File No. 181179

Committee Item No. _____ Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget & Finance Committee

Date_	January	24,2019
Date		

Board of Supervisors Meeting

Cmte Board

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Completed by:_	Linda Wong	Date	January 18. 2019
Completed by:	Linda Wong	Date	

AMENDED IN COMMITTEE 1/17/19

FILE NO. 181179

RESOLUTION NO.

[Service Agreement - Pacific Gas and Electric Company - CleanPowerSF - Not to Exceed \$20,000,000]

Resolution retroactively approving a service agreement between Pacific Gas and Electric Company and the City and County of San Francisco, for services to CleanPowerSF for a term of ten years, from January 1, 2019, through December 31, 2028, in a total amount not to exceed \$20,000,000.

WHEREAS, In May 2016, the San Francisco Public Utilities Commission (PUC) launched San Francisco's Community Choice Aggregation (CCA) program,

CleanPowerSF; and

WHEREAS, The goals of CleanPowerSF are to provide affordable and reliable electricity services, cleaner energy alternatives advancing the City's Greenhouse Gas reduction goals, investment in local renewable energy projects and jobs, and long-term rate and financial stability; and

WHEREAS, The California Public Utilities Commission (CPUC) requires all CCAs execute a Service Agreement with their investor owned utility; for CleanPowerSF the utility is Pacific Gas and Electric Company (PG&E); and

WHEREAS, The Service Agreement is a tariffed agreement in which CleanPowerSF agrees to comply with the terms and conditions of PG&E's tariff governing the provision of services to CCAs such as metering, billing, and transfers of customers to and from the CCAs; and

WHEREAS, The Service Agreement sets forth general contract provisions governing the relationship between the parties, such as billing and payment, dispute resolution, audits, and indemnities; and

WHEREAS, Because the Service Agreement is part of PG&E's CPUC approved tariff, it is not possible to include the City's standard terms and conditions; and

WHEREAS, The Service Agreement does not contain any costs; the costs and fees for CCA service are established by the CPUC and contained in the PG&E tariff; and

WHEREAS, The total cost of CCA service pursuant to the tariff can change from year to year depending on the type of services provided; for example, CleanPowerSF anticipates higher costs in 2019 due to its anticipated expansion to all residential customers in the City; and

WHEREAS, CleanPowerSF estimates that its costs under the tariff will not exceed \$2,000,000 per year; and

WHEREAS, CleanPowerSF's current Service Agreement with PG&E expires on December 31, 2018, and CleanPowerSF must execute a new Service Agreement in order to continue to provide CCA service; and

WHEREAS, The Public Utilities Commission approved the Service Agreement on November 13, 2018, in Resolution No. 18-0186; and

WHEREAS, The Service Agreement is on file with the Clerk of the Board of Supervisors in File No. 181179; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby authorizes the General Manager of the Public Utilities Commission to execute the Service Agreement with Pacific Gas and Electric Company with total costs not to exceed \$20,000,000 with the term of January 1, 2019, through December 31, 2028; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby authorizes the General Manager of the Public Utilities Commission to make amendments to the contract, as needed, that do not materially increase the obligations or liabilities of the City; and, be it FURTHER RESOLVED, That within thirty (30) days of service agreement being fully executed by all parties the SFPUC shall provide the final agreement to the Clerk of the Board for inclusion into the official file.

Item 1Department:File 18-1179Public Utilities Commission (PUC)(Continued from January 17, 2019)EXECUTIVE SUMMARY

Legislative Objectives

• The proposed resolution retroactively approves a service agreement between the San Francisco Public Utilities Commission (SFPUC) and PG&E for ten years from January 1, 2019 through December 31, 2028. The resolution would also authorize the SFPUC General Manager to make amendments to the agreement, as needed, that do not materially increase the obligations or liabilities of the City.

Key Points

- State law allows cities and counties to develop Community Choice Aggregation (CCA) programs through which local governments supply electricity to participating customers within their jurisdictions while the existing private utility (PG&E in San Francisco) continues to provide various services including billing, transmission, and distribution. San Francisco's CCA program ("CleanPowerSF") is in the process of phasing in service to residential customers citywide.
- Under the service agreement, PG&E provides meter reading and billing services to CleanPowerSF customers and remits customer payments to CleanPowerSF. The service agreement requires each party to comply with the terms of the CCA tariffs set by the California Public Utilities Commission and includes provisions for audits, dispute resolution, events of default, indemnity, and billing CCA customers and remitting payments to CleanPowerSF. The City retains the ability to audit PG&E's records.

Fiscal Impact

- Of the \$20,000,000 not-to-exceed amount for this agreement, CleanPowerSF estimates that it will pay PG&E \$19,033,151 over 10 years for CCA services based on tariffs set by the California Public Utilities Commission. The remaining \$966,849 represents a contingency of approximately 5 percent to cover costs if customer enrollment in CleanPowerSF is higher than estimated.
- The costs associated with PG&E services provided under the service agreement are paid from CleanPowerSF revenues.

Recommendations

- Amend the proposed resolution to correctly state that the service agreement end date is December 31, 2028.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that has a term of more than ten years or requires expenditures of \$10 million or more is subject to Board of Supervisors approval.

BACKGROUND

Community Choice Aggregation

State law allows cities and counties to develop Community Choice Aggregation (CCA) programs, through which local governments supply electricity to participating customers within their jurisdictions while the existing private utility (PG&E in San Francisco) continues to provide various services including billing, transmission, and distribution. San Francisco's CCA program ("CleanPowerSF") is in the process of phasing in service to residential customers citywide.

CleanPowerSF offers two levels of supply service: (1) Green, the default service which contains at least 40 percent renewable energy; and (2) SuperGreen, a premium option which offers 100 percent renewable energy. Residential and business customers are automatically phased into the CleanPowerSF program based on their location and are given opportunities to opt-out of participating in the program.

