

1 [Approval of the CleanPowerSF Program Including Local Sustainability Services and a
2 Contract with Shell Energy North America.]

3 **Resolution authorizing the Public Utilities Commission, subject to conditions, to**
4 **launch the CleanPowerSF program, approving local sustainability services for**
5 **CleanPowerSF customers, and authorizing the General Manager of the Public Utilities**
6 **Commission to execute a contract with Shell Energy North America for a term of up to**
7 **five four-years and six months for services required to launch the CleanPowerSF**
8 **program; and delegating authority to non-materially amend or modify the contract.**

9
10 **I. History and Background**

11 WHEREAS, Public Utilities Code Section 366.2 allows public agencies to aggregate
12 the electrical load of interested electricity consumers within their jurisdictional boundaries.
13 Pursuant to this law, the City has established a Community Choice Aggregation (CCA)
14 program known as CleanPowerSF to provide electric power to the residents and businesses
15 located within its jurisdiction. The San Francisco Board of Supervisors established the City's
16 CCA program in May 2004 (Ordinance 86-04). The Ordinance found that CCA would allow the
17 City to increase the scale and cost-effectiveness of renewable energy, conservation and
18 energy efficiency in San Francisco and to increase local control over electricity prices and
19 resources. To implement the program, Ordinance No. 86-04 directed the development of a
20 draft Implementation Plan (IP) and the preparation of a draft Request for Proposals (RFP) to
21 solicit an electricity supplier for the program. In December 2004, the Board of Supervisors
22 created a Citizens Advisory Task Force (Task Force) to advise the City regarding the draft
23 Implementation Plan and the draft RFP; and

1 WHEREAS, Mayor Gavin Newsom signed a Declaration of Mayor or Chief County
2 Administrator Regarding Investigation, Pursuit or Implementation of Community Choice
3 Aggregation on December 16, 2005; and

4 WHEREAS, After an extensive process that involved public meetings of the San
5 Francisco Local Agency Formation Commission (LAFCo), the Task Force, the San
6 Francisco Public Utilities Commission (SFPUC) and interested parties and advocacy groups,
7 the Board of Supervisors approved a Draft Implementation Plan (Draft IP) in June 2007
8 setting forth goals and policies for the City's CCA program (Ordinance 147-07). Ordinance No.
9 147-07 directed the issuance of a Request For Information (RFI) and a subsequent Request
10 for Proposals (RFP) to solicit input and bids from interested parties regarding the development
11 of the program. Ordinance No. 147-07 stated that the RFI responses and other information
12 obtained in implementing the program might suggest changes to the Draft IP to improve its
13 viability, and allowed for such changes. As required by Ordinance No. 147-07, SFPUC issued
14 an RFI in November 2007. In April 2009, SFPUC issued a request for qualifications ("RFQ")
15 from potential electricity suppliers. SFPUC, in consultation with LAFCo, used the
16 information obtained from these solicitations to prepare an RFP; and

17 WHEREAS, The Board of Supervisors approved the issuance of an RFP in October
18 2009 (Ordinance 232-09). Like Ordinance 147-07, Ordinance No. 232-09 provided that RFP
19 responses and other information obtained in implementing the program might suggest
20 changes to Draft IP that would improve the viability of the City's CCA program, and allowed
21 for such changes. In November 2009, SFPUC issued the RFP. The City received five
22 responses to its RFP and, in January 2010, identified Power Choice, LLC as the highest
23 ranked proposer. The City engaged in negotiations with Power Choice, LLC for electricity
24 supply and other services; and

