

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

TO: Ed Reiskin, Executive Director, Municipal Transportation Agency
Harlan Kelly, Jr., General Manager, Public Utilities Commission
Ivar C. Satero, Airport Director, Airport Department
Elaine Forbes, Executive Director, Port Department
Joanne Hayes-White, Chief, Fire Department
William Scott, Police Chief, Police Department
Greg Wagner, Acting Director, Department of Public Health
Andrico Penick, Acting Director, Real Estate Division
Phil Ginsburg, General Manager, Recreation and Parks Department

FROM: Erica Major, Assistant Clerk
Land Use and Transportation Committee

DATE: September 19, 2018

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Public Utilities Commission on September 11, 2018:

File No. 180850

Ordinance authorizing the Director of Transportation of the Municipal Transportation Agency (MTA) and the General Manager of the Public Utilities Commission (PUC) to enter into interconnection agreements with Pacific Gas and Electric Company (PG&E) for a solar power project at the MTA's Field Operations Facility for a term in excess of ten years; authorizing the PUC's General Manager to enter into an interconnection agreement for Burton High School for a term in excess of ten years; delegating authority to the PUC's General Manager, the MTA's Director of Transportation, and the heads of the San Francisco International Airport, Port of San Francisco, Fire Department, Police Department, Department of Public Health, Real Estate Division, and Recreation and Park Department, or their respective designees, to enter into form interconnection agreements for solar projects with PG&E for terms in excess of ten years, subject to specified conditions; and authorizing deviations from certain otherwise applicable contract requirements in the Administrative Code and the Environment Code, as defined herein.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: erica.major@sfgov.org.

- c: Janet Martinsen, Municipal Transportation Agency
- Kate Breen, Municipal Transportation Agency
- Dillon Auyoung, Municipal Transportation Agency
- Juliet Ellis, Public Utilities Commission
- Donna Hood, Public Utilities Commission
- John Scarpulla, Public Utilities Commission
- Cathy Widener, Airport Department
- Daley Dunham, Port Department
- Kelly Alves, Fire Department
- Rowena Carr, Police Department
- Asja Steeves, Police Department
- Sergeant Rachael Kilshaw, Police Department
- Dr. Naveena Bobba, Department of Public Health
- Sneha Patil, Department of Public Health
- Sarah Madland, Recreation and Parks Department

[Authorizing Agreements - Connection of City Solar Projects with Pacific Gas and Electric Company - Public Utilities Commission]

Ordinance authorizing the Director of Transportation of the Municipal Transportation Agency (MTA) and the General Manager of the Public Utilities Commission (PUC) to enter into interconnection agreements with Pacific Gas and Electric Company (PG&E) for a solar power project at the MTA's Field Operations Facility for a term in excess of ten years; authorizing the PUC's General Manager to enter into an interconnection agreement for Burton High School for a term in excess of ten years; delegating authority to the PUC's General Manager, the MTA's Director of Transportation, and the heads of the San Francisco International Airport, Port of San Francisco, Fire Department, Police Department, Department of Public Health, Real Estate Division, and Recreation and Park Department, or their respective designees, to enter into form interconnection agreements for solar projects with PG&E for terms in excess of ten years, subject to specified conditions; and authorizing deviations from certain otherwise applicable contract requirements in the Administrative Code and the Environment Code, as defined herein.

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

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

SECTION 1. FINDINGS.

(a) In Ordinance No. 81-08, the Board of Supervisors articulated a goal for the City and County of San Francisco ("City") to use electricity produced by renewable and

1 greenhouse gas-free resources for all City electric needs served by the City's Public Utilities
2 Commission ("PUC") by 2030.

3 (b) As the Board of Supervisors recognized in Ordinance Nos. 71-16 and 221-16,
4 which require renewable energy facilities on certain new building construction, on-site solar
5 projects are a critical component of achieving the City's renewable and greenhouse gas free
6 energy goals. City departments and other PUC power customers have installed and plan to
7 install additional on-site solar projects that will help meet those goals.

8 (c) These solar projects require agreements with Pacific Gas & Electric ("PG&E") to
9 connect to the electrical grid. There are several different types of these agreements, called
10 "interconnection agreements." The particular type of agreement used for a project depends
11 on the details of the project and the applicable PG&E requirements. Some projects require
12 more than one agreement. These interconnection agreements are form agreements
13 approved by either the California Public Utilities Commission or the Federal Energy
14 Regulatory Commission, and are not subject to modification.

15 (d) The Board of Supervisors has approved interconnection agreements between the
16 PUC and PG&E for on-site solar projects in Resolution Nos. 554-07 (San Francisco
17 International Airport Terminal 3), 441-11 (MUNI Woods Motor Coach Facility), 374-12
18 (Alvarado Elementary School), 371-13 (Municipal Transportation Agency building at 700
19 Pennsylvania Avenue), 008-14 (Davies Symphony Hall), and 472-16 (Willie Brown Middle
20 School).

21 (e) In Ordinance No. 144-14, the Board of Supervisors authorized the General
22 Manager of the PUC to enter into an agreement with PG&E for interconnection of a solar
23 project for the North Beach Branch Library at 850 Columbus Ave. The Board of Supervisors
24 also delegated to the General Manager of the PUC authority to execute similar
25 interconnection agreements with PG&E that are necessary to connect City renewable projects

1 to the electrical grid without further Board of Supervisors approval, subject to specified
2 conditions.

3 (f) The term of these interconnection agreements is indefinite, ensuring the facilities
4 will remain connected to the electrical grid for as long as they operate. For this reason, Board
5 of Supervisors approval is required by Charter Section 9.118(b).

6 (g) The cost of these agreements is generally small, ranging from no cost to
7 approximately \$2,500 for some recent agreements.

8 9 **SECTION 2. INTERCONNECTION AGREEMENTS.**

10 (a) PG&E Form Interconnection Agreements for Projects Developed and Owned by
11 PUC Power Customers.

12 (1) PG&E's interconnection agreements for projects developed and owned by
13 PUC customers, including City departments, are Form No. 79-988 (Generating Facility
14 Interconnection Agreement (Third Party Non-Exporting)) ("Third-Party Interconnection
15 Agreement") and Form No. 79-992 (Customer Generation Agreement (Third Party Generator
16 on Premises Non-Exporting)) ("Customer Generation Agreement").

17 (2) The Third-Party Interconnection Agreement is for PUC power customers to
18 execute. The Customer Generation Agreement is for the PUC General Manager to execute.

19 (3) The terms of the Third-Party Interconnection Agreement and the Customer
20 Generation Agreement are of an indefinite duration to ensure that the projects remain
21 interconnected.

22 (4) The City may terminate both the Third-Party Interconnection Agreement and
23 the Customer Generation Agreement for any reason upon 60 days' notice to PG&E.

24 (5) The City Attorney has approved the limitation of liability language set forth in
25 the Third-Party Interconnection Agreement and the Customer Generation Agreement.

1 (6) The City's Risk Manager has approved the insurance language set forth in
2 the Third-Party Interconnection Agreement.

3 (7) The Third-Party Interconnection Agreement and the Customer Generation
4 Agreement do not require the payment of any fees or costs by the City to PG&E.

5 (8) The Third-Party Interconnection Agreement and the Customer Generation
6 Agreement are on file with the Clerk of the Board of Supervisors in File No. _____, and are
7 hereby declared to be a part of this ordinance as if set forth fully herein.

8 (b) Wholesale Distribution Tariff ("WDT") Interconnection Agreement.

9 (1) City solar projects may also interconnect to PG&E's electrical grid using a
10 WDT Interconnection Agreement.

11 (2) The term of the WDT Interconnection Agreement is a minimum 10 years,
12 with automatic renewal for successive one-year periods thereafter.

13 (3) The WDT Interconnection Agreement is subject to termination by the City for
14 any reason upon 20 days' notice to PG&E.

15 (4) The City Attorney has approved the limitation of liability language set forth in
16 the WDT Interconnection Agreement.

17 (5) The PUC Risk Manager has approved the insurance language set forth in
18 the WDT Interconnection Agreement.

19 (6) The WDT Interconnection Agreement is on file with the Clerk of the Board of
20 Supervisors in File No. _____, and is hereby declared to be a part of this ordinance as if set
21 forth fully herein.

1 **SECTION 3. WAIVER OF CERTAIN CONTRACT-RELATED REQUIREMENTS IN THE**
2 **ADMINISTRATIVE CODE AND THE ENVIRONMENT CODE FOR WDT**
3 **INTERCONNECTION AGREEMENTS.**

4 (a) The WDT Interconnection Agreement does not contain standard City contract
5 provisions. Since the WDT Interconnection Agreement is a form agreement approved by the
6 Federal Energy Regulatory Commission, it cannot be modified to add standard City contract
7 provisions. The WDT Interconnection Agreement is necessary and beneficial to the City
8 because it allows on-site solar projects developed by the PUC and its customers to connect to
9 the electrical grid. The costs to the City of the WDT Interconnection Agreement are minimal;
10 recent WDT Interconnection Agreements resulted in costs of approximately \$2,500. The City
11 may terminate the agreement for any reason if the City chooses.

12 (b) For the reasons specified in subsection (a) above, the Board of Supervisors hereby
13 grants waivers of the following standard contract requirements and finds such waivers to be
14 reasonable and in the public interest:

- 15 (1) Implementing the MacBride Principles (Admin. Code Chapter 12F);
16 (2) Increased participation by small and micro local businesses in City contracts
17 (Admin. Code Chapter 14B);
18 (3) The competitive bidding requirements (Admin. Code Section 21.1);
19 (4) First source hiring requirements (Admin. Code Chapter 83); and
20 (5) The tropical hardwood and virgin redwood ban (Environ. Code Chapter 8).

21 (c) The Board of Supervisors also waives the otherwise applicable requirement to
22 include in said agreements references to the following Municipal Code provisions and finds
23 such waivers to be reasonable and in the public interest:

- 24 (1) Public access to meetings and records of non-profit organizations (Admin.
25 Code Section 12L);

1 (2) Sweatfree contracting (Admin. Code Section 12U.4); and

2 (3) Food service waste reduction (Environ. Code Section 1605).

3
4 **SECTION 4. GRANT OF AUTHORITY TO ENTER INTO INTERCONNECTION**
5 **AGREEMENTS WITH PG&E.**

6 (a) MTA Third Party Interconnection Agreement with PG&E.

7 (1) The San Francisco Municipal Transportation Agency ("MTA") has developed
8 and will own and operate a solar project at its Field Operations Facility located at 1508
9 Bancroft. The project is part of Public Works Contract 8024A, which was awarded to
10 construct improvements at the Field Operations Facility ("Bancroft Improvement Project").
11 The project is fully funded through SFMTA Operating funds. On August 21, 2018, the MTA's
12 Board of Directors adopted a Resolution authorizing the General Manager of the MTA to enter
13 into a Third Party Interconnection Agreement with PG&E for interconnection of the Field
14 Operations Facility solar project located at 1508 Bancroft Avenue (Resolution No. 180821-
15 111). The MTA's Board Resolution and supporting material are on file with the Clerk of the
16 Board of Supervisors in File No. _____, and are hereby declared to be a part of this
17 ordinance as if set forth fully herein.

18 On October 18, 2016, the MTA determined (Case Number 2016-014593ENV)
19 that the Bancroft Improvement Project is exempt from the California Environmental Quality Act
20 ("CEQA") as defined in Title 14 of the California Code of Regulations Section 15301. There
21 have been no material changes to the project since this CEQA determination. A copy of the
22 CEQA determination is on file with the Secretary to the MTA Board of Directors, and may be
23 found in the records of the Planning Department at 1650 Mission Street in San Francisco, and
24 is incorporated herein by reference.
25

1 (2) The Board of Supervisors authorizes the General Manager of the MTA to
2 enter into a Third Party Interconnection Agreement with PG&E for interconnection of the Field
3 Operations Facility solar project located at 1508 Bancroft Avenue, substantially in the form of
4 the agreement on file with the Clerk of the Board of Supervisors in File No. _____, with
5 such changes or modifications, including modifications to the exhibits, as may be acceptable
6 to the General Manager of the MTA and the City Attorney and which do not materially
7 increase the obligations and liabilities of the City.

8 (b) PUC Customer Generation Agreement with PG&E.

9 The Board of Supervisors authorizes the General Manager of the PUC to enter into a
10 Customer Generation Agreement with PG&E for the MTA Field Operations Facility located at
11 1508 Bancroft, substantially in the form of the Agreement on file with the Clerk of the Board of
12 Supervisors in File No. _____, with such changes or modifications, including modifications
13 to the exhibits, as may be acceptable to the General Manager of the PUC and the City
14 Attorney and which do not materially increase the obligations and liabilities of the City.

15 (c) PUC WDT Interconnection Agreement with PG&E.

16 (1) The PUC has installed and will operate and maintain a 150 kW rooftop solar
17 electric system at Burton High School, located at 400 Mansell Street. Funding for the Burton
18 High project was included in the PUC's budget.

19 (2) On January 19, 2016, the City's Planning Department determined (Case
20 Number 2016-000761ENV) that the Burton High School solar project is exempt from CEQA as
21 defined in Title 14 of the California Code of Regulations Section 15301. There have been no
22 material changes to the project since this CEQA determination. A copy of the CEQA
23 determination may be found in the records of the Planning Department at 1650 Mission Street
24 in San Francisco, and is incorporated herein by reference.
25

1 (3) The Board of Supervisors authorizes the General Manager of the PUC to
2 enter into a WDT Interconnection Agreement with PG&E for interconnection of the project at
3 Burton High at 400 Mansell Street, substantially in the form of the agreement on file with the
4 Clerk of the Board of Supervisors in File No. _____, with such changes or modifications,
5 including modifications to the exhibits, as may be acceptable to the General Manager of the
6 PUC and the City Attorney and which do not materially increase the obligations and liabilities
7 of the City.
8

9 **SECTION 5. DELEGATION OF AUTHORITY UNDER CHARTER SECTION 9.118(b).**

10 The Board of Supervisors authorizes: 1) The Director of Transportation of the MTA and
11 the heads of the San Francisco International Airport, Port of San Francisco, Fire Department,
12 Police Department, Department of Public Health, Real Estate Division, and Recreation and
13 Parks Department, or their respective designees, to enter into Third-Party Interconnection
14 Agreements or other similar interconnection agreements with PG&E, and 2) the General
15 Manager of the PUC to execute Customer Generation Agreements and WDT Interconnection
16 Agreements or other similar interconnection agreements with PG&E. The various
17 authorizations in this paragraph are subject to the following conditions:

18 (a) The agreements would not require Board of Supervisors approval except pursuant
19 to Charter Section 9.118(b) for terms exceeding 10 years;

20 (b) The agreements are necessary to connect solar projects to the electrical grid;

21 (c) If necessary, the solar projects associated with the agreements and any fees or
22 costs associated with the agreements have been included in the department's capital plan or
23 budget or have otherwise been approved by the department;
24
25

1 (d) Environmental review of the solar projects associated with the agreements is not
2 required or has been completed and any necessary mitigation measures have been or will be
3 put in place; and


4 (e) The City Attorney and the General Manager of the PUC, or, as applicable, the
5 Director of Transportation of the MTA or head of the relevant City department or division, or
6 designee, as specified in the first paragraph of this Section 5, determine that the agreements
7 are for the same purpose as and substantially in the form of the agreements on file with the
8 Clerk of the Board of Supervisors in File No. _____, with such changes or modifications,
9 including modifications to the exhibits, as may be acceptable to the City Attorney and the
10 General Manager of the PUC, or, as applicable, the Director of Transportation of the MTA or
11 head of the relevant City department or division, or designee, as specified in the first
12 paragraph of this Section 5, and which do not materially increase the obligations and liabilities
13 nor decrease the rights of the City as compared to the forms approved here.

14
15 **SECTION 6. EFFECTIVE DATE.**

16 (a) This ordinance shall become effective 30 days after enactment. Enactment occurs
17 when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not
18 sign the ordinance within 10 days of receiving it, or the Board of Supervisors overrides the
19 Mayor's veto of the ordinance.

20
21 APPROVED AS TO FORM:
22 DENNIS J. HERRERA, City Attorney

23 By:


24 THERESA L. MUELLER
Deputy City Attorney

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LEGISLATIVE DIGEST

[Authorizing Agreements - Connection of City Solar Projects with Pacific Gas and Electric Company - Public Utilities Commission]

Ordinance authorizing the Director of Transportation of the Municipal Transportation Agency (MTA) and the General Manager of the Public Utilities Commission (PUC) to enter into interconnection agreements with Pacific Gas and Electric Company (PG&E) for a solar power project at the MTA's Field Operations Facility for a term in excess of 10 years; authorizing the PUC's General Manager to enter into an interconnection agreement for Burton High School for a term in excess of 10 years; delegating authority to the PUC's General Manager, the MTA's Director of Transportation, and the heads of the San Francisco International Airport, Port of San Francisco, Fire Department, Police Department, Department of Public Health, Real Estate Division, and Recreation and Parks Department, or their respective designees, to enter into form interconnection agreements for solar projects with PG&E for terms in excess of 10 years, subject to specified conditions; and authorizing deviations from certain otherwise applicable contract requirements in the Administrative Code and the Environment Code, as defined herein.

Existing Law

Section 9.118(b) of the Charter requires approval by the Board of Supervisors for agreements with an expected term longer than ten years or requiring expenditures of 10 million dollars or more.

The San Francisco municipal codes contain many contracting requirements for the procurement of goods and services. In certain instances, the Board of Supervisors may exempt contracts from these requirements via ordinance.

Amendments to Current Law

This ordinance would not amend current law.

Background Information

The City requires renewable energy facilities on certain new building construction and has a goal to use electricity produced by renewable and greenhouse gas-free resources for all City electric needs served by the City's Public Utilities Commission ("PUC") by 2030. On-site, rooftop solar projects are critical to meeting these City goals and requirements. These solar projects require various different agreements (called interconnection agreements) with Pacific Gas & Electric ("PG&E") in order to connect to the electrical grid. These agreements have

terms of longer than ten years so require approval by the Board of Supervisors under Section 9.118(b) of the Charter. The Board of Supervisors has approved interconnection agreements for numerous solar projects in the past.

This ordinance would grant approval for the Municipal Transit Agency (“MTA”) and the PUC to enter into interconnection agreements with PG&E for two solar projects.

The ordinance would also delegate the Board of Supervisors’ authority under Charter section 9.118(b) to allow MTA, PUC, and other City departments to enter into interconnection agreements with PG&E that exceed ten years.

The ordinance makes this delegation of authority subject to several conditions specified in section 5, including the following: the agreements are necessary to connect solar projects to the grid, the solar projects and any fees and costs associated with the agreements (which are minimal) have been approved by the City department, and environmental review is not required or has been completed, including any necessary mitigation measures.

Finally, this ordinance would grant approval for PUC to enter into agreements that deviate from the City’s standard contracts. The ordinance would allow the General Manager of the PUC to waive certain City contracting requirements since it is not feasible to include those requirements in these agreements.

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