Approximately 116,000 customer accounts with average electricity demand of about 230 megawatts (MW) are currently enrolled in CleanPowerSF. Full-scale citywide enrollment is planned to occur by April 2019 and would involve approximately 280,000 additional customers, for a total of approximately 396,000 customer accounts with average electricity demand of approximately 350 MW. The opt-out rate is 3.2 percent.

After April 2019, the only remaining accounts to be enrolled will be the largest commercial accounts which account for approximately twelve percent of citywide electricity demand.

Previous CleanPowerSF Legislation

The Board of Supervisors has previously authorized the San Francisco Public Utilities Commission (SFPUC) to enter into long-term renewable energy supply agreements for CleanPowerSF without further Board of Supervisors approval:

- In May 2015, the Board of Supervisors authorized the SFPUC General Manager to use pro forma agreements to purchase and sell renewable electricity to operate the CleanPowerSF program (File No. 15-0408; Ordinance No. 75-15);
- In December 2015, the Board of Supervisors authorized the SFPUC General Manager to enter into agreements requiring expenditures of \$10 million or more for power and related products and services to launch the initial phases of CleanPowerSF (File No. 15-1123; Ordinance No. 223-15); and
- In January 2018, the Board of Supervisors authorized the SFPUC General Manager to enter into agreements for renewable energy with terms in excess of ten years or requiring expenditures of \$10 million or more for power and related products and

services for citywide expansion of CleanPowerSF; and authorized deviations from contract requirements in the Administrative Code and the Environment Code (File No. 17-1172; Ordinance No. 8-18).

In addition, in September 2018, the Board of Supervisors authorized the SFPUC General Manager to enter into future agreements (executed within the next five years) requiring binding arbitration for purchase of electricity, if certain conditions were met; and retroactively authorized three agreements between CleanPowerSF and Pacific Gas & Electric Company (PG&E) for purchase of electricity-related products requiring binding arbitration (File 18-0708, Ordinance No. 227-18).

Community Choice Aggregation Service Agreement with PG&E

In 2010, SFPUC entered into a Community Choice Aggregation (CCA) service agreement with PG&E for a period of two years, commencing May 27, 2010. On May 25, 2012, SFPUC executed an amendment extending the agreement until December 31, 2018, for a total term of eight years and seven months. The agreement did not specify a dollar amount. According to Mr. Christopher Whitmore, Local Policy Analyst for SFPUC, at the time of the contract execution, it was unclear whether or when the City would be commencing services to customers under CleanPowerSF. The agreement was required for the City to be certified to operate a CCA program. CleanPowerSF did not start serving customers until May 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution retroactively approves a service agreement between SFPUC and PG&E for ten years from January 1, 2019 through December 31, 2028. The resolution would also authorize the SFPUC General Manager to make amendments to the agreement, as needed, that do not materially increase the obligations or liabilities of the City.

Under the service agreement, PG&E provides meter reading and billing services to CleanPowerSF customers and remits customer payments to CleanPowerSF. The service agreement requires each party to comply with the terms of the CCA tariffs,¹ and includes provisions for audits, dispute resolution, events of default, indemnity, and billing CCA customers and remitting payments to CleanPowerSF. The City retains the ability to audit PG&E's records.

Line maintenance, metering, and outage response services are not a component of this agreement. Those services are provided directly to customers by PG&E, and customers pay for those services through PG&E delivery charges on their bill.

According to Mr. Whitmore, CCA service agreements with PG&E are typically for an indefinite period of time. However, since the Charter requires the Board of Supervisors to approve contracts over ten years, the SFPUC is seeking a 10-year contract to provide stability and security to the City's CCA program.

¹ The California Public Utilities Commission sets tariffs, or a pricing schedule that utilities offer to CCA programs for various services, such as billing. A utility must have CPUC approval before changing any of the tariffs.

FISCAL IMPACT

Of the \$20,000,000 not-to-exceed amount for this agreement, CleanPowerSF estimates that it will pay PG&E \$19,033,151 for CCA services over the next ten years based on tariffs set by the California Public Utilities Commission, as shown in Table 1 below. The remaining \$966,849 represents a contingency of approximately 5 percent to cover costs if customer enrollment in CleanPowerSF is higher than estimated in Table 2 below.

Total	\$20,000,000
Contingency (5%)	966,849
Subtotal	\$19,033,151
Annual reports	36,800
Customer enrollment	13,425
Billing administration and data transmission fees	\$18,982,926

Table	1:	Agreement	Amount
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CleanPowerSF expects charges of \$18,982,926 over ten years for PG&E billing and administration fees under the CPUC-approved CCA tariffs, as shown in Table 2 below.² Although 396,000 service accounts are eligible for CleanPowerSF, the SFPUC estimates that 385,000 initial users will be active after accounting for opt-outs (between three and four percent). The total number of customers being served by CleanPowerSF is expected to increase as construction and development introduces additional electricity accounts within CleanPowerSF's service territory.

	Per Meter Fee*	Number of Meters**	Annual Cost
Year 1	\$0.35000	385,000	\$1,617,000
Year 2	\$0.36050	386,925	1,673,837
Year 3	\$0.37132	388,860	1,732,698
Year 4	\$0.38246	390,804	1,793,603
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Year 9	\$0.44337	400,672	2,131,751
Year 10	\$0.45667	402,675	2,206,675
Total			\$18,982,926

 Table 1: Estimated Billing Administration and Data Transmission Fees

*Assumes a 3.0 percent annual escalation

**Assumes a 0.5 percent annual escalation as new buildings are constructed

The costs associated with PG&E services provided under the service agreement are paid from CleanPowerSF revenues. These costs are included in the approved CleanPowerSF budget.

² For example see CPUC-approved Electric Rule 23 at: <u>https://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_23.pdf</u> and Electric Rule E-CCA Services to Community Choice Aggregators at: <u>https://www.pge.com/tariffs/tm2/pdf/ELEC_SCHEDS_E-CCA.pdf</u>

CleanPowerSF expects to incur costs for monthly billing administration, data transmission, customer data reports, and customer enrollment. The Board of Supervisors approved the CleanPowerSF budget of \$157 million for FY2018-19 and \$212.9 million for FY 2019-20.