1 WHEREAS, In January 2010, SFPUC prepared a revised Implementation Plan (IP) and
2 Statement of Intent to file with the California Public Utilities Commission (CPUC) in
3 accordance with Ordinance 147-07. As anticipated in Ordinances 147-07 and 232-09, the
4 Implementation Plan was revised to allow more flexibility in the resources that may be used to
5 make up the CleanPowerSF supply portfolio, and to specify that the SFPUC may roll out the
6 program in phases if phasing allows it to maximize demand-side management programs and
7 renewable energy impacts, synergies with local ordinances and other customer programs,
8 cost of service and customer load characteristics, and other operational considerations. The
9 Board of Supervisors held a hearing on the IP in the Budget and Finance Committee on
10 February 17, 2010, and forwarded the Ordinance adopting the IP to the full Board of
11 Supervisors with a recommendation for approval. The Board of Supervisors considered and
12 voted on the Ordinance adopting the revised IP at its public meetings on February 23, 2010
13 and March 2, 2010. On March 2, 2010, The Board of Supervisors finally approved the
14 Ordinance and authorized the filing of the IP with the CPUC (Ordinance 45-10). The IP was
15 certified by the CPUC on May 18, 2010; and

16 WHEREAS, The SFPUC authorized the General Manager to execute a service
17 agreement with Pacific Gas and Electric Company (PG&E) on May 11, 2010. The General
18 Manager executed the Community Choice Aggregation Service Agreement (the Service
19 Agreement) with PG&E on May 27, 2010. In May 2012, the City and PG&E agreed to extend
20 the Service Agreement until December 31, 2018. The Service Agreement is a contract that
21 governs the business relationship between PG&E and the City with respect to CleanPowerSF.
22 Among other things, the Service Agreement includes provisions for audits, dispute resolution,
23 events of default, billing and payment terms and indemnity. The Service Agreement
24 incorporates by reference PG&E's CCA tariffs that set forth the operational and financial
25 duties of aggregators and PG&E in establishing and conducting CCA service; and

1 WHEREAS, Negotiations with Power Choice, LLC, were unsuccessful, and on August
2 5, 2010, the SFPUC issued a second RFP seeking an electricity supplier for the program. No
3 bidders met the minimum qualifications of that RFP, and on February 8, 2011, in Resolution
4 11-0027, the SFPUC a) authorized the General Manager to negotiate with one or more
5 creditworthy firms to create a program that most closely achieves the City's goals and b)
6 directed the General Manager to direct SFPUC staff to develop a process and scope of work,
7 together with stakeholders and consultants, to request bids for renewable generation and
8 green resource commitments to further the adopted City goals for CCA as described in
9 Ordinance 147-07. Shortly thereafter, SFPUC engaged in negotiations with Shell Energy
10 North America (Shell) for electricity supply and Noble Americas for customer care and billing
11 services; and

12 WHEREAS, Work began on November 16, 2011, in accordance with the SFPUC Task
13 Order: Modeling and Conceptual Framework for CCA Deployment to study deployment
14 options and prepare RFPs for a potential build-out of in-City renewable energy resources,
15 comprised of both demand reduction and new renewable generation, and assess their to
16 study and prepare associated financing alternative mechanisms (including 2001 proposition H
17 bonds and use of collateral), SFPUC management and integration of local supplies by the
18 SFPUC, levelized costs, and jobs potential, and to develop associated contract term sheets
19 and RFPs, all to be used if the City approves a local build-out after environmental review; and

20 WHEREAS, In Ordinance No. 232-09 the Board of Supervisors authorized approval by
21 resolution for future CleanPowerSF approvals; and

22 **II. CleanPowerSF Program**

23 WHEREAS, Enrollment in the CleanPowerSF program will be launched in phases to
24 groups of customers, to allow for mitigate the risks inherent in purchasing power, and to better
25 integrate into CleanPowerSF a proposed build-out of local and regional energy resources if

1 ~~these programs~~ when and if component installations of this build-out are approved by the
2 City, ~~and to mitigate the risks inherent in purchasing power.~~ The first phase will follow the
3 state-mandated opt-out process, enrolling sufficient customers to meet the volume of
4 electricity specified in the Shell agreement, not to exceed an average of approximately 30
5 MW, and any customer within San Francisco will be eligible to participate in that enrollment
6 phase; and

7 WHEREAS, the Shell agreement does not preclude a build-out of local and regional
8 energy resources, if such build-out is approved by the City after any necessary environmental
9 review, because the Shell agreement allows the City to replace purchases from Shell with
10 other resources (subject to making Shell whole for any losses) and because program roll out
11 will be phased; and

