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Services of the San Francisco Public Utilities Commission

Electricity Purchases and Sales Modifying SFPUC Authority

**May 6, 2015
Budget and Finance Subcommittee**

Barbara Hale, Assistant General Manager, Power Enterprise



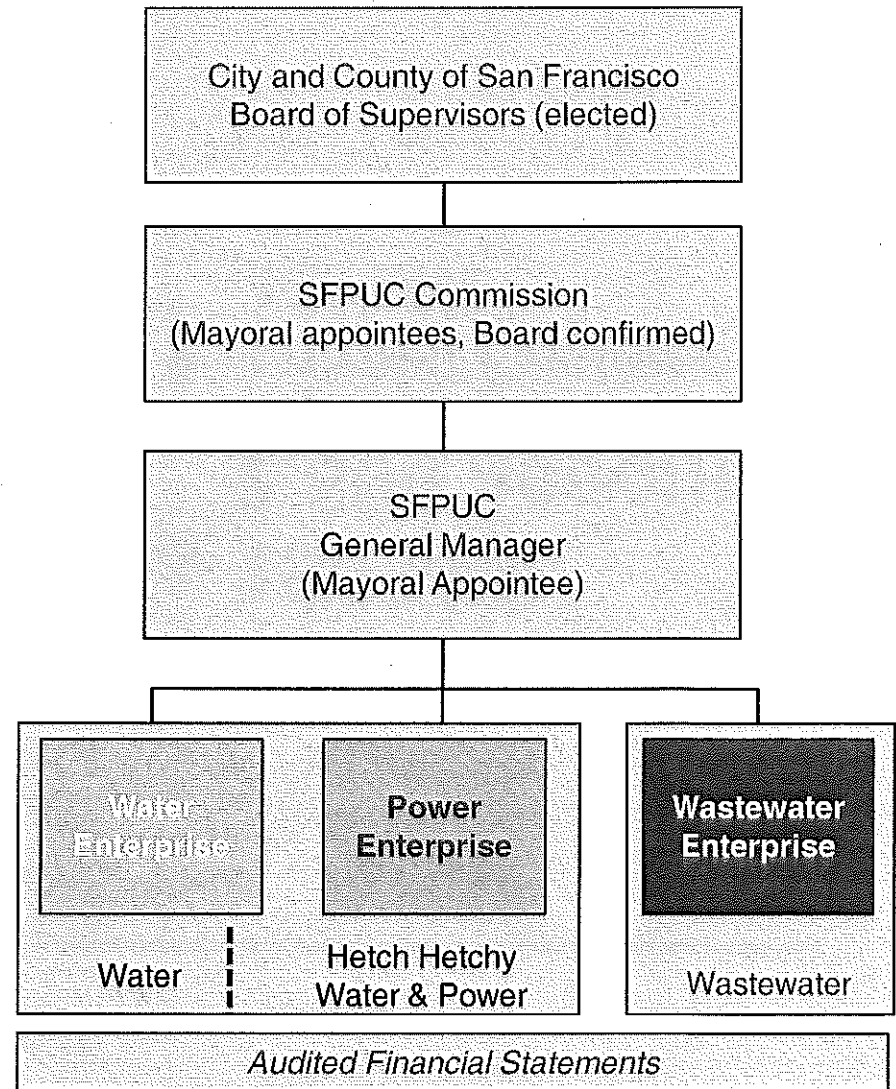
Agenda

- Context for the Requested Authority
- Update on CCA Program Design
- CCA Implementation Schedule and Key Milestones
- Proposed Legislative Reforms



