THE CITY AND COUNTY OF SAN FRANCISCO

COMMUNITY CHOICE AGGREGATION

cleanpowerSF®

UPDATED IMPLEMENTATION PLAN AND STATEMENT OF INTENT

NOVEMBER 2012

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I. Introduction

In 2004, the City and County of San Francisco ("the City" or "CCSF") established and elected to implement a Community Choice Aggregation (CCA) program, now known as CleanPowerSF. The City found that CCA provides a means by which the City may help to ensure the provision of clean, reasonably priced and reliable electricity to San Francisco customers and to increase the scale and cost-effectiveness of conservation, energy efficiency and renewable energy in the City. The City has implemented the program through the San Francisco Public Utilities Commission ("SFPUC") in consultation with the San Francisco Local Agency Formation Commission and input from the public.

The SFPUC is a department of the City that provides retail drinking water and sewer services to San Francisco, wholesale water and power to a number of other public entities, and electric power to San Francisco's municipal operations.

CleanPowerSF intends to exceed State of California requirements for Renewable Portfolio Standards (RPS) and sets a goal of a 100% renewable portfolio. CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local, renewable sources of electric generation and the use of demand side management efforts, including energy efficiency and conservation programs. CleanPowerSF will provide retail electric customers greater choice by allowing them to access the competitive market for energy services and providing for public participation in determining which technologies are utilized to meet local electricity needs. It will also provide customers with a higher amount of renewable energy than is currently available from PG&E.

CleanPowerSF will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution systems. CleanPowerSF will roll out service to groups of its customers in phases. Ultimately, all electric customers in San Francisco who currently receive their electric supply from PG&E or a "direct access" (DA) supplier will have the opportunity to be served by CleanPowerSF. As mandated by Public Utilities Code (PUC) Section 366.2(c), before automatic enrollment in CleanPowerSF, all current PG&E and DA customers within the City will receive information describing the program and will have multiple opportunities to opt out of automatic enrollment in CleanPowerSF.

CleanPowerSF will draw upon the SFPUC's experience over many decades of providing stable, reliable water and energy services to customers. CleanPowerSF will also receive assistance from experienced energy suppliers and contractors in providing energy services and demand-side management programs to program customers.

Since CPUC certification of the CleanPowerSF IP in May 2010, a number of CCA-related developments have taken place, resulting in the need for revisions to the 2010 IP and re-filing of an IP at the CPUC. This Updated 2012 IP reflects these various changes and also conforms to newly applicable customer data privacy and security protections (per CPUC Decision 12-08-045).

A. *Statement of Intent*

As further discussed below, the City intends to implement a CCA program, called CleanPowerSF, which will include all of the following:

- Universal access;
- Reliability;
- Equitable treatment of all customer classes; and
- Any requirements established by state law or by the CPUC concerning CCA programs as well as requirements established by the City.

B. *Organization of Implementation Plan*

The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PUC Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation.

The remainder of this 2012 Updated Implementation Plan is organized as follows:

Section II: Process and Consequences of Aggregation
Section III: Organizational Structure, Operations and Funding
Section IV: Ratesetting and Other Costs
Section V: Disclosure and Due Process in Rate Setting
Section VI: Procurement Process
Section VII: Customer Rights and Responsibilities
Section VIII: Roles and Requirements of Third-Party Contractors
Section IX: Contingency Plan for Program Termination
Appendix A: All referenced City Ordinances

The requirements of AB 117 are cross-referenced to Sections of this Implementation Plan in the following table.

Table 1
AB 117 Cross References

AB 117 REQUIREMENT (PUC CODE 366.2(C)(3)	IMPLEMENTATION PLAN SECTION
Process and consequence of aggregation	Section II: Process and Consequences of Aggregation
Organizational structure of the program, operations and funding	Section III: Organizational Structure, Operations and Funding
Ratesetting and other costs to participants	Section V: Ratesetting and Other Costs
Disclosure and due process in setting rates and allocating costs among participants	Section VI: Disclosure and Due Process in Ratesetting
Methods for entering and terminating agreements with other entities	Section VII: Procurement Process

Rights and responsibilities of program participants, including consumer protection procedures, credit issues and shutoff procedures	Section VIII: Customer Rights and Responsibilities[1]
Description of third parties that will supply electricity under the program, including financial, technical and operational capabilities	Section IX: Roles and Requirements of Third-Party Contractors
Termination of the program	Section X: Contingency Plan for Program Termination
Statement of intent	Section I: Introduction

II. Process and Consequences of Aggregation

In accordance with Section 366.2(c), this section provides an overview of: (1) the process the City has followed to implement CCA and (2) the beneficial consequences of the City's CCA program.

A. *Process to Implement CCA*

The San Francisco Board of Supervisors (SFBOS) established the City's CCA program in May 2004 (Ordinance 86-04).[2] (The Ordinance found that CCA would allow the City to increase the scale and cost-effectiveness of renewable energy, conservation and energy efficiency in San Francisco and to increase local control over electricity prices and resources. To implement the program, Ordinance 86-04 directed the development of a draft Implementation Plan ("IP") and the preparation of a draft Request For Proposals ("RFP") to solicit an electricity supplier for the program. In December 2004, the Board of Supervisors created a Citizens Advisory Task Force ("Task Force") to advise the City regarding the draft Implementation Plan and the draft RFP.

After an extensive process that involved public meetings of the San Francisco Local Agency Formation Commission ("LAFCO") and the Task Force, and that benefited from the participation of interested parties and advocacy groups, the Board of Supervisors approved a draft IP in June 2007 (Ordinance 147-07). The adopted Draft IP set forth goals and policies for the City's CCA program. Based on the draft IP, Ordinance 147-07 also provided direction for the City's RFP for an electricity supplier. The Ordinance further directed the issuance of a Request For Information ("RFI") to solicit input from interested parties regarding the development of the program. Ordinance 147-07 found that the RFI responses and other information obtained in implementing the program would necessitate

[1] Section VIII also details how CleanPowerSF will comply with the privacy rules established by the CPUC in D. 12-08-045.

[2] See Appendix A for all referenced Ordinances.

changes to the Draft IP and, accordingly, directed the SFPUC, in consultation with LAFCO, to prepare a revised IP for review and approval by the Board of Supervisors.

As required by Ordinance 147-07, the SFPUC issued an RFI in November 2007. In April 2009, the SFPUC issued a request for qualifications ("RFQ") from potential electricity suppliers. The SFPUC, in consultation with LAFCO, used the information obtained from these solicitations to prepare an RFP.

The Board of Supervisors approved the issuance of an RFP in October 2009 (Ordinance 232-09). The Ordinance found that it was reasonable to allow some flexibility in meeting the RFP requirements and program criteria set forth in previous ordinances in order to encourage robust responses and to facilitate a successful CCA program.

In November 2009, the SFPUC issued the RFP. The City received five responses to its RFP and, in January 2010, identified Power Choice, LLC as the highest ranked proposer. The City then initiated contract negotiations with Power Choice for electricity supply and other services.

In accordance with Ordinance 147-07, the SFPUC prepared a revised IP for approval by the Board of Supervisors to file with the CPUC. The Board of Supervisors held a hearing on the IP in the Budget and Finance Committee on February 17, 2010, and forwarded the Ordinance adopting the IP to the full Board of Supervisors with a recommendation for approval. The Board of Supervisors considered and voted on the Ordinance adopting the revised IP at its public meetings on February 23, 2010 and March 2, 2010. The Board of Supervisors finally approved the Ordinance on March 2, 2010 and authorized the filing of a 2010 IP with the CPUC (Ordinance 45-10). The 2010 IP was certified by the CPUC on May 18, 2010.

The SFPUC executed the CCA Service Agreement ("the Service Agreement") with Pacific Gas & Electric Company (PG&E) on May 27, 2010. In May 2012, the City and PG&E agreed to extend the Service Agreement until December 31, 2018. Resolution E-4397, which approves the negotiated Service Agreement and the First Amendment to this negotiated Service Agreement between the City and PG&E, was approved by the CPUC at its November 8, 2012 meeting.

Negotiations with Power Choice, LLC, were ultimately unsuccessful, and on August 5, 2010, the SFPUC issued a second RFP seeking an electricity supplier for the program. No bidders met the minimum qualifications of that RFP, and on February 8, 2011, the SFPUC authorized the General Manager to negotiate with one or more creditworthy firms to create a program that most closely achieves the City's goals (Resolution 11-0027). Shortly thereafter, SFPUC engaged in negotiations with Shell Energy North America ("SENA") for electricity supply and Noble Americas Energy Solutions ("Noble Americas") for customer care and billing services.

On December 13, 2011, the SFPUC approved a contract with SENA to purchase up to 30 MW of electricity and authorized the General Manager to continue negotiating with Noble Americas, and to forward the draft contract with SENA and necessary appropriations to the

SFBOS for its review and consideration (Resolution 11-0194). The SFPUC also required the General Manager to return to the Commission for further approval before signing the initial Confirmation—which financially obligates the City to purchase the energy—with SENA.

The SFPUC is in the process of finalizing the contract with Noble Americas prior to presentation for final approval to the SFPUC Commission.

On September 12, 2012, the Budget and Finance Committee of the SFBOS held a hearing on CleanPowerSF and the contract with SENA, and forwarded the Resolution and Ordinance approving the launch of CleanPowerSF to the full Board of Supervisors with a recommendation for approval. The full Board of Supervisors voted to approve the Resolution (Resolution 0348-12) and Ordinance at its public meetings on September 18, 2012 and September 25, 2012, authorizing the SFPUC to launch CleanPowerSF, and appropriating funds to execute a contract with SENA for a term of up to five years (Ordinance 200-12).

B. *Consequences of CleanPowerSF*

Through CleanPowerSF, the City and County of San Francisco intends to procure a more renewables-based portfolio of reasonably priced and reliable electricity to San Francisco retail electricity customers. As a community choice aggregator, the City will be able to increase the scale and cost-effectiveness of renewable energy and demand-side management in San Francisco and will exercise more local control over electricity prices, resources, and reliability.

CleanPowerSF intends to exceed State of California requirements for RPS and has set a goal of meeting a 100% renewable portfolio at program launch. This exceeds the RPS requirement of 20% through 2013 and 33% by 2020 that state law requires PG&E to meet.[3]

CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local renewable generating capacity and demand-side efforts, including energy efficiency and conservation programs. CleanPowerSF will evaluate opportunities for constructing or investing in new resources such as in-City solar photovoltaic cells, local renewable distributed generation such as fuel cells, and one or more wind turbine farms, as well as demand-side management, including conservation, peak shaving, and increased energy efficiency efforts. Any decisions regarding construction of new facilities will be reached after environmental review, including review under the California Environmental Quality Act (CEQA).

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3 The California Energy Commission's guidelines for Renewables Portfolio Standards (RPS) classifies the following projects as eligible for RPS-compliance, subject to specific fuel requirements: biomass, biodiesel, fuel cells using renewable fuels, digester gas, geothermal, landfill gas, municipal solid waste, ocean wave, ocean thermal, tidal current, solar photovoltaics (PV), small hydroelectric (30 MW or less), solar thermal and wind.

The program expects to offer electric generation rates to CCA customers that are initially higher than current PG&E generation rates.[4] CleanPowerSF is committed to providing equitable treatment of all classes of customers without undue discrimination in setting rates.

All PG&E and DA electric customers within the City will be eligible to become CleanPowerSF customers. CleanPowerSF will enroll customers in phases. Phase 1 will enroll sufficient customers to match the volume of electricity provided under the SENA agreement, not to exceed an average of approximately 30 MW. CleanPowerSF is currently analyzing the potential composition of Phase 1 accounts in consideration of opportunities for maximizing demand-side management programs and renewable energy impacts, synergies with local ordinances and other customer programs, cost of service and customer load characteristics, expected rates of participation, and other operational considerations.

All electricity customers covered by each phase would be automatically enrolled in CleanPowerSF and served by it, except for those customers who affirmatively elect to "opt-out" of the program and remain either bundled service customers of PG&E or (if currently served by a DA provider) customers of their DA provider. Customers will be offered at least four notifications regarding the initiation of service. Two of the notices will be provided within 60 days prior to enrollment in CleanPowerSF, and the remaining will be provided within 60 days or two billing cycles after the initiation of service, as required by 366.2(c)(13)(A). All notices will detail the program's terms and conditions, and provide ample opportunity to opt-out of the program without penalty. Pursuant to Section 366.2(c)(9), PG&E will still be required to continue providing distribution, metering and billing services to a ratepayer who receives electric generation service from CleanPowerSF. Customer billing statements will look much the same as they do currently; however, the generation portion of the bill will read CleanPowerSF as opposed to PG&E, and applicable CleanPowerSF rates will be applied. The SFPUC and its intended supplier of customer services, Noble Americas, will coordinate the transfer of account payments with PG&E.

III. Organizational Structure, Operations and Funding

In accordance with Section 366.2(c)(3)(A), this section describes the organizational structure of CleanPowerSF and the key elements of its operations and funding.

A. *Organizational Structure*

1. Overview

The organizational structure of CleanPowerSF is determined by the requirements of State law, the San Francisco City Charter, and applicable City ordinances. The key entities with a role related to CleanPowerSF are: (1) the San Francisco Board of Supervisors, which established the City's CCA program by ordinance in May 2004 (Ord. 86-04) and provides broad policy direction for the program; (2) the SFPUC, which manages and controls

[4] See Section IV (Rate Setting and Other Costs) for more details.

CleanPowerSF; (3) the San Francisco Local Agency Formation Commission (LAFCO), which advises the Board of Supervisors and the SFPUC regarding various aspects of CleanPowerSF; and (4) the Rate Fairness Board, which advises the SFPUC regarding CCA program rates. A general description of the roles and operating procedures of these entities follows.

2. San Francisco Board of Supervisors

The Board of Supervisors is the legislative branch of the City. The Board consists of eleven full-time members elected by district, who may serve up to two successive four-year terms. Regular Board meetings are held weekly (except for holidays) and are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code. In addition, the Board has several standing Committees that hold regular public meetings to conduct hearings regarding proposed legislation and to consider other legislative matters. The Mayor may approve or veto legislation approved by the Board. The Board may override a mayoral veto by a vote of not less than two-thirds of the members of the Board.

In addition to establishing the City's CCA program and providing general policy guidance for the program, the Board's responsibilities related to CleanPowerSF include reviewing rates set by the SFPUC (Charter Sec. 8b.125) and reviewing certain contracts that the City Charter requires to be approved by the Board (Charter Sec. 9.118).

3. San Francisco Public Utilities Commission

Pursuant to the San Francisco Charter, the SFPUC is responsible for the management and control of CleanPowerSF. Headquartered at 525 Golden Gate Avenue in San Francisco, the SFPUC has approximately 2,000 employees with a combined annual operating budget of approximately $400 million.

The SFPUC is comprised of three separate enterprises: Water, Wastewater and Power. The Water Enterprise is responsible for managing the transmission, treatment, storage and distribution of potable water to San Francisco's wholesale and retail customers. The Wastewater Enterprise is responsible for managing the collection, treatment and disposal of San Francisco's storm water and wastewater. The Power Enterprise is responsible for managing electric energy for San Francisco municipal customers, including: retail power sales, transmission and power scheduling, energy efficiency programs, street lighting services, utilities planning for redevelopment projects, energy resource planning efforts and various other energy services.

As a division of the Power Enterprise, the CleanPowerSF program is under the direct administrative oversight of its Assistant General Manager, who in turn reports to the SFPUC General Manager.

The SFPUC is overseen by a Commission consisting of five members appointed by the Mayor to four-year terms, subject to confirmation by the Board of Supervisors. Each Commissioner fills a designated seat on the Commission based on particular qualifications:

Seat 1 requires experience in environmental policy and an understanding of environmental justice issues; Seat 2 requires experience in ratepayer or consumer advocacy; Seat 3 requires experience in project finance; Seat 4 requires expertise in water systems, power systems, or public utility management; Seat 5 is an at-large member (Charter Sec. 4.112(b)). The Commission holds regular meetings twice monthly that are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code. Subject to the overall policy direction given by the Board of Supervisors, the Commission's duties include evaluation and approval of key policies and goals related to the development, implementation, and operation of CleanPowerSF. The Commission is responsible for reviewing and approving the contracts recommended by SFPUC staff with third-party suppliers of electricity and other services for CleanPowerSF. The Commission will also approve rates for CCA services, subject to rejection by the Board of Supervisors.

4. Local Agency Formation Commission (LAFCO)

The San Francisco LAFCO was created pursuant to California Government Code Sections 56000 *et seq.* LAFCO consists of two members from the Board of Supervisors representing the County of San Francisco, two members appointed by the Board of Supervisors to represent the City of San Francisco, and a fifth member representing the general public. LAFCO holds regular monthly meetings that are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code.

In June 2007, the Board of Supervisors formally asked LAFCO to monitor the implementation process and advise the SFPUC and the Board of Supervisors regarding the development, implementation, operation and management of the CCA program (Ordinance 146-07).

5. Rate Fairness Board

In accordance with Charter Section 8B.125, the SFPUC established the Rate Fairness Board (RFB) to advise the Commission regarding the setting of rates for the public utility services under the jurisdiction of the SFPUC. The RFB consists of seven members, including three designated City officials, two City residential retail customers and two City business retail customers. The RFB's duties include making recommendations to the SFPUC Commission on utility rates, holding public hearings on annual rate recommendations, and reviewing five-year rate forecasts. The RFB's hearings and meetings are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code.

B. *Operations*

As described above, SFPUC staff will oversee and manage the program, while certain functions will be contracted out to third-party suppliers, including acquiring full requirements energy supply, development and construction of new energy resources and certain customer support services. The San Francisco Department of the Environment ("SFE") will assist with program outreach, while the Department of Public Works will oversee construction of local renewable facilities.

Day-to-day operations of CleanPowerSF will be handled by the third-party suppliers, the SFPUC program director and the program director's staff, consisting of a minimum of two utility analysts.

Major functions that will be performed by CleanPowerSF are summarized below.

1. Resource Planning

CleanPowerSF will develop both short (one and two-year) and long-term resource plans to meet the program's energy requirements. CleanPowerSF will develop resource plans in compliance with California law, California Independent System Operator (CAISO), and other requirements of California regulatory bodies (CPUC and CEC). Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. CleanPowerSF will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning will consider demand-side energy efficiency and demand response programs as well as traditional supply options. CleanPowerSF will strive to ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed, and implemented.

2. Portfolio Operations

Portfolio operations will encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities will include the following:

- *Electricity Procurement* – assemble a portfolio of electricity resources to supply the electric needs of program customers.
- *Risk Management* – employ standard industry techniques to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- *Load Forecasting* – develop accurate load forecasts, both long term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- *Scheduling Coordination* – schedule and settle electric supply transactions with the CAISO.

SFPUC will initially contract with a third party—SENA—with the necessary experience to perform most of the portfolio operation requirements for the CCA program. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. The contract with SENA reflects a set of program controls that will serve as the risk management tools for CleanPowerSF.

3. Local Energy Programs

A central goal of the CCA program is the development and implementation of local energy programs, including demand-side management programs, distributed generation programs and development of local renewable generation resources. SFPUC will be responsible for further development of these programs in cooperation with SENA and other City agencies that may have existing complementary programs.

