

[Agreement - Pacific Gas and Electric Company - University Mound Reservoir Project - \$86,765.18]

**Ordinance authorizing the Public Utilities Commission General Manager to enter into a long-term interconnection agreement with Pacific Gas and Electric Company to connect a small renewable energy project at University Mound Reservoir to the electric system; and waiving specific requirements of the Administrative Code and the Environment Code in the best interests of the City for an amount of \$86,765.18 with a duration of ten years and automatic renewal every year thereafter.**

NOTE: Additions are single-underline italics Times New Roman; deletions are ~~strike-through italics Times New Roman~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strike-through normal~~.

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

Section 1. FINDINGS. The Board of Supervisors of the City and County of San Francisco hereby finds that:

(a) The University Mound Project (the Project) is a small renewable hydroelectric project located in the Portola neighborhood, at Woolsey and Bowdoin Streets, adjacent to the existing McLaren Pumping Plant, that will produce electricity derived solely from excess hydraulic energy in the water that is already flowing in the San Francisco Public Utilities Commission's (SFPUC) water pipelines that deliver water from Crystal Springs Reservoir to the University Mound Reservoir.

(b) The Project will contribute in a cost-effective way to the City's renewable energy portfolio, will generate low cost electricity that is greenhouse gas free, and qualifies as a renewable electricity resource under state law.

Supervisor Campos  
BOARD OF SUPERVISORS

1 (c) To connect the Project to the electric grid and ensure the power can be used by  
2 other City facilities, the SFPUC must enter into a Small Generator Interconnection Agreement  
3 (Agreement) with Pacific Gas and Electric Company (PG&E), based on a PG&E form  
4 agreement approved by the Federal Energy Regulatory Commission (FERC).

5 (d) On March 26, 2012, the San Francisco Planning Department determined the  
6 Project was categorically exempt from environmental review under the California  
7 Environmental Quality Act. The City has also received an exemption for the Project from  
8 stringent licensing requirements from FERC, the agency with exclusive lead jurisdiction over  
9 hydroelectricity.

10 (e) The Board of Supervisors has previously approved similar interconnection  
11 agreements for renewable energy projects at Alvarado Elementary School (Resolution No.  
12 374-12), Chinatown Public Health Center and MUNI Woods Motor Coach Facility (Resolution  
13 No. 441-11), Moscone Center, Southeast Treatment Plant, Pier 96, Chinatown Public Library,  
14 Maxine Hall Medical Center, City Distribution Division Warehouse, North Point Treatment  
15 Plant, and San Francisco International Airport Terminal 3 (Resolution No. 554-07).

16 (f) The SFPUC approved the Agreement on February 26, 2013, in Resolution 13-  
17 0037, on file with the Clerk of the Board in File No. 130224.

18 The Agreement

19 (g) The Agreement is based on a form interconnection agreement approved by  
20 FERC, and only limited changes to that form may be made. The Agreement lacks certain  
21 required City contract clauses; for this reason, these provisions must be waived by the Board  
22 in order to enter the agreement. However, Section 12.1 of the Agreement provides that  
23 PG&E is subject to valid laws, orders, rules and regulations of duly constituted authorities  
24 having jurisdiction, thereby incorporating applicable San Francisco Administrative Code  
25

1 requirements.

2 (h) The Agreement includes non-standard hold-harmless, indemnity and insurance  
3 provisions, which SFPUC's Risk Manager has reviewed and approved.

4 (i) The term of the Agreement is ten years, after which it is subject to automatic  
5 renewal every year. SFPUC may terminate the agreement at any time with twenty days  
6 written notice. Section 9.118 of the San Francisco Charter requires approval by the Board of  
7 Supervisors for agreements with a term of ten years or more. This approval is reasonable  
8 because it is in the City's interest to ensure that this renewable energy will be available for  
9 City facilities over the long-term.

10 (j) The Agreement does not provide for incidental and consequential  
11 damages in the event of a breach, but waiver of this provision is in the best interests of the  
12 City because the project is a small hydroelectric project which will utilize safe and reliable  
13 protective equipment to protect PG&E's distribution lines.

14 (k) The Agreement provides for a maximum guaranteed cost of \$86,765 which  
15 includes \$49,500 for network upgrades, and \$37,265.18 for a one-time charge to cover  
16 PG&E's long term cost of ownership of said upgrades.

17 Section 2. WAIVERS. For the purpose of the Agreement, the Board of Supervisors  
18 finds that it is reasonable and in the public interest to waive the following San Francisco  
19 Codes:

20 (a) San Francisco Administrative Code Section 21.35, which requires every  
21 contract to include a statement regarding liability of claimants for submitting false claims to the  
22 City;

23 (b) San Francisco Administrative Code Section 21.19, which bars automatic  
24 renewal provisions in City contracts;

1 (c) San Francisco Administrative Code Chapter 12O, which requires City  
2 contractors to provide Earned Income Credit Information to their employees;

3 (d) San Francisco Administrative Code Chapter 83, the First Source Hiring  
4 Program;

5 (e) San Francisco Administrative Code Chapter 12F - the MacBride Principles;

6 (f) San Francisco Environment Code Chapter 5 - the San Francisco Resource  
7 Conservation Ordinance;

8 ~~(g) San Francisco Administrative Code, Chapter 12G - Political Activity with City~~  
9 ~~Funds for Political Activity by Recipients of City Contracts, Grants, and Loans;~~

10 ~~————(h) San Francisco Campaign and Governmental Conduct Code Section 1.126 -~~  
11 ~~Contribution Limits-Contractors Doing Business with the City.~~

12 Section 3. AUTHORIZATION:

13 (a) Pursuant to Section 9.118 of the San Francisco Charter, which requires  
14 approval by the Board of Supervisors for agreements with a term of ten years or more, the  
15 Board of Supervisors authorizes the SFPUC General Manager to execute the Agreement with  
16 PG&E in substantially the form on file with the Clerk of the Board of Supervisors, in File No.  
17 130224, with such changes or modifications, including without limitation modifications to the  
18 exhibits, as may be acceptable to the General Manager and the City Attorney, and which do  
19 not materially increase the obligations and liabilities of the City

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(b) Upon execution of the agreement with PG&E, the General Manager of the SFPUC shall transmit a copy of the Agreement to the Clerk of the Board of Supervisors, for inclusion in File No. 130224.

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

By: \_\_\_\_\_  
Margarita Gutierrez  
Deputy City Attorney

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