POLICY CONSIDERATION

Retroactive Approval

The proposed resolution would retroactively approve a service agreement from January 1, 2019 through December 31, 2028. According to Mr. Whitmore, the SFPUC initially believed that the agreement did not need Board of Supervisors approval as it was a new agreement, not an extension of the existing agreement, and the City was required to pay the CCA services charges through a separate tariff approved by the California Public Utilities Commission. After discussion with the City Attorney's Office, SFPUC determined that the agreement is subject to Board approval due to the anticipated costs to be incurred under the CPUC tariff exceeding \$10 million. Additionally, the new agreement extends the terms and conditions of the previous agreement which was entered in 2010 so that the total term would exceed ten years. This determination was made at a point in time that did not provide SFPUC with sufficient time to have the Board approve the agreement before the end of the year.

RECOMMENDATIONS

- 1. Amend the proposed resolution to correctly state that the service agreement end date is December 31, 2028.
- 2. Approve the proposed resolution as amended.

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File 18-1179	File 18-1179 Public Utilities Commission (PUC)				
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POLICY CONSIDERATION

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RECOMMENDATIONS

- 1. Amend the proposed resolution to correctly state that the service agreement end date is December 31, 2028.
- 2. Approve the proposed resolution as amended.

COMMUNITY CHOICE AGGREGATOR (CCA) SERVICE AGREEMENT

This Community Choice Aggregator (CCA) Service Agreement ("Agreement") is made and entered into as of this _____ of _____, 20____, by and between the City and County of San Francisco, a municipal corporation organized and existing under the laws of the state of California ("CCA"), and Pacific Gas and Electric Company ("PG&E"), a corporation organized and existing under the laws of the state of California. From time to time, CCA and PG&E shall be individually referred to herein as a "Party" and collectively as the "Parties."

Section 1: General Description of Agreement

- 1.1 This Agreement is a legally binding contract. The Parties named in this Agreement are bound by the terms set forth herein and otherwise incorporated herein by reference. This Agreement shall govern the business relationship between the Parties hereto by which CCA shall offer electrical energy services. Each Party, by agreeing to undertake specific activities and responsibilities for or on behalf of customers, acknowledges that each Party shall relieve and discharge the other Party of the responsibility for said activities and responsibilities with respect to those customers. Except where explicitly defined herein (including Attachment A hereto) the definitions controlling this Agreement are contained in PG&E's applicable rules or in the relevant community choice aggregation tariff.
- 1.2 The form of this Agreement has been developed as part of the CPUC regulatory process to implement Assembly Bill 117, was intended to conform to CPUC directions, was approved by the CPUC for use between PG&E and CCAs and may only be waived, altered, amended or modified as provided herein or in the applicable community choice aggregation tariff, or as may otherwise be authorized by the CPUC.
- 1.3 This Agreement incorporates by reference the applicable community choice aggregation tariff, PG&E Electric Rule 23 and PG&E Electric Schedule E-CCA, as authorized and modified from time to time by the CPUC.
- 1.4 This Agreement is entered into by PG&E under the requirements of the Community Choice Aggregation laws and implementing tariffs, and changes to the previously approved form of Service Agreement are pursuant to the direction of the CPUC.

Section 2: Representations

2.1 Each Party represents that it is and shall remain in compliance with all applicable laws and tariffs, including applicable CPUC requirements.

- 2.2 Each person executing this Agreement for the respective Parties expressly represents and warrants that he or she has authority to bind the entity on whose behalf this Agreement is executed.
- 2.3 Each Party represents that (a) it has the full power and authority to execute and deliver this Agreement and to perform its terms and conditions; (b) the execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate or other action by such Party; and (c) this agreement constitutes such Party's legal, valid and binding obligation, enforceable against such Party in accordance with its terms.
- 2.4 Each Party shall (a) exercise all reasonable care, diligence and good faith in the performance of its duties pursuant to this Agreement; and (b) carry out its duties in accordance with applicable recognized professional standards in accordance with the requirements of this Agreement.

Section 3: Term of Service

The term of this Agreement shall commence on the date of execution by both Parties hereto (the "Effective Date") and shall terminate on the earlier of (a) the date CCA informs PG&E that it is no longer operating as a CCA in PG&E's service territory; (b) the earlier termination pursuant to Section 4 hereof; (c) the effective date of a new CCA Service Agreement between the Parties hereto; or (d) ten (10) years after the Effective Date. Unless the CCA has ceased operating as a result of events (a) or (b) above, the Parties agree to negotiate in good faith a new CCA Service Agreement that would become effective on or before the date that is ten (10) years after the Effective Date.

Notwithstanding the Effective Date of this Agreement, the CCA acknowledges that it may only offer Community Choice Aggregation Services to customers after it has complied with applicable laws and tariffs governing the commencement of service to customers.

Section 4: Events of Default and Remedy for Default

- 4.1 An Event of Default under this Agreement shall include either Party's material breach of any provision of this Agreement, including those incorporated by reference herein, and failure to cure such breach within thirty (30) calendar days after receipt of written notice thereof from the non-defaulting Party; or such other period as may be provided by this Agreement or PG&E's applicable community choice aggregation tariff, PG&E Electric Rule 23 and PG&E Electric Schedule E-CCA.
- 4.2 In the event of such an Event of Default, the non-defaulting Party shall be entitled to exercise any and all remedies (a) available under PG&E's applicable community choice aggregation tariff, PG&E Electric Rule 23; and/or (b) provided for by law or in equity to

the extent not inconsistent with PG&E's community choice aggregation tariff and Section 15 below. In addition, in the event of an Event of Default, this Agreement may be effectively terminated only upon Commission authorization. Notwithstanding any other provision of this Agreement, this Agreement may not be terminated for an Event of Default or breach of any Party's obligations under this Agreement or applicable tariffs without Commission authorization.

