

CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Regulatory and Policy Review Report

	A	B	C	D	E	F	H	I	J	K	
1	Notes on document:										
2	LPI's Phase 1 is one-year (2013) whereas SFPUC Phase 1 is 4.5 years (2013-2018)										
3											
4											
5	Local Power Inc. Recommendations										
	Section of Report	LPI "Recommendation"	Existing SFPUC &/or CCSF Practice? Yes = "X"	Likely Feasible? No = "X"	Explanation of SFPUC Preliminary View of Feasibility	Statement	Doubtful	Incorrect	Explanation		
6	CleanPowerSF's Business Model	"San Francisco's CleanPowerSF will be predicated upon investments into behind-the-meter assets." (pg. 7)		X	Optimistically assumes: 1) High rate of commercial customer participation (opt-out rate anticipated to be 20% per LPI 11/9 presentation) and that customers 2) will want assets built on their properties and 3) share savings across entire CPSF base.						
7	Risk Management	"By predicated service on behind-the-meter assets, CleanPowerSF will hedge against the risk of cost-shifting by PG&E, as funds shifted between generation and distribution charges will be both captured by the proposed business model." (pg. 9)		X	Cost-shifting risks are present, and perhaps even greater, for BTM applications, since IOU continues to provide T&D service while customer credits (currently) are based on fully bundled rate.						
8	Marketing and Product Differentiation	"(P)rogram marketing should immediately cease to emphasize the 100% renewable product, and instead be focused on the 'Own Your Power' offer." (pg. 10)		X	What has LPI's market research on customer appetite for "own your power" and/or <100% renewable revealed to validate the statement that its model will result in higher participation rates and/or higher aggregate renewable penetration and/or GHG reductions?						
9	Community Shares' 'Own Your Power'	"CleanPowerSF will be designed explicitly to share the financial benefits of the deployment in direct with the customers that pay for it. The mechanism to do so is referred to as 'Community Shares', and the overall concept is referred to as 'Own Your Power' in this report." (pg. 15)		X	Sharing of electricity supplies beyond existing virtual net metering (single service delivery point, MASH, and some local government programs) is currently not legal.						
10	Overview of Agency Interactions	Various dictates re: interagency collaboration (pg. 10-11)	X		SFPUC collaborates with staff in all agencies and departments of the City. What are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?						
11	In-City Deployment Operational Structure	"(1) As the City is self-insured, the City Attorney and Risk Management Office have stipulated this arrangement for the current SFE programs; however, this is an added cost to the program and ultimately to customers, and the SFPUC should ask this be re-evaluated for CleanPowerSF based on the fact that the SFE program has conducted in excess of ten thousand retrofits without ever being sued." (pg. 13)		X	Municipal self-insurance is a standard practice across the United States. The idea is that by retaining, calculating risks, and paying the resulting claims or losses from on-balance sheet financial provisions, the overall process is cheaper than buying commercial insurance from a commercial insurance company. Cost savings to the self-insured entity are usually realized through the elimination of the carrying-costs that commercial insurers are obliged to pass on to their insurance consumers.						
12	Shared Savings' Agreement	"The financing of demand-side measures should include a 'shared savings' agreement: in return for financing and implementing the measures, CleanPowerSF should receive a portion of the value of the efficiency savings that result, much in the same way an Energy Service Company (ESCO) does." (pg. 20)	X		EE savings accrue to CPSF through reduced procurement requirements and resulting savings. All planned CPSF EE programs will be designed to appropriately share costs and benefits of EE measures between participants and non-participants.						
13											