12 **A. Program Characteristics and Local Sustainability Services**

13 WHEREAS, The CleanPowerSF program will ~~initially offer~~ customers one or more
14 products, consistent with the contracted Shell purchases, ~~and will leverage~~ which support the
15 ~~potential development of new renewable~~ and efficiency resources, ~~if such programs are~~
16 approved by the City, to achieve high rates of customer acceptance create local jobs, promote
17 locally owned power production and to balance generation sources. These initial products will
18 allow for development of new renewable resources to be integrated into the electricity portfolio
19 as a customer revenue stream, revenue bond financing, and other financing mechanisms are
20 established, if a program for developing renewable resources is planned and approved by the
21 City; and upon completion of any necessary environmental review; and

22 WHEREAS, The Board of Supervisors believes the integration of a large-scale local
23 build-out of renewable energy and efficiency resources, as described in Ordinance No. 147-
24 07, if such a program is planned and approved by the City, may facilitate establishing a
25 successful CleanPowerSF program that will be price competitive, attractive to electricity

1 customers, financially robust, productive of clean energy jobs, and of sufficient scale and rapid
2 construction to achieve significant greenhouse gas reductions, with the understanding that
3 such a program must first be planned and approved by the City with any necessary
4 environmental review; and

5 WHEREAS, The CleanPowerSF program will offer local sustainability services to
6 CleanPowerSF customers including:

7 1. incentives for the installation of solar projects on properties of participating
8 CleanPowerSF customers pursuant to the GoSolarSF Program, and

9 2. augmented energy efficiency programs for the benefit of participating
10 CleanPowerSF customers; and

11 3. study of and possible development of a local build-out of renewable energy facilities,
12 if the City approves such a program after necessary environmental review. The SFPUC has
13 indicated its commitment to studying and, if the City approves such a program, developing a
14 local build-out of renewable energy facilities as a component of CleanPowerSF, and
15 anticipates immediate commencement of that build-out, if such program is approved by the
16 City, when (i) consultant studies and RFP preparation have been concluded, (ii) sufficient
17 revenues are generated or identified to commence the build-out, (iii) SFPUC has completed
18 environmental analysis of the physical impacts of any specific build-out projects where
19 required and made appropriate findings, and (iv) the SFPUC approves a plan, budget, and
20 timeline for the local build-out; and

21 WHEREAS, The SFPUC ~~will commence~~ has commenced studies and RFP preparation
22 for a local build-out of renewable energy facilities consistent with the Ordinance No. 147-07
23 and environmental review requirements of the California Environmental Quality Act, California
24 Public Resources Code Section 21000 et. seq. (CEQA); and

1 WHEREAS, the SFPUC and the Board of Supervisors will explore use of sources of
2 revenue such as 2001 proposition H bonds, municipal bonds, power purchase agreements,
3 public agency loans and/or other favorable financing and contractual mechanisms for local
4 and regional renewable energy generation and also energy demand reduction projects in
5 CleanPowerSF, with the understanding that to the extent that such projects must be are
6 planned and approved by the City and subjected to any necessary environmental review; and

7 WHEREAS, before any specific local build-out programs or projects are approved, the
8 SFPUC will undertake all necessary CEQA review of the proposed programs or projects
9 identified in the study process and of their alternatives, including a no project alternative, and
10 shall obtain all requisite approvals; and

11 **B. Cost Overview**

12 WHEREAS, The SFPUC approved in Resolution 11-0194 and submitted to the Board
13 of Supervisors an appropriation request for \$19.5 million, which is on file with the Clerk of the
14 Board of Supervisors in File No. 111371. The request includes

- 15 1. \$13 million as collateral and reserves required under the Shell agreement,
- 16 2. \$6 million for local sustainability services for CleanPowerSF customers as
17 follows (half to be used in 2013 and half to be used in 2014):
 - 18 a. \$2,000,000 dollars for energy efficiency programs;
 - 19 b. \$2,000,000 dollars for GoSolarSF incentives; and
 - 20 c. \$2,000,000 dollars for studies of local build-out of renewable energy
21 facilities, and
- 22 3. \$500,000 for start-up costs and costs related to the Noble Americas contract for
23 customer billing, data management and other administrative services; and

1 WHEREAS, The \$19.5 million is in addition to a total of \$6 million that already has
2 been appropriated to CleanPowerSF through September 2011, including \$1 million in July
3 2011; and

4 WHEREAS, In the event the CleanPowerSF Program is discontinued or terminated all
5 unspent amounts appropriated, including any of the \$6,000,000 for local sustainability
6 services for CleanPowerSF customers, will be de-appropriated and returned to Hetch Hetchy
7 Power Enterprise fund balance reserves; and

8 **III. Rates for CleanPowerSF Customers**

9 WHEREAS, CleanPowerSF rates will be approved by the SFPUC and Board of
10 Supervisors through the process established in section 8B.125 of the City's Charter, including
11 review by the Rate Fairness Board, and the SFPUC must determine that those rates are
12 sufficient to cover the cost of power and services provided by Shell as well as other costs
13 required for the program prior to launching the program; and

14 WHEREAS, The SFPUC staff will 1) propose rates to the Rate Fairness Board that will
15 cover all costs to provide service to CleanPowerSF customers, including the cost of power it
16 expects Shell to provide, based on market information and consultation with Shell, the cost of
17 the services it expects Noble Americas to provide, and the costs of solar incentives, energy
18 efficiency programs, and studies to guide development of local renewable facilities and 2)
19 include in that proposal a discount for low income customers; the Rate Fairness Board will
20 consider the rate proposal, and may report to the SFPUC regarding its analysis; the SFPUC
21 will establish rates for CleanPowerSF and submit those rates to the Board of Supervisors for
22 its approval or rejection; and

23 WHEREAS, The SFPUC will review the power prices proposed by Shell before it
24 authorizes the General Manager to complete a power purchase transaction, in order to
25

1 determine that the rates established by the SFPUC and Board of Supervisors will be adequate
2 to recover all costs of providing service to customers; and

3 WHEREAS, If the SFPUC determines that the adopted CleanPowerSF rates are not
4 adequate to cover all costs of providing service to CleanPowerSF customers, it will not
5 authorize the General Manager to complete a power purchase transaction and launch the
6 program; and

7 WHEREAS, The SFPUC will recommend the inclusion of a component into
8 CleanPowerSF rates to begin recovering the reserves required for this program within the
9 contract period so that customers of CleanPowerSF will bear the costs of the program; and

10 **IV. Low Income Customers and CleanPowerSF Program Accessibility.**

11 WHEREAS, The SFPUC will include in its CCA rates a discount for low income
12 customers that is commensurate with discounts typically provided to PG&E customers for
13 electric service; and

14 WHEREAS, CleanPowerSF rates should be structured to include a component for a
15 hardship fund to support additional discounts for low income customers that require additional
16 financial assistance to participate in the program; and

17 WHEREAS, The SFPUC should explore various ways of funding the cost of such a
18 discount, including by voluntary donations from other CleanPowerSF customers through their
19 monthly bills, similar to the current California Alternative Rates for Energy (CARE) program
20 offered through PG&E; and

21 WHEREAS, The overall electric bills of CleanPowerSF low income customers can be
22 further reduced by targeting energy efficiency services and GoSolarSF incentives to low
23 income customers; and

1 WHEREAS, These and other mechanisms can be used to minimize barriers to
2 participation in CleanPowerSF by low income residents while maintaining the financial viability
3 of the program; and

4 WHEREAS, Unless the SFPUC can ensure, using these and other mechanisms, that
5 low income CleanPowerSF customers will be offered rates similar to rates for low income
6 customers served by PG&E, the SFPUC shall exclude low income customers in the initial
7 phases of the CleanPowerSF program; and