The City will assess the technical and economic feasibility of administering demand-side management programs that can be used as cost-effective alternatives to procurement of supply-side resources. The City will attempt to meet its renewable goals through new, preferably local, renewable sources of electricity generation and demand-side management programs to the extent feasible. Appropriation for the contract with SENA includes $2 million for studies to facilitate the development of local generation. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act, where applicable. CleanPowerSF intends to apply to the CPUC for funding to administer energy efficiency programs in San Francisco and anticipates a transition from PG&E-based programs to a CCA-based energy efficiency program.

4. Rate Setting

The SFPUC will have the ultimate responsibility for setting electric generation rates for its customers. CleanPowerSF intends to offer its customers stable and cost-effective rates with provisions for low-income ratepayer assistance and is committed to equitable treatment of all classes of customers. CleanPowerSF is currently developing proposed rates and options for the SFPUC Commission to consider before final rates are approved. Rate proposals will meet the requirements of the City Charter and be reviewed by the Rate Fairness Board. The final approved rates must, at a minimum, meet the annual revenue requirement developed by CleanPowerSF. The SFPUC will have the flexibility to consider rate adjustments within ranges provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Rate setting is discussed in more detail in Sections IV and V.

5. Financial Management/Accounting

The CleanPowerSF Director will be responsible for managing the financial affairs of CleanPowerSF, including developing the annual budgets and revenue requirements, managing and maintaining cash flow requirements, arranging potential bridge loans and other financial tools, arranging financing for capital projects and preparing financial reports, and managing a large volume of billing settlements. Financial management will also include risk management functions, including establishing credit policies and monitoring the credit of suppliers, as well as ensuring that revenues from customers will only be used for CleanPowerSF activities, and will not be used to fund other City programs.

Management of CleanPowerSF's financial affairs will utilize the experience and financial management systems of the SFPUC Financial Services Department. The Financial Services Department provides the financial services for the SFPUC's three utility enterprises. The Financial Services Department's functions include developing and maintaining long-range capital and financial plans, and support for financial accounting and reporting, accounts payable, billing and collection of water, wastewater, and power charges, and other revenues.

The Director will use contractors and/or staff in support of these activities, as appropriate.

6. Customer Services

In addition to general program communications and marketing, a significant amount of customer service and key account representation will be necessary. This will include both a call center for questions and routine interaction with customer accounts. CleanPowerSF will coordinate call center duties between the existing SFPUC call center and third-party contractor Noble Americas.

Customer Services will manage retail settlements-related duties and customer account data. Other services will include processing customer service requests, administering customer enrollments and departures from the program, and maintaining a current database of customers enrolled in the program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments.

Activities include the electronic exchange of customer energy usage and payments data with the distribution utility and the SFPUC, tracking of customer accounts receivables and payments, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with SFPUC credit policies.

Customer Services will also manage communications with customers relating to the generation portion of energy bills, customer call centers, and routine customer notices regarding generation and CleanPowerSF-managed demand-side management programs. Noble Americas has demonstrated the necessary experience to administer appropriate customer information computer systems to perform the customer account and billing services functions.

CleanPowerSF anticipates that SFPUC staff will conduct the general program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service and implementation of a comprehensive marketing and education program to promote customer awareness and satisfaction with the CCA program. Ongoing communications, marketing messages, and information regarding the CCA program to all customers will be critical for the overall success of the CCA program.

7. Legal and Regulatory Representation

CleanPowerSF will utilize the San Francisco Office of the City Attorney ("City Attorney") as legal counsel to advise regarding administration of CleanPowerSF; review contracts; represent the program as necessary before the CPUC, other regulatory agencies and the courts; and to provide overall legal support to the activities of CleanPowerSF.

8. Roles and Functions

City officials and employees will be responsible for policy-making, management and planning for CleanPowerSF to ensure that the program remains responsive to San Francisco participants. The SFPUC will have a direct role in marketing, communications and customer service for CleanPowerSF. Other highly specialized functions, such as energy supply and account management, will be contracted out to third parties with sufficient experience, technical and financial capabilities. The functions that are expected to be performed by the SFPUC and third parties are specified in Table 2 below:

Expectations for Staffing Roles
Table 2

Function	Start-Up	Near-Term	Long-Term
Program Governance	SFPUC and Board of Supervisors	SFPUC and Board of Supervisors	SFPUC and Board of Supervisors
Program Monitoring	SFLAFCO	SFLAFCO	SFLAFCO
Program Management	SFPUC	SFPUC	SFPUC
Outreach/Marketing	SFPUC (SFLAFCO support)	SFPUC (SFLAFCO support)	SFPUC (SFLAFCO support)
Customer Service	Third Party(SFPUC support)	Third Party (SFPUC support)	SFPUC
Key Account Management	SFPUC	SFPUC	SFPUC
Regulatory	SFPUC	SFPUC	SFPUC
Legal	City Attorney	City Attorney	City Attorney
Finance	SFPUC	SFPUC	SFPUC
Rates: Approve, Develop	SFPUC (with input from Rate Fairness Board)	SFPUC (with input from Rate Fairness Board)	SFPUC (with input from Rate Fairness Board)
Resource Planning	Third Party (SFPUC support)	Third Party (SFPUC support)	SFPUC (Third Party support)
Energy Efficiency	SFPUC (SFE[5] support)	SFPUC (SFE support)	SFPUC (SFE support)
Resource Development	SFPUC	SFPUC	SFPUC
Portfolio Operations	Third Party	Third Party (SFPUC support)	SFPUC

5 SFE: San Francisco Department of the Environment.

Expectations for Staffing Roles Table 2			
Function	**Start-Up**	**Near-Term**	**Long-Term**
Scheduling Coordinator	Third Party	Third Party	SFPUC (Third Party support)
Data Management	Third Party	Third Party (SFPUC support)	SFPUC (Third Party support)

C. *Funding*

This section presents CleanPowerSF's plans for the start-up and ongoing funding needs of the CCA program.

1. Staffing

As described in Section III.C.8, CleanPowerSF will utilize a mix of City staff and contractors. CleanPowerSF currently has several full-time employees, including a Director, two analysts, and administrative support personnel. Staff will be added incrementally to match workloads required for managing contracts and initiating customer outreach/marketing during the pre-operations period.

2. Start-up Funding Requirements

The startup of CleanPowerSF will require funding for staffing and contractor costs, program initiation, and working capital. The City has appropriated $19.5 million for collateral and cash reserves to launch the initial phase of the program. CleanPowerSF will be funded through customer rate revenues and not from the City's general fund.

An initial start-up budget of $6 million was appropriated by the SFPUC from Power Enterprise revenues for San Francisco's CCA program.[6] These funds have been used for the implementation of the CleanPowerSF program. These activities have included funding several SFPUC staff positions, as well as work by the City Attorney and external consultants. These start-up costs have been used to analyze the economic and technical potential for various CleanPowerSF program design alternatives, investigate the best-practices of CCA programs operating in the United States, and perform all other work required to implement the program thus far. In addition, the SFPUC and City Attorney have been actively engaged in CCA-related proceedings at the CPUC, including R.03-10-003 and related dockets.

These funds have also been used to provide the LAFCO with $700,000 per year for its role in supporting the CleanPowerSF program. These funds were available for three years,

[6] Of the $6 million, $5 million was appropriated in fiscal year 2006-2007, and an additional $1 million was appropriated in fiscal year 2011-2012.

starting in fiscal year 2008-09 and were used to pay for LAFCO staff time as well as LAFCO-directed consultant work related to the CleanPowerSF program.

For fiscal year 2012-2013, the remaining funds will be used to fund the final phases of implementing the CleanPowerSF program.

The total staffing, contractor and program initiation costs will be collected ultimately through CCA program rates.

3. Start-up Activities and Costs

Start-up activities for the **SFPUC** may include:

- Defining and executing a Communications plan;
- Customer outreach and education;
- Informational materials and customer notices;
- Legal and regulatory support;
- General consulting costs;
- Working capital to cover payments to suppliers prior to receipts from participating customers;[7]
- Negotiating supplier/vendor contracts;
- Initiating enrollment and opt-out processes;
- Conducting load forecasting; and
- Financial reporting.

Additional activities that are expected to be provided by **Noble Americas** include:

- Customer call center;
- Customer data management;
- Billing administration;
- Tracking and processing all opt-out notices received;
- Managing customer service requests for returns to PG&E or a DA provider; and
- Customer complaints resolution.

[7] Operating revenues from sales of electricity will be remitted to CleanPowerSF beginning on approximately day 50 of program operations, based on PG&E's standard meter reading cycle of 30 days and a payment/collections cycle of 20 days.

4. On-Going Funding Requirements

On-going funding, including staffing, third-party supplier costs, and any additional working capital needs will be recovered through customer rates.

Following program start-up, the SFPUC anticipates that municipal financing may be available as one possible mechanism for financing development of new renewable resources, as appropriate.

IV. Rate Setting and Other Costs

In accordance with Section 366.2(c)(3)(B), this section describes the initial policies for CleanPowerSF in setting its rates for community choice aggregation services. These include policies regarding rate design, objectives, and due process in setting program rates. Final program rates will be approved by the SFPUC and will be included in the initial customer opt-out notices.

By adopting this 2012 Implementation Plan, the SFPUC has approved the rate policies and procedures contained herein to be effective at program initiation. The SFPUC retains authority to modify program policies from time to time at its discretion.

A. *Rate Setting Principles*

CleanPowerSF will establish rates sufficient to recover all costs related to operation of the program, including cost responsibility surcharges and any reserves that may be required as a condition of financing, and other discretionary reserve funds that may be approved by the SFPUC.

The primary objective of the rate setting plan is to set rates in accordance with the following principles:

- Rate stability;
- Equitable treatment of all customer classes;
- Customer understanding;
- Revenue sufficiency to recover costs; and
- Compliance with AB 117 and Charter Section 8B125.

B. *Rate Design*

To minimize customer confusion, CleanPowerSF's customer classes will match PG&E's customer classes. CleanPowerSF will ensure that customers enrolled in specialized rate options, for example net energy metering and low-income ratepayer assistance programs, will continue to be eligible for these tariffs under CCA service. CleanPowerSF may also introduce new rate offerings for customers.

The SFPUC has the discretion to modify CleanPowerSF's rate design policies, and it is likely that over time, CleanPowerSF's rates will become less tied to those offered by PG&E.

C. *Additional Costs*

Miscellaneous fees and charges will be developed by CleanPowerSF on an as-needed basis. These fees and charges may be levied on customers for activities including but not limited to special meter reading, and service switching. Such fees and charges, if required, will be set in accordance with the rate setting principles described above and will be approved by the SFPUC.

Customers who choose to opt out of CleanPowerSF and return to bundled service with PG&E after the initial opt-out period may be charged a small one-time departure fee to be determined by CleanPowerSF.

V. Provisions for Disclosure and Due Process in Rate Setting

In accordance with Section 366.2(c)(3)(C), this section describes the provisions for disclosing energy rates and ensuring due process in the development of rates.

A. *Disclosure Provisions*

Rates at the program's start will be set through a public process that includes review by the Rate Fairness Board. Rates will be established by the SFPUC at a public meeting and are subject to rejection by the Board of Supervisors at a public meeting (Charter Sec. 8b125). Proposed rates and underlying cost information will be made public pursuant to the Brown Act and the San Francisco Administrative Code prior to SFPUC approval. Two notices issued during the Initial Notification Period will inform customers of initial rates.

Subsequent rate changes will be made through a similar public process.

CleanPowerSF will generally follow customer noticing requirements similar to those the CPUC requires of investor-owned utilities. These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation in the City within ten days of submitting a rate. Such notice will generally summarize the rate proposal and indicate that the proposal and related exhibits may be examined at the offices of the SFPUC. Notices related to meetings of the Rate Fairness Board, SFPUC, and Board of Supervisors are published as required by the Brown Act and San Francisco Administrative Code Chapter 67.

Within 45 days after submitting a proposal to change rates, CleanPowerSF will furnish notice of its proposed changes to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed change expressed in both dollar and percentage terms, a brief statement of the reasons the change is required or sought, and the mailing address of CleanPowerSF to which any customer inquiries relative to the proposed change, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

B. *Due Process in Rate Setting*

1. Public Oversight of Ratesetting

CleanPowerSF customers will be guaranteed adequate due process to protect their interests. As described above, the ratesetting process will be a public process at every step. In addition, the City officials and agencies who oversee CleanPowerSF are accountable to local voters and accessible to customers through local offices and regular public meetings. Moreover, all City business is subject to the requirements of the City's Sunshine Ordinance (Admin. Code Chapter 67), in addition to the Brown Act.

2. Rate and Complaint Monitoring

In addition to providing a recommendation on initial rates and rate adjustment proposals, the Rate Fairness Board will have an ongoing rate monitoring role. The Rate Fairness Board will report its findings to the SFPUC Commissioners on an as-needed basis.

VI. Procurement Process

In accordance with Section 366.2(c)(3)(D), this section describes CleanPowerSF's initial methods for entering and terminating agreements with other entities. By adopting this Implementation Plan, the SFPUC has approved the general procurement policies contained herein to be effective at program initiation. CleanPowerSF retains authority to modify program policies from time to time at its discretion.

A. *Procurement Process*

On February 8, 2011, the SFPUC authorized the General Manager to negotiate with one or more creditworthy firms to create a CCA program that most closely achieves the City's goals (Resolution 11-0027). Shortly thereafter, SFPUC engaged in negotiations with SENA for electricity supply and Noble Americas for customer care and billing services.

On December 13, 2011, the SFPUC Commission approved a contract with SENA to purchase up to 30 MW of electricity and authorized the General Manager to continue negotiating with Noble Americas and forward the draft contract with SENA and necessary appropriations to the SFBOS for its review and consideration. (Resolution 11-0194). The

SFPUC also required the General Manager to return to the Commission for further approval before signing the initial Confirmation—which financially obligates the City to purchase the energy—with SENA.

The City is in the process of finalizing the contract with Noble Americas prior to presentation for final approval to the SFPUC Commission.

The Board of Supervisors considered and voted on CleanPowerSF at its public meetings on September 18, 2012 and September 25, 2012. On September 25, 2012 the Board of Supervisors finally authorized the SFPUC to launch CleanPowerSF, and appropriated funds to execute a contract with SENA for a term of up to five years.

B. *Procurement Methods*

CleanPowerSF will enter into agreements for a variety of services needed to support program development, resource development, operation and management. CleanPowerSF will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured.

Direct procurement, or sole-source procurement, may provide for the purchase of goods or services without utilizing a competitive process. Direct procurement is to be performed only in limited circumstances such as in the case of emergency or when a competitive process would be an idle act. CleanPowerSF will generally utilize a competitive solicitation process to enter into agreements with entities providing full service electricity supply, resource development and customer and administrative services for the program. Agreements with entities that provide professional services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement basis at the discretion of CleanPowerSF. CleanPowerSF will report regularly to the SFPUC with respect to procurement for the program.

C. *Description of Third Parties*

CleanPowerSF has negotiated contracts of up to 5years with qualified suppliers to provide electricity supply and customer services to the CleanPowerSF program. The providers, Shell Energy North America and Noble Americas, were chosen following two rounds of a competitive bidding process in which no bidders met the minimum qualifications specified in the RFPs (Agreement Nos. CS-978R and CS-160).

The SFPUC expects to consider in the future contracts to develop and construct new generating resources, subject to any review required under CEQA.

1. Electric Procurement

Under the electricity supply contract between SENA and the City, SENA will commit to provide the electricity supply needed to serve Phase 1 of the CleanPowerSF program. SENA will be responsible for ensuring that a certified scheduling coordinator schedules the loads of all customers in the program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. SENA will be wholly responsible for the program's portfolio operations functions and managing the predominant supply risks for the term of the contract. SENA must also meet specific requirements for delivery of renewable energy and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC, the CAISO and the Federal Energy Regulatory Commission (FERC).

CleanPowerSF expects to provide a portfolio that is 100% renewable at program launch. The portfolio must at a minimum meet the California RPS requirement of 20% renewable content through 2013 and 33% by 2020.

2. Development of Generating Resources and Demand-Side Management

The SFPUC anticipates the potential development of both in-City and out-of-City renewable energy resources to meet the program's renewable goals to the extent feasible. A third party supplier or developer may coordinate with CleanPowerSF to identify and study potentially appropriate sites to develop new resources. Any consideration of contracts for development of new resources will take place after CEQA review, to the extent required.

If build-out of new resources is approved after the necessary reviews, the contract with SENA allows the City to replace electricity purchases from SENA with the substitute resources.

CleanPowerSF will also coordinate with the San Francisco Department of Environment (SFE) to provide robust demand-side management programs, including conservation and energy efficiency. SFE has a contract with PG&E to administer certain demand-side management programs in the City.

3. Customer and Administrative Services

The supplier Noble Americas is expected to provide customer enrollment, billing administration and customer services including working with the SFPUC call center to respond to customer account representatives, billing inquiries and requests for specific program data.

VII. Customer Rights and Responsibilities

In accordance with Section 366.2(c)(3)(E), this section describes the rights and responsibilities of CleanPowerSF customers. These include the process to opt-out of the program, switching service providers after the opt-out period, customer confidentiality, responsibility for payment and customer deposits. Section C—Customer Confidentiality—also describes how CleanPowerSF will comply with privacy protections concerning customer usage data as required by the CPUC under D.12-08-045.

A. *Customer Opt-Out Rights, Notices and Process*

A minimum of four notices will be provided to all customers describing the program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. Two of the notices will be provided within 60 days prior to enrollment in CleanPowerSF, as required by 366.2(c)(13)(A). Customers who do not affirmatively opt out within this period shall be automatically enrolled in the program.

Following automatic enrollment, two additional opt-out notices will be provided within 60 days or two billing cycles after the initiation of service.

The City may charge departing CleanPowerSF customers a small one-time departure fee to be determined by the SFPUC. Per direction from the SFBOS, City imposed departure charges will only apply to customers who return to PG&E service after six months of CCA service (Resolution 0348-12). The SFPUC is currently considering a $5 departure fee for residential customers.

CleanPowerSF will likely use its own mailing service for opt-out notices rather than including the notices in the distribution utility's monthly bills. CleanPowerSF will work with PG&E to determine the best means to provide the retail customers with this notice. Consistent with CPUC regulations, notices returned as undelivered mail will be treated as failure to opt out and the customer will be automatically enrolled.

B. *Customer Service Switchover after Initial Opt-out Period*

After the initial opt-out period, all customers enrolled in CleanPowerSF electric service may return to bundled service by PG&E by submitting a Customer Advanced Notification Form to PG&E in writing or electronically.[8]

Consistent with PG&E tariffs, a CleanPowerSF customer must provide a six-month notice in order to return to bundled service with PG&E. PG&E will provide those customers who have provided advance notice with written confirmation and necessary switching process information upon receipt of the customer's notification.

During the six-month advance notice period before customers become eligible for PG&E service at bundled customer rates, customers may either continue on CCA service or return to bundled service and receive Transitional Bundled Service (TBS). According to PG&E's tariff, Community Choice Aggregation service customers who elect to take TBS prior to the end of the mandatory six-month notice period will be charged a Transitional Bundled Commodity Cost (TBCC) charge.

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[8] Rules for post-opt-out period are detailed in PG&E Tariffs Rule No. 23 and Rule No. 22.1.

C. *Customer Confidentiality*

CleanPowerSF will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data that does not contain identifiable information of individual customers may be released at the discretion of CleanPowerSF or as required by law or regulation.

D. *Customer Privacy and Data Security*

As required by the CPUC in Decision 12-08-045, the following rules shall apply to CleanPowerSF's collection, storage, use, and disclosure of customer energy use information ("Customer Data"):

1. CleanPowerSF shall provide every customer with a Notice of Accessing, Collecting, Storing, Using and Disclosing Energy Usage Information ("Notice"). The Notice shall contain CleanPowerSF's policies and practices for use of Customer Data. Once a year, CleanPowerSF will notify customers how to obtain a copy of the Notice. A copy of the Notice will also be maintained on the CleanPowerSF website.
2. Unless a customer consents in writing to other uses, CleanPowerSF may use Customer Data only to: (a) provide or bill for electrical power; (b) provide for its system, grid, or operational needs; (c) provide services as required by state or federal law, or as specifically authorized by CPUC order; or (d) plan, implement, or evaluate demand response, energy management, or energy efficiency programs.
3. In connection with such uses, CleanPowerSF may disclose Customer Data to third parties under contract with CleanPowerSF, provided such third parties agree to use Customer Data only for the purpose set forth in the contract. CleanPowerSF may also disclose such information to the CPUC or other governmental agency for matters related to energy efficiency.
4. With customer consent in writing, CleanPowerSF may use Customer Data for any purpose specified in the consent. CleanPowerSF will notify customers on a yearly basis that they may revoke or modify such consent.
5. Upon request, and within a reasonable time thereafter, CleanPowerSF shall provide customers with secure access to their Customer Data in an easily readable format.
6. When required by a legally-served subpoena, CleanPowerSF may disclose Customer Data after 7-day notice to customer, except that without notice to customer CleanPowerSF may: (a) disclose the customer's name, address, and contact information; and (b) disclose Customer Data to emergency responders in situations involving imminent threats to life or property.
7. CleanPowerSF shall implement reasonable safeguards to protect Customer Data.

E. *Responsibility for Payment*

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay CleanPowerSF's bill. In most circumstances, customers will be returned to utility service for failure to pay bills in full and any customer deposits will be withheld in the case of unpaid bills.[9] In accordance with PG&E's Rule 23, PG&E is responsible for notifying customers of unpaid balances and collecting any outstanding balances. If payment is not received, CleanPowerSF may submit a request to transfer the customer to PG&E's service on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, CCA service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account. Based on program operations and customer feedback, CleanPowerSF may develop its own procedures for collecting unpaid balances.

Customers will be obligated to pay CleanPowerSF's charges for service provided through the date of transfer including any applicable termination fees. CleanPowerSF will attempt to negotiate collection arrangements with PG&E that will satisfy CleanPowerSF's credit requirements. CleanPowerSF may petition the Commission to obtain shut-off rights for customer non-payment of CCA charges if a satisfactory collections agreement cannot be negotiated with PG&E.

F. *Customer Deposits*

Customers may be required to post a deposit to obtain service from the program. Any policy related to customer deposits shall be determined at a public meeting of the SFPUC with an opportunity for public input and comment.

VIII. Roles and Requirements of Third-Party Contractors

CleanPowerSF will rely on third-party contractors to provide many of its services. In accordance with Section 366.2(c)(3)(G), this section describes the functions that a third party supplier(s) will perform as well as the financial, operational and technical capabilities SFPUC will require from its suppliers.

A. *Functions of Third-Party Supplier*

1. Electric Procurement and Portfolio Management: Full Requirements

CleanPowerSF initially intends to utilize a third party, SENA, to provide full requirements electric supply for all CleanPowerSF customers. Full requirements electric supply shall mean all electric energy, RPS energy, capacity, planning reserves/resource adequacy requirements, ancillary services, load forecasting, and scheduling coordination required to deliver electricity to meet the needs of end use customers participating in CleanPowerSF.

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9 "Utilities should be required to serve a CCA customer that fails to pay for CCA services." CPUC Decision 05-12-041, Decision Resolving Phase 2 Issues on Implementation of CCA Program and Related Matters, Conclusions of Law #43, Rulemaking 03-10-003.

Under the contract, SENA will be responsible for forecasting and satisfying CleanPowerSF's load obligations on an hourly, daily and monthly basis, as required by protocols of the California Independent System Operator (CAISO) and the applicable regulations established by the California Public Utilities Commission (CPUC). The SFPUC shall make reasonable efforts to cooperate in its load forecasting process, such as by requesting customer load data from PG&E and providing information known to the SFPUC that may impact the load forecast.

Resources owned by the City may be substituted in to the portfolio, at the City's discretion, to meet customer demand while meeting financial and policy objectives.

2. Development and Construction, Operations, and Maintenance of Resources

CleanPowerSF anticipates the development of both in-City and out-of-City renewable energy resources to meet the program's renewable energy goals. The City's ordinances set forth a target resource mix that would develop 103 MW of in-City generation, including 31 MW of PV, 72 MW of local renewable distributed generation such as CHP and fuel cells, in addition to 150 MW of wind generation, most likely to be located outside of the City. There is also a goal of 107 MW of demand reduction, which would be achieved through energy efficiency and demand response programs and/or resources.[10]

CleanPowerSF will determine the feasibility and timeline of developing new renewable generation resources. Approval of specific projects or contracts related to the construction of new facilities will be considered only after completion of any review required under CEQA. CleanPowerSF will work with SENA in the event that electricity supply from a new renewable generation project displaces electricity that would otherwise be provided by SENA.

3. Customer Account Services

CleanPowerSF initially intends to utilize a third party, Noble Americas, to provide the following customer account services:

- **Customer Enrollment**. This task consists of providing all necessary to administer customer enrollments and departures from CleanPowerSF, including exchange and processing of Community Choice Aggregation Service Requests with PG&E.
- **Billing Administration**. This task consists of providing all services necessary to issue monthly bills to participating customers through PG&E's billing process and tracking customer payments. Services include the electronic exchange of customer usage, billing, and payments data with PG&E; tracking of customer accounts receivables and payments; issuance of late payment and/or termination notices; and administration of customer deposits.
- **Customer Administrative Services**. This task consists of providing call center services to respond to customer billing inquiries and requests for specific program information.

[10] San Francisco Ordinance 147-07.

Noble Americas will coordinate with SFPUC call center staff to respond to specific customer inquiries about billing rates and resource portfolio.

The agreement between CleanPowerSF and Noble shall provide that, unless directed by CleanPowerSF, Noble may use Customer Data only for customer billing. The agreement between CleanPowerSF and Noble shall provide that any use by Noble of Customer Data for any other purpose, or any failure to maintain the confidentiality of Customer Data, shall be considered a material breach of the contract. The agreement shall also enable CleanPowerSF to require Noble to cease any such improper uses of Customer Data.

B. *Capabilities of Third-Party Supplier(s)*

1. Shell Energy North America

Shell Energy North America (SENA) is a leading provider of natural gas and renewable resources, with annual sales of more than 200 million megawatt hours (MWh). It has been procuring energy for customers in California and other western states since the mid-1990s. It has been active in the California renewable market since 2002, and has several renewable energy projects either under way or under consideration in California. SENA is a CAISO-certified scheduling coordinator. SENA is currently the energy supplier for the only CCA that is serving customers in California, Marin Energy Authority.

2. Noble Americas Energy Solutions

Noble Americas Energy Solutions (Noble Americas), previously known as Sempra Energy Solutions, will provide data management and customer care services, including new customer processing, data exchange, payment processing, billing and retail settlements and a call center for CleanPowerSF customers. Noble Americas also has experience providing these services for Marin Energy Authority. Noble Americas has provided similar services to direct access customers in California for nearly 10 years.

IX. Contingency Plan for Program Termination

In accordance with Section 366.2(c)(3)(F), this section describes the process to be followed in the case of program termination. By adopting this Implementation Plan, the City approved the general termination process contained herein to be effective at program initiation. SFPUC or the Board of Supervisors retains authority to modify program policies from time to time at its discretion.

A. *Termination*

There is no planned program termination date. In the unanticipated event that the City decides to terminate CleanPowerSF, and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred back to PG&E. A second notice will be provided during the final 60 days in advance of the transfer. The notice will describe PG&E's bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules. At least one year advance notice will be provided to PG&E and the CPUC before transferring customers, and CleanPowerSF will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred on the date of their regularly scheduled meter read date.

Per CPUC requirements, CleanPowerSF will post a bond or self-insure to cover payments due to PG&E in the event of sudden cessation of service. Public Utilities Code Section 394.25(e) requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. CleanPowerSF will provide evidence of insurance or post a bond against the risk of customer reentry fees.

APPENDIX A

FILE NO. 040236 ORDINANCE NO. 86-04

[Ordinance establishing a Community Choice Aggregation Program to allow San Francisco to aggregate the electrical load of San Francisco electricity consumers and to accelerate renewable energy, conservation and energy efficiency.]

Ordinance establishing a Community Choice Aggregation Program in accordance with California Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, allowing San Francisco to aggregate the electrical load of electricity consumers within San Francisco and to accelerate the introduction of renewable energy, conservation and energy efficiency into San Francisco's portfolio of energy resources.

Note: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strikethrough italics Times New Roman*~~.
Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. FINDINGS

The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

A. On September 24, 2002, the Governor signed into law Chapter 838 which authorizes any California city, county, or city and county, whose governing board so elects, to combine the electricity loads of its residents and businesses in a community-wide electricity buyers' program known as Community Choice Aggregation.

B. Community Choice Aggregation is a method by which the City and County of San Francisco can help to ensure the provision of clean, reasonably priced and reliable electricity to San Francisco retail electricity customers.

C. San Francisco voters approved Proposition H in the November 6, 2001 General Municipal Election, adding Section 9.107.8 to the Charter, authorizing the Board to provide for the issuance of Proposition H revenue bonds ("H Bonds"), without further voter approval, for the purpose of financing or refinancing the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

D. The City has a public mandate and an urgent public health and environmental justice-based need to facilitate the rapid and large-scale development of renewable energy and conservation resources within the jurisdiction of San Francisco as part of a plan to retire old, inefficient and highly polluting fossil-fueled electricity generation plants currently located within San Francisco, as well as a social, ecological and economic need for stable electricity prices, reliability, reasonable electricity rates and sustainability.

E. In December, 2002, San Francisco adopted an Electricity Resource Plan calling for the development of 107 Megawatts of load reduction through electricity load management and efficiency measures, 31 Megawatts of in-City solar energy, 72 Megawatts of small-scale distributed generation such as fuel cells in San Francisco and 150 Megawatts of new wind energy imports by 2012, as well as new natural gas powered generation needed to close over 420 megawatts of power generating facilities at Hunters Point and Potrero power stations.

F. In March, 2002, San Francisco also adopted Resolution 158-02 directing the City to commit to a greenhouse gas pollution reduction of 20% below 1990 levels by the year 2012.

G. In September, 2003, the Local Agency Formation Commission accepted a report from R.W. Beck indicating that Community Choice Aggregation may be a feasible method of benefiting consumers and developing renewable energy resources, conservation programs and energy efficiency.

H. Photovoltaic energy facilities and equipment, energy efficiency and energy conservation technologies provide viable and cost-effective means of reducing San Francisco's peak electricity needs in a pollution-free manner and provide an alternative to the development of fossil fuel electricity generation facilities beyond what is needed to retire older power plants in San Francisco.

I. As a Community Choice Aggregator, the City could have a significant additional means of increasing the scale and cost-effectiveness of conservation, energy efficiency and renewable energy in San Francisco.

J. Community Choice Aggregation provides a means of exercising local control over electricity prices, resources and quality of service, and designing local energy systems to protect against future blackouts and rate shocks.

K. It is important that the City and County of San Francisco act expeditiously to implement a Community Choice Aggregation regime in order to properly engage the CPUC in rulemaking related to Community Choice Aggregation.

Section 2. BACKGROUND

Under California law (Public Utilities Code § 366.2 and other sections of Chapter 838 of 2002, formerly AB117), for San Francisco to implement Community Choice Aggregation so that it may find a new electric service provider for the residents and businesses within its jurisdiction, the Board of Supervisors must proceed via a series of ordinances. The Public Utilities Code further provides the following:

A. The California Public Utilities Commission (CPUC) must establish rules by which any entity can seek to provide electricity aggregation service, now being undertaken in Rulemakings 03-10-003 and 01-08-028;

B. All electrical corporations must cooperate with entities investigating, pursuing or implementing Community Choice Aggregation, and provide them with billing and electrical load data, subject to rules established by the CPUC;

C. A Community Choice Aggregator may apply to become the administrator for cost-effective energy efficiency and conservation programs for its retail electric customers;

D. A Community Choice Aggregator must develop an Implementation Plan detailing the process and consequences of aggregation, which must be adopted by the Board of Supervisors at a duly noticed public hearing by ordinance;

E. Potential Community Choice Aggregation customers must be fully informed of the program and be given ample opportunity to opt out pursuant to Section 366.2(c)(11) of the Public Utilities Code;

Section 3. COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN

The San Francisco Public Utilities Commission and the San Francisco Department of the Environment (collectively, "Departments") shall develop a Draft Implementation Plan for a Community Choice Aggregation (CCA) program for San Francisco for consideration by the Board of Supervisors.

A. Within 6 months of the effective date of this ordinance, the Departments shall submit a Draft Implementation Plan and schedule to the Board of Supervisors with a report on any CPUC or other developments that might impact the City's effort to proceed with implementation of a Community Choice Aggregation. The Board of Supervisors may, by motion, extend the deadline for submission of the Draft Implementation Plan. In developing its report to the Board of Supervisors, the Departments shall, at a minimum, address the following topics:

1. The appropriate scope and organizational structure for the program, its operations, and its funding;

2. City ratesetting mechanisms and other costs to participants;

3. The benefits of the program to San Francisco customers;

4. How the program can meet or exceed the renewable portfolio standard required of Pacific Gas & Electric Company under state law;

5. How the program can meet or exceed consumer protection standards required of Pacific Gas & Electric Company by the CPUC, including provisions for disclosure and due process in setting rates and allocating costs among participants and rights and responsibilities of program participants, including credit issues and shutoff procedures;

6. How the program will provide information about any third parties that will be supplying electricity or providing other services under the program, including information about financial, technical and operational capabilities;

7. Termination of the program;

8. What functions of the program should be performed by entities other than the City, including an Electric Service Provider (ESP) or its subcontractors;

9. Appropriate contract and bid requirements, including:

I. A desired portfolio of resources that exceeds goals for energy efficiency, renewable energy, peak shaving and load management provided for in the City's adopted Electricity Resource Plan;

II. Recommended contract periods designed to optimize meeting or exceeding Electricity Resource Plan goals and to provide a reasonable repayment schedule for debt;

III. A requirement that bids include proposals for rate design, with all costs and profits associated with providing the various components of its proposed service package, including the costs of designing, building, operating and maintaining all renewable energy, conservation and energy efficiency installations, as well as any capital, insurance and other costs associated with fulfilling the commitments made in its bid.;

IV. Recommended bid evaluation mechanisms that will encourage respondents to compete based on the environmental and local economic benefits of their proposed portfolio of energy resources; and

V. Recommended contract provisions that will provide financial incentives to the City's Electric Service Provider, if one is selected, to accelerate deployment of and/or expand the energy efficiency and renewable energy components of its proposed energy portfolio.

B. With the assistance of City finance staff, the Departments shall determine how Proposition H Bonds may be used to augment CCA by providing financing for renewable energy and conservation projects, including a bond-repayment schedule based on anticipated revenues collected from monthly electric bills and other sources.

C. With the assistance of the City Attorney, the Departments shall continue to participate in any applicable proceedings at the CPUC on adopting rules for implementing community choice aggregation and other relevant proceedings.

D. The Departments shall collect electrical load data, including, but not limited to, data detailing electricity needs and patterns of usage, as determined by the California Public Utilities Commission, and in accordance with procedures established by the California Public Utilities Commission. Such data may include, but are not limited to, the following:

1. Energy consumption for each customer class for a given period of time;

2. Residential and nonresidential load shapes and most recent hourly load shapes;

3. Dynamic and static load profiles posted daily at PG&E's website by rate categories;

4. Number of current IOU customers;

5. Sum of customer non-coincident demand (kW or MW). (This data is used for calculating group diversity factors. The degree of diversity affects the utility's system requirements.);

6. Coincident peak demand (kW or MW) including the time of day and date (This data is used to determine the size of procurement contracts as well as revenue allocation and rate design.);

7. Electric load (kW or MW) for each hour of the year (8760 hourly loads) based on the most recent 12 months of load research. (This data provides information on the basic load shape for customer classes within a specific community or area of the community.);

8. Energy billing determinants (kWh) for each season and time of use period that applies to the tariff schedule (e.g. summer peak, summer partial peak, summer off-peak, winter peak, winter partial peak, winter off-peak, etc); and

9. Any other data the Departments deem necessary.

E. The Departments shall provide a copy of the report to the San Francisco Local Agency Formation Commission for review and comment to the Board of Supervisors.

F. The Board of Supervisors may adopt and/or amend the Draft Implementation Plan at a duly noticed public hearing by ordinance.

Section 4. COMMUNITY CHOICE AGGREGATION SOLICITATION PROCESS

Within 9 months of the effective date of this ordinance, provided the Board of Supervisors has adopted a CCA Implementation Plan pursuant to Section 3, the Departments shall submit to the Board of Supervisors for review and approval a Draft Request for Proposals (RFP) for a Community Choice Aggregation (CCA) program for San Francisco for use by prospective Electric Service Providers in submitting proposals to implement the City's adopted Implementation Plan. The Board of Supervisors may, by motion, extend the deadline for submission of the Draft RFP.

A. The Draft RFP shall include the following:

1. All appropriate billing and load data collected from PG&E pursuant to Section 2 of this ordinance;

2. Notice of the CPUC's findings regarding any cost recovery that must be paid by customers participating in the City's CCA to prevent a shifting of costs, based on a ninety day Implementation Plan certification process pursuant to Section 366.2(c)(7) of the Public Utilities Code; and

3. Any subsidies or financing available from the CPUC, the California Energy Commission, the federal government or the City.

B. Notification of the RFP shall be posted in at least one industry-recognized national publication upon its adoption by the Board.

C. The RFP shall solicit bids from Electric Service Providers pursuant to section 366.2(c) of the Public Utilities Code.

D. The RFP shall require that bids by prospective Electric Service Providers shall include a proposed rate design, with all costs and profits associated with providing the various components of its proposed service package, including the costs of designing, building, operating and maintaining all renewable energy, conservation and energy efficiency installations, as well as any capital, insurance and other costs associated with fulfilling the commitments made in its bid, to be reflected in a per kilowatt hour rate schedule that is comparable to PG&E's rate schedule and consistent with the resource portfolio requirements and rate-setting mechanisms contained in the City's adopted Implementation Plan.

E. The RFP shall require that qualifying Electric Service Providers post a bond or demonstrate insurance sufficient to cover the cost of reentry fees in the event that customers are involuntarily returned to service provided by PG&E, pursuant to section 394.25(e) of the Public Utilities Code, and shall bid an insured electricity rate schedule, similar in structure to that appearing on monthly PG&E bills, which conforms to the City's rate-setting mechanism as adopted in its Implementation Plan, pursuant to 366.2.(c)(3) of the Public Utilities Code.

F. The RFP shall specify that no bid shall be accepted as qualified that does not meet the requirements of the state's Renewables Portfolio Standard law, section 399.12 of the Public Utilities Code.

G. Bidders responding to the City's RFP may have recourse to the use of Proposition H bonds to finance renewable energy and conservation projects that meet the requirements of the city's Implementation Plan, and may include in their bids a proposed schedule for the board to authorize the issuance of Proposition H bonds, as well as a bond-repayment schedule to repay its proposed renewable energy and conservation facilities, based on anticipated revenues collected from monthly electric bills through a proposed rate design and other eligible funding sources, in order to meet the City's energy resource portfolio requirements and rate-setting mechanism as outlined in this ordinance and elaborated by the Draft Implementation Plan.

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

By: ______________________
Joseph P. Como
Deputy City Attorney

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

City and County of San Francisco

Tails

Ordinance

File Number: 040236 **Date Passed:**

Ordinance establishing a Community Choice Aggregation Program in accordance with California Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, allowing San Francisco to aggregate the electrical load of electricity consumers within San Francisco and to accelerate the introduction of renewable energy, conservation and energy efficiency into San Francisco's portfolio of energy resources.

May 11, 2004 Board of Supervisors — PASSED ON FIRST READING

Ayes: 10 - Alioto-Pier, Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval
Excused: 1 - Ammiano

May 18, 2004 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Daly, Dufty, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval
Absent: 2 - Alioto-Pier, Ammiano

File No. 040236

I hereby certify that the foregoing Ordinance was FINALLY PASSED on May 18, 2004 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

MAY 2 7 2004

Date Approved

Mayor Gavin Newsom

FILE NO. 070501 Amendment of the Whole in Board 6/12/07 ORDINANCE NO. 147-07

[Adopting Community Choice Aggregation Draft Implementation Plan and Adopting Further Implementation Measures.]

Ordinance adopting a Community Choice Aggregation Program Description and Revenue Bond Plan and Draft Implementation Plan, establishing key aspects of the Community Choice Aggregation Program, and adopting further implementation measures.

Note: Additions are single-underline italics Times New Roman; deletions are ~~strikethrough italics Times New Roman~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Findings

(a) San Francisco's Efforts to Become a CCA.

1. Pursuant to California Public Utilities Code Section 366.2, a city may become a Community Choice Aggregator (CCA) to provide electric power and related services to the electric customers located within its jurisdiction. As a CCA, the City and County of San Francisco (San Francisco) would aggregate the electric power loads of its citizens and businesses in accordance with state law. San Francisco would provide electric generation and related services to electric customers while responsibility for transmission, distribution, meter-reading, and billing for those customers would remain with Pacific Gas and Electric Company (PG&E).

2. Pursuant to Section 9.107.8 of the Charter the Board of Supervisors may provide for the issuance of revenue bonds to "finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable

energy and energy conservation" without the voter approval otherwise required for the issuance of revenue bonds.

3. In Ordinance 86-04 the Board of Supervisors established a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco and directed City departments to investigate the use of bonds issued under Section 9.107.8 of the Charter to augment CCA.

4. The Public Utilities Code requires that a prospective CCA adopt an Implementation Plan (IP) "detailing the process and consequences of aggregation." Sections 366.2(c)(3) and (4) set forth a number of detailed requirements for the contents of such a plan. This IP is to be adopted in a public hearing and filed with the California Public Utilities Commission (CPUC).

5. Local Power, a local advocacy organization, and the San Francisco Public Utilities Commission (SFPUC) submitted proposed CCA Implementation Plans to the Local Agency Formation Commission (LAFCO) in the summer of 2005. LAFCO referred Local Power's plan to the Board of Supervisors "with recommendation" and adopted a subsequent resolution reflecting elements of the SFPUC's plan. The Budget Analyst submitted a report comparing Local Power's plan to SFPUC's plan in 2006, and SF LAFCO commissioned a report by Nixon Peabody in November of 2005 analyzing the use of revenue bonds to augment CCA, and also analyzing the City Charter to evaluate the option of a CCA Board of Control as a legal mechanism to implement the startup of CCA. LAFCO accepted the recommendations of Nixon Peabody's report, referring it to the Board of Supervisors, after which it was approved

by a March 8, 2006 resolution of the CCA Task Force, created in 2004 by the Board of Supervisors to advise the Board of Supervisors and Mayor on the CCA IP and subsequent Request For Proposals (RFP). Finally, the Mayor's office hosted a working group including Supervisors, SFPUC staff, Department of the Environment (SFE) staff and interested parties and advocacy groups, including Local Power, Greenpeace, and the Sierra Club, to develop the CCA IP dated April 17, 2007. This document was updated with technical corrections and is now dated June 6, 2007. The document adopted by this ordinance is a two-part document which 1) describes the process the City will pursue in becoming a CCA and 2) includes a Draft Implementation Plan attached as Appendix A to be completed in accordance with the process described and adopted pursuant to Public Utilities Code Section 366.2. This document is adopted by this ordinance as a Community Choice Aggregation Program Description and Revenue Bond Action Plan and Draft Implementation Plan.

6. This IP discusses the legal and factual background of CCA, sets forth goals and policies for the CCA Program, and delineates further steps necessary for completing the start-up of San Francisco's CCA Program. It provides for both issuing an RFP and advising the Board of Supervisors and Mayor on the best response to the CCA RFP. This creates a basis on which to approve a multi-decade energy services contract that will include investing $1.2 billion of revenue bonds, to the extent feasible, into new green power facilities for San Francisco, most of them physically located within the City and County of San Francisco. This document, the San Francisco CCA Program Description and Revenue Bond Action Plan and Draft Implementation Plan, dated June 6, 2007, with Appendices and Attachments, is on file with the Clerk of the Board in File No. 070501, and is declared to be a part of this ordinance as if set forth fully herein.

7. The Board of Supervisors intends to approve a final IP, a subsequent CCA RFP as per Ordinance 86-04, a new supplier contract, and a Binding Notice of Intent to take

customers to be submitted as per CPUC Decisions D.04-12-046 (December 15, 2004) and D. 05-12-041 (December 16, 2005) in Rulemaking R.03-10-003.

8. In the event that the SFPUC does not act in within the timeframe set forth hereafter for the issuance of a Request For Information (RFI), LAFCO may recommend to the Board of Supervisors issuance of a LAFCO drafted RFI. Upon closure of the RFI response period, the SFPUC, in consultation with LAFCO, should prepare the RFP in a timely manner. In the event that the SFPUC fails to submit a draft RFP to LAFCO for consideration in a timely manner, LAFCO may recommend to the Board of Supervisors issuance of a LAFCO drafted RFP. The time period for issuance of the RFP shall not be less than sixty (60) days. In the event that the SFPUC fails to act in good faith in review of RFP responses and recommending a supplier based thereon, LAFCO may recommend a supplier to the Board of Supervisors.

(b) Key Aspects of the CCA Program.

1. A CCA RFP will set as a bidding requirement that each qualifying energy supplier must include within its proposed rates, including all costs, a rollout of 360 Megawatts (MW) of renewable electric resources, comprised of at least 31 MW of solar photovoltaic cells, 72 MW of local renewable distributed generation such as fuel cells, and 107MW of local energy efficiency and conservation measures, along with investment in a 150 MW wind turbine farm, all of which may be financed with City revenue bonds issued without voter approval pursuant to Charter Section 9.107.8, to the extent feasible.

2. Upon approval by the Board of Supervisors, the City will issue revenue bonds pursuant to Charter Section 9.107.8, to the extent feasible, to finance the 360 Megawatt rollout.

3. The CCA supplier must bid electric generation rates that will "meet or beat" current PG&E generation rates for each rate class; these electric generation rates charged to CCA

customers shall include the CCA supplier's power costs, the administrative costs and profit of the supplier, the repayment of revenue bonds or other funding of the roll-out, and all other City CCA-related costs. Thereafter the CCA supplier shall commit to a structured long-term rate intended to meet or beat PG&E's electric rates. Such structured rates may be in the form of tiered rates: an indexed generation rate that can never exceed that of the incumbent utility, a rate that increases at a fixed annual percentage or any other such tier(s) as the RFP respondent CCA supplier deems economically sound to its business model. Bids must also include the ultimate CCA electric bill rates, which will also include the Cost Responsibility Surcharge that will be imposed by the CPUC.

4. The supplier will be a single contractor, providing all required services at its own risk, and may hire subcontractors to provide services and work connected to any components of its CCA portfolio. The supplier will be required to provide appropriate financial assurances (payment/performance bonds, guarantees, or letters of credit) to secure its performance, and also to cover the cost of any re-entry fees in the event that a worst-case program failure scenario occurs, and customers are involuntarily returned to service provided by PG&E.

5. The term of the contract with the supplier or the revenue bond repayment term is not set a priori by the plan, but is expected to be fifteen years or longer for a viable revenue bond repayment. The SFPUC will seek input from prospective suppliers and establish contract durations and financing terms in the RFP.

6. The CCA Program is committed to universal access; therefore all the electric customers within the City and County of San Francisco will have an opportunity to become CCA customers, except ineligible customers as defined by state regulation such as those who receive Direct Access service. The City may consider opportunities to sell available SFPUC

capacity to the CCA, or otherwise seek to make existing or new capacity available, whether Hetch Hetchy capacity or in-city solar capacity.

7. The CCA Program is committed to reliably serving its generation customers. This will occur in two ways. First, the emphasis on in-city generation as a major element of this plan may provide opportunities to decrease the impacts of blackouts at the individual customer and neighborhood levels. Second, the City's CCA will be required to meet Resource Adequacy Requirements (RAR) established by the CPUC. However, the San Francisco CCA will not be able to directly react or respond to the vast majority of interruptions of electric power that occur due to distribution or transmission level problems which remain the responsibility of PG&E under state law.

8. The CCA Program is committed to providing equitable treatment of all classes of CCA customers. There will be no discrimination among customer classes in setting CCA rates. However the CCA will seek opportunities to site renewable generation at customer sites or to offer particular customers customized CCA rates, where such opportunities are demonstrated to be of benefit to the entire CCA program and therefore all CCA customers. In addition, the CCA Program will include provisions for low-income ratepayer assistance.

9. The CCA Program is committed to meeting or in some cases exceeding applicable State of California requirements for Load Serving Entities (LSE's) for Renewable Portfolio Standards (RPS), RAR, and Greenhouse Gas Emissions, and sets a goal of a 51% Renewable Portfolio Standard by 2017 that includes energy efficiency, solar photovoltaics and renewable distributed generation, rather than the 20% by 2017 RPS that PG&E is required to attain under state law.

10. The CCA Program may be able to secure funds for energy efficiency programs that are currently administered by PG&E. PG&E collects these funds from its customers

through a Public Goods Surcharge. San Francisco, through SFE, currently partners with PG&E to implement energy efficiency programs in San Francisco using a portion of these funds. Direct control of these funds by the CCA Program would maximize the local benefits of funds contributed by local customers. The City will aggressively pursue allocation of these existing ratepayer funds to the City's CCA Program.

Section 2. As set forth herein and to the extent consistent with all applicable laws, the Board of Supervisors adopts the attached document dated June 6, 2007 as a CCA Program Description and Revenue Bond Action Plan and Draft Implementation Plan. Modifications to this document and additional work will be required before submission of a revised IP to the CPUC at the appropriate time.

The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the suppliers, costs, and financing mechanisms, among other things, from the Request for Information (RFI) that will be issued following adoption of this ordinance as well as from other work performed in connection with the CCA Program.

Section 3. The Board of Supervisors establishes the following next steps toward implementation of a CCA Program:

(a) The SFPUC should issue a RFI to solicit input from interested parties regarding the development and implementation of a CCA Program within 20 days of the effective date of the adoption of this ordinance.

(b) The SFPUC, in consultation with LAFCO, should begin drafting a Program Basis Report and RFP to solicit potential CCA suppliers as described in Sections 4(A)-(G) of Ordinance 86-04, and the Draft IP. The RFP should also contain specific reference to the recently enacted AB 32 (The Global Warming Solutions Act) in order that respondents may leverage financial incentives provided therein. The Program Basis Report and RFP should incorporate information from the RFI.

(c) The SFPUC and City Attorney should continue monitoring/participating in legislative and regulatory activities that may impact the CCA Program.

(d) The SFPUC, in consultation with LAFCO, should draft for approval by the Board of Supervisors and submission to the CPUC a revised IP that is consistent with this ordinance, the companion ordinance adopting a CCA Governance Structure and all applicable requirements. The revised IP should reflect additional information received through the RFI/RFP process.

Section 4. Before making a final commitment to proceed with offering CCA service to San Francisco customers, the Board of Supervisors will consider projected costs, risks and benefits of this program to CCA customers, SFPUC and other city agencies, and the City's general fund. In addition, the Board of Supervisors must ensure that the provision of CCA service to San Francisco customers can be reasonably expected to deliver significant benefits at a reasonable cost.

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

By: ______________________
Deputy City Attorney

City and County of San Francisco

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

Tails

Ordinance

File Number: 070501 **Date Passed:**

Ordinance adopting a Community Choice Aggregation Program Description and Revenue Bond Action Plan and Draft Implementation Plan, establishing key aspects of the Community Choice Aggregation Program, and adopting further implementation measures.

June 12, 2007 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

June 12, 2007 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 9 - Ammiano, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Noes: 2 - Alioto-Pier, Jew

June 19, 2007 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Ammiano, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval
Noes: 2 - Alioto-Pier, Jew

File No. 070501

I hereby certify that the foregoing Ordinance was FINALLY PASSED on June 19, 2007 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay

Kay Gulbengay
Interim Clerk of the Board

JUN 28 2007

Date Approved

Mayor Gavin Newsom

[Approving Issuance of an RFP for Clean Power SF.]

Ordinance approving issuance of a Request for Proposals for Community Choice Aggregation (CCA) Services for the San Francisco CCA program, commonly known as CleanPowerSF.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Background.

A. Ordinance 86-04 established a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco and directed City departments to investigate the use of bonds issued under Section 9.107.8 of the Charter to augment CCA. Ordinance 86-04 also stated that the Board of Supervisors would review and approve a Draft Request for Proposals (RFP) for a CCA program and established certain requirements for the RFP.

B. Ordinance 147-07 set forth requirements for the CCA program based on a June 6, 2007 Program Description and Revenue Bond Action Plan and Draft Implementation Plan. (Draft IP) The Ordinance stated that "The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the suppliers, costs, and financing mechanisms, among other things, from the Request for Information (RFI) that will be issued following adoption of this ordinance as well as from other work performed in connection with the CCA Program." (Page 7, lines 11-16.)

C. As required by Ordinance 147-07, the Public Utilities Commission (PUC) issued a Request for Information (RFI) from potential suppliers in November 2007. In April 2009 the PUC issued a Request for Qualifications (RFQ) from potential suppliers.

D. At a joint meeting on September 25, 2009, the PUC and the San Francisco Local Agency Formation Commission (LAFCo) considered documents submitted by their respective staffs related to issuance of an RFP, which documents are on file with the Clerk of the Board of Supervisors in File No. 091161.

E. The PUC and LAFCo directed their respective staffs to work together to finalize expeditiously an RFP seeking suppliers to implement a CCA program for San Francisco. The PUC and LAFCo directed that the RFP clearly identify all CCA program goals, state a strong preference that all proposers meet all program goals, and ensure that any qualified proposals that meet all CCA program goals will receive more points than proposals that do not meet all CCA program goals.

F. Ordinance 146-07 provides that the LAFCo may consider and make recommendations to the PUC and Board of Supervisors regarding the RFP. The LAFCo intends to consider the Draft RFP on October 16, 2009, and provide recommendations to the Board of Supervisors by separate LAFCo Resolution.

Section 2. Approvals.

A. The Board of Supervisors finds that it is reasonable to allow some flexibility in meeting the CCA RFP requirements and program criteria set forth in Ordinances 86-04 and

147-07, consistent with the direction provided by the PUC and LAFCo on September 25, 2009, in order to encourage robust responses and to facilitate a successful CCA program.

B. The Board of Supervisors authorizes the General Manager of the PUC, in consultation with the Executive Officer and the Chair of the LAFCo, to issue an RFP for services to implement CleanPower SF.

C. The Board of Supervisors authorizes further approvals which may be required under this Ordinance or Ordinances 86-04, 146-07, and 147-07, to be made by Resolution of the Board of Supervisors to the extent otherwise permitted by law.

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

By: ______________________
THERESA L. MUELLER
Deputy City Attorney

City and County of San Francisco

Tails

Ordinance

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

File Number: 091161 **Date Passed:**

Ordinance approving issuance of a Request for Proposals for Community Choice Aggregation (CCA) Services for the San Francisco CCA program, commonly known as CleanPowerSF.

October 27, 2009	Board of Supervisors — PASSED, ON FIRST READING Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi Absent: 1 - Daly
November 3, 2009	Board of Supervisors — FINALLY PASSED Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi

File No. 091161

I hereby certify that the foregoing Ordinance was FINALLY PASSED on November 3, 2009 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

11-10-09
Date Approved

Mayor Gavin Newsom

File No. 091161

[Adopting Implementation Plan for CleanPowerSF.]

Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Background

A. Ordinance 86-04 established and elected to implement a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco. Ordinance 86-04 directed City departments to develop a draft Implementation Plan (IP) and to prepare a draft Request For Proposals (RFP) to solicit an electricity supplier for the program.

B. Ordinance 147-07 continued implementation of a CCA program by adopting a June 6, 2007 Program Description and Revenue Bond Action Plan and Draft Implementation Plan (Draft IP) and setting forth requirements for the CCA program based on the Draft IP. The Ordinance stated that "The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the suppliers, costs, and financing mechanisms, among other things, from the Request for Information (RFI) that will be issued following adoption of this ordinance as well as from other work performed in connection with the CCA Program." (Page 7, lines 11-16.) The Ordinance directed the San Francisco Public Utilities Commission (SFPUC), in consultation with the Local Agency Formation Commission (LAFCO) to "draft for approval by the Board of Supervisors and submission to the CPUC a revised IP that is consistent with this ordinance, the companion ordinance adopting a CCA Governance Structure [Ordinance 146-07] and all applicable requirements. The revised IP should reflect additional information received through the RFI/RFP process." (Page 8, lines 5-9).

C. As required by Ordinance 147-07, the SFPUC issued a Request for Information (RFI) from potential suppliers in November 2007. In April 2009, the PUC issued a Request for Qualifications (RFQ) from potential suppliers.

D. Ordinance 232-09 authorized the issuance of an RFP for services related to the provision of electricity, finding it reasonable to allow some flexibility in meeting the CCA RFP requirements and program criteria set forth in Ordinances 86-04 and 147-07 in order to encourage robust responses to the RFP and to facilitate a successful CCA program.

E. The SFPUC issued the RFP on November 5, 2009 and received five responses. The independent review panel ranked highest the proposal from Power Choice, LLC. On February 9, 2010, in Resolution 10-0020, the SFPUC authorized the SFPUC General Manager to begin negotiating a contract with Power Choice, LLC for necessary services for CleanPowerSF customers.

F. Public Utilities Code Sections 366.2(c)(3) and (4) require a CCA program to develop an IP "detailing the process and consequences of aggregation" and to include with the IP a "statement of intent" (SI) affirming that the program will provide for universal access, reliability, equitable treatment of all customers classes, and adherence to state law. Public

Utilities Code Sections 366.2(c)(3) and (4) require the IP to address the following subjects: organizational structure of the CCA program, its operations and funding; ratesetting and other costs to participants; provisions for disclosure and due process in setting rates; methods for entering and terminating agreements with other entities; rights and responsibilities of program participants; description of third parties who will be supplying electricity, including information about the supplier's financial, technical, and operational capabilities; and termination of the program. The IP is to be adopted at a public hearing and filed with the California Public Utilities Commission (CPUC).