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6	"Property Assessed Clean Energy (PACE) financing is active for the commercial sector, and is offered by the SFE. The ability of PACE financing and collateralization practices to offer service to many commercial customers is limited. Nonetheless, this program should be integrated into CleanPowerSF's program design where appropriate." (pg. 21)	X		PACE programs are in early stages of development. Too early to count on wide deployment/funding potential. Interest rates may or may not be competitive with alternatives. Agree that PACE funding sources, as well as others, should be utilized where/when feasible	"This approach is in-line with broader statewide programs, as CPUC Ruling 09-110-14 (December 2011) orders the full implementation of OBF mechanisms that have until recently been limited to IOU pilot programs..." (pg. 20)		X	December 2011 Rulings from R. 09-11-014 merely solicited comments on staff proposals i.e. do not order full implementation of OBF mechanism.	
14	Repayment Mechanisms for DSM			DRAFT			X	MEA received approval for a pilot OBF program, for its 2013-2014 EE application.	
15	Phase I and Reserve Funding	X		No components of Phase I are meant to be "unaligned, standalone effort[s]." The CleanPowerSF appropriations ordinance requires that low-income customers receive first priority for these funds, and that a detailed plan be developed prior to spending these funds. See Ordinance 200-12.					
16	Financing for Manufacturing	X		This recommendation is feasible with realistic estimates/plans for scale of deployment. ERP recommendations and other City programs encourage local/regional clean tech businesses, including manufacturing. What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
17		X		All SFPUC projects are subject to the City's Prevailing Wage ordinance. Regarding establishing a small company interface, what are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- for this recommendation? (also see notes above)					
18	Managing Labor Costs	X		SFPUC's Community Benefits policy and other local laws help ensure this. What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- for this recommendation?					
19				What is LPI's cost estimate -- as presented in the financial deliverable -- for establishing this program? For what skills does LPI recommend CPSF train?					
20	Green Jobs Training Program			Besides laborers, what jobs for other professions are anticipated to be created through LPI's local build-out program? Are new training programs or partnerships with existing programs envisioned? Please confirm that financial deliverable reflects payment of prevailing wage for all behind-the-meter and energy efficiency implementation presented in the deliverable.					
21									

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6		"The SFPUC and SFE should work directly with OEWD to prepare and implement a Green Jobs training program tailored to the projected CleanPowerSF deployment timeline." (pg. 26-27)	X		SFPUC currently works with OEWD on job training. LPI's recommendation may be a good addition to this existing work. What are LPI's staffing and other cost assumptions -- as reflected in the financial deliverable -- to implement either a new CPSF-specific or add-on to existing job training program? What lessons has LPI gleaned from OEWD's Green Academy, which OEWD has suspended, that might be useful for the proposed program?					
22	Phase I Recommendations				DRAFT		"The SFPUC should explore diverting excess Hetch Hetchy power currently being sold to local governments through the Western System Power Pool to CleanPowerSF for Phase I, and lowering the overall RPS-qualifying content in favor of "GHG free" and "renewable" products..." (pg. 32)	X		100% RPS-eligible energy has been a central and defining characteristic of CPSF for the last 1.5 years.
23	Sales of Hetch Hetchy Power and Capacity to CleanPowerSF	The SFPUC should implement mechanisms to sell the portion of excess power that is currently being sold through the MSPPP to CleanPowerSF instead, beginning with Phase I in 2013." (pg. 34-35)		X	Predicated on Hetchy power availability, does not address price risk. How would stable rates be maintained? Also, it is unlikely that substantial program savings will accrue, unless power is provided to CPSF at a significant discount to market prices. Such a discount would represent a subsidy by municipal customers for CPSF customers, which is contrary to current direction from Commission.					
24	Interconnection Agreement	"...the City should...immediately seek to modify the current Interconnection Agreement or initiate a separate Interconnect Agreement to do so." (pg. 35)			LPI, please elaborate. Currently, we are unclear on what would be the benefit of this recommendation to CPSF. State law requires distribution service to CCA to be provided by incumbent utility, with rates set by CPUC. It's a state-regulated retail service. The SFPUC Interconnection Agreement is a FERC jurisdictional agreement addressing wholesale services governed by the Federal Power Act.					
25	Modesto and Turlock Irrigation District Contracts--Excess Energy	"The post-2015 contracts should not give the irrigation districts rights to this power, as any excess power will be fully used by the citizens and businesses of San Francisco through the CleanPowerSF program. This is in compliance with the Raker Act." (pg. 35-36)			In negotiating future agreements with the districts, the PUC can consider this issue along with other operational and policy objectives that are part of the complicated relationship with the districts on water and power matters. The offer of selling excess power to the District is only one of many issues that may be discussed in these negotiations. This issue will be considered as part of an overall strategy. As a point of clarification, only TID is offered rights to Excess Power in the current contracts.					
26	Capacity Balancing and Water First Interpretation	"Staff has indicated that the 'water first' policy is governed by daily flow requirements...This should be integrated in CleanPowerSF procurement, and used to offset imbalances between forecasted and actual load on an hourly basis. It may also be used when wholesale prices are high, in order to lower the overall cost of service. This option should be fully explored with SFPUC staff and integrated into the final Financial Model." (pg. 37)			The Hetch Hetchy project is currently operated to optimize service for water customers first, then electric customers served under our municipal program. The CPSF program is the "last in queue" priority for electric output from the project among customers we serve. To rely on HH availability to CPSF under these circumstances introduces uncertainty and risk.					
27	Smart Grid Technologies and Practices	"Utility investments have generally been concentrated in distribution automation technologies and Smart Meters. PG&E was projected to have completed Smart Meter installations in San Francisco by Q2 2012. CleanPowerSF will focus on investing in technologies and enabling services on customer premises." (pg. 38)			Needs supporting analysis/cost benefit. Nothing in CPSF current plan precludes use of any cost effective strategies that make use of smart grid technologies. What are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
28	OpenADR	"The demand-side resource deployment in a Smart Grid enabled environment will be an important component of CleanPowerSF's portfolio." (pg. 39)			Needs supporting analysis/cost benefit. Nothing in CPSF current plan precludes use of any cost effective DSM strategies. What are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
29										