Section 5: Billing and Payment

- 5.1 PG&E will bill and the CCA agrees to pay PG&E for all services and products provided by PG&E in accordance with the terms and conditions set forth in PG&E's community choice aggregation tariff, as stated in PG&E's Electric Rule 23 and PG&E's Electric Schedule E-CCA. PG&E shall prepare and submit detailed bills for such services and products to CCA. CCA payment of such bills are due upon presentation, and shall be considered late 30 calendar days after CCA's receipt of the bill. Any services provided by the CCA to PG&E shall be by separate agreement between the Parties and are not a subject of this Agreement.
- 5.2 PG&E will pay CCA amounts collected from CCA customers in accordance with the rules and schedule in Electric Rule 23. Rule 23.P.1.c.(3)(c) currently provides that if billing charges have not been received from the CCA by the day following PG&E's actual meter read date, PG&E may render the bill for PG&E charges only, without CCA charges. Notwithstanding this provision, for the first two years after the effective date of this agreement, PG&E will allow CCA to provide billing charges to PG&E within three business days following the date PG&E provides meter read or estimated data to CCA and will not render bills to CCA customers without CCA charges unless CCA has failed to provide billing charges within that three business day period.
- 5.3 Rule 23.Q.3 currently provides that PG&E shall remit payments to the CCA for amounts paid by the CCA customer for payment of CCA charges and that payments are due on or before the later of seventeen calendar days after the bill was rendered to the customers, or the next business day after the payment is received from the customer. PG&E agrees that its payment to the CCA will be due on the next business day after the payment is received from the customer. PG&E agrees that its payment to the CCA will be due on the next business day after the payment is received from the customer. PG&E will be deemed late on the day following the due date specified above. If PG&E is late making payments, PG&E will pay interest on these amounts, calculated on a daily basis, and compounded at the end of each calendar month, from the date it is late to the date it provides payment to the CCA. The interest rate applicable in each calendar month may vary and shall be equal to the prime rate plus two percent (2%) of Bank of America NT&SA, San Francisco, or any successor institution, in effect from time to time, but not to exceed the maximum contract rate permitted by the applicable usury laws of the State of California.

- 5.4 If CCA is late making payments under section 5.1 above, it shall owe interest calculated in the same manner as the interest rate provided for in section 5.3 above.
- 5.5 The Parties agree that their only rights to offset amounts due under this Agreement and under the CCA tariff are those rights (a) provided for in Rule 23, parts S.7 and T.2; (b) provided for in any express agreements between the parties regarding bond/re-entry fee obligations, and (c) any rights otherwise expressly permitted by the CPUC in an order issued after the execution of this Agreement. The Parties also agree that they shall have no right to offset amounts due under other non-CCA contracts and tariffs from the amounts due under this Agreement and the CCA tariff.

Section 6: Limitation of Liability

Each Party's liability to the other party for any loss, cost, claim, injury, liability, or expense, including reasonable attorneys' fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage incurred, except as provided for in this Section. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever, whether in contract, tort or strict liability, except in the event of an action covered by the Indemnification provisions of Section 7 of this Agreement or by the indemnification provisions in any Nondisclosure Agreement relating to the disclosure of confidential information to the CCA, in which event this Section 6 shall not be applicable. Notwithstanding this provision, CCA can request penalties from PG&E at the CPUC for alleged willful violations of this Agreement, which claim shall be considered and evaluated under the Commission's rule and authorities. This Section 6 shall not apply to any claims or actions that a party would be able to bring in the absence of this Agreement.

Section 7: Indemnification

To the fullest extent permitted by law, and subject to the limitations set forth in Section 6 7.1 of this Agreement, each Party (the "Indemnifying Party") shall indemnify and hold harmless the other Party, and its current and future direct and indirect parent companies, affiliates and their shareholders, officers, directors, employees, agents, servants and assigns (collectively, the "Indemnified Party"), and at the Indemnified Party's option, the Indemnifying Party shall defend the Indemnified Party, from and against any and all claims and/or liabilities for losses, expenses, damage to property, injury to or death of any person, including, but not limited to, the Indemnified Party's employees and its affiliates' employees, subcontractors and subcontractors' employees, or any other liability incurred by the Indemnified Party, including reasonable expenses, legal and otherwise, which shall include reasonable attorneys' fees, caused wholly or in part by any negligent, grossly negligent or willful act or omission by the Indemnifying Party, its officers, directors, employees, agents or assigns arising out of this Agreement, except to the extent caused wholly or in part by any negligent, grossly negligent or willful act or omission of the Indemnified Party.

- 7.2 If any claim covered by Section 7.1 is brought against the Indemnified Party, then the Indemnifying Party shall be entitled to participate in, and unless in the opinion of counsel for the Indemnified Party a conflict of interest between the Parties may exist with respect to such claim, assume the defense of such claim, with counsel reasonably acceptable to the Indemnified Party. If the Indemnifying Party does not assume the defense of the Indemnified Party, or if a conflict precludes the Indemnifying Party from assuming the defense, then the Indemnifying Party shall reimburse the Indemnified Party on a monthly basis for the Indemnified Party's defense through separate counsel of the Indemnified Party's choice. Even if the Indemnified Party, at its sole option, may participate in the defense, at its own expense, with counsel of its own choice without relieving the Indemnifying Party for any of its obligations hereunder. In no event shall either Party be liable to the other Party for any indirect, special, consequential, or punitive damages of any kind whatsoever, whether in contract, tort or strict liability.
- 7.3 The Indemnifying Party's obligation to indemnify under this Section 7 shall survive termination of this Agreement, and shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Indemnifying Party under any statutory scheme, including, without limitation, under any Worker's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

Section 8: Assignment and Delegation

- 8.1 Neither Party to this Agreement shall assign any of its rights or obligations under this Agreement, except with the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. No assignment of this Agreement shall relieve the assigning Party of any of its obligations under this Agreement until such obligations have been assumed by the assignee. When duly assigned in accordance with the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the assignee and the assignor shall be relieved of its rights and obligations. Any assignment in violation of this Section 8 shall be void.
- 8.2 Notwithstanding the provisions of this Section 8, either Party may subcontract its duties under this Agreement to a subcontractor, provided that the subcontracting Party shall remain fully responsible as a principal and not as a guarantor for performance of any subcontracted duties, shall serve as the point of contact between its subcontractor and the other Party, and shall provide the other Party with thirty (30) calendar days' prior written notice of any subcontractor as the other Party shall reasonably require. If either Party subcontracts any of its duties hereunder, it shall cause its subcontractors to perform in a manner which is in conformity with that Party's obligations under this Agreement.

