses and provides for the Commission to consider lowering rates if fund balances exceed 68 percent of those costs. According to the FY 2022-23 to FY 2031-32 Financial Plan, the CleanPowerSF fund balance ranges from 37 to 47 percent of operating expenses.

According to the SFPUC, a pending 2022 Power Rate Study³ informed a one-year CleanPowerSF rate proposal for FY 2022-23 for rates that will be in effect July 1, 2022. SFPUC states that the one-year CleanPowerSF rate proposal is a rate decrease from current rates. Rate changes have not been finalized yet. According to the SFPUC, the following factors have changed since the adoption of the financial plan in February 2022 that will impact projected future rate changes:

- An updated SFPUC Fund Balance Reserve Policy (approved in 2022), which now includes a higher CleanPowerSF fund balance minimum and target
- Extreme volatility in the power supply markets which are contributing to significantly higher than budgeted power purchase costs this fiscal year and expected next fiscal year (and potentially thereafter)

According to SFPUC staff, future CleanPowerSF rates will be set to ensure the Department meets financial covenants and commitments, as well as meet minimum fund balance requirements.

Local Renewable Energy Program

The Local Renewable Energy Program funds the development of new renewable energy (solar) and battery storage facilities to help CleanPowerSF meet its renewable energy mix targets. Funding in FY 2022-23 would go towards planning, design, construction management and environmental review. The facilities will be initially operated by third-parties (through power purchase agreements) but may be purchased by CleanPowerSF in the future through a buy-out option for the City.

Customer Program

The CleanPowerSF Customer Program funds the development and implementation of programs that incentivize customers to invest in clean energy technology and decarbonization tools, including peak day pricing (demand response), electric mobility, building decarbonization through a Regional Heat Pump Water Heater Incentive Program, and local renewable energy generation through the Low-Income Inverter Replacement program. Incentives are available for

³ According to SFPUC, the study began in 2021 and will be finalized in 2022.

residences and businesses investing in solar installations, solar water heating, and electric vehicles. The program includes a feed-in tariff⁴ to procure local renewable energy through long-term power purchase agreements. Funding in FY 2022-23 would go towards staffing, incentives, and consultants for each of these programs.

California Public Utilities Commission Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs

As directed by Assembly Bill 327, the California Public Utilities Commission (CPUC) created the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs to increase the use of renewable energy in disadvantaged communities. SFPUC received approval of a grant from the CPUC in April 2021 to implement the programs in FY 2022-23.

Eligible customers participating in the Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs will receive 100 percent renewable energy at a 20 percent discount off their monthly electricity bill. The SFPUC must procure energy from renewable resources located in disadvantaged communities to serve the customers participating in these programs. According to the SFPUC, the renewable energy project developers selected to provide energy for the Community Solar Green Tariff program must partner with a local community-based sponsor to support site selection of the renewable energy project and program enrollment.

Funding in FY 2022-23 would primarily go towards providing discounts to participating customers and program management for the Green Tariff program, and program management and procurement to prepare for the launch of the Community Solar Green Tariff program. According to the SFPUC, these programs are not included in CleanPowerSF's Capital Improvement Plan because they are grant-funded.

FISCAL IMPACT

Exhibit 1 below shows the sources and uses of the proposed appropriation in FY 2022-23.

⁴ A feed-in tariff is a policy tool designed to support the development of renewable energy sources through the provision of a guaranteed, above-market price for producers

Exhibit 1: Sources and Uses of Proposed Appropriation

	FY 2022-23
Sources	
Interfund Transfers in from CleanPowerSF funds ⁵ (Capital Revenues)	\$1,586,046
CPUC State Grant	2,141,546
Total Sources	\$3,727,592
Uses	
Local Renewable Energy Program	\$665,000
Customer Program	917,874
CPUC Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs	2,137,263
Controller's Audit Fund (Local Renewable Energy Program and Customer Program)	3,172
Controller's Audit Fund (CPUC Disadvantaged Communities Programs)	4,283
Total Uses	\$3,727,592

Source: File 22-0497

As shown in Exhibit 1, the Local Renewable Energy Program would receive \$665,000 and the Customer Program would receive \$917,874 in FY 2022-23. As required by the Charter, the Controller's Office would receive \$3,172 for its audit fund for the two programs. These programs will be paid for by CleanPowerSF's customer revenues from power sales. In addition, the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs would receive \$2,137,263, and the Controller's Office would receive \$4,283 for its audit fund for the programs. These programs will be funded by a \$2,141,546 grant from CPUC. Funding for the grant comes from PG&E's sale of carbon dioxide allowances under California's Cap and Trade program, and the Public Purpose Program Surcharge,⁶ which is collected from all PG&E retail customers.

RECOMMENDATION

Approve the proposed ordinance.

⁵ According to SFPUC, an interfund transfer is a transfer between two funds in PeopleSoft. In this instance, the funds will be transferred from the CleanPower operating budget to the CleanPower Capital Fund. The source of funds is CleanPowerSF customer revenues from power sales.

⁶ This surcharge is used to fund state-mandated gas assistance programs for low-income customers, energy efficiency programs, and public-interest research and development.

REQUEST FOR SUPPLEMENTAL APPROPRIATION

DEPARTMENT: SFPUC – CleanPowerSF Enterprise **DATE:** 4/4/2022

To the Mayor:

Request is hereby made for supplemental appropriation from the following appropriation(s) or fund(s) in the amount(s) indicated;

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT
Fund Department ID Authority Project Activity Account	See Attachment A	

to the credit of the following appropriation(s) or fund(s) in the amount(s) indicated:

APPROPRIATION NUMBER	DESCRIPTION OF APPROPRIATION OR FUND	AMOUNT
Fund Department ID Authority Project Activity Account	See Attachment A	

There are no surpluses in any of this department's appropriations available for transfer for the requested purpose(s). Complete detail as to the necessity for THIS appropriation is stated in attached letter.

