

## **LEGISLATIVE DIGEST**

[Authorizing Agreement - Retroactive - California Independent System Operator - Reliability Coordinator Services - Not to Exceed \$3,000,000]

**Ordinance retroactively approving an agreement between the San Francisco Public Utilities Commission and the California Independent System Operator for Reliability Coordinator services for an initial term of 18 months from January 7, 2019, through July 6, 2020, with an automatic renewal of the contract term in excess of ten years and a maximum cost not to exceed \$3,000,000; and waiving Administrative Code, Section 21.9(b) regarding automatic renewal of contract term.**

### 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.

Administrative Code Section 21.9(d) prohibits the City from entering into contracts with provisions that would automatically renew the contract term without further action by the City.

### Amendments to Current Law

This ordinance would not amend current law.

### Background Information

All electric utilities, including Hetch Hetchy Water and Power (HHWP), are subject to mandatory electric reliability standards adopted by the North American Electric Reliability Corporation (NERC) and approved by the Federal Energy Regulatory Commission (FERC). One of the mandatory electric reliability standards is to perform real-time assessment of an electric utility's transmission system.

The Western Electricity Coordinating Council (WECC), which enforces NERC standards in the Western region, has authority to impose substantial monetary penalties on HHWP for failure to perform the real-time analyses required by the standards.

As of the end of this year, the California Independent System Operator (CAISO) will be the only entity in California qualified to provide the services required under the mandatory electric reliability standards. CAISO provides services to perform the required real-time assessment of HHWP's transmission system pursuant to a tariff approved by FERC. CAISO's tariff includes a pro forma Reliability Coordinator Services Agreement (RCSA).

The RCSA is necessary to meet mandatory federal electric reliability standards. The RCSA was approved by FERC and added to the CAISO tariff on a non-negotiable basis. HHWP has no ability to add to or modify the provisions of the agreement.

The initial term of the RCSA is 18 months, with automatic renewal thereafter. HHWP expects the RCSA to continue indefinitely, and likely exceed 10 years, because the current electric reliability standards require HHWP to have such an agreement.

This ordinance would waive Administrative Code Section 21.9(d), which prohibits entering into contracts with provisions that would automatically renew the contract term without further action by the City. Further, this ordinance would retroactively approve the RCSA between the City and County of San Francisco and the California Independent System Operator for a term in excess of 10 years.