Section 9: Independent Contractors

Each Party shall perform its obligations under this Agreement (including any obligations performed by a Party's designees as permitted under Section 8 of this Agreement) as an independent contractor.

Section 10: Entire Agreement

This Agreement consists of, in its entirety, this Community Choice Aggregator Service Agreement and all attachments hereto, all Community Choice Aggregation Service Requests submitted pursuant to this Agreement and PG&E's community choice aggregation tariffs, PG&E Electric Rule 23 and PG&E Electric Schedule E-CCA. This Agreement supersedes all other agreements or understandings, written or oral, between the Parties related to the subject matter hereof, with the express exception of any Nondisclosure Agreement relating to the disclosure of confidential information to the CCA. This Agreement may be modified from time to time only by an instrument in writing, signed by both Parties.

Section 11: Nondisclosure

11.1 Notwithstanding anything provided below, prior to receiving any PG&E confidential customer information, CCA agrees to enter into the CCA Non-Disclosure Agreement and be bound by its terms with respect to Confidential Information as defined therein.

Neither Party may disclose any Confidential Information obtained pursuant to this Agreement to any third party, including affiliates of such Party, without the express prior written consent of the other Party. As used herein, the term "Confidential Information" shall include, but not be limited to, all business, financial, and commercial information pertaining to the Parties, customers of either or both Parties, suppliers for either Party, personnel of either Party, any trade secrets, and other information of a similar nature, whether written or in intangible form that is marked proprietary or confidential with the appropriate owner's name. Confidential Information shall not include information known to either Party prior to obtaining the same from the other Party, information in the public domain, or information obtained by a Party from a third party who did not, directly or indirectly, receive the same from the other Party to this Agreement or from a party who was under an obligation of confidentiality to the other Party to this Agreement or information developed by either Party independent of any Confidential Information. The receiving Party shall use the higher of the standard of care that the receiving Party uses to preserve its own confidential information or a reasonable standard of care to prevent unauthorized use or disclosure of such Confidential Information. Each receiving Party shall, upon termination of this Agreement or at any time upon the request of the disclosing Party, promptly return or destroy all Confidential Information of the disclosing Party then in its possession.

11.2 Notwithstanding the preceding, Confidential Information may be disclosed to any governmental, judicial or regulatory authority requiring such Confidential Information pursuant to any applicable law, regulation, ruling, or order, provided that: (a) such Confidential Information is submitted under any applicable provision, if any, for confidential treatment by such governmental, judicial or regulatory authority; and (b) prior to such disclosure, the other Party is given prompt notice of the disclosure requirement so that it may take whatever action it deems appropriate, including intervention in any proceeding and the seeking of any injunction to prohibit such disclosure. If a request for Confidential Information supplied by PG&E is made of CCA under applicable public records laws, including without limitation the City and County of San Francisco Sunshine Ordinance and the California Public Records Act and CCA believes that it is obligated to disclose Confidential Information in response to such request, CCA shall provide PG&E with prompt notice of such request so that PG&E may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. However, a disclosure that is required by law shall not constitute a breach of this Agreement.

Section 12: Enforceability

If any provision of this Agreement or the application thereof, is to any extent held invalid or unenforceable, the remainder of this Agreement and the application thereof, other than those provisions which have been held invalid or unenforceable, shall not be affected and shall continue in full force and effect and shall be enforceable to the fullest extent permitted by law or in equity.

Section 13: Notices

13.1 Except as otherwise provided in this Agreement, any notices under this Agreement shall be in writing and shall be effective upon delivery if delivered by (a) hand; (b) U. S. Mail, first class postage pre-paid, or (c) facsimile, with confirmation of receipt to the Parties as follows:

If the notice is to CCA:

Name of Entity:	Clean Power SF c/o San Francisco Public Utilities Commission
Contact Name:	Michael Hyams, Director, CleanPowerSF
Business Address:	525 Golden Gate Avenue, 7th Floor San Francisco, CA 94102
Facsimile:	(415) 554-1854

If the notice is to PG&E:

Contact Name:

Business Address:

Facsimile:

- 13.2 Each Party shall be entitled to specify as its proper address any other address in the United States upon written notice to the other Party.
- 13.3 Each Party shall designate on Attachment A the person(s) to be contacted with respect to specific operational matters relating to Community Choice Aggregation service. Each Party shall be entitled to specify any change to such person(s) upon written notice to the other Party.

Section 14: Time of Essence

The Parties expressly agree that time is of the essence for all portions of this Agreement.

Section 15: Dispute Resolution

- 15.1 The form of this Agreement has been filed with and approved by the CPUC as part of PG&E's applicable tariffs. Except as provided in Section 15.2 and 15.3, any dispute arising between the Parties relating to interpretation of the provisions of this Agreement or to the performance of PG&E's obligations hereunder, including any alleged material breach that has not ripened into an Event of Default under Section 4 of this Agreement, shall be reduced to writing and referred to the Parties' representatives identified on Attachment A for resolution, with the responding Party filing its written response within thirty (30) business days after receiving the written position of the complaining party. Thereafter, the Parties shall be required to meet and confer within ten (10) business days in a good faith effort to resolve their dispute. Pending such resolution, the Parties shall continue to proceed diligently with the performance of their respective obligations under this Agreement, unless this Agreement has been terminated under Section 4.2.
- 15.2 If the Parties fail to reach an agreement within ten (10) additional business days of the last session to meet and confer, the matter shall, upon demand of either Party, be submitted to resolution before the CPUC in accordance with the CPUC's rules, regulations and procedures applicable to resolution of such disputes, or the parties may mutually agree to pursue mediation or binding arbitration to resolve such issues. Notwithstanding the foregoing, in Exigent Circumstances (i.e., a failure by a Party to