8 **V. Contract with Shell**

9 WHEREAS, The SFPUC, in consultation with LAFCo, has negotiated the key terms
10 of a contract with Shell for electricity necessary for commencement of the CleanPowerSF
11 Program, and to serve as the primary power purchasing component of the program over its
12 first up to five ~~four and one-half~~ years. The draft contract is on file with the Clerk of the Board
13 of Supervisors in File No. 111340 and declared to be a part of this resolution as if set forth
14 fully herein; and

15 WHEREAS, The draft Shell contract consists of three parts: (i) a Master Agreement
16 (setting forth general terms and conditions and providing that Shell and the City may enter into
17 transactions to buy particular amounts, quantities and types of electric products); (ii) a
18 Security Agreement (giving Shell control over the account that holds the receipts received
19 from CleanPowerSF customers and a first priority security interest in that account); and (iii) a
20 Confirmation (specifying the price, quantity and type of product for specific electricity purchase
21 transactions); and

22 WHEREAS, Shell represents and warrants that no new facilities are required to be
23 constructed in order for Shell to meet its supply obligations under the contract; and
24
25

1 WHEREAS, the contract requires Shell to provide energy to the City with an average
2 carbon content equal to or less than the average carbon content of energy supplied by PG&E
3 to its customers; and

4 WHEREAS, Shell will provide and the City will purchase the following for up to five ~~four~~
5 ~~and one-half~~ years: (i) electricity to serve CleanPowerSF customers; (ii) scheduling
6 coordinator services to go along with the power supplied; and

7 WHEREAS, The contract allows the City and Shell to enter into additional
8 Confirmations for procurement of additional electricity services; and

9 WHEREAS, The contract requires the City to provide \$13 million for startup costs and
10 program reserves, consisting of the following:

11 1. \$7 million to be held in an escrow account subject to joint instructions by the
12 City and Shell, as partial collateral for a termination payment in the event the City defaults and
13 Shell terminates the agreement. The termination payment is intended to cover reasonable risk
14 and costs that might be incurred by Shell should the program cease operations during the
15 contract period. This amount may be reduced in subsequent years of the contract if market
16 conditions and the progressive completion over time of the contract reduce Shell's exposure
17 to potential financial losses (see Sections 2.3(f) and 5.3);

18 2. \$4.5 million to fund a Program Reserve to be deposited into the customer
19 revenues secured account, controlled by Shell. The Program Reserve is intended to provide
20 security to Shell that there will be sufficient cash on hand in the customer revenues secured
21 account to cover Shell's monthly bills. The City must restore the balance of the Program
22 Reserve to at least \$4.5 million within five Business Days of a notice by Shell that the
23 Program Reserve is below this amount (see Sections 2.3(d) and 5.2);

24 3. \$1.5 million to be held by the City in an Operating Reserve, to ensure short-
25 term unanticipated costs associated with startup and initial program expenses do not create

1 long-term program stability issues (for example, additional costs associated with bringing in
2 additional customers, or delays in receipt of revenues, in the event that opt-out rates are
3 higher than anticipated); and

4 WHEREAS, Shell will not have a right to collect the termination payment or the
5 Program Reserve unless and until the City executes a Confirmation and all other conditions
6 are satisfied; and

7 WHEREAS, The draft contract does not specify the amount or price of the electricity to
8 be provided by Shell; these will be determined before the program is launched, after Shell has
9 obtained prices for the electricity it will provide; and

10 WHEREAS, The contract includes terms that are non-standard for City contracts,
11 including a modification to the standard appropriation of funds language (see Section 8.2(c)):

12 1. if Shell terminates the contract as a result of a City default, the General
13 Manager must seek an appropriation or supplemental appropriation to fully fund the applicable
14 termination payment, but approval of such appropriation is within the sole discretion of the
15 SFPUC and/or the Board of Supervisors;

16 2. a failure by the City to pay the full termination payment is an event of default
17 under the Agreement;

18 3. the contract does not include standard City language stating that the
19 contractor assumes the risk of a failure on the part of the City to appropriate additional funds;
20 and

21 WHEREAS, Consistent with standard energy industry practice, it is not an event of
22 default for Shell to fail to deliver a product it is required to provide under the agreement. If
23 Shell fails to deliver a product it contracted to provide:

24 1. the City may purchase a replacement product and charge to Shell the
25 difference between the price of such purchase and the contract price (see Section 4.1);

1 2. in the case of renewable energy and resource adequacy capacity, if penalties
2 are imposed on the City as a result of Shell's failure to perform, Shell must reimburse the City
3 for the penalties (see Sections 4.2 (a) and 4.3);

4 3. in the case of bundled renewable energy, if on an annual basis Shell fails to
5 deliver at least 90% of the product it contracted to provide, in addition to any payments made
6 by Shell described in (i) and (ii) above, Shell must pay the City 25% of the contract price for
7 every MWh Shell failed to deliver (see Section 4.2(b)); and

8 WHEREAS, The contract imposes the following financial requirements on the City and
9 makes it an event of default if the City fails to meet them within the relevant cure periods:

10 1. All receipts from CleanPowerSF customers served by Shell must be
11 deposited in an account controlled by Shell, but owned by the City (see Sections 2.3 (i) and
12 7.4);

13 2. Disbursements from the customer receipts account must be made by Shell
14 in accordance with a pre-established waterfall, pursuant to which on a monthly basis, Shell
15 gets paid first, the Program Reserve is retained, and any amount remaining is transferred to
16 the City (which the City intends to deposit in the CPSF Customer Fund) (see Section 7.3);

17 3. The CleanPowerSF program must be financially healthy, but the City has a
18 sixty day cure period to restore financial health if end of the month financial reports indicate
19 there is a problem (see Section 5.1);

20 4. The termination payment is calculated as the difference between the
21 contract price and the market price of any product the City commits to buy pursuant to a
22 Confirmation; but the termination payment is capped at \$15 million unless the City terminates
23 the CleanPowerSF program at a time when the program is healthy (see Sections 6.2, 6.3, 6.4,
24 6.5); and

1 WHEREAS, The SFPUC approved the draft contract with Shell on December 13, 2011,
2 in Resolution No. 11-0194, and authorized the General Manager to execute the contract,
3 subject to conditions; and

4 **VI. Contract with Noble Americas**

5 WHEREAS, In Resolution 11-0194, on December 13, ~~2012~~ 2011, the Public Utilities
6 Commission authorized the General Manager to negotiate an agreement with Noble Americas
7 (Noble) for customer care and billing services to support CleanPowerSF and directed the
8 General Manager to submit the final contract to the Public Utilities Commission for approval;
9 and

10 WHEREAS, SFPUC staff, in concert with LAFCo staff, has negotiated an agreement
11 with Noble for customer care and billing services, which is on file with the Clerk of the Board
12 of Supervisors in File No. 111340; and

13 WHEREAS, Noble will provide services that include: managing the electronic data
14 exchange with PG&E, maintaining customer information and billing administration systems,
15 providing reports on energy use and billing, preparing settlement quality meter data, tracking
16 opt-out notices, maintaining a customer care operation center and creating a plan for
17 eventually transitioning the services to CleanPowerSF; and

18 WHEREAS, Noble will make commercially reasonable efforts to locate a customer
19 care center in San Francisco in order to provide local jobs; and

20 WHEREAS, Other key terms of the Noble agreement include the following:

- 21 1. the term is 4.5 years and the guaranteed maximum cost is \$9 million dollars;
22 2. the total monthly fees charged by Noble for the CleanPowerSF program will be at
23 least \$25,000 per month;

1 3. the City can cancel the agreement without charge prior to the start up date, but if the
2 cancellation occurs after that date, CleanPowerSF will pay a cancellation fee based on
3 milestones, up to a maximum amount of \$250,000; and

4 4. the agreement will become effective after satisfaction of specified conditions,
5 including, appropriation of necessary funds and approval by the SFPUC; and

6 **VII. Conditions for Contract Effectiveness and CleanPowerSF Program Launch**

7 WHEREAS, Even after approval by the Board of Supervisors and execution by the
8 General Manager, the Shell contract will not become effective until satisfaction of conditions
9 established by the contract as well as those established by the SFPUC and the Board of
10 Supervisors; and

11 WHEREAS, The Shell contract establishes conditions that must be satisfied before it
12 becomes effective, including but not limited to the following: (i) the conditions placed by the
13 City on the launch of CleanPowerSF have been satisfied; (ii) the City has directed PG&E to
14 deposit the payments from CleanPowerSF customers for amounts due to the City for
15 CleanPowerSF services into a customer receipts account controlled by Shell; (iii) the City has
16 entered into an agreement that gives Shell control of the customer receipts account, has
17 granted Shell a first priority lien on the amounts in the account, and has appropriated and
18 deposited \$4.5 million in the account; (iv) the City has appropriated and placed \$7 million
19 dollars into an escrow account as collateral for a termination payment to Shell in the event of
20 a City default; (v) the CPUC has accepted an amendment to the City's implementation plan
21 and statement of intent filed with the CPUC pursuant to California Public Utilities Code
22 Section 366.3, that identifies Shell as the primary supplier of power for CleanPowerSF; and
23 (vi) the City has posted the CCA Bond required by the CPUC and advised Shell of the amount
24 thereof; and
25

1 WHEREAS, The SFPUC in its December 2011 resolution established the following
2 conditions which must be satisfied before the Shell contract becomes effective: (i)
3 CleanPowerSF rates are approved by the SFPUC and Board of Supervisors through the
4 process established in section 8B.125 of the City's Charter, and the SFPUC has determined
5 that those rates are sufficient to cover the cost of power and services provided by Shell as
6 well as other costs required for the program, (ii) the CPUC has made its final determination of
7 the CCA bond amount required by Public Utilities Code Section 366.2 and the SFPUC has the
8 resources and all necessary authorizations to obtain the bond, (iii) all appropriations required
9 by the CCA supplier contracts have been authorized, and (iv) the SFPUC Power Enterprise
10 has rates in place to be financially stable and in compliance with its reserve policies, and (v) a
11 contract for customer billing, data management and other administrative services with Noble
12 Americas or another entity has been approved; and

13 WHEREAS, This action is not considered a "project" as defined in the California
14 Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA")
15 for the reasons set forth in the memorandum prepared by the Bureau of Environmental
16 Management for the SFPUC dated July ~~18~~, 2012. Said memorandum is on file with the Clerk
17 of the Board of Supervisors in File No. 111340 and is incorporated herein by reference; now,
18 therefore, be it

19 RESOLVED, That any proposed projects for local build-out of renewable energy
20 facilities will be subject to SFPUC and Board of Supervisors review of environmental impacts
21 and compliance with the CEQA prior to Board of Supervisors approval of appropriations or
22 financing of such projects; and, be it

23 FURTHER RESOLVED, That the SFPUC ~~should~~ and the City will work with
24 stakeholders to establish favorable bond capacity and financing mechanisms, including 2001
25 proposition H bonds and use of collateral, for the local build-out of new renewable generation

1 projects and demand reduction as components of CleanPowerSF, if such programs are
2 planned and approved by the City; and, be it

3 ~~FURTHER RESOLVED, That the Board of Supervisors intends that the steps to study,~~
4 ~~plan, prepare RFPs and submit for City approval a local renewables build-out be commenced~~
5 ~~as soon as practicable; and be it~~

6 FURTHER RESOLVED, That because a timely integration of the local build-out of
7 renewables and efficiency, if such build-out is approved by the City, would enhance the
8 economic and structural characteristics of CleanPowerSF, and planning and RFP preparation
9 for such build-out is planned to be completed by SFPUC consultants by November of 2012,
10 and that, to the extent such work is completed on time, RFP's should be released in
11 accordance with SFPUC Task Order Title: Modeling and Conceptual Framework for CCA
12 Deployment, to solicit bids for the local build-out work identified in that task order, on or before
13 February 1, 2013; and, be it

14 FURTHER RESOLVED that the Board of Supervisors supports expenditure by the
15 SFPUC of six million dollars for CleanPowerSF participating customers, including \$2,000,000
16 for energy efficiency, \$2,000,000 for studies related to local build-out activities, and
17 \$2,000,000 for GoSolarSF, which will further environmental quality and local job creation but
18 would only be expended if the CleanPowerSF program is launched; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors directs the SFPUC to give
20 priority to low-income CleanPowerSF customers for receipt of energy efficiency and
21 GoSolarSF services and to undertake an aggressive outreach campaign to such customers
22 for these services; and be it

23 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to
24 minimize barriers to participation in CleanPowerSF for low income residents while maintaining
25

1 the financial viability of the program and urges the San Francisco Public Utilities Commission
2 to balance these objectives in establishing rates for CleanPowerSF; and be it

3 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to
4 provide an appropriate rate discount for low income CleanPowerSF customers and to
5 incorporate into all CleanPowerSF rates a component for a hardship fund to support additional
6 discounts for low income customers that require additional financial assistance to participate
7 in the program; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors directs the SFPUC to
9 undertake an extensive public education and outreach campaign, in multiple languages, and
10 with particular attention to low-income communities, to ensure that prior to the opt-out process
11 targeted residents in each phase are fully aware of the program, its features and its costs;
12 and, be it

13 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to
14 eliminate the CleanPowerSF departure charge for a CleanPowerSF residential customer
15 returning to PG&E service for at least a 6 month period, and after that time period, to set the
16 charge at no more than a de minimis amount of five dollars; and be it

17 FURTHER RESOLVED, That, pursuant to Charter Sec. 8B125, the Board will
18 consider rejecting rates that do not reflect the policies described in this resolution to address
19 the needs of low-income and monolingual communities; and be it

20 FURTHER RESOLVED, That the Board of Supervisors, subject to all conditions set
21 forth in the contract and this resolution and all conditions adopted by the SFPUC, authorizes
22 the General Manager of the Public Utilities Commission to execute approves the contract with
23 Shell in substantially the form on file with the Clerk of the Board of Supervisors, with such
24 additions or modifications as may be acceptable to the General Manager of the Public Utilities
25

1 Commission and the City Attorney, and that do not materially decrease the intended public
2 benefits to the City; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
4 Manager, in consultation with the City Attorney, and on approval of the SFPUC, to amend or
5 modify the Shell contract, including the Master Agreement, the Security Agreement, and any
6 Confirmations, to the extent that such amendment or modification does not materially change
7 the terms or decrease the intended public benefits to the City; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
9 Manager to execute an initial Confirmation to purchase power from Shell provided that (1) the
10 amount of electricity procurement shall not exceed an average of 30 MWs, (2) the conditions
11 set forth in the Shell contract are satisfied, and (3) the conditions imposed by the SFPUC and
12 the Board of Supervisors on effectiveness of the contract and program launch are satisfied;
13 and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the General
15 Manager to enter into additional Confirmations, on approval of the SFPUC, so long as the
16 Charter does not require approval by the Board of Supervisors and the SFPUC has
17 determined that CleanPowerSF rates approved by the SFPUC and Board of Supervisors
18 through the process established in section 8B.125 of the City's Charter, are sufficient to cover
19 the cost of additional power and services provided by Shell pursuant to the additional
20 Confirmation, as well as other costs required for the program.



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 111340

Date Passed: September 18, 2012

Resolution authorizing the Public Utilities Commission, subject to conditions, to launch the CleanPowerSF program, approving local sustainability services for CleanPowerSF customers, and authorizing the General Manager of the Public Utilities Commission to execute a contract with Shell Energy North America for a term of up to five years for services required to launch the CleanPowerSF program; and delegating authority to non-materially amend or modify the contract.

September 12, 2012 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

September 12, 2012 Budget and Finance Committee - RECOMMENDED AS AMENDED

September 18, 2012 Board of Supervisors - AMENDED


September 18, 2012 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener

Noes: 3 - Chu, Elsbernd and Farrell

File No. 111340

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 9/18/2012 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board

UNSIGNED


Mayor

9/28/12

Date Approved

Date: September 28, 2012

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter.


Angela Calvillo
Clerk of the Board

File No.
111340