

File No. 230211

Committee Item No. 5

Board Item No. 18

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date April 5, 2023

Board of Supervisors Meeting

Date April 11, 2023

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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Completed by: Brent Jalipa

Date March 30, 2023

Completed by: Brent Jalipa

Date April 5, 2023

1 [Appropriation - California Public Utilities Commission Revenue - San Francisco Public
2 Utilities Commission - Community Food Service Energy Efficiency Program - \$4,579,056 -
3 FY2022-2023]

4 **Ordinance appropriating \$4,579,056 California Public Utilities Commission revenue in**
5 **the San Francisco Public Utilities Commission for CleanPowerSF Capital**
6 **Improvements to implement the Community Food Service Energy Efficiency Program;**
7 **and placing \$3,052,704 on Controller’s Reserve, in 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 ~~strikethrough 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**

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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24762	10039644-0001	479902	Other Revenues	\$4,579,056
4	CleanPowerSF Prog	EE Community Food	Public Purpose		
5	Fund /	Service Prog /	Program		
6	198644 HHP	22358 Community			
7	CleanPowerSF	Food Service Prog			
8					
9					
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12	Total SOURCES Appropriation				\$4,579,056

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14 Section 2. The uses of funding outlined below is herein appropriated in Account 506070
15 (Programmatic Projects-Budget) and reflects the projected uses of funding to support the
16 CleanPowerSF Community Food Service Energy Efficiency Program at the San Francisco
17 Public Utilities Commission for Fiscal Year 2022-2023.

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19 **USES Appropriation**

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1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24762	10039644-0001	506070	Energy Efficiency	\$4,579,056
4	CleanPowerSF Prog	EE Community Food	Programmatic	Program	
5	Fund /	Service Prog /	Projects-Budget		
6	198644 HHP	22358			
7	CleanPowerSF	Community Food			
8		Service Prog			
9					
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11					
12	Total USES Appropriation				\$4,579,056

16 Section 3. \$3,052,704 of the total appropriation is hereby placed on Controller's
17 Appropriation Reserve pending receipt of funds.

19 **Appropriation on Reserve**

1	Fund /	Project & Activity /	Account	Description	Amount
2	Department ID	Authority			
3	24762	10039644-0001	506070	Energy Efficiency	\$3,052,704
4	CleanPowerSF Prog	EE Community Food	Programmatic	Program	
5	Fund /	Service Prog /	Projects-Budget		
6	198644 HHP	22358			
7	CleanPowerSF	Community Food			
8		Service Prog			
9					
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12	Total Appropriation on Reserve				\$3,052,704

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

18 APPROVED AS TO FORM:
19 DAVID CHIU, City Attorney BEN ROSENFELD, Controller

20 By: /s/_____
21 JON GIVNER
22 Deputy City Attorney

20 By: /s/_____
21 BEN ROSENFELD
22 Controller

<p>Item 5 File 23-0211</p>	<p>Department: Public Utilities Commission (PUC)</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$4,579,056 in California Public Utilities Commission (CPUC) revenue in the San Francisco Public Utilities Commissions’ (SFPUC) budget for CleanPowerSF Capital Improvements to implement the Community Food Service Energy Efficiency Program and place \$3,052,704 of this amount on Controller’s reserve in FY 2022-23. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • State law allows Community Choice Aggregators (CCAs) to apply to the CPUC to implement energy efficiency programs using Public Purpose Program charges collected from ratepayers. In July 2021, the SFPUC Commission authorized an application for CleanPowerSF to administer a Community Food Service Energy Efficiency Program. CleanPowerSF targeted food service businesses for this program because they were heavily impacted by the COVID-19 pandemic, and energy efficiency investments could strengthen their economic viability and service capacity moving forward. In January 2022, the CPUC Commission approved CleanPowerSF’s application and directed PG&E to transfer \$4,579,056, an amount determined by funding formula, to CleanPowerSF. • The Community Food Service Energy Efficiency Program would assist food service businesses and nonprofits, such as grocery stores, corner stores, restaurants, food banks, homeless shelters, and meal delivery services, with energy efficiency assessments and improvements for a period of three years. Under the program, CleanPowerSF would partner with an Energy Service Company (ESCO) to work with businesses by providing no-cost energy assessments and financial incentives for energy efficiency improvements. The incentives would help offset the cost of retrofits and replacement of natural gas with all-electric appliances, including refrigeration, lighting, food service preparation equipment, and air conditioning and heating units. CleanPowerSF is currently developing a Request for Proposals (RFP) to select the ESCO, with a goal of beginning the program in Summer 2023. <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The proposed ordinance would appropriate \$4,579,056 in CPUC revenue in the SFPUC budget for CleanPowerSF Capital Improvements to implement the Community Food Service Energy Efficiency Program. Of this amount, \$3,052,704 would be placed on Controller’s reserve to fund the final two years of the program. The program is paid by ratepayer revenue collected by PG&E. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.105 states that amendments to the Annual Appropriations Ordinance, after the Controller certifies the availability of funds, are subject to Board of Supervisors approval by ordinance.