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6	Boundary Metering	"The ability of CleanPowerSF to install boundary meters at strategic locations may...depending on cooperation by PG&E and regulatory actions at the CPUC, to minimize distribution and transformer upgrade requirements, and to interface with substations in a manner that maximizes efficient use of the local grid." (pg.40)			Needs supporting analysis/cost benefit. Nothing in CPSE current plan precludes use of any cost effective strategies that make use of boundary metering. What are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?				
30	Smart Meter Data Access	"The City Attorney and SFPUC should act to maintain a broad CPUC interpretation of the scope of data CleanPowerSF and other CCAs may obtain." (pg. 41)	X		CCSF is actively involved in relevant CPUC proceedings.				
31	Wave Power	The City of Francisco (sic) is actively investigating wave power. While the City has encountered permitting and jurisdictional complexity study toward a pilot has continued, including a further report by URS in 2012. (pg. 44)			Wave energy technologies are still in the early stages of development, and unfortunately have had some notable failures: Pelamis in Portugal and PG&E's wave energy project off the California coast near Humboldt. The technology needs to be developed and proven to be reliable over a 25 year time period in the harsh ocean environment. Early capital and operating costs will be high: PG&E had estimated (Brandt Ehlers, spokesperson for PG&E, Nov. 8, 2010) that their 5-MW Humboldt WaveConnect project would require up to \$50 million to cover the expenses of installing the infrastructure for the power transmission, monitoring and other equipment, with approximately \$5 million annual operation & maintenance costs. CCSF should not plan on use of wave energy technology until it becomes proven, reliable and economical. Environmental and permitting issues will also be formidable. Oversight of renewable energy and other uses off the California coast are overseen by the Federal Energy Regulatory Commission (within 3 miles of shore) and the Bureau of Ocean Energy Management (which issues leases for projects on the Outer Continental Shelf). Federal regulations stipulate that the leases and development (including environmental protection measures) for a site be undertaken competitively, given that the development of renewable wave energy is at an early stage, the prospect of paying for a commercial lease creates additional financial hurdles with no certain outcome. Power Enterprise has done preliminary studies on some key permitting and environmental issues (whale migration, sediment transport/disbursement), and development studies. Upon completion of the current URS technology survey/cost and permitting study, the wave energy work by SFPUC will be limited to monitoring of the technology for any potential future use.				
32	Proposed Marine Sanctuary Expansion	"The City should assert its right to develop wave energy on its coast....Further, the SFPUC and CCSF should assert their right to develop renewable energy in the waters surrounding the City regardless if these waters are ultimately placed in a marine sanctuary." (pg. 45)	X	X	The National Oceanic and Atmospheric Administration is currently reviewing the effects of expanding the Monterey Bay National Marine Sanctuary to include the San Francisco-Pacific Exclusion Area. The next step in the review process is the pending release of the draft environmental impact statement (EIS), which will identify alternatives, and go out for public review and comment. If the Exclusion Area is incorporated into the NMS, this will likely result in greater restrictions on development of ocean renewable energy projects and/or facilities, as the Joint Resolution (Feb. 2009) of the Monterey Bay and Gulf of the Farallones NMS Advisory Councils stipulates that such activities are potentially incompatible with sanctuary regulations. SFPUC will continue to generally monitor the environmental and permitting issues associated with deployment of wave energy off the coastal region around San Francisco. However, these efforts will be limited due to the greater potential of other technologies with less formidable permitting risks, which does not support a large investment in attempting to secure water area exclusively for SFPUC energy use.				
33									