perform its obligations hereunder that poses a substantial threat of irreparable economic or other harm to CCA, PG&E, or electric customers), either Party may seek an emergency order from the Commission in accordance with the CPUC's applicable rules, regulations and procedures. PG&E (without conceding that an Assigned Commissioner or an Administrative Law Judge have the authority to do so) and CCA agree to comply with an interim order of an Assigned Commissioner (or of an Administrative Law Judge, in consultation with the Assigned Commissioner) assigned by the Commission to handle such a claim for emergency relief, but each retains all authority to challenge any such order. CCA shall also comply with the requirements of Rule 23.T.3 regarding proceeding before the CPUC in exigent circumstances.

- 15.3 If the dispute involves a request for damages arising out of an Event of Default or other breach as determined by the Commission, parties understand that the Commission has no authority to award damages. To determine the amount of such damages, the parties may agree to pursue mediation or binding arbitration, or either of them may bring an action in a court of competent jurisdiction. Notwithstanding the foregoing, the Parties expressly agree and acknowledge that the Commission shall have the sole jurisdiction to adjudicate any claims (other than the amount of damages) in connection with this Agreement.
- 15.4 This Section 15 shall not apply to any claims or actions that a party would be able to bring in the absence of this Agreement.

Section 16: Applicable Law and Venue

This Agreement shall be interpreted, governed by and construed in accordance with the laws of the State of California, and shall exclude any choice of law rules that direct the application of the laws of another jurisdiction, irrespective of the place of execution or of the order in which the signatures of the parties are affixed or of the place or places of performance. Except for matters and disputes with respect to which the CPUC is the initial proper venue for dispute resolution pursuant to applicable law or this Agreement, the federal and state courts located in San Francisco County, California shall constitute the sole proper venue for resolution of any matter or dispute hereunder, and the Parties submit to the exclusive jurisdiction of such courts with respect to such matters and disputes.

Section 17: Force Majeure

Neither Party shall be liable for any delay or failure in the performance of any part of this Agreement (other than obligations to pay money) due to any event of force majeure or other cause beyond its reasonable control, including but not limited to, unusually severe weather, flood, fire, lightning, epidemic, quarantine restriction, war, sabotage, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, work stoppage caused by jurisdictional and similar disputes, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority, or any combination of these causes, which by the exercise of due diligence and foresight such Party could not reasonably have been expected to avoid and which by the exercise of due diligence is unable to

overcome. It is agreed that upon the Party so affected giving written notice and reasonably full particulars of such force majeure to the other Party within a reasonable time after the cause relied on, then the obligations of the Party, so far as they are affected by the event of force majeure, shall be suspended during the continuation of such inability and circumstance and shall, so far as possible, be remedied with all reasonable dispatch. In the event of force majeure, as described herein, both Parties shall take all reasonable steps to comply with this Agreement and PG&E's applicable tariffs despite occurrence of a force majeure event.

Section 18: Unauthorized Use of Energy (Energy Theft)

- 18.1 The CCA represents and warrants that for each of its Customers, and at all times during which it provides community choice aggregation services as a Community Choice Aggregator, the CCA shall completely, accurately, and in a timely manner account for each of its Customer's loads by providing PG&E a copy of its monthly load data provided to the CAISO and working with PG&E to resolve any discrepancies. Load data not accounted for in this manner may provide grounds for termination of this Agreement. For verification purposes only, PG&E shall have complete access to the load data provided to the CAISO by the CCA. Such information is to remain confidential, and shall not be disclosed to any unauthorized person other than the CPUC, the California Independent System Operator or other law enforcement or regulatory authority.
- 18.2 PG&E shall notify the CCA immediately and the CCA shall notify PG&E immediately of any suspected unauthorized energy use. The Parties agree to preserve any evidence of unauthorized energy use. Once unauthorized energy use is suspected, PG&E, in its sole discretion, may take any or all of the actions permitted under PG&E's applicable tariffs.

Section 19: Not a Joint Venture

Unless specifically stated in this Agreement to be otherwise, the duties, obligations, and liabilities of the Parties are intended to be several and not joint or collective. Nothing contained in this Agreement shall ever be construed to create an association, trust, partnership or joint venture or to impose a trust or partnership duty, obligation, or liability on or with regard to either Party. Each Party shall be liable individually and severally for its own obligations under this Agreement.

Section 20: Conflicts Between this Agreement and PG&E's Community Choice Aggregation Tariff

Should a conflict exist or develop between the provisions of this Agreement and PG&E's community choice aggregation tariff, PG&E Electric Rule 23 and PG&E Electric Schedule E-CCA, as approved by the CPUC, the provisions of PG&E's community choice aggregation tariff shall prevail.

Section 21: Amendments or Modifications

- 21.1 Except as provided in Section 21.2, no amendment or modification shall be made to this Agreement, in whole or in part, except by an instrument in writing executed by authorized representatives of the Parties, and no amendment or modification shall be made by course of performance, course of dealing or usage of trade.
- 21.2 This Agreement may be subject to such changes or modifications as the CPUC may from time to time direct or necessitate in the exercise of its jurisdiction, and the Parties may amend the Agreement to conform to changes directed or necessitated by the CPUC. In the event the Parties are unable to agree on the required changes or modifications to this Agreement, their dispute shall be resolved in accordance with the provisions of Section 15 hereof or, in the alternative, CCA may elect to terminate this Agreement upon written notice to PG&E, which shall be effective upon the receipt thereof. PG&E retains the right to unilaterally file with the CPUC, pursuant to the CPUC's rules and regulations, an application or other appropriate document for a change in PG&E's rates, charges, classification, service or rules, or any agreement relating thereto.

Section 22: Audits

- 22.1 PG&E shall retain such specific records as may be required to support the accuracy of: (a) meter data provided in PG&E's consolidated billings; (b) remittances of CCA customer payments to CCA; (c) opt-out requests processed by PG&E and (d) charges for services provided by PG&E (collectively "Audit Matters"). When the CCA reasonably believes that errors related to Audit Matters may have occurred, the CCA may request the production of such documents as may be required to verify the accuracy of such Audit Matters. Such documents shall be provided within ten (10) business days of such request. In the event the CCA, upon review of such documents, continues to believe that PG&E's duty with respect to any Audit Matter has been breached, the CCA may direct that an audit be conducted. The CCA shall designate their own employee representative or their contracted representative to audit PG&E's records.
- 22.2 If CCA undertakes to directly receive customer opt outs, CCA shall retain such specific records as may be required to support the accuracy of opt-out requests processed by CCA. When PG&E reasonably believes that errors related to such matters may have occurred, PG&E may request the production of such documents as may be required to verify the accuracy of such matters. Such documents shall be provided within ten (10) business days of such request. In the event that PG&E, upon review of such documents, continues to believe that CCA's duty with respect to any such matter has been breached. PG&E may direct that an audit be conducted. PG&E shall designate their own employee representative or their contracted representative to audit CCA's records.

- 22.3 Any such audit shall be undertaken by the Party, or their contracted representative at reasonable times without interference with the other Party's business operations, and in compliance with that Party's otherwise applicable security procedures. PG&E and the CCA agree to cooperate fully with any such audit.
- 22.4 Specific records to support the accuracy of meter data provided in the consolidated billings may require examination of billing and metering support documentation maintained by subcontractors. Consistent with Section 8.2 of this Agreement. PG&E shall include a similar clause in its agreements with subcontractors requiring subcontractors to comply with the requirements of Section 22 of this Agreement.
- 22.5 The CCA will notify PG&E in writing of any exception taken as a result of an audit. PG&E shall refund the amount of any undisputed exception to the CCA within ten (10) days. If PG&E fails to make such payment, PG&E agrees to pay interest, accruing monthly, at a rate equal to the prime rate plus two percent (2%) of Bank of America NT&SA, San Francisco, or any successor institution, in effect from time to time, but not to exceed the maximum contract rate permitted by the applicable usury laws of the State of California. Interest will be computed from the date of written notification of exceptions to the date PG&E reimburses the CCA for any exception. The cost of such audit shall be paid by the auditing Party; provided, however, that in the event an audit verifies overcharges of five percent (5%) or more, then PG&E shall reimburse the CCA for the cost of the audit.
- 22.6 This right to audit shall extend for a period of three (3) years following the date of final payment under this Agreement. Each party and each subcontractor shall retain all necessary records and documentation for the entire length of this audit period, except that PG&E need only retain recordings of customer calls to its call center in accordance with its generally applicable retention period for such calls, provided that such retention period is no less than six (6) months from the date of the call.

Section 23: Miscellaneous

- 23.1 Unless otherwise stated in this Agreement: (a) any reference in this Agreement to a section, subsection, attachment or similar term refers to the provisions of this Agreement; (b) a reference to a section includes that section and all its subsections; and (c) the words "include," "includes," and "including" when used in this Agreement shall be deemed in each case to be followed by the words "without limitation." The Parties agree that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Agreement.
- 23.2 The provisions of this Agreement are for the benefit of the Parties and not for any other person or third party beneficiary. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization other than a Party or a successor or assignee of a Party to this Agreement.

- 23.3 The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.
- 23.4 Any waiver at any time by either Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter and no waiver shall be considered effective unless in writing.
- 23.5 Each Party shall be responsible for paying its own attorneys' fees and other costs associated with this Agreement, except as provided in Sections 6 and 7 hereof.
- 23.6 Except as otherwise provided in this Agreement, all rights of termination, cancellation or other remedies in this Agreement are cumulative. Use of any remedy shall not preclude any other remedy in this Agreement.
- 23.7 During the period between the initial customer notification of a particular phase of service offered by CCA (per Rule 23.H and I), and the Mass Enrollment date for that phase (per rule 23.J), if CCA provides a list to PG&E of the customers in that phase on or before the date of the first notice, PG&E will provide a weekly report of the names, billing addresses and associated load amounts for each of the customers in that phase which opted out that week. However, if CCA undertakes to receive opt outs directly, PG&E shall not be required to provide such weekly reports. CCA shall pay for the actual costs of the work needed to generate these reports not to exceed two hours of account assistance per report under Section 9.d of PG&E Tariff E-CCA.
- 23.8 This Agreement contains material changes form the form of Service Agreement (Form 79-1029) previously approved by the CPUC. The changes to sections 11.2,22.1(c) and 22.2 (with respect to release of the identity of customers who have opted out prior to mass enrollment) and 23.8 in this Agreement shall not go into effect until such time as PG&E receives CPUC approval and authorization of these specific changes. The Parties agree to use their best efforts to obtain such CPUC approval and authorization expeditiously.

The Parties have executed this Agreement on the dates indicated below, to be effective upon the later date.

On Behalf of CCA

On Behalf of PG&E

Harlan L. Kelly, Jr. General Manager San Francisco Public Utilities

Commission

Date: _____

Date:_____

Approved as to form:

Deputy City Attorney

City and County of San Francisco

ATTACHMENT A

A. <u>Definitions</u>:

Billing Services - The consolidated billing services described in PG&E's community choice aggregation tariff which are provided by PG&E.

Community Choice Aggregation Customer - An end-use customer located within PG&E's service territory who purchases Community Choice Aggregation Services through the CCA.

Community Choice Aggregator (CCA) – An entity that provides electric supply services to Community Choice Aggregation customers within PG&E's service territory. A CCA may also provide certain energy efficiency and conservation programs to its Community Choice Aggregation customers as provided for under PG&E's tariffs.

CCA Charges - Charges for Community Choice Aggregation Services provided by the CCA.

PG&E Charges - Charges (a) for services provided by PG&E; or (b) which are energy-related and which are approved by the CPUC or the Federal Energy Regulatory Commission (including any nonbypassable charges (such as Competition Transition Charges, Cost Responsibility Surcharges, and any other nonbypassable charges adopted by a regulatory body) or Fixed Transition Amount Charges owing to PG&E or its affiliates, as those terms are defined under the California Public Utilities Code). Fixed Transition Amount Charges.

B. Contact Persons (Section 13.3):

Billing Services

PG&E Contact:

CCA Contact: Michael Hyams, Director, CleanPowerSF

C. Parties' Representatives (Section 15.1):

PG&E Representative:

Contact Name

Business Address

CCA Representative:

Contact Name Michael Hyams, Director, CleanPowerSF

Business Address: San Francisco Public Utilities Commission 525 Golden Gate Avenue, 7th Floor San Francisco, CA 94102

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 18-0186

WHEREAS, The San Francisco Board of Supervisors established a CCA program in 2004 (Ordinance 86-04) and has implemented the program, called CleanPowerSF, through the work of the SFPUC in consultation with the San Francisco Local Agency Formation Commission (Ordinances 146-07, 147-07, and 232-09); and

WHEREAS, In order to serve customers, CleanPowerSF must enter a Service Agreement with PG&E to obtain meter reading and billing services and provide for PG&E to remit customer payments to CleanPowerSF; and

WHEREAS, A Service Agreement is a contract governing the business relationship (including billing and payment terms, default and dispute resolution, limits to liability, indemnity, and audits) between a Community Choice Aggregator and the local Investor Owned Utility (in this case, PG&E); and

WHEREAS, The San Francisco Public Utilities Commission (SFPUC) executed a Service Agreement with PG&E on May 27, 2010 with a term of two years; and

WHEREAS, On May 25, 2012, the SFPUC executed an amendment extending the agreement until December 31, 2018; and

WHEREAS, The existing CCA Service Agreement has allowed the City and PG&E, pursuant to CPUC-approved tariffs, to conduct the business necessary to provide CCA service to San Francisco; and

WHEREAS, the proposed Service Agreement would continue PG&E's services to the CCA program for a term of 10 years, until December 31, 2018

WHEREAS, There are no costs under this agreement, other than those already required by the CCA tariff, estimated by CleanPowerSF to be between \$1.5 and 2 million per year; therefore, be it

RESOLVED, that this Commission hereby authorizes the General Manager of the Public Utilities Commission to negotiate and execute a Service Agreement with PG&E no later than January 1, 2019, and to submit the agreement to the Board of Supervisors for its approval under Charter Section 9.118(b).

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of November 13, 2018.

Monn Abod

Secretary, Public Utilities Commission



San Francisco Water Power Sewer Services of the San Francisco Public Utilities Commission 525 Golden Gate Avenue, 13th Floor San Francisco, CA 94102 T 415.554.3155 F 415.554.3161 TTY 415.554.3488

CÚ

TO:	Angela Calvillo, Clerk of the Board	
FROM:	Christopher Whitmore, Policy and Government Affairs	AK
DATE:	November 30, 2018	T
SUBJECT:	Resolution approving a contract with Pacific Gas and Electric Company for services to CleanPowerSF in an amount not to exceed \$20,000,000 for a contract term of ter years, from January 2019 through December 2029.	J

Attached please find a resolution approving a contract with Pacific Gas and Electric Company for services to CleanPowerSF in an amount not to exceed \$20,000,000 for a contract term of ten years, from January 2019 through December 2029.

The following is a list of accompanying documents (2 sets):

- 1. Board of Supervisors Resolution
- 2. SFPUC Resolution 18-0186
- 3. PG&E CPSF Draft Service Agreement

Please contact Christopher Whitmore at 415-934-3906 if you need any additional information on these items.

London N. Breed Mayor

Vince Courtney President

Ann Moller Caen Vice President

Francesca Vietor Commissioner

> Anson Moran Commissioner

Ike Kwon Commissioner

Harlan L. Kelly, Jr. General Manager



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.

File No. 181179

FORM SFEC-126: NOTIFICATION OF CONTRACT APPROVAL

(S.F. Campaign and Governme	mental Conduct Code § 1.126)	
City Elective Officer Information (<i>Please print clearly.</i>)	U /	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors	
Contractor Information (Please print clearly.)		
Name of contractor: Pacific Gas & Electric Company		
Please list the names of (1) members of the contractor's board financial officer and chief operating officer; (3) any person wh (4) any subcontractor listed in the bid or contract; and (5) any contractor. Use additional pages as necessary. Board of Directors – Lewis Chew, Fred J. Fowler, Roger H. K Miller, Benito Minicucci, Eric D. Mullins, Rosendo G. Parra,	y political committee sponsored or controlled by the Kimmel, Richard C. Kelly, Richard A. Meserve, Forest E.	
Chief Executive Officer: Geisha Williams Chief Financial Officer and Controller, Vice President: Davia Chief Customer Officer: Laurie M. Giammona Contractor address: 77 Beale Street, San Francisco, CA 94105		
Date that contract was approved:	Amount of contract: Not-to-Exceed \$20,000,000	
Describe the nature of the contract that was approved: The Community Choice Aggregator Service Agreement is a PG&E and CleanPowerSF.	contract which governs the business relationship between	
Comments:		
This contract was approved by (check applicable):		
\Box the City elective officer(s) identified on this form		
a board on which the City elective officer(s) server Print	es <u>San Francisco Board of Supervisors</u>	
	using Authority Commission, Industrial Development Authority I, and Local Workforce Investment Board) on which an appoint sits	
Print Name of Board		
Filer Information (Please print clearly.)		
Name of filer:Contact telephone number:Angela Calvillo, Clerk of the Board(415) 554-5184		

Address:

City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102

Signature of City Elective Officer (if submitted by City elective officer)

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

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Board.of.Supervisors@sfgov.org

Date Signed

Date Signed

E-mail: