

File No. 190886

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 11, 2019

Board of Supervisors Meeting

Date _____

Cmte Board

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date September 6, 2019

Completed by: Linda Wong Date _____



San Francisco
Water & Sewer

Services of the San Francisco Public Utilities Commission

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Supervisor Sandra Lee Fewer
Chair, Budget and Finance Committee, Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

August 21, 2019

RE: Requesting hearing to allocate reserve funds to GoSolarSF

Dear Chair Fewer,

I am formally and respectfully requesting a hearing at the Board of Supervisor's Budget and Finance Committee to release funding from the Budget and Finance Committee reserve for the GoSolarSF incentive program.

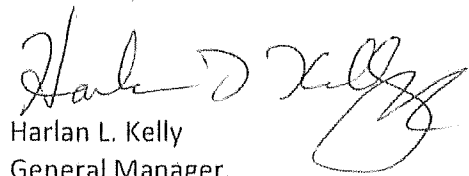
GoSolarSF is the City and County of San Francisco's solar program which provides incentive payments to residents, businesses, and non-profits who are customers of CleanPowerSF or Hetch Hetchy Power for installing solar panels. Since launching in 2008, GoSolarSF has served more than 5,000 customers and we hope to use reserved funding to ensure more San Franciscans benefit from program benefits in the current fiscal year.

In 2014, the Budget and Finance Committee placed a total of \$3,000,000 of GoSolarSF's Fiscal Year 2015 – 2016 appropriation into the Committee's reserve via Ordinance No. 104-14. The San Francisco Public Utilities Commission (SFPUC) is requesting an allocation of \$3,000,000 in reserved funds to cover operational costs of the GoSolarSF program for Fiscal Year 2019-2020.

SFPUC respectfully requests that this item be scheduled at the earliest possible Budget and Finance Committee meeting.

Thank you for your consideration and action on this request.

Sincerely,



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

London N. Breed
Mayor

Ann Moller Caen
President

Francesca Vietor
Vice President

Anson Moran
Commissioner

Sophie Maxwell
Commissioner

Tim Paulson
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.



Item 4 File 19-0886	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> The proposed hearing is to request the release of \$3,000,000 on Budget and Finance Committee reserve for the San Francisco Public Utilities Commission (SFPUC) GoSolarSF program. 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> SFPUC's GoSolarSF program provides monetary incentives for residential and commercial property owners to install solar panels. Additional incentives are provided to low-income residents and non-profits, as well as for installations completed by San Francisco installers. In June 2014, the Board of Supervisors placed \$3,000,000 on Budget and Finance Committee reserve for the GoSolarSF program, pending implementation of the Clean Power SF program. SFPUC is now requesting to release the funding from reserve to fund the program through June 2020. In addition to the solar panel incentives, GoSolarSF is also developing the Low Income Inverter Replacement Program, which would help low-income residents replace solar inverters that are reaching the ends of their useful lives. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> The proposed hearing would release \$3,000,000 from Budget and Finance Committee reserve for the GoSolarSF program. The funding originates from the Hetch Hetchy Power Enterprise FY 2015-16 operating budget. Of the requested \$3,000,000 release of reserves, approximately \$1,800,000 is budgeted for solar panel incentives, approximately \$800,000 is budgeted for inverter replacement incentives, and approximately \$400,000 is budgeted for administrative costs. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> Approve the requested release of reserves. 	

MANDATE STATEMENT

City Administrative Code Section 3.3(e) states that the Budget and Finance Committee of the Board of Supervisors has jurisdiction over the City's budget and may reserve proposed expenditures to be released at a later date subject to Board of Supervisors approval.

BACKGROUND

San Francisco Public Utilities Commission's (SFPUC) GoSolarSF program provides monetary incentives for residential and commercial property owners to install solar panels. Incentives start at \$200 per kilowatt for residential customers with a cap of four kilowatts per meter,¹ with additional incentives and/or caps for low-income residents, businesses, non-profits, and multi-unit housing. Residential customers may also receive an additional \$250 per kilowatt for installations completed by San Francisco installers. Solar panels may be either owned or leased. Property owners must select authorized solar installers, who are required to participate in a workforce development program. After the panels are installed, the property owner receives the incentive as a rebate.

In June 2014, the Board of Supervisors placed \$3,000,000 on Budget and Finance Committee reserve for the GoSolarSF program. According to Ms. Angela Patane, SFPUC Customer Programs Manager, the funding was placed on reserve until the CleanPowerSF community choice aggregation program was implemented. Sufficient funding from the SFPUC Hetch Hetchy Power enterprise has been available to fund the program to date. From July 2014 through June 2019, the GoSolarSF program has provided approximately \$7,691,000 in monetary incentives. According to Ms. Patane, SFPUC is now requesting the \$3,000,000 to fund the program through June 2020.

DETAILS OF PROPOSED LEGISLATION

The proposed hearing would release \$3,000,000 from Budget and Finance Committee reserve for the GoSolar SF program. According to Ms. Patane, the funding is necessary to fund the program through June 2020.

From July 2014 through June 2019, the GoSolarSF program has provided approximately \$7,691,000 in monetary incentives, an average of approximately \$1,538,200 per year. According to Ms. Patane, \$3,000,000 is needed for the program in FY 2019-20 because GoSolarSF is expecting a surge in applications before the end of the year due to the reduction in the federal tax credit and the reduction of the incentive.² In addition, GoSolarSF is also developing the Low Income Inverter Replacement Program.³ According to Ms. Patane, many inverters that were installed in the early years of the program are reaching the end of their

¹ According to Ms. Patane, residential solar panel systems are typically four kilowatt systems.

² Beginning January 1, 2020, the basic residential and business incentive will be reduced to \$100 per kilowatt.

³ An inverter is a necessary component of a solar power generation system that converts direct current (DC) output from the solar panels into alternating current (AC) for an electrical grid or local network.

useful life. The program would provide incentives of approximately \$3,000 to low-income residents needing replacement inverters.

FISCAL IMPACT

The proposed hearing would release \$3,000,000 from Budget and Finance Committee reserve for the GoSolarSF program. The funding derives from the Hetch Hetchy Power Enterprise FY 2015-16 operating budget. The program budget is shown in Table 1 below.

Table 1: GoSolarSF FY 2019-20 Program Budget

GoSolarSF Program	Amount
Incentives	\$1,800,000
Staffing Costs	226,775
Consultant	40,810
Database Subscription	46,750
Administrative Subtotal	\$314,335
<i>GoSolarSF Total</i>	<i>\$2,114,335</i>
Low Income Inverter Replacement Program	Amount
Incentives	\$800,000
Staffing Costs	91,958
<i>Low Income Inverter Replacement Program Total</i>	<i>\$891,958</i>
Total Budget	\$3,006,293

As the incentive structure varies, and will change in 2020, it is unknown how many incentives will be provided with the \$1,800,000 solar panel incentive budget. Using application data from the past three fiscal years, and anticipating a surge before the end of 2019, GoSolarSF projects it will provide approximately 462 basic residential incentives, 80 residential low-income incentives, 19 business incentives, and eight non-profit incentives. The GoSolarSF incentive budget is shown in Table 2 below.

Table 2: GoSolarSF Incentive Budget

Category	Number of Incentives	Average Incentive	Total
Basic Residential	462	\$1,168	\$539,831
Low-Income Residential	80	8,071	645,641
Business	19	2,063	39,194
Non-Profit	8	50,000	400,000
Subtotal			\$1,625,155
Contingency (12%)			195,019
Total			\$1,820,174

According to Ms. Patane, a contingency of 12 percent is included to ensure that the program does not run out of funding, which had happened early in the GoSolarSF program.

RECOMMENDATION

Approve the requested release of reserves.