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6	Candlestick Park	"Revenues could be replaced from lease payments by a wind farm operator at the site, depending on the deployment RFP responses. Should the SFPUC wish to pursue wind turbine development at Candlestick, the planned 49er departure provides an opportune time to pursue discussions and consideration on this matter of City policy at the Department of Recreation and Parks and Board of Supervisors." (pg. 46)			The permitting and deployment of a wind farm at the future abandoned stadium site would need to be investigated as to its potential cost and high permitting risk relative to the wind farm cost of power economics. It is to be noted that ENRON some years ago had planned to build a wind farm in this area but abandoned these plans after they evaluated the permitting risk. In-City wind development faces significant environmental challenges, from the issues of potential aviation mortality, visual/aesthetic resources, and other public perception concerns. Also, the precedent for urban wind development is relatively small, so there are likely unforeseen hurdles in the development of wind power at Candlestick Park.					
34	Anti-Competitive Procurement Practices	"In contrast to embracing a more transparent and competitive process, the IOUs are instead advocating for simply extending the CPUC's mandated RA obligations from the current year-ahead out for three to five years... These contracts could increase the exit fees paid by CleanPowerSF customers; the City should engage in these proceedings to protect its customer base from having to pay for these anti-competitive procurement activities." (pg. 55)	X		CCSF is actively involved in relevant CPUC proceedings.					
35	Community Choice Aggregation	"(CCA) is a poor fit for either regulatory regime; policies that have been designed around either tend not to properly accommodate CCA. Because of this, it is imperative that the City engage at the CA ISO and continue to engage at the CPUC on numerous issues to educate state regulators and to ensure that the evolving regulatory paradigm does not disadvantage CleanPowerSF or other CCAs in the state by design." (pg. 56)	X		CCSF is actively involved in relevant CAISO and CPUC proceedings. While LPI's observation here is very general and vague, SFPUC agrees that there are many competitive and regulatory burdens for CCA formation and operation -- hence it is prudent to ensure program design is prudent and not overly ambitious at the outset. As these risks/burdens are removed, CCA programs can/will be broadened accordingly.					
36	Enforcing Antitrust Law	"The City should petition both the Federal Department of Justice Antitrust Division directly as well as the California Office of the Attorney General to investigate wrongdoing by PG&E in violation of state and federal antitrust laws." (pg. 57)			Same comment as above. Again points out challenges of CCA formation and operation, and risk of implementing CCA on a large scale prior to removal of these burdens/risks.					
37	CA Ballot Initiative Process	"It is unlikely that PG&E will resort to the use of the ballot in the near future to undermine CCAs. If they do, the SFPUC should actively engage in the opposition campaign, and study the tactics used in the 2010 election to defeat PG&E." (pg. 58)			Same comment as above. Demonstrates potential for significant costs and resources should PG&E undertake such an effort.					
38	GHG Auction Revenue	"The SFPUC should engage in this process to ensure that CleanPowerSF is not unfairly disadvantaged, and to advocate for CleanPowerSF to be directly awarded carbon allowances for its customers instead of PG&E." (pg. 59)	X		CCSF is actively involved in R. 11-03-013 (GHG OIR) and at CARB. CARB's policy decision to allocate free allowances to distribution utilities (electricity deliverers) is long-standing. The outcome of the CPUC proceeding largely preserves competitive neutrality for CCA customers and IOU bundled customers.					
39	Load Shapes Used for Settlement									
40										

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41	RPS Eligible Local Biogas for CHP	"The SFPUC should consider a policy decision to add locally sourced pipeline-injected biogas powered CHP as renewable under its own LPI's definition." (pg. 60)	X	What local sources of biogas has LPI identified as available? Do these sources have other adverse impacts (emissions other than GHG)? Locally-sited power can be developed/modified over the near/mid/long term with the most cost-effective sources/technologies selected through the competitive procurement process.					
42	Public Purpose Fund Administration	"The CEC is responsible for administering a portion of funds collected by ratepayers under CPUC authorized Public Purpose Program charges...The SFPUC should engage with the CEC and educate policy-makers on the CleanPowerSF business model, and solicit the agency's support in creating funding opportunities tailored to CCAs focused on energy localizations." (pg. 60)	X	DRAFT In general, SFPUC is engaged as priorities allow. Please define "energy localizations." We are not clear what LPI means by this term.					
43	System Planning	"The SFPUC should engage and educate CAISO staff to ensure that the CleanPowerSF deployment is appropriately considered in CAISO system planning modeling and reports." (pg. 60)		CCSF is actively involved in relevant CPUC proceedings.					
44	Flexible Ramping Product	"The SFPUC should monitor this [CAISO Flexible Ramping] product design to ensure that CleanPowerSF deployment assets conform to the operational requirements of the market." (pg. 61)	X	CCSF is actively involved in relevant CPUC proceedings.					
45	R.12-03-014.LTPP	"The SFPUC should intervene to ensure that the CleanPowerSF enrollment and deployment is appropriately considered in lessening PG&E's LTPP." (pg. 62)	X	CCSF is actively involved in relevant CPUC proceedings.					
46	R.11-10-023 Resource Adequacy	"The SFPUC should intervene to ensure that CleanPowerSF enrollment and deployment is appropriately considered in these proceedings, so that PG&E is not allowed to over-procure RA obligations and later impose costs of CleanPowerSF." (pg. 63)	X	CCSF is actively involved in relevant CPUC proceedings.					
47	SB790 and Procurement-Related Issues Not Yet Addressed	"The SFPUC should petition the CPUC take up issues in SB790 that were excluded from the CCA Code of Conduct Rulemaking. Specifically, these issues are cost allocation, cross-subsidization and non-bypassable charges." (pg. 63)	X	CCSF is a supporting party to MEA's petition for rulemaking on these issues.					

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6	A-10-03-014 PG&E GRC Phase 2	"CPUC sanctioned cost-shifting emphasizes the importance of maximizing behind-the-meter measures to avoid paying non-bypassable charges that the GRC will otherwise impose and collect on a per kilowatt-hour basis at each meter. The SFPUC should intervene in this issue, and educate CPUC regulators, to reverse these cost-shifting decisions and to guard against future cost-shifting." (pg. 64)	X		<p>This proceeding is closed/completed.</p> <p>DRAFT</p>	"This violation of clear prohibitions against cost shifting was achieved when PG&E won CPUC regulatory approval of cost-shifting to CCAs through a large reallocation of utility "costs" from its generation assets, to the transmission and distribution side of the ledger, in the 2011 General Rate Case (GRC) Phase II decision. <p>"Elsewhere in this report, the SFPUC is advised to draft state legislation to undo GRC provisions allowing generation-based costs to be recovered through transmission and distribution cost allocations." (pg. 64)</p>	Doubtful	Incorrect	Incorrect description of outcome. The CCA/generation rate did not shift generation costs to T&D. It shifted generation costs from high tiers to low tiers. Although PG&E did this to improve its competitive position vs. CCAs serving large residential users (so CCSF opposed), it actually improved competitive positions for CCAs serving small residential users.	
48										
49	Resolution E-4471, Calpine Sutter and CHP/Q593	"In March the CPUC ordered IOUs to negotiate with Calpine to keep its Sutter gas-fired power plant in operation, and instituted a nonbypassable charge that CCAs would have to pay to cover the cost incurred by the IOUs...SFPUC needs to prioritize this issue, as it is potentially threatening to CleanPowerSF realizing the benefits caused by energy localization." (pg. 65)	X		CCSF is actively involved in relevant CPUC proceedings. To date, CPUC has been unresponsive to limiting IOU cost recovery where assets/contracts have any sort of reliability value.					
49										
49	A.12-04-020 PG&E Green Option	"[PG&E's GTO] underscores the importance of offering Own-Your-Power to create a clearly distinguishable value proposition for CleanPowerSF." (pg. 66)			CCSF is actively involved in relevant CPUC proceedings. What has LPI's market research on customer appetite for "own your power" and/or <100% renewable revealed to validate the statement that its model will result in higher participation rates and/or higher aggregate renewable penetration and/or GHG reductions? (see question above related to "Marketing and Product Differentiation (p. 10)").					
50										
50	CCA INFO Tariff and Resolution E-4420	"The SFPUC should petition the CPUC to restore CCA access to all data, both during formation and after initiating service. There is a need to assert the right of CCAs to have access to all requested data for meters in a municipality which is investigating, pursuing or implementing CCA, and to reverse the CPUC's apparent abridgement of this right for CCAs." (pg. 69)	X		CPUC is actively involved in relevant CPUC proceedings.					
51										
51	Further CCA INFO Tariff Changes	"The SFPUC should petition the CPUC for these changes. . . . (or) pursue state legislation that requires the CPUC to do so instead..." (pg. 69-70)			Requires change in law.					
52										

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	Home Area Networks	"The IOUs are required to come up with a HAN implementation plan, and the CPUC is now reviewing their advice letters. While consumer advocates are involved, MEA has not been involved in these discussions until recently, except to argue about cost allocation between generation and distribution components. (...) The Marin Energy Authority has taken a position contrary to the interests of CleanPowerSF in having full control of Home Area Networks. (...) The SFPUC should take a more proactive role in the proceeding. (...) The City should intervene in this proceeding to ensure that appropriate standards are being selected, and that the HAN capability of the meters is activated as soon as possible to allow CleanPowerSF customers to realize the benefits of smart appliances. (...) In regards to making Smart Meter data available to customers, CleanPowerSF should treat this as a strategic opportunity to further engage with customers and to accelerate enrollment in demand-side retrofit programs." (pg. 74-75)			Recommend demonstrated positive cost-benefit before actively pursuing. Other parties are better positioned to ensure optimal HAN standards for bundled and CCA customers. MEA's approach matches CCSF -- ensure that HAN access is equally available to bundled and CCA customers, and that IOU costs are allocated appropriately.					
53										
	R.03-10-003 Community Choice Aggregation Docket	"...the SFPUC should seek expedited conveyance of requested data from PG&E relative to 15-minute meter reports. Additionally it should petition CPUC to modify its tariff on an expedited timeline, and ask the CPUC Executive Director to order PG&E to provide data within the maximum period of time." (pg. 75)			Requires change in law, and/or existing regulations.					
54										
	A.11-12-005 Direct Access and CCA Billing	"The SFPUC should continue to intervene to ensure bonding amounts are not excessive for CCAs." (pg. 75)	X		CCSF is involved in relevant proceedings at the CPUC.					
55										
	R.10-12-007 Energy Storage	"This rulemaking should be monitored for any potential impacts to CCA." (pg. 77)			General and vague. Currently, no reason to expect that any Energy Storage initiatives/mandates adopted by the CPUC would be adverse or discriminatory to CCA customers.					
56										
	Combined Heat and Power Standby, Demand and Nonbypassable Charges	"The SFPUC persuade the CPUC to remove excessive demand charges and nonbypassable charges for departing load for CHP. Furthermore, revisions to PG&E's standby tariff have placed distribution charges into the energy charges. This cost-shifting should be contested and reversed by the SFPUC at the CPUC." (pg. 78)			This is primarily a BTM rate design issue. CCSF does advocate for appropriate cost allocation to limit cost shifting between participants and non participants.					
57										
	A.10-11-002 PG&E Solar Equity Investment	"Vigilance against anti-competitive activity should be considered a key policy and regulatory direction for CleanPowerSF." (pg. 78)	X		CCSF is actively involved in relevant CPUC proceedings.					
58										

