

BOARD of SUPERVISORS



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MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor London Breed, Chair
Government Audit and Oversight Committee

FROM: Alisa Miller, Clerk, Government Audit and Oversight Committee

DATE: May 8, 2014

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, May 13, 2014

The following file should be presented as a **COMMITTEE REPORT** at the Board meeting, Tuesday, May 13, 2014. This item was acted upon at the Committee Meeting on May 8, 2014, at 10:30 a.m., by the votes indicated.

Item No. 32 File No. 140415

Ordinance electing to study the feasibility of implementing a community choice aggregation program for the benefit of electric customers in San Francisco through an agreement with Marin Clean Energy.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor London Breed - Aye
Supervisor Katy Tang - Aye
Supervisor David Chiu - Aye

cc: Board of Supervisors
Angela Calvillo, Clerk of the Board
Rick Caldeira, Legislative Deputy Director
Jon Givner, Deputy City Attorney

1 [Feasibility Study of Implementing Community Choice Aggregation by Joining Marin Clean
2 Energy]

3 **Ordinance electing to study the feasibility of implementing a community choice**
4 **aggregation program for the benefit of electric customers in San Francisco through an**
5 **agreement with Marin Clean Energy.**

6 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
7 **Additions to Codes** are in *single-underline italics Times New Roman font*.
8 **Deletions to Codes** are in ~~*strikethrough italics Times New Roman font*~~.
9 **Board amendment additions** are in double-underlined Arial font.
10 **Board amendment deletions** are in ~~strikethrough Arial font~~.
11 **Asterisks (* * * *)** indicate the omission of unchanged Code
12 subsections or parts of tables.

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

12 Section 1. Background.

13 (a) For many years, the City has pursued implementation of CleanPowerSF a
14 community choice aggregation (CCA) program, which would allow San Francisco citizens to
15 receive cleaner, more sustainable electricity at rates comparable to Pacific Gas and Electric
16 (PG&E) rates. See Ordinance Nos. 86-04, 147-07, 232-09, 45-10. Under CCA, the City would
17 provide the electricity, and PG&E would continue to deliver the electricity. While customers
18 could choose to opt out of the CCA program and remain with PG&E for all portions of electric
19 service, many San Francisco citizens have expressed their desire to be part of a CCA
20 program.

21 (b) In 2008, the City enacted Ordinance No. 81-08 (Environment Code, Chapter 9) that
22 established the following greenhouse gas (GHG) emission limits for the City and County of
23 San Francisco:

- 24 - by 2017, the City is to reduce GHG emissions 25% below 1990 levels, and
- 25 - by 2025, the City is to reduce GHG emissions 40% below 1990 levels, and

1 - by 2050, the City is to reduce GHG emissions 80% below 1990 levels.

2 (c) The 2013 update to the San Francisco Climate Action Strategy, which outlines
3 thirty-five separate actions that would be necessary to meet the legislated GHG emission
4 limits, states that "moving to 100% renewable electricity is the single biggest step the City can
5 take to reduce GHG emissions."

6 (d) The Climate Action Strategy states that implementing 100% renewable electricity
7 would account for 45.7% of all possible GHG emission reductions in San Francisco.

8 (e) State law provides that cities and counties may offer CCA service either directly or
9 through a joint powers agency (JPA) with one or more other public entities. State law requires
10 cities and counties to implement CCA programs through an ordinance. California Public
11 Utilities Code, Section 366.2(c)(12).

12 (f) Marin Clean Energy (MCE) is a JPA governed by a 13-member Board of Directors
13 representing the public entities that have joined MCE. MCE operates a CCA program that
14 has been providing service to customers since May 2010. In addition to customers in Marin
15 County, MCE has expanded to offer service in other counties, and currently provides service
16 to the City of Richmond. MCE has established a process for evaluating requests from other
17 jurisdictions to join MCE.

18
19
20 (g) PG&E's electricity portfolio was only 19% renewable in 2012, but both the City's
21 proposal for CleanPowerSF and MCE's "deep green" CCA service provide 100% renewable
22 electricity service.

23 <http://www.pge.com/myhome/edusafety/systemworks/electric/energymix/index.shtml>.

24 (h) Under the City's Charter, the San Francisco Public Utilities Commission has
25 exclusive management and control of energy programs like CCA, including independent

1 authority to determine whether the City works with MCE to offer CCA service in San
2 Francisco.

3
4 Section 2. CCA Service through Marin Clean Energy.

5 (a) MCE currently serves approximately 124,000 customers. It offers two types of
6 service—a “light green” service that is 50% renewable energy and a “deep green” service that
7 is 100% renewable energy. MCE states that its purpose is “to address climate change by
8 reducing energy related greenhouse gas emissions and securing energy supply, price
9 stability, energy efficiencies and local economic and workforce benefits. It is the intent of
10 MCE to promote the development and use of a wide range of renewable energy sources and
11 energy efficiency programs, including but not limited to solar and wind energy production at
12 competitive rates for customers.” ([http://marincleanenergy.org/sites/default/files/key-
13 documents/MCEGeneralPresentation1.15.14_0.pdf](http://marincleanenergy.org/sites/default/files/key-documents/MCEGeneralPresentation1.15.14_0.pdf).)