G. As directed by Ordinance 147-07, the SFPUC, in consultation with LAFCO, has revised the Draft IP to reflect the results of the RFI/RFP process and to reflect the other work of SFPUC and LAFCO in connection with the CCA program.

H. On February 9. 2010, in Resolution 10-0019, the SFPUC authorized the SFPUC General Manager to seek the approval of the Board of Supervisors to file a revised IP with the CPUC.

Section 2. Key Elements of the Revised Implementation Plan and Statement of Intent.

A. CleanPowerSF will seek to exceed State of California requirements for Renewable Portfolio Standards (RPS) and sets a goal of a 51% renewable portfolio by 2017. CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local, renewable sources of electricity generation and the use of demand side management efforts, including energy efficiency and conservation programs. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act.

B. CleanPowerSF intends to offer its customers stable and competitive rates with provisions for low-income ratepayer assistance. CleanPowerSF is committed to equitable treatment of all classes of customers. The program may offer customized rates to particular customers where such opportunities are demonstrated to be of benefit to the entire program and therefore all CleanPowerSF customers.

C. To the extent beneficial for its customers, CleanPowerSF may roll out service to groups of its customers in phases, the details of any such phasing to be determined by the contract that the program signs with its electricity supplier.

D. In accordance with the City Charter and Ordinance 146-07, SFPUC will manage and control CleanPowerSF, and LAFCO will continue to advise the Board of Supervisors and SFPUC regarding the operation and management of the program.

E. In accordance with City Charter Section 8B.125, rates for CleanPowerSF services will be set by the SFPUC, subject to rejection by the Board of Supervisors. Before rates are set, the Rate Fairness Board will review the proposed rates and make a recommendation to the SFPUC regarding such proposed rates. Customers will be given notice and an opportunity to be heard before final rates are determined. Rates will cover electricity supply, capital, administrative and other costs of CleanPowerSF.

F. In accordance with Public Utilities Code Section 366.2(c)(2), electricity customers in San Francisco will be automatically enrolled in CleanPowerSF unless they opt out of the program. CleanPowerSF will provide all electricity customers in San Francisco two notices regarding the program within 60 days prior to their automatic enrollment and two additional notices within 60 days or two billing cycles after the start of service. The notices will include the terms and conditions of CleanPowerSF's service and an opportunity to opt out of the program.

G. CleanPowerSF intends to contract with a third party for electricity supply, account and billing services, and other services. The third party supplier will assist in developing plans for new renewable resources and new demand side management programs, including energy efficiency and conservation and may participate in the development of such projects that CleanPowerSF decides to implement. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act. Eligible third party suppliers of electricity and other services have been identified using a competitive solicitation process and ranked using an independent review process. After SFPUC staff, in consultation with LAFCO, has negotiated a contract with a third party supplier, the contract will be reviewed and approved by the SFPUC and, if required under applicable City law, the Board of Supervisors.

H. As required by Public Utilities Code Section 366.2(c)(4), CleanPowerSF affirms its intent to satisfy all applicable requirements of California law and to provide universal access to CleanPowerSF service, reliable service, and equitable treatment of all classes of customers.

Section 3. Adoption of the Implementation Plan.

A. The Board of Supervisors finds that the Draft IP and the program requirements set forth in Ordinance 147-07 should be revised in accordance with Section 2 of this ordinance to reflect the information obtained from the RFI/RFQ/RFP solicitation process and the additional information learned by the SFPUC and LAFCO through their implementation of the CCA program.

B. The Board of Supervisors adopts the IP described in this ordinance as the IP for CleanPowerSF and authorizes the General Manager of the SFPUC, in consultation with the Executive Officer of the LAFCO, to file with the CPUC an IP that is consistent with this ordinance.

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

By: ______________________
Thomas J. Long
Deputy City Attorney

City and County of San Francisco
Tails
Ordinance

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

File Number: 100161 **Date Passed:** March 02, 2010

Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation Program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.

February 23, 2010 Board of Supervisors - PASSED, ON FIRST READING

Ayes: 10 - Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi
Excused: 1 - Alioto-Pier

March 02, 2010 Board of Supervisors - FINALLY PASSED

Ayes: 10 - Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi
Excused: 1 - Alioto-Pier

File No. 100161

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 3/2/2010 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor Gavin Newsom

3-12-10
Date Approved

FILE NO. 070777 ORDINANCE NO. 146-07

[Adopting Community Choice Aggregation Governance Structure.]

Ordinance Adopting a Community Choice Aggregation Governance Structure.

Note: Additions are *single-underline italics Times New Roman*; deletions are ~~*strikethrough italics Times New Roman*~~. Board amendment additions are double underlined. Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Governance of the Community Choice Aggregation Program

(a) Management and control of the Community Choice Aggregation (CCA) Program will be undertaken by the San Francisco Public Utilities Commission (SFPUC), pursuant to its responsibilities and authority under the Charter.

(b) The Board of Supervisors intends to ask the Local Agency Formation Commission (LAFCO) to monitor the implementation process and advise the SFPUC and the Board of Supervisors regarding the progress of CCA development and implementation. To the extent the LAFCO agrees, the LAFCO will assist with the startup of the CCA Program and advise the Board of Supervisors, SFPUC and other agencies regarding all aspects of development, implementation, operation and management of the CCA Program, as established by Ordinance 86-04, this Ordinance and any subsequent ordinances. Such advice may address the following:

1. Complying with applicable requirements established by the Public Utilities Code, decisions of the California Public Utilities Commission (CPUC), and the Charter and Municipal Codes, as well as other applicable laws.

2. Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP.

3. Considering potential modifications to the CCA Draft Implementation Plan in light of additional information and further progress in development of the CCA Program.

4. Applying for and accepting grants, fees and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of the CCA Program.

5. Acquiring any real property or property rights necessary or convenient for the development, implementation, operation and management of the CCA Program.

6. Issuing revenue bonds or approving other debt necessary to fund elements of the CCA Program.

7. Negotiating and contracting with energy suppliers and other entities for services necessary to develop, implement, operate, and manage the CCA Program as described in the IP.

8. Recommending for or against acceptance of an RFP respondent's proposed rates for the CCA Program.

9. Entering into cooperative or joint development agreements with other public or private entities for any purpose necessary or convenient for the development, implementation, operation, and management of the CCA Program.

10. Presenting and promoting the CCA Program to the public, the media, and governmental and regulatory entities.

11. Adopting policies and procedures to govern the development, implementation, operation and management of the CCA program, including the following:

(A) Measures necessary to protect the confidential data of each customer;

(B) Procedures for handling and responding to customer complaints;

(C) Financial management protocols;

(D) Budgetary requirements;

(E) Procedures for reporting to the Board of Supervisors on a regular basis.

12. Collection of electrical load data, including, but not limited to data detailing electricity needs and patterns of usage, as determined by the CPUC.

13. Reviewing the finances or performance of any aspect of the CCA program undertaken by the SFPUC and reporting the results of any such review to the Board of Supervisors with recommendations as to policy, staffing or budgetary changes.

14. Requesting from SFPUC data and work product obtained and/or developed by SFPUC which is necessary for LAFCO to conduct its advisory functions. LAFCO or its representatives shall be bound by any confidentiality agreements pertaining to such data and work product.

(c) The SFPUC should report to LAFCO on the progress of CCA implementation as requested by LAFCO, but in no case less frequently than quarterly. Should the SFPUC fail to report as specified herein, LAFCO may recommend to the Board of Supervisors any action that LAFCO deems may compel compliance.

Section 2. Future Steps

Before making a final commitment to proceed with offering CCA service to San Francisco customers, the Board of Supervisors will consider projected costs, risks and benefits of this program to CCA customers, SFPUC and other city agencies, and the City's general fund. In addition, the Board of Supervisors must ensure that the provision of CCA service to San Francisco customers can be reasonably expected to deliver significant benefits at a reasonable cost.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: ______________________
Deputy City Attorney

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

City and County of San Francisco

Tails

Ordinance

File Number: 070777 **Date Passed:**

Ordinance Adopting a Community Choice Aggregation Governance Structure.

June 12, 2007 Board of Supervisors — PASSED ON FIRST READING

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

June 19, 2007 Board of Supervisors — FINALLY PASSED

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

File No. 070777

I hereby certify that the foregoing Ordinance was FINALLY PASSED on June 19, 2007 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay

Kay Gulbengay
Interim Clerk of the Board

JUN 28 2007

Date Approved

Mayor Gavin Newsom

File No. 070777

FILE NO. 111371 Amended at Board. 9/18/12 ORDINANCE NO. 200-12

RO#13002
SA#02

[Administrative Code – CleanPowerSF Funds and Appropriating $19,500,000 of Available Fund Balance to Support Required Reserves and Creating Special Funds for the CleanPowerSF Program at the Public Utilities Commission.]

Ordinance appropriating $19,500,000 of Hetch Hetchy fund balance at the Public Utilities Commission to support CleanPowerSF Community Choice Aggregation program consistent with the contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors, placing the $6,000,000 appropriated for CleanPowerSF sustainability services on Budget and Finance Committee Reserve pending detailed appropriation plans for those sustainability services, and adding Administrative Code Sections 10.100.372 and 10.100.373 to establish the CleanPowerSF Customer Fund and the CleanPowerSF Reserve Fund.

Note: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strikethrough italics Times New Roman*~~.
Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available in Fiscal Year 2012-2013.

SOURCES Appropriation

Fund	Index Code/ Project Code	Subobject	Description	Amount
5TAAAAAA –	TBD	99999B	Available Fund Balance	$19,500,000

Hetch Hetchy

Total SOURCES Appropriation **$19,500,000**

Section 2. The uses of funding outlined below are herein appropriated in FY 2012-2013 for CleanPowerSF and reflect the projected uses of funding to support the Public Utilities Commission's contractual obligations under the CleanPowerSF Community Choice Aggregation Program.

USES Appropriation

Fund	Index Code/ Project Code	Subobject	Description	Amount
5TXXXXX – Community Choice Aggregation	CUH978	097XX	Lockbox Reserves – Working Capital	$4,500,000
5TXXXXX – Community Choice Aggregation	CUH978	097XX	Operating Reserves– Working Capital	$1,500,000
5TXXXXX – Community Choice Aggregation	CUH978	097XX	Security Reserves– Energy Cost, Termination Contingency	$7,000,000
5TXXXXX –	CUH978	067XX	FY 2012-13 CCA Program	$3,000,000

Fund	Index Code/ Project Code	Subobject	Description	Amount
Community Choice Aggregation			Incentives, $1M each for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers	
5TXXXXX – Community Choice Aggregation	CUH978	067XX	FY 2013-14 CCA Program Incentives, $1M each for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers	$3,000,000
5TXXXXX – Community Choice Aggregation	CUH978	097XX	Operating Reserves – Customer Services	$500,000
Total USES Appropriation				**$19,500,000**

Section 3. (a) The $6,000,000 appropriated for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers (CleanPowerSF sustainability services) are hereby placed on Budget and Finance Committee Reserve pending detailed appropriation plans for CleanPowerSF sustainability services.

(b) Incentives for Energy Conservation & Efficiency services and GoSolarSF incentives funded with the $4,000,000 appropriation shall be offered first to low-income CleanPowerSF customers.

(c) The SFPUC will recommend the inclusion of a component into CleanPowerSF rates to begin recovering the reserves required for this program within the contract period so that customers of CleanPowerSF will bear the costs of the program; and

Section. 4. Adding Section 10.100.372 to the Administrative Code, establishing the San Francisco Public Utilities Commission's CleanPowerSF Customer Fund.

Section 10.100.372 CleanPowerSF Customer Fund

(a) Establishment of Fund. The Public Utilities Commission's CleanPowerSF Customer Fund is hereby established as a category eight fund for the purpose of serving as a depository and operating fund used to procure clean and greenhouse gas free electric power for customers of the CleanPowerSF Community Choice Aggregation Program.

(b) Use of Fund. All monies deposited into the fund shall be expended for implementation, operation and maintenance of the CleanPowerSF Community Choice Aggregation Program. Allowable uses shall include the cost of electric energy, customer service costs, administrative costs and other related CleanPowerSF operating and maintenance costs as well as customer rate stabilization reserves.

(c) Administration of Fund. The General Manager of the San Francisco Public Utilities Commission is authorized to accept customer deposits into this fund and approve payments from this fund for electric energy provided through CleanPowerSF as well as associated costs, including reimbursement

<u>of CleanPowerSF Reserve Fund advances related to working capital or other CleanPowerSF related needs. Establishment of this fund is subject to final approval of the San Francisco Controller.</u>

Section 5. Adding Section 10.100.373 to the Administrative Code, establishing the San Francisco Public Utilities Commission's CleanPowerSF Reserve Fund.

<u>Section 10.100.373 CleanPowerSF Reserve Fund</u>

<u>(a) Establishment of Fund. The San Francisco Public Utilities Commission's CleanPowerSF Reserve Fund is hereby established as a category two fund for the purpose of serving as a fund to hold reserves for unanticipated fluctuations in the cost of energy, customer service payments, working capital needs, CCA Program Incentives for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers and other charges.</u>

<u>(b) Use of Fund. All monies deposited into the Reserve Fund shall be expended or otherwise utilized, to the extent appropriated above and therefore, for the implementation and operation of the CleanPowerSF Community Choice Aggregation Program to offer GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers, and for termination costs in the event the program is discontinued.</u>

<u>(c) Administration of Fund. The General Manager of the San Francisco Public Utilities Commission is authorized to transfer moneys from the CleanPowerSF Reserve Fund to the CleanPowerSF Customer Fund as needed by that fund to smooth fluctuations in cash receipts and cash payments. Funds from the CleanPowerSF Reserve Fund that represent advances for working capital needs for the CleanPowerSF Community Choice Aggregation Program shall be administered consistent with the Board of Supervisor's approved power purchase contract between the San Francisco Public Utilities Commission and the CleanPowerSF power provider(s). Establishment of this fund is subject to final approval of the San Francisco Controller.</u>

Section 6. The enumerated amounts are hereby appropriated and can only be used as required for CleanPowerSF program contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors.

Section 7. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles.

Section 8. In the event the CleanPowerSF Program is discontinued or terminated all unspent appropriation, including any of the $6,000,000 related to CCA Program Incentives for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers shall be hereby de-appropriated and returned to Hetch Hetchy Power Enterprise fund balance reserves.

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

By: ______________________
Deputy City Attorney

FUNDS AVAILABLE
Ben Rosenfield, Controller

By: ______________________

Date: ~~July 17, 2012~~
September 20, 2012

City and County of San Francisco
Tails
Ordinance

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

File Number: 111371 **Date Passed:** September 25, 2012

Ordinance appropriating $19,500,000 of Hetch Hetchy fund balance at the Public Utilities Commission to support CleanPowerSF Community Choice Aggregation program consistent with the contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors, placing the $6,000,000 appropriated for CleanPowerSF sustainability services on Budget and Finance Committee Reserve pending detailed appropriation plans for those sustainability services, and adding Administrative Code Sections 10.100.372 and 10.100.373 to establish the CleanPowerSF Customer Fund and the CleanPowerSF Reserve Fund.

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

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

September 18, 2012 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

September 18, 2012 Board of Supervisors - PASSED ON FIRST READING AS AMENDED

Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener
Noes: 3 - Chu, Elsbernd and Farrell

September 25, 2012 Board of Supervisors - FINALLY PASSED

Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener
Noes: 3 - Chu, Elsbernd and Farrell

File No. 111371

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 9/25/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned	10/5/12
Mayor	**Date Approved**

Date: October 5, 2012

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

Angela Calvillo
Clerk of the Board

File No.
111371

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

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

I. History and Background

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

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

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

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

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

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

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

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

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

II. CleanPowerSF Program

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

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

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

A. Program Characteristics and Local Sustainability Services

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

WHEREAS, The Board of Supervisors believes the integration of a large-scale local build-out of renewable energy and efficiency resources, as described in Ordinance No. 147-07, if such a program is planned and approved by the City, may facilitate establishing a successful CleanPowerSF program that will be price competitive, attractive to electricity customers, financially robust, productive of clean energy jobs, and of sufficient scale and rapid construction to achieve significant greenhouse gas reductions, with the understanding that such a program must first be planned and approved by the City with any necessary environmental review; and

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

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

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

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

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

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

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

B. Cost Overview

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

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

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

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

III. Rates for CleanPowerSF Customers

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

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

WHEREAS, The SFPUC will review the power prices proposed by Shell before it authorizes the General Manager to complete a power purchase transaction, in order to determine that the rates established by the SFPUC and Board of Supervisors will be adequate to recover all costs of providing service to customers; and

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

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

IV. <u>Low Income Customers and CleanPowerSF Program Accessibility.</u>

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

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

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

<u>WHEREAS, The overall electric bills of CleanPowerSF low income customers can be further reduced by targeting energy efficiency services and GoSolarSF incentives to low income customers; and</u>

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

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

V. Contract with Shell

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

VI. Contract with Noble Americas

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

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

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

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

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

1. the term is 4.5 years and the guaranteed maximum cost is $9 million dollars;

2. the total monthly fees charged by Noble for the CleanPowerSF program will be at least $25,000 per month;

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

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

VII. Conditions for Contract Effectiveness and CleanPowerSF Program Launch

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

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

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

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

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

FURTHER RESOLVED, That the SFPUC ~~should~~ and the City will work with stakeholders to establish favorable bond capacity and financing mechanisms, including 2001 proposition H bonds and use of collateral, for the local build-out of new renewable generation projects and demand reduction as components of CleanPowerSF, if such programs are planned and approved by the City; and, be it

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

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

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

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

FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to minimize barriers to participation in CleanPowerSF for low income residents while maintaining the financial viability of the program and urges the San Francisco Public Utilities Commission to balance these objectives in establishing rates for CleanPowerSF; and be it

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

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

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

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

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

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

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

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

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

City and County of San Francisco
Tails
Resolution

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

File Number: 111340 **Date Passed:** September 18, 2012

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

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

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

September 18, 2012 Board of Supervisors - AMENDED

September 18, 2012 Board of Supervisors - ADOPTED AS AMENDED

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

Noes: 3 - Chu, Elsbernd and Farrell

File No. 111340

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

Angela Calvillo
Clerk of the Board

UNSIGNED
Mayor

9/28/12
Date Approved

Date: September 28, 2012

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

Angela Calvillo
Clerk of the Board

File No.
111340

File No. 100161

Committee Item No. 1
Board Item No. 23

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee BUDGET AND FINANCE Date 2/17/10

Board of Supervisors Meeting Date 2/23/10

Cmte	Board	
☐	☐	Motion
☐	☐	Resolution
☒	☒	Ordinance
☐	☒	Legislative Digest
☐	☐	Budget Analyst Report
☐	☐	Legislative Analyst Report
☐	☐	Introduction Form (for hearings)
☐	☐	Department/Agency Cover Letter and/or Report
☐	☐	MOU
☐	☐	Grant Information Form
☐	☐	Grant Budget
☐	☐	Subcontract Budget
☐	☐	Contract/Agreement
☐	☐	Award Letter
☐	☐	Application
☐	☐	Public Correspondence

OTHER (Use back side if additional space is needed)

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Completed by: Gail Johnson Date 2/12/10
Completed by: JJ Date 2/18/10

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

[Adopting Implementation Plan for CleanPowerSF.]

Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.

NOTE: Additions are *single-underline italics Times New Roman*; deletions are ~~*strike-through italics Times New Roman*~~. Board amendment additions are double-underlined; Board amendment deletions are ~~strikethrough normal~~.

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

Section 1. Background

A. Ordinance 86-04 established and elected to implement a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco. Ordinance 86-04 directed City departments to develop a draft Implementation Plan (IP) and to prepare a draft Request For Proposals (RFP) to solicit an electricity supplier for the program.

B. Ordinance 147-07 continued implementation of a CCA program by adopting a June 6, 2007 Program Description and Revenue Bond Action Plan and Draft Implementation Plan (Draft IP) and setting forth requirements for the CCA program based on the Draft IP. The Ordinance stated that "The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the suppliers, costs, and financing mechanisms, among other things, from the Request for Information (RFI) that will be issued following adoption of this ordinance as well as from other work performed in connection with the CCA Program." (Page 7, lines 11-16.) The Ordinance directed the San Francisco Public Utilities Commission (SFPUC), in consultation with the Local Agency Formation Commission (LAFCO) to "draft for approval by the Board of Supervisors and submission to the CPUC a revised IP that is consistent with this ordinance, the companion ordinance adopting a CCA Governance Structure [Ordinance 146-07] and all applicable requirements. The revised IP should reflect additional information received through the RFI/RFP process." (Page 8, lines 5-9).

C. As required by Ordinance 147-07, the SFPUC issued a Request for Information (RFI) from potential suppliers in November 2007. In April 2009, the PUC issued a Request for Qualifications (RFQ) from potential suppliers.

D. Ordinance 232-09 authorized the issuance of an RFP for services related to the provision of electricity, finding it reasonable to allow some flexibility in meeting the CCA RFP requirements and program criteria set forth in Ordinances 86-04 and 147-07 in order to encourage robust responses to the RFP and to facilitate a successful CCA program.

E. The SFPUC issued the RFP on November 5, 2009 and received five responses. The independent review panel ranked highest the proposal from Power Choice, LLC. On February 9, 2010, in Resolution 10-0020, the SFPUC authorized the SFPUC General Manager to begin negotiating a contract with Power Choice, LLC for necessary services for CleanPowerSF customers.

F. Public Utilities Code Sections 366.2(c)(3) and (4) require a CCA program to develop an IP "detailing the process and consequences of aggregation" and to include with the IP a "statement of intent" (SI) affirming that the program will provide for universal access, reliability, equitable treatment of all customers classes, and adherence to state law. Public

Utilities Code Sections 366.2(c)(3) and (4) require the IP to address the following subjects: organizational structure of the CCA program, its operations and funding; ratesetting and other costs to participants; provisions for disclosure and due process in setting rates; methods for entering and terminating agreements with other entities; rights and responsibilities of program participants; description of third parties who will be supplying electricity, including information about the supplier's financial, technical, and operational capabilities; and termination of the program. The IP is to be adopted at a public hearing and filed with the California Public Utilities Commission (CPUC).

G. As directed by Ordinance 147-07, the SFPUC, in consultation with LAFCO, has revised the Draft IP to reflect the results of the RFI/RFP process and to reflect the other work of SFPUC and LAFCO in connection with the CCA program.

H. On February 9. 2010, in Resolution 10-0019, the SFPUC authorized the SFPUC General Manager to seek the approval of the Board of Supervisors to file a revised IP with the CPUC.

Section 2. Key Elements of the Revised Implementation Plan and Statement of Intent.

A. CleanPowerSF will seek to exceed State of California requirements for Renewable Portfolio Standards (RPS) and sets a goal of a 51% renewable portfolio by 2017. CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local, renewable sources of electricity generation and the use of demand side management efforts, including energy efficiency and conservation programs. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act.

B. CleanPowerSF intends to offer its customers stable and competitive rates with provisions for low-income ratepayer assistance. CleanPowerSF is committed to equitable treatment of all classes of customers. The program may offer customized rates to particular customers where such opportunities are demonstrated to be of benefit to the entire program and therefore all CleanPowerSF customers.

C. To the extent beneficial for its customers, CleanPowerSF may roll out service to groups of its customers in phases, the details of any such phasing to be determined by the contract that the program signs with its electricity supplier.

D. In accordance with the City Charter and Ordinance 146-07, SFPUC will manage and control CleanPowerSF, and LAFCO will continue to advise the Board of Supervisors and SFPUC regarding the operation and management of the program.

E. In accordance with City Charter Section 8B.125, rates for CleanPowerSF services will be set by the SFPUC, subject to rejection by the Board of Supervisors. Before rates are set, the Rate Fairness Board will review the proposed rates and make a recommendation to the SFPUC regarding such proposed rates. Customers will be given notice and an opportunity to be heard before final rates are determined. Rates will cover electricity supply, capital, administrative and other costs of CleanPowerSF.

F. In accordance with Public Utilities Code Section 366.2(c)(2), electricity customers in San Francisco will be automatically enrolled in CleanPowerSF unless they opt out of the program. CleanPowerSF will provide all electricity customers in San Francisco two notices regarding the program within 60 days prior to their automatic enrollment and two additional notices within 60 days or two billing cycles after the start of service. The notices will include the terms and conditions of CleanPowerSF's service and an opportunity to opt out of the program.

G. CleanPowerSF intends to contract with a third party for electricity supply, account and billing services, and other services. The third party supplier will assist in developing plans for new renewable resources and new demand side management programs, including energy efficiency and conservation and may participate in the development of such projects that CleanPowerSF decides to implement. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act. Eligible third party suppliers of electricity and other services have been identified using a competitive solicitation process and ranked using an independent review process. After SFPUC staff, in consultation with LAFCO, has negotiated a contract with a third party supplier, the contract will be reviewed and approved by the SFPUC and, if required under applicable City law, the Board of Supervisors.

H. As required by Public Utilities Code Section 366.2(c)(4), CleanPowerSF affirms its intent to satisfy all applicable requirements of California law and to provide universal access to CleanPowerSF service, reliable service, and equitable treatment of all classes of customers.

Section 3. Adoption of the Implementation Plan.

A. The Board of Supervisors finds that the Draft IP and the program requirements set forth in Ordinance 147-07 should be revised in accordance with Section 2 of this ordinance to reflect the information obtained from the RFI/RFQ/RFP solicitation process and the additional information learned by the SFPUC and LAFCO through their implementation of the CCA program.

B. The Board of Supervisors adopts the IP described in this ordinance as the IP for CleanPowerSF and authorizes the General Manager of the SFPUC, in consultation with the Executive Officer of the LAFCO, to file with the CPUC an IP that is consistent with this ordinance.

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

By: ______________________
Thomas J. Long
Deputy City Attorney

LEGISLATIVE DIGEST

[Adopting Implementation Plan for CleanPowerSF.]

Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.

Existing Law

In Ordinance 86-04, the Board of Supervisors established and elected to implement a Community Choice Aggregation (CCA) program for San Francisco. This program is now commonly known as CleanPowerSF. Ordinance 147-07 adopted a Draft Implementation Plan (Draft IP) and set forth requirements for the CCA program based on the Draft IP. Ordinance 147-07 directed the San Francisco Public Utilities Commission, in consultation with the Local Agency Formation Commission (LAFCO), to prepare a revised Implementation Plan (IP) based on additional information gathered in the development of the program, including results of a Request for Information (RFI) and Request for Proposals (RFP). Ordinance 147-07 required the revised IP to be approved by the Board of Supervisors before it could be filed with the California Public Utilities Commission (CPUC).

Amendments to Current Law

This Ordinance finds that the Draft IP and the program requirements set forth in Ordinance 147-07 should be revised as shown in Section 2 of this Ordinance to reflect the additional information gathered by the SFPUC and LAFCO through their implementation of the CCA program. This Ordinance adopts the IP, with revised program requirements, as the IP for CleanPowerSF and authorizes the General Manager of the SFPUC, in consultation with the Executive Officer of the LAFCO, to file with the CPUC an IP that is consistent with this Ordinance.

Background Information

State law allows a municipality to supply the electric power needed by the residents and businesses within its jurisdiction. One way to do this, under Public Utilities Code Section 366.2, is CCA. Under CCA, the City would supply the electricity used by participating customers in San Francisco, and Pacific Gas & Electric Company would continue to deliver that electricity. In Ordinance 86-04, the San Francisco Board of Supervisors established and

elected to implement a CCA Program and directed City departments to develop a plan for providing CCA service and to issue an RFI and an RFP for electric supply services.
In consultation with the LAFCO, the SFPUC has implemented the CleanPowerSF program by preparing and revising the Draft IP, and issuing an RFI, a Request for Qualifications, and an RFP for electricity supply services. The SFPUC has authorized its General Manager to negotiate a contract with the highest ranked proposer.

One of the steps required before offering CCA service is the preparation of an IP and submission of the IP to the CPUC. State law, in Public Utilities Code Sections 366.2(c)(3) and (4), sets forth a number of detailed requirements for the contents of an IP. After submission of the IP, the CPUC has 90 days to request any additional information it needs and to certify its receipt of the IP.

In accordance with Ordinances 86-04 and 147-07, the San Francisco Public Utilities Commission (SFPUC) has developed a revised draft Implementation Plan and Statement of Intent for the City and County of San Francisco's Community Choice Aggregation Program (CCA), also known as CleanPowerSF. The draft Implementation Plan fulfills with the requirements of AB 117, including describing the organizational structure of the program, rate setting, methods for entering into agreements with third parties, rights and responsibilities of program participants, provisions for termination of the program and a description of the financial, technical and operational capabilities of third party suppliers. The Implementation Plan will be filed with the California Public Utilities Commission in compliance with Public Utilities Code Section 366.2(c)(3).

The revised Implementation Plan was approved by the SFPUC on February 9, 2010, in Resolution 10-0020. The revised Implementation Plan was considered and recommended to the full Board of Supervisors by the Budget and Finance Committee at its February 17, 2010 meeting, and will be considered by the full Board at its February 23, 2010 meeting. (Agenda Item #23, File No. 100161.) The attached Implementation Plan is not a final document, and the SFPUC anticipates that it may need minor revisions prior to filing with the California Public Utilities Commission.

COMMUNITY CHOICE AGGREGATION

IMPLEMENTATION PLAN AND STATEMENT OF INTENT

FEBRUARY 2010

Table of Contents

I. Introduction

In 2004, the City and County of San Francisco ("the City" or "CCSF") established and elected to implement a Community Choice Aggregation (CCA) program, now known as CleanPowerSF. The City found that CCA provides a means by which the City may help to ensure the provision of clean, reasonably priced and reliable electricity to San Francisco customers and to increase the scale and cost-effectiveness of conservation, energy efficiency and renewable energy in the City. The City has implemented the program through the San Francisco Public Utilities Commission ("SFPUC") in consultation with the San Francisco Local Agency Formation Commission and input from the public.

The SFPUC is a department of the City that provides retail drinking water and sewer services to San Francisco, wholesale water and power to a number of other public entities, and electric power to San Francisco's municipal operations.

CleanPowerSF intends to exceed State of California requirements for Renewable Portfolio Standards (RPS) and sets a goal of a 51% renewable portfolio by 2017. CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local, renewable sources of electric generation and the use of demand side management efforts, including energy efficiency and conservation programs. CleanPowerSF will provide retail electric customers greater choice by allowing them to access the competitive market for energy services and providing for public participation in determining which technologies are utilized to meet local electricity needs. It will also provide customers with a higher amount of renewable energy than is currently available from PG&E.

CleanPowerSF will give electricity customers the opportunity to join together to procure electricity from competitive suppliers, with such electricity being delivered over PG&E's transmission and distribution systems. CleanPowerSF may roll out service to groups of its customers in phases or to all customers at the same time. Ultimately, all electric customers in San Francisco who currently receive their electric supply from PG&E or a "direct access" (DA) supplier will have the opportunity to be served by CleanPowerSF. As mandated by Public Utilities Code (PUC) Section 366.2(c), before automatic enrollment in CleanPowerSF, all current PG&E and DA customers within the City will receive information describing the program and will have multiple opportunities to opt out of CleanPowerSF.

CleanPowerSF will draw upon SFPUC's experience over many decades of providing stable, reliable water and energy services to customers. CleanPowerSF will also receive assistance from experienced energy suppliers and contractors in providing energy services and demand-side management programs to program customers.

On February xx, 2010 the San Francisco Board of Supervisors (SFBOS), at a duly noticed public hearing, considered and adopted this Implementation Plan and Statement of Intent, through **Ordinance xxx-10 (a copy of which is included as part of Appendix A).**

Under PUC Section 366.2(c), CleanPowerSF is required to file this Implementation Plan with the California Public Utilities Commission ("CPUC" or "Commission") so that the Commission may certify the Implementation Plan within 90 days.

A. *Statement of Intent*

As further discussed below, the City intends to implement a CCA program, called CleanPowerSF, which will include all of the following:

- Universal access
- Reliability
- Equitable treatment of all customer classes

Any requirements established by state law or by the CPUC concerning CCA programs as well as requirements established by the City.

B. *Organization of Implementation Plan*

- The content of this Implementation Plan complies with the statutory requirements of AB 117. As required by PUC Code Section 366.2(c)(3), this Implementation Plan details the process and consequences of aggregation.

The remainder of this Implementation Plan is organized as follows:

Section II: Aggregation Process
Section III: Organizational Structure, Operations and Funding
Section IV: Rate Setting and Other Costs
Section V: Disclosure and Due Process in Rate Setting
Section VI: Procurement Process
Section VII: Customer Rights and Responsibilities
Section VIII: Roles and Requirements of Third-Party Contractors
Section IX: Contingency Plan for Program Termination

The requirements of AB 117 are cross-referenced to Sections of this Implementation Plan in the following table.

Table 1
AB 117 Cross References

AB 117 REQUIREMENT	IMPLEMENTATION PLAN SECTION
Process and consequence of aggregation	Section II: Aggregation Process
Organizational structure of the program, operations and funding	Section III: Organizational Structure, Operations and Funding
Ratesetting and other costs to participants	Section V: Ratesetting and Other Costs
Disclosure and due process in setting rates and allocating costs among participants	Section VI: Disclosure and Due Process in Ratesetting
Methods for entering and terminating agreements with other entities	Section VII: Procurement Process
Rights and responsibilities of program participants, including consumer protection procedures, credit issues and shutoff procedures	Section VIII: Customer Rights and Responsibilities
Description of third parties that will supply	Section IX: Roles and Requirements of Third-

electricity under the program, including financial, technical and operational capabilities	Party Contractors
Termination of the program	Section X: Contingency Plan for Program Termination
Statement of intent to cover	Section I: Introduction

II. Process and Consequences of Aggregation

In accordance with Section 366.2(c), this section provides an overview of: (1) the process the City has followed to implement CCA and (2) the beneficial consequences of the City's CCA program.

A. *Process to Implement CCA*

The San Francisco Board of Supervisors established the City's CCA program in May 2004 (Ordinance 86-04). (See Appendix A for ordinances 86-04, 146-07, 147-07, 232-09, **and the ordinance adopting this Implementation Plan**.) The Ordinance found that CCA would allow the City to increase the scale and cost-effectiveness of renewable energy, conservation and energy efficiency in San Francisco and to increase local control over electricity prices and resources. To implement the program, Ordinance 86-04 directed the development of a draft Implementation Plan ("IP") and the preparation of a draft Request For Proposals ("RFP") to solicit an electricity supplier for the program. In December 2004, the Board of Supervisors created a Citizens Advisory Task Force ("Task Force") to advise the City regarding the draft Implementation Plan and the draft RFP.

After an extensive process that involved public meetings of the San Francisco Local Agency Formation Commission ("LAFCO") and the Task Force, and that benefited from the participation of interested parties and advocacy groups, the Board of Supervisors approved a Draft IP in June 2007 (Ordinance 147-07). The adopted Draft IP set forth goals and policies for the City's CCA program. Based on the Draft IP, Ordinance 147-07 also provided direction for the City's RFP for an electricity supplier. The Ordinance further directed the issuance of a Request For Information ("RFI") to solicit input from interested parties regarding the development of the program. Ordinance 147-07 found that the RFI responses and other information obtained in implementing the program would necessitate changes to the Draft IP and, accordingly, directed SFPUC, in consultation with LAFCO, to prepare a revised IP for review and approval by the Board of Supervisors.

As required by Ordinance 147-07, SFPUC issued an RFI in November 2007. In April 2009, SFPUC issued a request for qualifications ("RFQ") from potential electricity suppliers. SFPUC, in consultation with LAFCO, used the information obtained from these solicitations to prepare an RFP.

The Board of Supervisors approved the issuance of an RFP in October 2009 (Ordinance 232-09). The Ordinance found that it was reasonable to allow some flexibility in meeting the RFP requirements and program criteria set forth in previous ordinances in order to encourage robust responses and to facilitate a successful CCA program.

In November 2009, SFPUC issued the RFP. The City received five responses to its RFP and, in January 2010, identified Power Choice, LLC as the highest ranked proposer. The City is negotiating a contract with Power Choice for electricity supply and other services.

In accordance with Ordinance 147-07, SFPUC prepared a revised IP for approval by the Board of Supervisors to file with the CPUC. The Board of Supervisors held a hearing on the IP in the Budget and Finance Committee on February 17, 2010, and forwarded the Ordinance adopting the IP to the full Board of Supervisors with a recommendation for approval. The Board of Supervisors considered and voted on the Ordinance adopting the revised IP at its public meetings on February 23, 2010 and March 2, 2010. The Board of Supervisors finally approved the Ordinance on March 2, 2010 and authorized the filing of this IP with the CPUC.[1] **[This section and footnote to be updated before CPUC filing.]**

B. *Consequences of CleanPowerSF*

Through CleanPowerSF, the City and County of San Francisco intends to procure a more renewables-based portfolio of reasonably priced and reliable electricity to San Francisco retail electricity customers. As a community choice aggregator, the City will be able to increase the scale and cost-effectiveness of renewable energy and demand-side management in San Francisco and will exercise more local control over electricity prices, resources, and reliability.

CleanPowerSF intends to exceed State of California requirements for RPS and has set a goal of meeting a 51% RPS by 2017. This exceeds the 20% by 2010 and 33% by 2020 RPS that state law requires PG&E to meet.[2] In addition, CleanPowerSF's energy portfolio will exceed RPS in 2010.

CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local renewable generating capacity and demand-side efforts, including energy efficiency and conservation programs. CleanPowerSF will develop plans for constructing or investing in new resources such as in-City solar photovoltaic cells, local renewable distributed generation such as fuel cells, and one or more wind turbine farms. CleanPowerSF has a goal of achieving 107 MW of demand-side management, including conservation, peak shaving, and increased energy efficiency efforts. Any decisions regarding construction of new facilities will be reached after environmental review, including review under the California Environmental Quality Act (CEQA).

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[1] In accordance with the City's usual legislative process, the ordinance has been forwarded to the Mayor for his consideration. The Mayor may sign or veto an ordinance within 10 days. An ordinance takes effect after 10 days if the Mayor does not act. The City filed the IP with the Commission before the end of the 10 day period in order to provide additional time for Commission certification. The City will notify the Commission if further City legislative processes result in any material changes to this IP.

[2] The California Energy Commission's guidelines for Renewables Portfolio Standards (RPS) classifies the following projects as eligible for RPS-compliance, subject to specific fuel requirements: biomass, biodiesel, fuel cells using renewable fuels, digester gas, geothermal, landfill gas, municipal solid waste, ocean wave, ocean thermal, tidal current, solar photovoltaics (PV), small hydroelectric (30 MW or less), solar thermal and wind.

The program intends to offer electric generation rates to CCA customers that are competitive with current PG&E generation rates, and provide for a long-term rate that remains competitive with PG&E rates. CleanPowerSF is committed to providing equitable treatment of all classes of customers without undue discrimination in setting rates.

All PG&E and DA electric customers within the City will be eligible to become CleanPowerSF customers. CleanPowerSF anticipates that it may either roll out its services to customers in phases, or transfer all customers to CleanPowerSF at once as appropriate to benefit its customers. The method and timing of transferring customers is subject to negotiations with the potential power supplier. CleanPowerSF is currently analyzing the potential composition of Phase 1 accounts in consideration of opportunities for maximizing demand-side management programs and renewable energy impacts, synergies with local ordinances and other customer programs, cost of service and customer load characteristics, and other operational considerations.

If a phasing approach is adopted, all electric customers covered by each phase would be automatically enrolled in CleanPowerSF and served by it, except for those customers who affirmatively elect to "opt-out" of the program and remain either bundled service customers of PG&E or (if currently served by a Direct Access provider) customers of their Direct Access provider. Customers will be offered at least four notifications regarding the initiation of service. Two of the notices will be provided within 60 days prior to enrollment in CleanPowerSF, and the remaining will be provided within 60 days or two billing cycles after the initiation of service, as required by 366.2(c)(13)(A). All notices will detail the program's terms and conditions, and provide ample opportunity to opt-out of the program without penalty.

Pursuant to Section 366.2(c)(9), PG&E will still be required to continue providing distribution, metering and billing services to a ratepayer who receives electric generation service from CleanPowerSF. Customer billing statements will look much the same as they do currently; however, the generation portion of the bill will read CleanPowerSF as opposed to PG&E, and applicable rates will be applied. SFPUC and its selected supplier of customer services will coordinate the transfer of account payments with PG&E.

III. <u>Organizational Structure, Operations and Funding</u>

In accordance with Section 366.2(c)(3)(A), this section describes the organizational structure of CleanPowerSF and the key elements of its operations and funding.

A. *Organizational Structure*

1. <u>Overview</u>

The organizational structure of CleanPowerSF is determined by the requirements of State law, the San Francisco City Charter, and applicable City ordinances. The key entities with a role related to CleanPowerSF are: (1) the San Francisco Board of Supervisors, which established the City's CCA program by ordinance in May 2004 (Ord. 86-04) and provides broad policy direction for the program; (2) the SFPUC, which manages and controls CleanPowerSF; (3) the San Francisco Local Agency Formation Commission (LAFCO), which advises the Board of Supervisors and SFPUC regarding various aspects of CleanPowerSF; and (4) the Rate Fairness

Board, which advises SFPUC regarding CCA program rates. A general description of the roles and operating procedures of these entities follows.

2. San Francisco Board of Supervisors

The Board of Supervisors is the legislative branch of the City. The Board consists of eleven full-time members elected by district, who may serve up to two successive four-year terms. Regular Board meetings are held weekly (except for holidays) and are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code. In addition, the Board has several standing Committees that hold regular public meetings to conduct hearings regarding proposed legislation and to consider other legislative matters. The Mayor may approve or veto legislation approved by the Board. The Board may override a mayoral veto by a vote of not less than two-thirds of the members of the Board.

In addition to establishing the City's CCA program and providing general policy guidance for the program, the Board's responsibilities related to CleanPowerSF include reviewing rates set by the SFPUC (Charter Sec. 8b.125) and reviewing certain contracts that the City Charter requires to be approved by the Board (Charter Sec. 9.118).

3. San Francisco Public Utilities Commission

Pursuant to the San Francisco Charter, SFPUC is responsible for the management and control of CleanPowerSF. Headquartered at 1155 Market Street in San Francisco, the SFPUC has approximately 2,000 employees with a combined annual operating budget of approximately $400 million.

The SFPUC is comprised of three separate enterprises: Water, Wastewater and Power. The Water Enterprise is responsible for managing the transmission, treatment, storage and distribution of potable water to San Francisco's wholesale and retail customers. The Wastewater Enterprise is responsible for managing the collection, treatment and disposal of San Francisco's wastewater. The Power Enterprise is responsible for managing electric energy for San Francisco municipal customers, including: retail power sales, transmission and power scheduling, energy efficiency programs, street lighting services, utilities planning for redevelopment projects, energy resource planning efforts and various other energy services.

As a division of the Power Enterprise, the CleanPowerSF program is under the direct administrative oversight of its Assistant General Manager, who in turn reports to the SFPUC General Manager.

SFPUC is overseen by a Commission consisting of five members appointed by the Mayor to four-year terms, subject to confirmation by the Board of Supervisors. Each Commissioner fills a designated seat on the Commission based on particular qualifications: Seat 1 requires experience in environmental policy and an understanding of environmental justice issues; Seat 2 requires experience in ratepayer or consumer advocacy; Seat 3 requires experience in project finance; Seat 4 requires expertise in water systems, power systems, or public utility management; Seat 5 is an at-large member. (Charter Sec. 4.112(b)). The Commission holds regular meetings twice monthly that are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code. Subject to the overall policy direction given by the Board of Supervisors, the SFPUC Commission's duties include evaluation and approval of key policies and goals related to the development, implementation, and operation of CleanPowerSF. The

SFPUC will be responsible for reviewing and approving the contract recommended by SFPUC staff with a third-party supplier of electricity and other services. The Commission will also approve rates for CCA services, subject to rejection by the Board of Supervisors.

4. Local Agency Formation Commission (LAFCO)

The San Francisco LAFCO was created pursuant to California Government Code Sections 56000 *et seq*. LAFCO consists of two members from the Board of Supervisors representing the County of San Francisco, two members appointed by the Board of Supervisors to represent the City of San Francisco, and a fifth member representing the general public. LAFCO holds regular monthly meetings that are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code.

In June 2007, the Board of Supervisors formally asked LAFCO to monitor the implementation process and advise the SFPUC and the Board of Supervisors regarding the development, implementation, operation and management of the CCA program (Ordinance 146-07).

5. Rate Fairness Board

In accordance with Charter Section 8B.125, the SFPUC Commission established the Rate Fairness Board (RFB) to advise the Commission regarding the setting of rates for the public utility services under the jurisdiction of the SFPUC. The RFB consists of seven members, including three designated City officials, two City residential retail customers and two City business retail customers. The RFB's duties include making recommendations to the SFPUC Commission on utility rates, holding public hearings on annual rate recommendations, and reviewing five-year rate forecasts. The RFB's hearings and meetings are subject to the public meeting requirements of California's Brown Act and the San Francisco Administrative Code.

B. *Operations*

The City currently expects that SFPUC staff will oversee and manage the program, while certain functions will be contracted out to third-party suppliers, including acquiring full requirements energy supply, development and construction of new energy resources and certain customer support services.

Day-to-day operations of CleanPowerSF will be handled by the third-party supplier, the SFPUC program director and the program director's staff, consisting of a minimum of two utility analysts.

Major functions that will be performed by CleanPowerSF are summarized below.

1. Resource Planning

CleanPowerSF will develop both short (one and two-year) and long-term resource plans to meet the City's energy requirements. CleanPowerSF will develop the resource plan in compliance with California law, California Independent System Operator (CAISO), and other requirements of California regulatory bodies (CPUC and CEC). Long-term resource planning includes load forecasting and supply planning on a 10- to 20-year time horizon. CleanPowerSF will develop integrated resource plans that meet program supply objectives and balance cost, risk and environmental considerations. Integrated resource planning will consider demand-side energy efficiency and demand response programs as well as traditional supply options. CleanPowerSF will strive to ensure that local preferences regarding the future composition of supply and demand resources are planned for, developed, and implemented.

2. Portfolio Operations

Portfolio operations will encompass the activities necessary for wholesale procurement of electricity to serve end use customers. These activities will include the following:

- Electricity Procurement – assemble a portfolio of electricity resources to supply the electric needs of program customers.
- Risk Management – employ standard industry techniques to reduce exposure to the volatility of energy markets and insulate customer rates from sudden changes in wholesale market prices.
- Load Forecasting – develop accurate load forecasts, both long term for resource planning and short-term for the electricity purchases and sales needed to maintain a balance between hourly resources and loads.
- Scheduling Coordination – schedule and settle electric supply transactions with the CAISO.

SFPUC expects to initially contract with a third party with the necessary experience to perform most of the portfolio operation requirements for the CCA program. This will include the procurement of energy and ancillary services, scheduling coordinator services, and day-ahead and real-time trading. The contract with the third-party supplier will reflect a set of program controls that will serve as the risk management tools for CleanPowerSF.

3. Local Energy Programs

A central goal of the CCA program is the development and implementation of local energy programs, including demand-side management programs, distributed generation programs and development of local renewable generation resources. SFPUC will be responsible for further development of these programs in cooperation with the third-party supplier and other City agencies that may have existing complementary programs.

The City will assess the technical and economic feasibility of administering demand-side management programs that can be used as cost-effective alternatives to procurement of supply-side resources. The City will attempt to meet its RPS targets through new, preferably local, renewable sources of electricity generation and demand-side management programs to the extent feasible. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act, where applicable. CleanPowerSF intends to apply to the CPUC to administer energy efficiency programs in San Francisco and anticipates a transition from PG&E-based programs to a CCA-based energy efficiency program.

4. Rate Setting

The SFPUC will have the ultimate responsibility for setting the electric generation rate for its customers. CleanPowerSF intends to offer its customers stable and competitive rates with provisions for low-income ratepayer assistance and is committed to equitable treatment of all classes of customers. CleanPowerSF will develop proposed rates and options for the SFPUC Commission to consider before final rates are approved. Rate proposals will meet the requirements of the City Charter and be reviewed by the Rate Fairness Board. The final approved rates must, at a minimum, meet the annual revenue requirement developed by CleanPowerSF. The SFPUC will have the flexibility to consider rate adjustments within ranges provided that the overall revenue requirement is achieved; this provides an opportunity for economic development rates or other rate incentives.

Rate setting is discussed in more detail in Sections IV and V.

5. Financial Management/Accounting

The CleanPowerSF Director will be responsible for managing the financial affairs of CleanPowerSF, including the development of the annual budget and revenue requirement; managing and maintaining cash flow requirements; potential bridge loans and other financial tools; and a large volume of billing settlements. The Director will use contractors and/or staff in support of these activities, as appropriate.

Management of CleanPowerSF's financial affairs will utilize the experience and financial management systems of the SFPUC Financial Services Department. The Financial Services Department provides the financial services for SFPUC's three utility enterprises. The Finance Department's functions include developing and maintaining long-range capital and financial plans, and support for financial accounting and reporting, accounts payable, billing and collection of water, wastewater, and power charges, and other revenues.

CleanPowerSF will arrange financing for capital projects, prepare financial reports, and ensure sufficient cash flow for the program. Financial management will include an important program risk management function of establishing credit policies and monitoring the credit of suppliers so that credit risk is managed properly. Credit monitoring is important to keep abreast of changes in a supplier's financial condition and credit rating.

Customer rates will be used for program activities only, and will not be used to fund other City programs.

Customer account services are expected to be assigned to a third-party supplier with the necessary infrastructure and capability to handle CleanPowerSF's accounts. This function is described under Customer Services, below.

6. Customer Services

In addition to general program communications and marketing, a significant amount of customer service and key account representation will be necessary. This will include both a call center for questions and routine interaction with customer accounts. CleanPowerSF will coordinate call center duties between the existing SFPUC call center and a third-party contractor.

Customer Account Services will manage retail settlements-related duties and customer account data. Other services will include processing customer service requests, administering customer enrollments and departures from the program, and maintaining a current database of customers enrolled in the program. This function coordinates the issuance of monthly bills through the distribution utility's billing process and tracks customer payments.

Activities include the electronic exchange of customer energy usage and payments data with the distribution utility and the SFPUC, tracking of customer accounts receivables and payments, issuance of late payment and/or service termination notices, and administration of customer deposits in accordance with SFPUC credit policies.

Customer Account Services will also manage communications with customers relating to the generation portion of energy bills, customer call centers, and routine customer notices regarding generation and CleanPowerSF-managed demand-side management programs. The City anticipates that it will contract with a third-party that has demonstrated the necessary experience and administers appropriate customer information computer systems to perform some of the customer account services functions.

CleanPowerSF anticipates that SFPUC staff will conduct the general program marketing and key customer account management functions. These include assignment of account representatives for key accounts to provide high levels of customer service and implementation of a marketing strategy to promote customer awareness and satisfaction with the CCA program. Ongoing communications, marketing messages, and information regarding the CCA program to all customers will be critical for the overall success of the CCA program.

7. Legal and Regulatory Representation

CleanPowerSF will utilize the San Francisco City Attorney's office as legal counsel to advise regarding administration of CleanPowerSF; review contracts; represent the program as necessary before the CPUC, other regulatory agencies and the courts; and to provide overall legal support to the activities of CleanPowerSF.

8. Roles and Functions

City officials and employees will be responsible for policy-making, management and planning for CleanPowerSF to ensure that the program remains responsive to San Francisco participants. The SFPUC will have a direct role in marketing, communications and customer service for CleanPowerSF. Other highly specialized functions, such as energy supply and account management, will likely be contracted out to third parties with sufficient experience, technical and financial capabilities. The functions that are expected initially to be performed by the SFPUC, CleanPowerSF and third parties are specified in Table 2 below:

Expectations for Staffing Roles Table 2			
Function	**Start-Up**	**Near-Term**	**Long-Term**
Program Governance	SFPUC/Board of Supervisors	SFPUC/Board of Supervisors	SFPUC/Board of Supervisors
Program Monitoring	SFLAFCO	SFLAFCO	SFLAFCO
Program Management	SFPUC	SFPUC	SFPUC
Outreach	SFPUC*	SFPUC*	SFPUC*
Customer Service	SFPUC	SFPUC	SFPUC
Key Account management	SFPUC	SFPUC	SFPUC
Regulatory	SFPUC	SFPUC	SFPUC
Legal	City Attorney	City Attorney	City Attorney
Finance	SFPUC	SFPUC	SFPUC
Rates: Approve, Develop	SFPUC (with input from Rate Fairness Board)	SFPUC (with input from Rate Fairness Board)	SFPUC (with input from Rate Fairness Board)
Resource Planning	Third Party (SFPUC support)	Third Party (SFPUC support)	SFPUC
Energy Efficiency	Third Party (SFPUC and SFE support)	Third Party (SFPUC and SFE support)	Third Party (SFPUC and SFE support)
Resource Development	SFPUC (third party support)	SFPUC (third party support)	SFPUC
Portfolio Operations	Third Party	Third Party (SFPUC support)	SFPUC
Scheduling Coordinator	Third Party	Third Party	Third Part (potentially SFPUC)
Data Management	Third Party	Third Party	Third Part (potentially SFPUC)

*Coordinate with vendor for outreach to large customers

The City will enter into contracts with one or more third parties to provide the day-to-day operational functions necessary to procure electricity and manage customer account data. Information on the solicitation process the City uses to find qualified third party service providers is contained in Section IV, and information on the required qualifications of third party service providers is contained in Section VIII.

C. *Funding*

This section presents CleanPowerSF's plans for the start-up and ongoing funding needs of the CCA program.

1. Staffing

As described in Section III.C.8, CleanPowerSF will utilize a mix of City staff and contractors. CleanPowerSF currently has several full-time employees, including a Director, two analysts, and administrative support personnel. Staff will be added incrementally to match workloads required for managing contracts and initiating customer outreach/marketing during the pre-operations period. Additional staff may be added during customer enrollment period and following commencement of service. In addition, CleanPowerSF expects to draw on other expertise within the SFPUC and the City.

2. Funding Requirements

The startup of CleanPowerSF will require funding for staffing and contractor costs, program initiation, and working capital. The program will be funded through rate revenues and not from the City's general fund.

An initial start-up budget of five million dollars was appropriated by the SFPUC from Power enterprise revenues for San Francisco's CCA program in fiscal year 2006-2007. These funds have been used for the implementation of the CleanPowerSF program. These activities have included the funding of several SFPUC staff positions, as well as work by the City Attorney and external consultants. These start-up costs have been used to analyze the economic and technical potential for various CleanPowerSF program designs, investigate the best-practices of CCA programs operating in the United States, and perform all other work required to implement the program thus far. In addition, the SFPUC and City Attorney's office have been actively engaged in CCA-related proceedings at the CPUC, including R.03-10-003 and related dockets.

These funds have also been used to provide the LAFCO with $700,000 per year for its role in supporting the CleanPowerSF program. These funds are available for three years, starting in fiscal year 2008-09, and may be used to pay for LAFCO staff time as well as LAFCO-directed consultant work related to the CleanPowerSF program.

For fiscal year 2010-2011, the remaining funds will be used to fund the final phases of the implementation of the CleanPowerSF program. The expectation is that the initial five million dollars will be repaid to the SFPUC through participating customer rates over time, in order to minimize the rate impacts associated with the start up funds.

Program initiation costs include administrative and general expenses of CleanPowerSF, as well as the distribution utility fees for initiating the CCA program. Distribution utility fees, which include CCA Bond requirements and a service deposit, will be calculated based on actual enrollment. The total staffing, contractor and program initiation costs will be collected ultimately through CCA program rates.

Following program start-up, the City anticipates that municipal financing may be available as one possible mechanism for financing development of new renewable resources, as appropriate.

3. Start-up Activities and Costs

Start-up activities may include:

- Define and execute communications plan
- Media campaign
- Informational materials and customer notices
- Legal and regulatory support
- General consulting costs

Additional activities that are anticipated to be provided by the supplier, subject to contract negotiations, include:

- Customer call center
- Hire sales and marketing representatives
- Negotiate supplier/vendor contracts
- Payments to generators prior to receipts from participating customers
- Data management provider
- Pay utility service initiation, notification and switching fees
- Perform customer notification, opt out and transfers
- Conduct load forecasting
- Recommend a revenue requirement
- Financial reporting

Other costs related to starting up the program will be the responsibility of CleanPowerSF's contractors. These include funds needed for collateral/credit support for electric supply expenses, customer information system costs, electronic data exchange system costs, call center costs, and billing administration/settlements system costs.

4. <u>On-Going Funding</u>

Ongoing funding, including staffing and third-party supplier costs, will be recovered through customer rates. Operating revenues from sales of electricity will be remitted to CleanPowerSF beginning on approximately day 50 of program operations, based on the distribution utilities standard meter reading cycle of 30 days and a payment/collections cycle of 20 days.

This cost will be reflected in its price for providing full requirements electric service to the program. CleanPowerSF will meet working capital requirements related to program management.

IV. Rate Setting and Other Costs

In accordance with Section 366.2(c)(3)(B), this section describes the initial policies for CleanPowerSF in setting its rates for community choice aggregation services. These include policies regarding rate design, objectives, and due process in setting program rates. Final program rates will be approved by the SFPUC and will be included in the initial customer opt-out notices.

By adopting this Implementation Plan, the City has approved the rate policies and procedures contained herein to be effective at program initiation. The SFPUC retains authority to modify program policies from time to time at its discretion.

A. *Rate Setting Principles*

CleanPowerSF will establish rates sufficient to recover all costs related to operation of the program, including cost responsibility surcharges and any reserves that may be required as a condition of financing and other discretionary reserve funds that may be approved by the SFPUC.

The primary objective of the rate setting plan is to set rates in accordance with the following principles:

- Rate competitiveness
- Rate stability
- Equity among customers
- Customer understanding
- Revenue sufficiency
- Compliance with AB 117 and Charter Section 8B125

B. *Rate Design*

CleanPowerSF's rate designs will initially mirror PG&E's generation rate classification structure so that similar rate benefits can be provided to CleanPowerSF's customers.

CleanPowerSF intends that customers enrolled in specialized rate options, for example net energy metering and low-income ratepayer assistance programs, will continue to be eligible for these tariffs under CCA service. CleanPowerSF may also introduce new rate offerings for customers.

The SFPUC has the discretion to modify CleanPowerSF's rate design policies, and it is likely that over time CleanPowerSF's rates will become less tied to those offered by PG&E.

C. *Additional Costs*

Miscellaneous fees and charges will be developed by CleanPowerSF on an as-needed basis. These fees and charges may be levied on customers for activities including but not limited to special meter reading, and service switching. Such fees and charges, if required, will be set in accordance with the rate setting principles described above and will be approved by the SFPUC.

Customers who choose to opt out of CleanPowerSF and return to bundled service with the investor-owed utility after the initial opt-out period may be charged an opt-out fee to be determined by CleanPowerSF and its energy supplier during contract negotiations.

V. Provisions for Disclosure and Due Process in Rate Setting

In accordance with Section 366.2(c)(3)(C), this section describes the provisions for disclosing energy rates and ensuring due process in the development of rates.

A. *Disclosure Provisions*

Rates at the program's start will be set through a public process that includes review by the Rate Fairness Board. Rates will be established by the SFPUC at a public meeting and are subject to rejection by the Board of Supervisors at a public meeting. (Charter Sec. 8b125). Proposed rates and underlying cost information will be made public pursuant to the Brown Act and the San Francisco Administrative Code prior to SFPUC approval. Two notices issued during the Initial Notification Period will inform customers of initial rates.

Subsequent rate changes will be made through a similar public process.

CleanPowerSF will generally follow customer noticing requirements similar to those the CPUC requires of investor-owned utilities. These notice requirements are described as follows:

Notice of rate changes will be published at least once in a newspaper of general circulation in the City within ten days of submitting a rate. Such notice will generally summarize the rate proposal and indicate that the proposal and related exhibits may be examined at the offices of the SFPUC.

Notices related to meetings of the Rate Fairness Board, SFPUC, and Board of Supervisors are published as required by the Brown Act and San Francisco Administrative Code Chapter 67.

Within 45 days after submitting a proposal to change rates, CleanPowerSF will furnish notice of its proposed changes to its customers affected by the proposed increase, either by mailing such notice postage prepaid to such customers or by including such notice with the regular bill for charges transmitted to such customers. The notice will state the amount of the proposed change expressed in both dollar and percentage terms, a brief statement of the reasons the change is required or sought, and the mailing address of CleanPowerSF to which any customer inquiries relative to the proposed change, including a request by the customer to receive notice of the date, time, and place of any hearing on the application, may be directed.

B. *Due Process in Rate Setting*

1. Public Oversight of Ratesetting

CleanPowerSF customers will be guaranteed adequate due process to protect their interests. As described above, the ratesetting process will be a public process at every step. In addition, the City officials and agencies who oversee CleanPowerSF are accountable to local voters and accessible to customers through local offices and regular public meetings. Moreover, all City business is subject to the requirements of the City's Sunshine Ordinance. (Admin. Code Chapter 67), in addition to the Brown Act.

2. Rate and Complaint Monitoring

In addition to providing a recommendation on initial rates and rate adjustment proposals, the Rate Fairness Board will have an ongoing rate and complaint-monitoring role. The Rate Fairness Board will Report its findings to the SFPUC Commissioners on an as-needed basis. Tasks will include:

- Monitoring rates charged by third party electricity suppliers and reporting any deviations from contract provisions.
- Monitoring third party electricity suppliers’ performance in the energy market.
- Monitoring customer complaints and reporting complaints that are not resolved by third party suppliers within reasonable period to the SFPUC Commissioners and Board of Supervisors.

VI. Procurement Process

In accordance with Section 366.2(c)(3)(D), this section describes CleanPowerSF’s initial methods for entering and terminating agreements with other entities. By adopting this

Implementation Plan, the City has approved the general procurement policies contained herein to be effective at program initiation. CleanPowerSF retains authority to modify program policies from time to time at its discretion.

A. *Procurement Process*

CleanPowerSF issued a request for proposals (RFP) on November 5, 2009 for services related to supplying full energy requirements, development of new generating resources and customer support services. The RFP was developed by the SFPUC in collaboration with LAFCo staff along with input from community members.

Five bids were received in response to the RFP. On February 9, 2010, the SFPUC authorized staff to begin contract negotiations with the leading candidate firm, Power Choice, LLC. The final contract will be approved by SFPUC and is expected to be approved by the Board of Supervisors.

B. *Procurement Methods*

CleanPowerSF anticipates entering into agreements for a variety of services needed to support program development, resource development, operation and management. CleanPowerSF will generally utilize competitive procurement methods for services but may also utilize direct procurement or sole source procurement, depending on the nature of the services to be procured.

Direct procurement, or sole-source procurement, may provide for the purchase of goods or services without utilizing a competitive process. Direct procurement is to be performed only in limited circumstances such as in the case of emergency or when a competitive process would be an idle act.

CleanPowerSF will generally utilize a competitive solicitation process to enter into agreements with entities providing full service electricity supply, resource development and customer and administrative services for the program. Agreements with entities that provide professional services, and agreements pertaining to unique or time sensitive opportunities, may be entered into on a direct procurement basis at the discretion of CleanPowerSF. CleanPowerSF will report regularly to the SFPUC with respect to procurement for the program.

C. *Description of Third Parties*

CleanPowerSF is in the process of negotiating a long-term contract of up to 25 years with a qualified supplier to provide all key components of the CleanPowerSF program. The provider, Power Choice, was chosen following a competitive bidding process in which CleanPowerSF received five responses to its request for proposals (RFP). Bids were evaluated based upon the following criteria:

- Demonstrated understanding of and stated ability to meet program targets
- Price of energy supply and other services
- Financial viability of respondent
- Operational experience of respondent
- Reliability and environmental attributes of proposed power supply

Power Choice was chosen as the top ranked proposer based on its stated ability to meet CleanPowerSF's program goals. The City intends to contract with Power Choice to provide electric supplies for all CleanPowerSF customers and customer and administrative services. The City expects to consider in the future contracts to develop and construct new generating resources, subject to any review required under CEQA.

1. Electric Procurement

Under a full requirements contract between the provider and CleanPowerSF, the supplier will commit to serve the composite electrical loads of all customers in the program. The supplier is responsible for ensuring that a certified scheduling coordinator schedules the loads of all customers in the program, providing necessary electric energy, capacity/resource adequacy requirements, renewable energy and ancillary services. The supplier is wholly responsible for the program's portfolio operations functions and managing the predominant supply risks for the term of the contract. The supplier must meet the program's renewable energy goals and comply with all applicable resource adequacy and regulatory requirements imposed by the CPUC and Federal Energy Regulatory Commission (FERC).

The allocation of financial risks related to changes in program loads will be addressed in the electric supply agreement that is currently being negotiated. The City expects to provide a portfolio that is initially at least 20% renewable during the first year of service. The portfolio must at a minimum meet the state requirement of 20% renewable content by 2010 and 33% by 2020 as defined by the California RPS. CleanPowerSF has a target renewable mix of 51% RPS compliant energy by 2017.

2. Development of Generating Resources and Demand-Side Management

The City anticipates the potential development of both in-City and out-of-City renewable energy resources to meet the City's target resource goals to the extent feasible. The supplier will coordinate with CleanPowerSF to identify and study potentially appropriate sites to develop new resources. Any consideration of contracts for development of new resources will take place after CEQA review, to the extent required.

The supplier will provide hourly and daily CAISO scheduling and settlement operations, ISO and Western Electricity Coordinating Council (WECC) compliance filings, contract administration RECs registration, tracking and origination.

The supplier will also coordinate with CleanPowerSF and San Francisco Department of Environment (SFE) to provide robust demand-side management programs, including conservation and energy efficiency. SFE currently works with PG&E to manage demand-side management programs in the City. Following implementation of the CCA program, demand-side management programs will be implemented by the CleanPowerSF supplier in concert with SFPUC and SFE.

3. Customer and Administrative Services

The supplier is expected to provide customer enrollment, billing administration and customer services including working with the SFPUC call center to respond to customer account representatives, billing inquiries and requests for specific program data.

VII. Customer Rights and Responsibilities

In accordance with Section 366.2(c)(3)(E), this section describes the rights and responsibilities of CleanPowerSF customers. These include the process to opt-out of the program, switching service providers after the opt-out period, customer confidentiality, responsibility for payment and customer deposits.

A. *Customer Opt-Out Rights, Notices and Process*

A total of four notices will be provided to all customers describing the program, informing them of their opt-out rights to remain with utility bundled generation service, and containing a simple mechanism for exercising their opt-out rights. Two of the notices will be provided within 60 days prior to enrollment in CleanPowerSF, as required by 366.2(c)(13)(A). Customers who do not affirmatively opt out within this period shall be automatically enrolled in the program.

Following automatic enrollment, two additional opt-out notices will be provided within 60 days or two billing cycles after the initiation of service. Opt-out requests made on or before the 60th day following enrollment will result in customer transfer to utility service with no charge other than for electric services. Such customers will be obligated to pay CleanPowerSF's charges for electric services provided during the time the customer took service from CleanPowerSF, but will otherwise not be subject to any penalty or transfer fee from CleanPowerSF.

CleanPowerSF will either use its own mailing service for opt-out notices or will take advantage of including the notices in the distribution utility's monthly bills. CleanPowerSF will work with the distribution utility to determine the best means to provide the retail customers with this notice. Consistent with CPUC regulations, notices returned as undelivered mail will be treated as failure to opt out and the customer will be automatically enrolled.

B. *Customer Service Switchover after Initial Opt-out Period*

After the initial opt-out period, all customers enrolled in CleanPowerSF electric service shall be afforded the opportunity to return to service by PG&E through Bundled Portfolio Service (BPS).[3]

A bundled service or a Direct Access customer who has enrolled in the CleanPowerSF program must provide a six-month notice in order to return to bundled service with PG&E. This is a requirement of the PG&E tariff. Such notification will be made by the customer submitting a Customer Advanced Notification Form in writing or electronically. PG&E shall provide those customers who have provided advance notice with written confirmation and necessary switching process information upon receipt of the customer's notification.

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[3] Rules for post-opt-out period are detailed in PG&E Tariffs Rule No. 23 and Rule No. 22.1.

During the six-month advance notice period before customers become eligible for BPS, customers may either continue on CCA Service or return to Bundled Service and receive Transitional Bundled Service (TBS). According to PG&E's tariff, Community Choice Aggregation service customers who elect to take TBS prior to the end of the mandatory six-month notice period will be charged a Transitional Bundled Commodity Cost (TBCC) in addition to transmission, transmission rate adjustments, reliability services, distribution, public goods charges, nuclear decommissioning, fixed transition amount (where applicable), and the Rate Reduction Bond Memorandum Account (where applicable) on the customer's otherwise applicable tariff, and the applicable Customer Responsibility Surcharge for the duration of the period.[4]

C. *Customer Confidentiality*

CleanPowerSF will maintain confidentiality of individual customer data. Confidential data includes individual customers' name, service address, billing address, telephone number, account number and electricity consumption. Aggregate data that does not contain identifiable information of individual customers may be released at the discretion of CleanPowerSF or as required by law or regulation.

D. *Responsibility for Payment*

Pursuant to CPUC regulations, electricity service will not be shut off for failure to pay CleanPowerSF's bill. In most circumstances, customers will be returned to utility service for failure to pay bills in full and customer deposits will be withheld in the case of unpaid bills.[5] In accordance with PG&E's Rule 23, PG&E is responsible for notifying customers of unpaid balances and collecting any outstanding balances. If payment is not received, CleanPowerSF may submit a request to transfer the customer to PG&E's service on the next regular meter read date, unless alternative payment arrangements have been made. Consistent with the CCA tariffs, Rule 23, service will not be discontinued to a residential customer for a disputed amount if that customer has filed a complaint with the CPUC, and that customer has paid the disputed amount into an escrow account. Based on program operations and customer feedback, CleanPowerSF may develop its own procedures for collecting unpaid balances.

Customers will be obligated to pay CleanPowerSF's charges for service provided through the date of transfer including any applicable termination fees. CleanPowerSF must have an enforceable collection mechanism to support its credit and will attempt to negotiate collection arrangements with PG&E that will satisfy CleanPowerSF's credit requirements. CleanPowerSF may petition the Commission to obtain shut-off rights for customer non-payment of CCA charges if a satisfactory collections agreement cannot be negotiated with PG&E.

E. *Customer Deposits*

Customers may be required to post a deposit to obtain service from the program. Any policy related to customer deposits shall be determined at a public meeting of the SFPUC with an opportunity for public input and comment.

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[4] PG&E Tariff Schedule CCA, Schedule TBCC

[5] CPUC, Decision 05-12-041, Decision Resolving Phase 2 Issues on Implementation of CCA Program and Related Matters, Conclusions of Law #43, Rulemaking 03-10-003

VIII. Roles and Requirements of Third-Party Contractors

CleanPowerSF will rely on third-party contractors to provide many of its services. In accordance with Section 366.2(c)(3)(G), this section describes the functions that a third party supplier(s) will perform as well as the financial, operational and technical capabilities SFPUC will require from its suppliers.

A. *Functions of Third-Party Supplier*

1. Electric Procurement and Portfolio Management: Full Requirements

CleanPowerSF intends to utilize a third part to provide full requirements electric supply for all CleanPowerSF customers. Full requirements electric supply shall mean all electric energy, RPS energy, capacity, planning reserves/resource adequacy requirements, ancillary services, load forecasting, and scheduling coordination required to deliver electricity to meet the needs of end use customers participating in CleanPowerSF.

The supplier will be responsible for forecasting and satisfying CleanPowerSF's load obligations on an hourly, daily and monthly basis, as required by protocols of the California Independent System Operator (CAISO) and the applicable regulations established by the California Public Utilities Commission (CPUC). The City shall make reasonable efforts to cooperate in its load forecasting process, such as by requesting customer load data from PG&E and providing information known to the City that may impact the load forecast.

2. Development and Construction, Operations, and Maintenance of Resources

CleanPowerSF anticipates the development of both in-City and out-of-City renewable energy resources to meet the program's renewable energy goals. City's ordinances set forth a target resource mix that would develop 103 MW of in-City generation, including 31 MW of PV, 72 MW of local renewable distributed generation such as CHP and fuel cells, in addition to 150 MW of wind generation, most likely to be located outside of the City. There is also a goal of 107 MW of demand reduction, which would be achieved through energy efficiency and demand response programs and/or resources.[6]

CleanPowerSF will work with the selected third-party supplier to determine the feasibility and timeline of developing new renewable generation resources. Approval of specific projects or contracts related to the construction of new facilities will be considered only after completion of any review required under CEQA.

3. Customer Account Services

Electricity service providers may be expected to provide the following customer account services:

- **Customer Enrollment**. This task consists of providing all necessary to administer customer enrollments and departures from CleanPowerSF including exchange and processing of Community Choice Aggregation Service Requests with PG&E.

[6] San Francisco Ordinance 147-07

- **Billing Administration**. This task consists of providing all services necessary to issue monthly bills to participating customers through PG&E's billing process and tracking customer payments. Services include the electronic exchange of customer usage, billing, and payments data with PG&E; tracking of customer accounts receivables and payments; issuance of late payment and/or termination notices; and administration of customer deposits.
- **Customer Administrative Services**. This task consists of providing call center services to respond to customer billing inquiries and requests for specific program information. The supplier of this service will coordinate with SFPUC call center staff to respond to specific customer inquiries about billing rates and resource portfolio

B. *Capabilities of Third-Party Supplier(s)*

1. Financial Capabilities

Parties contracting with CleanPowerSF are required to have a credit rating of at least Baa2/BBB or must supply a guarantee from an organization with such credit rating. If firms contracting with CleanPowerSF through a joint venture (JV) or any subcontractor do not possess the requisite credit rating, the lead supplier or its guarantor must supply a guarantee for such JV partner or subcontractor.

Suppliers contracting with CleanPowerSF must provide audited balance sheets and the related statement of income and cash flows for each of the two most recent full fiscal years, certified by a reputable accounting firm as accurately presenting the financial position, in accordance with generally accepted accounting principles. They must also provide a plan for financing the acquisition or development of any new assets, equipment or services required to fulfill their contract with SFPUC.

2. Operational Capabilities

Suppliers must have at least three years of experience with projects or transactions similar to the task(s) to be performed. Suppliers must also have completed at least two projects or transactions similar to the task(s).

3. Technical Capabilities

Suppliers must have at least three years of experience with projects or transactions similar to the task(s) to be performed. Suppliers must also have completed at least two projects or transactions similar to the task(s).

C. *Power Choice, LLC*

The Power Choice team has strong financial capabilities as well as operational and technical expertise in energy procurement, development and management. Lead subcontractor VIASYN, Inc., has been a CAISO certified scheduling coordinator since 2001, serving more than 400 megawatts (MW). Lead subcontractor ACES Power Management (APM) is experienced with securing full requirements electricity supply. APM currently serves more than 40,000 MW of load and more than 30,000 MW of generation to its 17 member utility districts. Additional subcontractors include GE Energy, a global leader in power generation and power delivery, and

Oracle Corporation, Utilities Customer Care and Billing division. See Appendix B for a presentation Power Choice, LLC, gave before the LAFCo regarding its qualifications and project goals.

IX. Contingency Plan for Program Termination

In accordance with Section 366.2(c)(3)(F), this section describes the process to be followed in the case of program termination. By adopting this Implementation Plan, the City approved the general termination process contained herein to be effective at program initiation. SFPUC or the Board of Supervisors retains authority to modify program policies from time to time at its discretion.

A. *Termination*

There is no planned program termination date. In the unanticipated event that the City decides to terminate CleanPowerSF, and any applicable restrictions on such termination have been satisfied, notice will be provided to customers six months in advance that they will be transferred back to PG&E. A second notice will be provided during the final 60 days in advance of the transfer. The notice will describe the applicable distribution utility bundled service requirements for returning customers then in effect, such as any transitional or bundled portfolio service rules. At least one year advance notice will be provided to PG&E and the CPUC before transferring customers, and CleanPowerSF will coordinate the customer transfer process to minimize impacts on customers and ensure no disruption in service. Once the customer notice period is complete, customers will be transferred on the date of their regularly scheduled meter read date.

Per CPUC requirements, CleanPowerSF will post a bond or self-insure against sudden cessation of service. CleanPowerSF will maintain funds held in reserve to pay for potential transaction fees charged to the program for switching customers back to distribution utility service. Reserves will be maintained against the fees imposed for processing customer transfers (CCASRs). The Public Utilities Code requires demonstration of insurance or posting of a bond sufficient to cover reentry fees imposed on customers that are involuntarily returned to distribution utility service under certain circumstances. The cost of reentry fees are the responsibility of the community choice aggregator, except in the case of a customer returned for default or because its contract has expired. CleanPowerSF will provide evidence of insurance or post a bond against the risk of customer reentry fees.