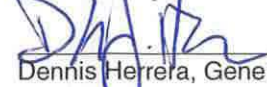
APPLICABLE BOXES MUST BE CHECKED

- This request included capital projects (s.o. 06700 OR 06700); a separate copy has been sent to the Chair, Capital Improvement Advisory Committee.
- These funds have not been previously requested.
- These funds were previously requested by:

() <i>Supplemental Appropriation</i>	or	() <i>Budget Estimate</i>	and were
() <i>reduced or</i>	() <i>denied</i>	by The Mayor, or The Board of Supervisors.	

CERTIFIED AS TO FACTS AND AMOUNTS AS ABOVE STATED, AND

RECOMMENDED:  _____ (Department Head)
 Ronald P. Flynn, AGM Business Services, SFPUC

APPROVED:  _____ (Board or Commission)
 Dennis Herrera, General Manager, SFPUC

Recorded Controller's Budget Division

By: _____ Date: _____ Request No. _____

FOR MAYOR'S USE

To the Controller:

The above request meets with my approval; as indicated above. You are hereby requested to prepare the necessary appropriation ordinance.

APPROVED:
Mayor London N. Breed BY: _____ DATE: _____

Attachment A - CleanPowerSF

Funding Source

Authority Roll Up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
80233	21297	10036187	0001	198644	24761	495045	ITI from CleanPowerSF Funds	1,586,046
New	New	New	New	198644	New	New	DAC Solar Program	2,141,546
TOTAL-Source of Fund								3,727,592

Use of Funds

Authority Roll Up	Authority ID	Project	Activity	Dept.	Fund	Account	Description of Appropriation or Fund	FY 2022-23
80233	21785	10036106	0001	198644	24761	584030	Local Renewable Energy Program	665,000
80233	21766	10036107	0001	198644	24761	584030	CleanPowerSF Customer Program	917,874
New	New	New	New	198644	New	584030	DAC Solar Program	2,137,263
80233	21297	10036187	0001	198644	24761	581130	City Service Auditor	7,455
Total-Uses of Fund								3,727,592



To: Angela Calvillo, Clerk of the Board of Supervisors
From: Ashley Groffenberger, Mayor's Budget Director
Date: May 1, 2022
Re: Mayor's May 1 FY 2022-23 and FY 2023-24 Budget Submission

Madam Clerk,

In accordance with Administrative Code section 3.3, the Mayor's Office hereby submits the Mayor's proposed May 1 budget by May 1st, corresponding legislation, and related materials for Fiscal Year (FY) 2022-23 and FY 2023-24.

In addition to the Mayor's Proposed FY 2022-23 and FY 2023-24 May 1 Budget Book, the following items are included in the Mayor's submission:

- The May 1 Annual Appropriation Ordinance and Annual Salary Ordinance, along with Administrative Provisions, physical copies of which will be delivered by the Controller's Office
- 11 separate pieces of trailing legislation (see list attached)
- A Transfer of Function letter detailing the transfer of positions from one City department to another
- An Interim Exception letter
- A letter from the City Controller regarding the San Francisco Municipal Transportation Agency budget

Sincerely,

A handwritten signature in black ink, appearing to read "A. Groffenberger", with a long horizontal flourish extending to the right.

Ashley Groffenberger
Mayor's Budget Director

cc: Members of the Board of Supervisors
Budget & Legislative Analyst's Office
Controller

DEPT	Item	Relevance to Budget	Type of Legislation
AIR	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
BOA	Board of Appeals Surcharges on Permit Fees	Legislation that allows the Board of Appeals to adjust existing surcharges on permit fees, license fees, permit review fees, and permit and license renewal fees for permits and licenses issued by the Planning Department, Department of Building Inspection, Department of Public Works, Department of Public Health, Police Department, and the Entertainment Commission	Ordinance
LIB	In-Kind Grant of Friends of San Francisco Public Library	Grant assumed in budget.	Resolution
MTA	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PRT	California State Lands Commission Grant	Grant assumed in budget.	Resolution
PRT	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution
PUC	CleanPowerSF Capital Budget	Appropriates funds to support PUC CleanPowerSF capital budget expenditures.	Ordinance
PUC	Hetch Hetchy Capital Budget	Appropriates funds to support PUC Hetch Hetchy capital budget expenditures.	Ordinance
PUC	Wastewater Capital Budget	Appropriates funds to support PUC Wastewater Enterprise capital budget expenditures.	Ordinance
PUC	Water Capital Budget	Appropriates funds to support PUC Water Enterprise capital budget expenditures.	Ordinance
PUC	Power Debt Authorization	Authorizes bond issuance to finance Power capital projects.	Ordinance
PUC	Wastewater Debt Authorization	Authorizes bond issuance to finance Wastewater capital projects.	Ordinance
PUC	Water Debt Authorization	Authorizes bond issuance to finance Water capital projects.	Ordinance
PUC	Prop J Certification - previously approved	Costs related to Prop J services assumed in budget.	Resolution



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Tom Paulino
RE: Appropriation - Proceeds from CleanPowerSF Revenue and California
Public Utilities Commission Grant Funds - \$3,727,592 for CleanPowerSF
Capital Improvements FY2022-2023.
DATE: May 1, 2022

Ordinance appropriating \$1,586,046 CleanPowerSF revenue for CleanPowerSF Capital Improvements and \$2,141,546 in California Public Utilities Commission grant funds to implement the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs for FY2022-2023.

Should you have any questions, please contact Tom Paulino at 415-554-6153.