BACKGROUND

State law allows Community Choice Aggregators (CCAs)¹ to apply to the California Public Utilities Commission (CPUC) to implement energy efficiency programs using Public Purpose Program charges² collected from ratepayers. In July 2021, the San Francisco Public Utilities Commission (SFPUC) authorized an application for CleanPowerSF, San Francisco's CCA, to administer a Community Food Service Energy Efficiency Program. CleanPowerSF targeted food service businesses for this program because they were heavily impacted by the COVID-19 pandemic, and energy efficiency investments could strengthen their economic viability and service capacity moving forward. In addition, many food service businesses that would be eligible for the proposed program are underserved by existing energy efficiency options available through the Bay Area Regional Energy Network (BayREN) and Pacific Gas & Electric Company (PG&E) according to a November 8, 2022 SFPUC staff memo to the San Francisco Public Utilities Commission. In particular, small grocery stores and community food service organizations are underserved because they are challenging to reach and less cost-effective to serve because of smaller energy demands per site.

In January 2022, the CPUC Commission approved CleanPowerSF's application and directed PG&E to transfer \$4,579,056, an amount determined by a funding formula, to CleanPowerSF. In November 2022, the SFPUC Commission authorized the General Manager to request Board of Supervisors approval of a supplemental appropriation of \$4,579,056 to implement and administer the Community Food Service Energy Efficiency program for three years.

DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would appropriate \$4,579,056 in CPUC revenue in the SFPUC budget for CleanPowerSF Capital Improvements to implement the Community Food Service Energy Efficiency Program and place \$3,052,704 of that amount on Controller's reserve in FY 2022-23.

Proposed Community Food Service Energy Efficiency Program

The Community Food Service Energy Efficiency Program would assist food service businesses and nonprofits, such as grocery stores, corner stores, restaurants, food banks, homeless shelters, and meal delivery services, with energy efficiency assessments and improvements. Under the program, CleanPowerSF would partner with an Energy Service Company (ESCO) to work with businesses by providing no-cost energy assessments and financial incentives for energy efficiency

¹ Community Choice Aggregation (CCA) programs enable local governments to purchase and/or develop power on behalf of the local community.

² Public Purpose Program charges are assessed to utility ratepayer bills to fund various energy efficiency and low-income subsidy programs.

improvements. The incentives would help offset the cost of retrofits and replacement of natural gas with all-electric appliances, including refrigeration, lighting, food service preparation equipment, and air conditioning and heating units. Energy efficient equipment would be provided to participating customers at no upfront cost, and businesses would make payments equal to the savings on their energy bills for two years following installation. The proposed program’s implementation structure is modeled from the Bay Area Regional Energy Network Business’s existing commercial program to reduce administration costs.

CleanPowerSF estimates that over the lifetime of the three-year program, the measures taken would save approximately 5,351 megawatt-hours of energy, which is equal to approximately 2.7 percent of annual electricity hours for customers eligible for the program. According to Andrew Bevington, CleanPowerSF Utility Specialist, CleanPowerSF is currently developing a Request for Proposals (RFP) to select the ESCO, with a goal of beginning the program in Summer 2023.

According to Utility Specialist Bevington, there is no defined maximum incentive that can be provided to each business, but SFPUC would work with the ESCO to balance participation across both large and small businesses. CleanPowerSF would market the program in partnership with the Department of the Environment and the ESCO. Promotional activities may include direct outreach to neighborhood business and restaurant associations or leveraging existing business partners with the Department of the Environment’s Green Business program.

Program Evaluation and ESCO Payments

CleanPowerSF would contract with a third-party provider to evaluate the program for energy savings, service of underserved communities, cost-effectiveness, customer non-energy benefits, referral of projects to other energy efficiency programs, number of customers that did not fit other program offerings, percentage of audited customers who install at least one program measure, percentage of recommended measures installed by customers, and program design. According to Utility Specialist Bevington, the ESCO’s payments would be linked to business enrollment in the program and actual measured energy savings.

FISCAL IMPACT

The proposed ordinance would appropriate \$4,579,056 in CPUC revenue in the SFPUC budget for CleanPowerSF Capital Improvements to implement the Community Food Service Energy Efficiency Program. Of this amount, \$3,052,704 would be placed on Controller’s reserve to fund the final two years of the program. The program budget is shown in Exhibit 1 below.

Exhibit 1: Community Food Service Energy Efficiency Program Budget

Projected Expenditures	Year 1	Year 2	Year 3	Total
Administration	\$152,635	\$152,635	\$152,635	\$457,905
Marketing, Education, & Outreach	91,581	91,581	91,581	274,743
Energy Management Planning	501,471	501,471	501,471	1,504,413
Direct Implement Incentives	763,176	763,176	763,176	2,289,528
Evaluation, Measurement, & Verification	17,489	17,489	17,489	52,467
Total	\$1,526,352	\$1,526,352	\$1,526,352	\$4,579,056

Source: SFPUC

Approximately half of the total program budget is for direct implementation incentives, such as energy efficiency improvement projects,³ and one-third is for energy management planning, which includes energy modeling and needs assessments.

Funding Source

The program is paid by ratepayer revenue collected by PG&E. Once Year 1 funding of \$1,526,352 is expended, CleanPowerSF would request the Controller's Office to release remaining funds from reserve.

RECOMMENDATION

Approve the proposed resolution.

³ According to Utility Specialist Bevington, the amount paid to the ESCO for incentives is dependent on the project's energy savings, not the cost of any of the equipment that is installed. The ESCO implementing the program is taking on the risk of purchasing the equipment, but incentives are linked to whether the equipment successfully saves energy. This helps to protect the City from the risk of paying for equipment that doesn't perform.



TO: Mayor Breed
CC: Sean, Andrea
RE: Supplemental Appropriations

FROM: Radhika Mehlotra
through Anna Duning
DATE: November 28, 2022

	IMMEDIATE RESPONSE NEEDED		PLEASE REVIEW	X	FYI
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Madam Mayor:

The SF Public Utilities Commission (SFPUC) has alerted the Mayor’s Budget Office that CleanPowerSF will be receiving a total of \$4.6M in funds from the State via PG&E to implement energy efficiency programs for food service providers. The department would like to add this to their budget as soon as possible, so that they can begin implementing the program.

This is not a grant, and therefore, needs to be added to the SFPUC budget through the supplemental appropriations process.

You will be meeting with Dennis Herrera on Thursday, December 1. He will brief you about this funding and ask if you are willing to sponsor the supplemental.

Energy Efficiency Community Food Service Program Background

The program aims to assist restaurants, grocery stores, corner stores and non-profits like food banks and meal services in achieving energy efficiency savings. The program does so by working with an energy services company (ESCO) to provide energy efficiency measures like efficient refrigerators, induction stoves, and other equipment at no up-front cost to the participating business. For two years following equipment installation, energy savings at the meters are measured by CleanPowerSF, and the business makes payments on the equipment equal to the savings they see on their bill. Additionally, incentive payments are made to the ESCO based on savings performance – the more savings are achieved, the more the ESCO receives in incentives.

Funding for the program originates from ratepayers - SFPUC is receiving San Francisco’s portion of the funding collected from our customers to implement programs. Funding is specifically restricted to this program, and must be reported to the California Public Utilities Commission (CPUC) annually and must be spent in the following five categories:

1. Administration (Capped at 10% of budget)
2. Marketing, Education and Outreach
3. Direct Implementation Non-Incentive
4. Incentives
5. Energy Measurement and Verification

Next Steps:

If you are supportive of this program, the Mayor's Budget Office and Controller will prepare the supplemental appropriation legislation for you to introduce.

From: [Conine-Nakano, Susanna \(MYR\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Paulino, Tom \(MYR\)](#); [Hyams, Michael \(PUC\)](#); [Taylor, Cheryl \(PUC\)](#); [Hale, Barbara \(PUC\)](#); [McPartland, Frank \(PUC\)](#); [Tun, Su \(PUC\)](#)
Subject: Mayor -- Ordinance -- CleanPowerSF Appropriation
Date: Tuesday, February 28, 2023 5:12:10 PM
Attachments: [Mayor -- Ordinance -- CleanPowerSF Appropriation.zip](#)

Hello Clerks,

Attached for introduction to the Board of Supervisors is an Ordinance appropriating \$4,579,056 California Public Utilities Commission revenue in the San Francisco Public Utilities Commission for CleanPowerSF Capital Improvements to implement the Community Food Service Energy Efficiency Program and placing \$3,052,704 on Controller's Reserve, in Fiscal Year (FY) 2022-2023.

Please let me know if you have any questions.

Best,
Susanna

Susanna Conine-Nakano
Office of Mayor London N. Breed
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 200
San Francisco, CA 94102
415-554-6147