14 (b) MCE has established a process to consider requests by other cities and counties to
15 join the JPA and receive service from MCE. MCE will evaluate such requests and consider
16 executing an agreement with the requesting entity to fund an analysis of the impacts of
17 expanding MCE to include the new entity. For larger jurisdictions with more than 40,000
18 customers, MCE may require additional information and analysis. After completion of the
19 analysis, the MCE Board of Directors will consider approval of the request. If MCE approves
20 the request, the entity requesting membership must then authorize CCA service through
21 MCE.

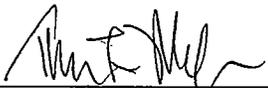
22 Section 3. Election to Implement CCA. In view of the potential benefits of CCA service
23 to San Francisco electric customers, including the potential contribution of a CCA to San
24 Francisco’s ability to meet its GHG emission limits, the Board of Supervisors elects to work
25 with MCE to study the feasibility of the City implementing a CCA program by either joining

1 MCE or otherwise working with MCE to provide CCA service. The Board of Supervisors urges
2 the Public Utilities Commission to review the analysis that MCE provides, and to compare the
3 benefits of MCE's CCA service to those of CleanPowerSF, including price, the potential
4 resource mix of power purchases, and the ability to fund construction of local renewable
5 energy resources. When this comparison is complete, the Board of Supervisors urges the
6 Public Utilities Commission to take all necessary and appropriate steps to implement the CCA
7 program that offers most advantages to San Francisco electric customers.

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9 Section 4. Effective Date. This ordinance shall become effective 30 days after
10 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
11 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
12 of Supervisors overrides the Mayor's veto of the ordinance.

13
14 APPROVED AS TO FORM:
15 DENNIS J. HERRERA, City Attorney

16 By:



17 Theresa L. Mueller
18 Deputy City Attorney

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LEGISLATIVE DIGEST

[Studying the Feasibility of Implementing Community Choice Aggregation By Joining Marin Clean Energy]

Ordinance electing to study the feasibility of implementing a community choice aggregation program for the benefit of electric customers in San Francisco through an agreement with Marin Clean Energy.

Existing Law

The Board of Supervisors has adopted a number of ordinances related to a City community choice aggregation (CCA) program called CleanPowerSF. See Ordinance Nos. 86-04 (establishing a CCA program), 147-07 (establishing key aspects of the CCA program, and adopting implementation measures), 232-09 (approving issuance of a request for proposals for CCA services), and 45-10 (adopting a revised implementation plan for CCA).

Section 8B.121(a) of the City's Charter provides the San Francisco Public Utilities Commission (PUC) with exclusive charge over the construction, management, supervision, maintenance, extension, expansion, operation, use and control of all energy supplies and utilities of the City.

Amendments to Current Law

None.

Background Information

In this ordinance, the Board of Supervisors elects to work with Marin Clean Energy (MCE) to study the feasibility of implementing a CCA program in San Francisco by either joining MCE or otherwise working with MCE to provide CCA service.

The ordinance also urges the PUC to review the analysis provided by MCE to compare the benefits of MCE's CCA service to those of CleanPowerSF, including price, the potential resource mix of power purchases, and the ability to fund construction of local renewable energy resources. When this comparison is complete, the Board of Supervisors urges the PUC to take all necessary and appropriate steps to implement the CCA program that offers most advantages to San Francisco electric customers.

For many years the City has pursued implementation of a CCA program, which would allow San Francisco citizens to purchase cleaner, more sustainable electricity at rates comparable to PG&E rates. Under CCA, a municipality would purchase or generate the electricity and

FILE NO.

PG&E would continue to deliver the electricity. Many San Francisco citizens have expressed their desire to be part of a CCA program.

State law provides that cities and counties may offer CCA service either directly or through a joint powers agency (JPA) with one or more other public entities. State law requires cities and counties to implement CCA programs through an ordinance. California Public Utilities Code Section 366.2(c)(12).

Marin Clean Energy is a CCA currently serving approximately 125,000 customers. It is a JPA that has been providing service to customers since May 2010. It offers two types of service—a “light green” service that is 50% renewable energy and a “deep green” service that is 100% renewable energy.

In order for the City to offer a CCA program either independently or through an agreement with Marin Clean Energy, both the Board of Supervisors and the PUC will need to approve the program, due to the exclusive jurisdiction of PUC over energy programs provided by Charter Section 8B.121.

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Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

Supervisors Avalos, Breed, Campos, Mar, Wiener, *Yee*

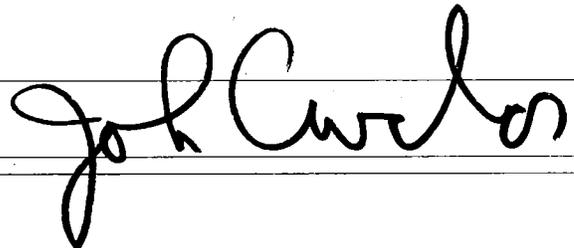
Subject:

Studying the Feasibility of Implementing Community Choice Aggregation By Joining Marin Clean Energy

The text is listed below or attached:

[Empty box for text listing]

Signature of Sponsoring Supervisor:



For Clerk's Use Only: