

LEGISLATIVE DIGEST

[Authorizing Agreements - Purchase of Electricity and Related Products and Services – Public Utilities Commission]

Ordinance delegating authority under Charter Section 9.118 to the General Manager of the Public Utilities Commission (PUC) to enter into agreements with terms in excess of ten years or requiring expenditures of \$10,000,000 or more for power and related products and services required to supply San Francisco’s community choice aggregation program, CleanPowerSF, subject to specified conditions; authorizing the PUC to use pro forma agreements to purchase and sell electricity and related products and services; and authorizing the General Manager of the PUC in such agreements to deviate from certain otherwise applicable contract requirements under specified circumstances.

Existing Law

Section 9.118(b) of the Charter requires approval by the Board of Supervisors for agreements with an expected term longer than ten years or requiring expenditures of 10 million dollars or more.

The San Francisco municipal codes contain many contracting requirements for the procurement of goods and services. In certain instances, the Board of Supervisors may exempt contracts from these requirements via ordinance.

Amendments to Current Law

This ordinance would not amend current law.

Authority Granted

This ordinance would delegate authority to the General Manager of the Public Utilities Commission (PUC) to enter contracts for renewable energy and energy storage that exceed ten years in duration or cost \$10 million or more for the PUC’s community choice aggregation program, CleanPowerSF. The ordinance makes this approval subject to several conditions, including the following: the total costs of the contracts is consistent with the PUC’s rate setting methodology; the contracts are for renewable energy and energy storage resources; the total combined volume of power under the contracts does not exceed 350 megawatts per year; the duration of any individual contract does not exceed 25 years, inclusive of contract extensions, and; the total cost of the contracts does not exceed \$35,000,000 per year. The procurement authority granted in this ordinance is limited to renewable energy contracts resulting from an August 2019 request for offers issued by CleanPowerSF.

To support the PUC’s municipal electric utility and CleanPowerSF, this ordinance also authorizes the PUC to use two industry standardized agreements – the Western Systems

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Power Pool Agreement and the Edison Electric Institute Master Agreement – and the City’s own pro forma power purchase agreements for the purchase and sale of electricity and related products and services. The ordinance would also allow the General Manager of the PUC to waive certain City contracting requirements for these pro forma agreements if it is not feasible to include those requirements in these pro forma agreements and subject to specified conditions.

Background Information

The City, acting through the San Francisco Public Utilities Commission (PUC), has implemented a program called CleanPowerSF. Under this program, the City provides electricity to participating customers at prices similar to PG&E’s prices. PG&E continues to deliver the energy. In 2018, CleanPowerSF’s Green product delivered 48 percent renewable energy and the Supergreen product delivered 100 percent renewable energy. This program is authorized by state law. See, e.g., Public Utilities Code § 366.2.

The PUC first launched CleanPowerSF service in 2016. To prepare for that initial launch and subsequent expansions of CleanPowerSF service, the Board of Supervisors approved similar ordinances granting purchasing authority. See Ordinance Nos. 75-15, 223-15, and 8-18. CleanPowerSF currently serves over 400,000 customers and offers service throughout all of San Francisco. The costs of CleanPowerSF contracts will be paid by revenues from the customers participating in the program.

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