

From: [Hansen, Matt \(ADM\)](#)
To: [Hyams, Michael](#); [Hernandez, Kelly \(ADM\)](#)
Cc: [Abueg, Ramon Z](#); [Hua, Benson](#); [Mulberg, Erin](#); [Taylor, Cheryl](#); [SANDERS, WILLIAM \(CAT\)](#)
Subject: RE: Request for Approval of Hold Harmless and Indemnification Provision for a CleanPowerSF Agreement
Date: Tuesday, March 29, 2022 4:19:06 PM
Attachments: [image001.png](#)

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Thank you Mike, acknowledging receipt and approval.

Best,
Matt



Matt Hansen, Director
(he, him) [What's this?](#)
Office of the City Administrator
Risk Management Division
25 Van Ness Avenue, Suite 750
San Francisco, CA 94102
Phone: (415) 554-2302
Website: <https://sfgsa.org/risk-management>

From: Hyams, Michael <MHyams@sflower.org>
Sent: Tuesday, March 29, 2022 4:08 PM
To: Hernandez, Kelly (ADM) <kelly.hernandez@sfgov.org>; Hansen, Matt (ADM) <matt.hansen@sfgov.org>
Cc: Abueg, Ramon (PUC) <RAbueg@sflower.org>; Hua, Benson (PUC) <BHua@sflower.org>; Mulberg, Erin (PUC) <EMulberg@sflower.org>; Taylor, Cheryl (PUC) <CTaylor@sflower.org>; SANDERS, WILLIAM (CAT) <William.Sanders@sfcityatty.org>
Subject: Request for Approval of Hold Harmless and Indemnification Provision for a CleanPowerSF Agreement

Dear Matt and Kelly,

Please find attached a memo requesting approval of a Hold Harmless and Indemnification provision in a proposed *Project Participation and Share Agreement* between the SFPUC's CleanPowerSF program and the California Community Power joint powers authority and some of its member agencies.

Note: this is a new and different request from the one sent on February 22nd for the Tumbleweed Project.

Under the agreement, CleanPowerSF would participate in the procurement of electricity products from a new energy storage project (the Goal Line Project) being procured by California Community Power on behalf of its members.

I have also attached a copy of the *Project Participation and Share Agreement* for your reference.

Please let me know if you have any questions.

Thank you,
Mike

Michael A. Hyams
Deputy Assistant General Manager, CleanPowerSF
San Francisco Public Utilities Commission, Power Enterprise
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March 29, 2022

Matt Hansen, Director
Risk Management Division
City & County of San Francisco
25 Van Ness Avenue, Suite 750
San Francisco, CA 94102

RE: Goal Line Energy Storage Project Participation and Share Agreement
Between California Community Power and Indicated Members

Dear Matt:

This is a request for your approval of the Hold Harmless and Indemnification provision of the Goal Line Energy Storage Project ("Goal Line Project") Participation and Share Agreement ("PPSA") that the San Francisco Public Utilities Commission ("SFPUC") seeks to execute with California Community Power ("CC Power") and other members of the CC Power joint powers agency ("Project Participants") to purchase electricity products from the Goal Line Energy Storage Project.

CC Power was formed for the purpose of developing, acquiring, constructing, owning, managing, contracting for, engaging in, and/or financing electric energy generation and storage projects. The SFPUC joined CC Power in April 2021 through its CleanPowerSF program, pursuant to SFPUC Commission Resolution No. 21-0023 and Board of Supervisors Ordinance No. 25-21. As a member of CC Power, CleanPowerSF can benefit from increased buying power through improved economies of scale for the purchase of new clean energy and electric grid reliability resources to advance state and local climate action goals.

CleanPowerSF has participated with other Project Participants to solicit bids and then negotiate an agreement to purchase energy storage products from the Goal Line Project, a to-be-constructed long-duration energy storage project. Goal Line is the second project CC Power has approved and CleanPowerSF seeks to participate in. We previously submitted the Tumbleweed Energy Storage Project PPSA indemnification provision to you for approval on

CleanPowerSF is a program of the San Francisco Public Utilities Commission (SFPUC), an enterprise department of the City and County of San Francisco.

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OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

London N. Breed
Mayor

Anson Moran
President

Newsha Ajami
Vice President

Sophie Maxwell
Commissioner

Tim Paulson
Commissioner

Dennis J. Herrera
General Manager



February 15th. Your office communicated its support of the SFPUC's business decision to accept the indemnification provision on February 22nd. Subsequently, the Board of Supervisors approved CleanPowerSF's participation in the Tumbleweed Project on March 22nd and the Resolution is currently awaiting the Mayor's signature.

Like the Tumbleweed Project, CC Power has entered into an Energy Storage Services Agreement ("ESSA") directly with the Goal Line Project, providing for purchase of the energy storage products, and associated rights, benefits, and credits from the Goal Line Project on behalf of the Project Participants. Under the ESSA, the Goal Line Project will commence operations by June 1, 2025.

Under the PPSA, CC Power will convey to CleanPowerSF and each of the Project Participants their designated share of the energy storage products and associated rights, benefits, and credits of the Goal Line Project. The term of the PPSA is 15 years from the start of commercial operations of the Project.

In addition to CC Power and CleanPowerSF, the other parties to the PPSA are all public agencies that operate community choice aggregation programs, including Redwood Coast Clean Energy, San Jose Clean Energy, Silicon Valley Clean Energy Authority, Sonoma Clean Power, and Valley Clean Energy.

I have attached the final PPSA for your reference. The Indemnification clause is provided in Section 13.5 of the agreement.

To address the City's risk management criteria for approving the 'hold harmless' clause, please review and approve the following:

1. Entering into such an agreement either falls (a) within the normal business practices or (b) represents a prudent decision in light of all the circumstances.

Entering into the PPSA falls within the normal business practices of the CleanPowerSF program. In addition, executing the PPSA is a prudent business decision given the benefits that will accrue to CleanPowerSF and its ratepayers through participation in the Goal Line Project.

A core part of CleanPowerSF's normal business is entering into long-term power purchase agreements to obtain electricity products from renewable and other clean power producers. CleanPowerSF joined CC Power to be able to

benefit from the procurement from larger-scale electricity projects, delivering more cost-effective resources to its ratepayers.

The Goal Line Project is consistent with that purpose. It will be a 50 megawatt long-duration battery system, from which CleanPowerSF intends to procure a 21.5% share to support its compliance with state regulations (see #3 below). By participating in the Goal Line and Tumbleweed Projects, CleanPowerSF will be able to meet its long-duration energy storage procurement obligations under State law at a lower cost than if it were to procure these products on its own.

2. The cost of the hold harmless provision is reflected in the price of the agreement.

There is no cost associated with the Indemnification of Project Participants agreement provision.

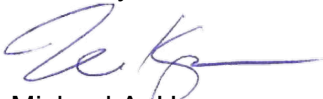
3. The hold harmless provision is necessary in order for the City to carry out a public purpose.

Executing the PPSA and participating in the Goal Line Project is in the public interest. CleanPowerSF joined CC Power and is participating in CC Power's procurement of energy storage products from the Project to meet a State regulatory requirement. In order to participate in the Goal Line Project, CleanPowerSF must agree to the terms of the PPSA as negotiated by the member agencies.

On June 24, 2021, the California Public Utilities Commission adopted Decision 21-06-035 directing CleanPowerSF and other retail sellers of electricity to procure new electricity resources to meet statewide greenhouse gas reduction requirements and grid reliability needs. CleanPowerSF's failure to procure the resources ordered by the CPUC could result in significant financial penalties to CleanPowerSF and potentially reduce grid reliability. As a result, it is prudent and in the public interest to approve the Indemnification provision in the PPSA.

Please let me know if you have any questions about this request.

Sincerely,



Michael A. Hyams
Deputy Assistant General Manager
Power – CleanPowerSF

Cc:

Ramon Abueg, Deputy AGM, Power – Operations

Benson Hua, SFPUC Risk Manager

Erin Mulberg, Utility Specialist, Origination and Power Supply

William Sanders, Deputy City Attorney

Cheryl Taylor, Manager, CleanPowerSF Customer Solutions