Context – Power’s Role at SFPUC

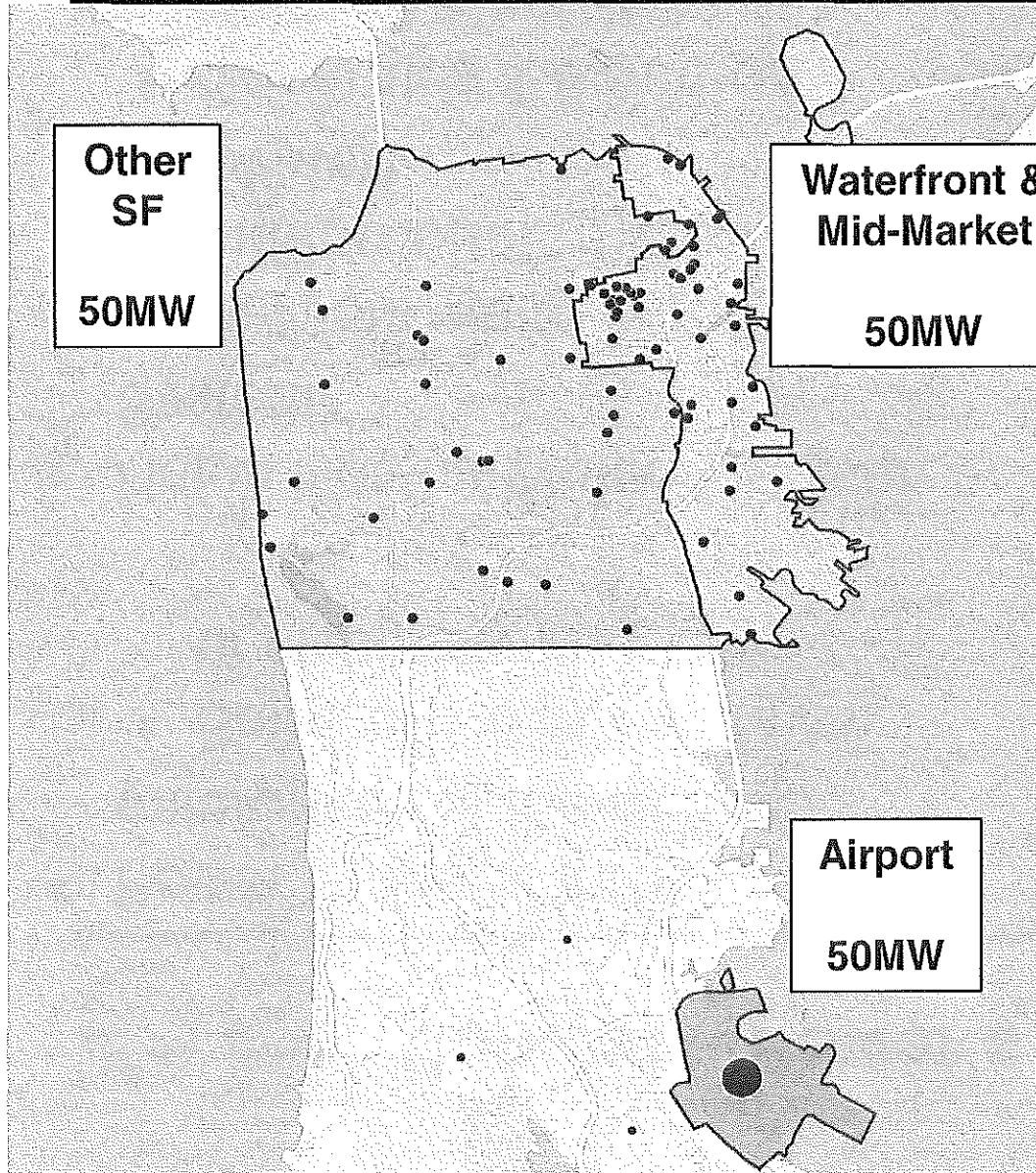
- Power is one of three enterprises of the SFPUC
 - Sales of 1.6 million MWh of electricity annually
- Hetch Hetchy Water & Power System
 - Delivers water to **2.6 million customers** (Water)
 - Generates **1.6 million MWh of electricity** per year (Power)





San Francisco
Water
Power
Sewer

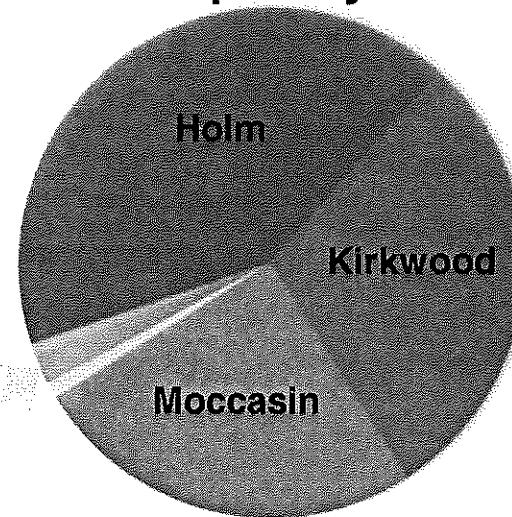
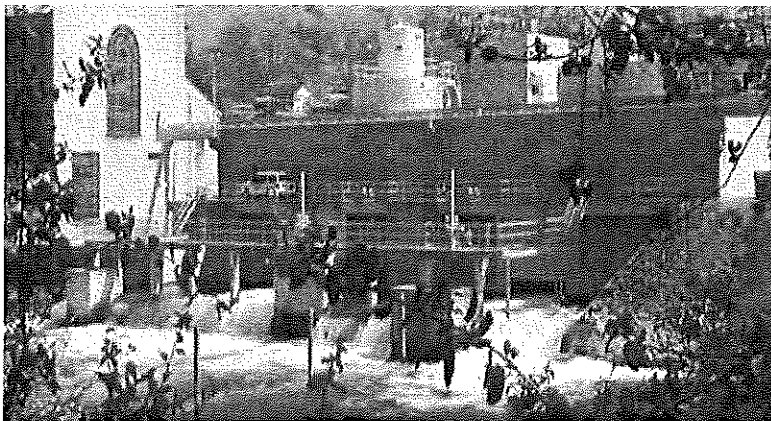
Context – Power’s Current Customer Demand



- **150 MW**
2,600 accounts
- Largest Customers
130 MW
100 accounts

Context – Power’s Supply

- 395 MW of renewable power generation capacity serving 150 MW of existing load



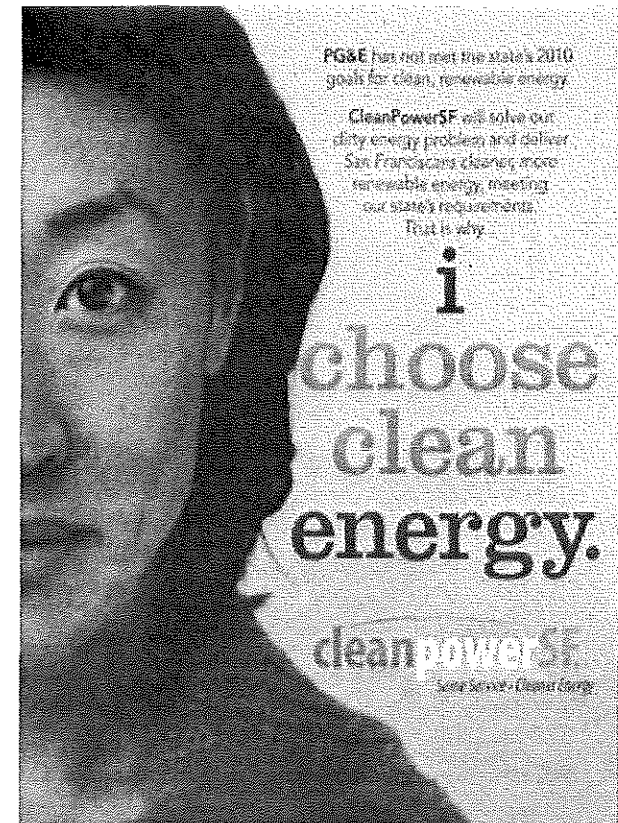
Hetch Hetchy Large Hydro 380 MW (96% of Total)		
Powerhouse	Capacity	Units
Holm	165 MW	2
Kirkwood	116 MW	3
Moccasin	100 MW	2

Other Renewables 15 MW (4% of Total)	
Source	Capacity
Solar (local)	8 MW
Hetchy Small Hydro	4 MW
Biogas (local)	3 MW



Context – Power’s Demand Expected to Grow

- Additions to our Municipal Public Power Service, > 30MW
 - Shipyard Phase 1 service began in April
 - Additional Shipyard Phases expected
 - Treasure/Yerba Buena Island expected
 - Transit Center service will begin in 2016
 - Others...
- Implementation of Community Choice Aggregation, 30MW
 - Target service start in January 2016

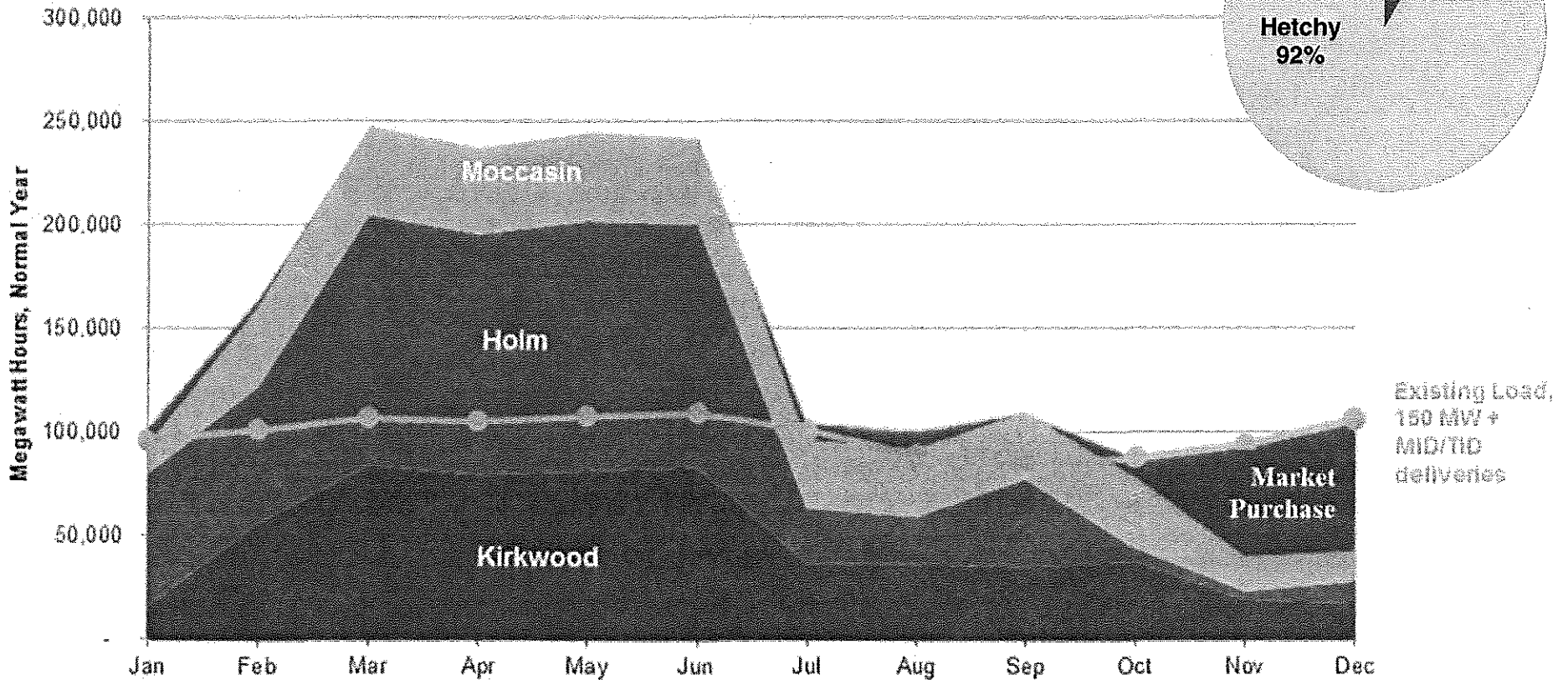




San Francisco
Water
Power
Sewer

Increasing Demand Will Increase Market Purchases

- Demand (Orange Line) will move up
- Market Purchases to Meet Demand (Purple) will increase
- Market Sales of Excess Supplies (Green)





CCA Program Design – Proposed Program Objectives

- 1. *Lead with Affordable and Reliable Service:* Provide electricity and related services at competitive rates while promoting long-term rate stability, energy security and reliability for San Francisco**
- 2. *Develop a Cleaner Energy Supply (fewer GHGs emitted):* Reduce, and eventually eliminate, the greenhouse gas emissions associated with the use of electricity in San Francisco**
- 3. *Develop New Infrastructure and Create Local Jobs:* To the greatest extent possible and affordable, CCA service shall support the development of new clean energy infrastructure and shall create new jobs for San Franciscans**



CCA Program Design – Target Product Offerings at Launch

- **Default Product Proposal**
 - Product Goal: Offer a supply that is greener than PG&E’s basic service – greater renewable and lower GHG power content – at comparable rates
 - Renewable Portfolio Content Target: 33%-50% bundled, RPS-eligible resources
 - Expect initial 2-3 years to rely principally on power purchased from existing/operating renewables with balance of portfolio supplied by Hetch Hetchy (as available), other GHG free supplies and system purchases for firming and shaping
 - Contracts for new build – both owned and purchased – expected on-line in Year 2 or 3 (as cost-effective projects are identified and developed)



CCA Program Design – Target Product Offerings at Launch

- Premium (“Opt-up”) Product Proposal
 - Product Goal: Offer 100% renewable and GHG-free supply with funding to build new local/regional projects at a price that is equivalent to PG&E’s Green Tariff
 - Power content targeted to be bundled, in-state, RPS-eligible resources, so power content will not include unbundled RECs
 - Once launched, will purchase/build new local/regional renewable resources to serve Premium Product demand



Build-out and Additional Customer Services

- Supply programs

- Develop regular, **standardized procurement** program to support CCA supply acquisition
- Develop **Net Energy Metering** tariffs to encourage existing and new SF solar customers to participate in CCA program
- Develop **Feed-in Tariff (FIT)** program, offering long-term, standardized contracts with fixed pricing to support the development of new local renewable energy capacity
- Use **GoSolarSF** incentives to encourage CCA customers to install on-site solar
- Issue RFPs for **new construction on City-owned** and controlled property

Local /
Regional
Build



San Francisco
Water
Power
Sewer

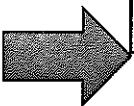
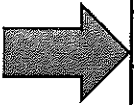
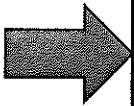
Build-out and Additional Customer Services

- Energy efficiency and demand response programs
 - Focus initially on marketing Energy Watch, BayREN and other existing ratepayer funded programs to CCA customers
 - Working closely with the Department of the Environment, begin developing energy efficiency and demand response pilot programs and evaluate options for applying to CPUC for funding as program implementer



CCA Implementation Schedule and Key Milestones – reported April 28

Original Date	Updated Date	Activity
Feb 24 – Mar 24, 2015	Apr 8, 2015	Meetings with stakeholders to discuss program design and policy guidelines
Feb 24 – Mar 24, 2015	Mar 23, 2015	Develop proposal for SFPUC power procurement reform
Mar 31, 2015	Apr 21, 2015	SFPUC power procurement reform legislation introduced
Apr 14, 2015	Apr 14, 2015	Present program design guidelines to Commission
Mid-to-Late Apr		Issue RFP for back office and customer care services
May 1, 2015	Apr 17, 2015	Present not-to-exceed rates to Rate Fairness Board
May 12, 2015		Present not-to-exceed rates to Commission
June 23, 2015		Seek approval from Commission to file updated CCA Implementation Plan
June 30, 2015		Receive Board of Supervisors and Mayor approval for power contracting legislation
Aug 3, 2015		Issue RFO for program electric resource supplies
July/Aug 2015		Receive approval to execute back office and customer care contract
Sept 29, 2015		Receive approval to execute Phase 1 supply contract(s)
Oct 27, 2015		Present final rates to Commission
Late Nov 2015		Commence pre-enrollment notification process
Jan 26, 2016+		Phase 1 Program Launch





Proposed Legislative Reforms

- **Currently**
 - The SFPUC obtains Board of Supervisors approval for contracts exceeding 10 years in duration and/or \$10 million in total cost
 - SFPUC has authority to contract up to 5 years on WSPP contract
- **New Needs**
 - To fulfill the CCA goals of affordability and a greener electricity portfolio, the SFPUC will need to operate at a pace necessary to secure the best possible prices and terms
 - Additionally, building new renewable resources will require long-term contracts, typically of no less than 10 years
- **Proposal**
 - Delegate authority to SFPUC to enter into contracts up to 20 years in duration and greater than \$10 million in total cost, subject to specified limits
 - Authorize the use of electric industry standard contracts
 - Will not apply to projects developed on City-owned property

Thank You