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6	R.1.1-05-005 Renewable Portfolio Standard	"The SFPUC persuade (sic) the CPUC to adopt RPS and REC rules to give higher values to behind-the-meter capacity within CCA jurisdiction." (pg. 80)	X		CCSF has been and is active in the RPS OIR. BTM issues distinct from CCA issues; CCSF advocates for fair BTM as appropriate.					
59	SB 790: "Forced Speech" Should Not be Allowed	"The SFPUC and the City Attorney should advance these 'forced speech' arguments in the proceeding." (pg. 81)		X	DRAFT Presents First Amendment issues; City Atty has repeatedly advised against making such arguments.					
60	Access to Smart Meter Data – Electricity and Natural Gas	"It would be advantageous to pursue natural gas consumption data for all customer in further legislation or if possible at the CPUC through the CCA INFO TARIFF." (pg. 83)			Unclear why this is useful or necessary for the CCA, but could be a policy decision for Commissioners. What are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
61	EV Charging/IRG Settlement	"The potential harmonization of the approach to the development of CleanPowerSF EV infrastructure and the enactment of the settlement should be pursued in cooperation with the parties described in the settlement." (pg. 83)			General and vague. Currently, no reason to expect that any EV opportunities that come out of this settlement would be adverse or discriminatory to CCA customers, or necessary for CCA success. Additionally, what are LPI's staffing and cost assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
62	The Specter of "Network Access" Charges	"Because approval of network charges could have negative impacts on CCAs in California, CleanPowerSF should monitor CPUC actions relative to them, and oppose such charges as anti-competitive and contrary to anti-cost-shifting policies." (pg. 84)			Primarily a BTM issue, less so a CCA issue. Cost shifting from generation to delivery charges is not inherent in network charges.					
63	Office of the Treasurer: Support for CCAs and Manufacturing Jobs	"CleanPowerSF should request that the Treasurer, either independently or in coordination with the Governor's office, implement a program that supports expanding local manufacturing capacity to supply CCAs with renewable and efficiency technologies...if necessary or appropriate, legislation should be introduced for consideration in 2013 that would authorize necessary levels of bonds to be issued for these specified purposes; for both San Francisco and other prospective CCAs...The SFPUC has a direct interest in encouraging the development of more CCAs as a way to counter-balance the anti-competitive activities of PG&E, and should request that the Treasurer design a program that supports new CCAs that intend to focus on energy localization." (pg. 66)			Why is local manufacturing critical to CCA success? Also not clear how prioritization/incentives for local manufacturing is tied to or would reduce anti-competitive activities of PG&E. If CleanPowerSF should prioritize local manufacturing participation, what are LPI's staffing assumptions -- as presented in the financial deliverable -- relative to this recommendation?					
64	Subject IOUs to Sunshine Act and Brown Act	"The IOUs fulfill a quasi-public role and as such should be held more accountable to the public. The SFPUC should advocate for legislation that requires the IOUs to submit to public meeting laws (the Sunshine Act and Brown Act) for their board meetings." (pg. 87)		X	PUC/City typically proposes new legislation strategically and with some hope of success.					
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	A	B	C	D	E	F	H	I	J	K
	Local Power Inc. Recommendations					Local Power Inc. Doubtful/Incorrect Statements				
5	Section of Report	LPI "Recommendation"	Existing SFPUC &/or CCSF Practice? Yes = "X"	Likely Feasible? No = "X"	Explanation of SFPUC Preliminary View of Feasibility		Statement	Doubtful	Incorrect	Explanation
6	Limit Connection Charges and Non-Volumetric Fees	"(T)he use of these fees should be extremely limited and heavily contested at the CPUC by the SFPUC. The SFPUC should further advance legislation that pre-emptively circumscribes the expanded use of these charges. ... Legislation should be introduced to prohibit the creation of non-volumetric fees on customers seeking non-PG&E suppliers through a CCA or an ESP." (pg. 87)			This again is likely a BTM issue rather than a CCA issue. CCA rate design concerns are functional cost allocation, not fixed vs. volumetric charges.					
66	Expanding Over-the-Fence Transactions	"The SFPUC should advance legislation that extends permissible over-the-fence transactions to more than three adjacent buildings." (pg. 88)			DRAFT The requirements of PU Code § 218 are more complicated than "three adjacent buildings." It's possible that there are some regulatory or administrative interpretations that simplify it in this way. PUC can always propose legislation if it makes sense to do so.					
67	Disallow IOU Cost-Shifting and Anti-Competitive Rate Structures	"The SFPUC should pursue legislation to preempt the CPUC Decision in the 2012 General Rate Case regarding the reallocation of generation-related costs as transmission and distribution costs; as well as the flattening of California's efficiency block tier system; the decision allowing PG&E to offer discriminatory rates between customers, causing cost shifting." (pg. 88)	X		Similar issue to others covered above. CCSF is active in the relevant CPUC proceedings.					
68										

CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

	A	B	C	D	E	F	H	I	J	K
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CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

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9	Real-Time Procurement Capabilities	"The CPSF deployment will require the intelligent monitoring and control of distributed generation and demand-side assets, coordinated in real time....interoperability must be ensured between procurement operations and the assets deployed through the program that are required to be monitored and dispatched." (p.6)		Appears to envision deployment of BTM resources that are dispatchable centrally. BTM resources are typically not suited to dispatch, particularly centrally. CHP runs most economically when matched to site thermal loads; dispatch of solar and wind will necessarily reduce output. Recommendation would have been strengthened if cost-benefit were provided.						
10		"the SFPUC should expand the scheduling coordinator activities at the Moccasin Powerhouse to take on the responsibility for CleanPowerSF procurement and operational activities." (pg. 6)	X	What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- to implement this risk mitigation strategy? Recommendation would have been strengthened if it had reflected existing constraints and/or cost-benefit of this recommendation.						
11		"In the near-term, schedule coordinator services under SENA should be responsible for integrating these resources, or the Confirmation agreement changed to delegate these responsibilities to the SFPUC or its chosen subcontractor." (pg. 6)		Provided for in draft SENA agreement.						
12	Cost Responsibility Surcharge	"SFPUC should intervene in relevant CPUC proceedings to ensure that the PCIA methodology and PG&E's investments into generation assets do not unfairly burden CleanPowerSF customers." (pg. 6)	X	CCSF already involved in CPUC proceedings related to PCIA, CTC and CAM.						
13	Integrated Project Management	"Evaluate the program management functions needed for successful implementation of the program, and plan for and apply the appropriate resources." (pg. 7)		Very generic/vague; not actionable. What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- to implement this recommendation?						
14	Site Targeting and Acquisition	"As detailed in the Draft Site Selection Criteria, the Site Selection process and Customer Targeting Database will identify, detail, and rank customer sites for the deployment of all technologies. The SFPUC and SFDGE should task staff with reviewing these assumptions to give feedback in a timely manner." (pg. 7)	X	Draft site selection report does not establish criteria on how this analysis will be performed. What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- to implement this risk mitigation strategy? SFPUC has repeatedly asked for and is yet to receive a clear list of assumptions from LPI. SFPUC already evaluates sites for distributed energy opportunities -- this is a time consuming, lengthy process and will require extensive staff resources.						

CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

A	B	C	D	E	F	H	I	J	K
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CleanPowersSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

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2	High Opt-Out Rates	"Identify opportunities for local renewables and demand side development for Phase I, including a survey to assess interest among potential Anchor site customers." (pg. 11)			What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- to implement this risk mitigation strategy? This will be a staff intensive and time consuming process to develop and implement small scale resources. SFPUC plan for a regular RFO/RFP process for long-term renewables procurement will allow those best equipped to do so (developers) to identify best sites for deployment.	The minimum enrollment required for Shell to initiate Phase I service is estimated at 50,000..." (pg. 10)		X	LPI is using out-of-date information; the minimum enrollment for a 20 MW program would be ~70K.	
21		"SFPUC should request that LPI develop a scope of work for surveying customers who will be offered service, drawing upon the customer databases created for the broader analysis." (pg. 11)		X	SFPUC has already conducted/will conduct such survey analysis through FM3.					
22		"If high opt-outs rates are unavoidable, continue to investigate the feasibility of a second opt-out offering for affected customers." (pg. 12)			Targeted and phased program is meant to mitigate high opt-outs.					
23	CPUC Regulations	"To illustrate the difference between opt-out and opt-in, in comparative terms, offering the 235,000 customers a competitive rate with 51% plus green power by 2017 would typically result in 75-90% of citywide business and residential demand, an opt-in program offering the same discount price would likely result in approximately 5-10% engagement." (pg. 12)		X	Even with 51% green power, a competitive rate is highly optimistic; LPI please provide source.	"Assess the feasibility of diluting the Phase I price premium by including Hetch Hetchy power, and lowering the overall RPS-qualifying content in favor of "GHG free" and "renewable" products..." (pg. 11)	X		100% RPS-eligible energy has been a central and defining characteristic of CPSF for the last 1.5 years.	
24	Relative Success of Opt-Out vs. Opt-In	"As a part of program marketing and community outreach, prepare well-developed promotional and informational materials that clearly explain the nature of customer involvement options in the deployment, the benefits to customers, and the roles of the CleanPowersSF program and its contractors. These materials should be consistent in content across web-based documentation, press-releases, paid advertising, direct mail, and customer reach hand-out materials." (pg. 13)	X		SFPUC has developed a comprehensive, multi-pronged Customer Notification and Education Plan.					
25	Customer Project Participation	Various recommendations re: allocating all risk to contractor (pg. 13-16)		X	Contracts with creditworthy, qualified counterparties are an effective risk management/mitigation tool. However, LPI's financial model assumes that City takes on all project risks and/or it is not clear how LPI has factored in cost premiums of use of long-term contracts to mitigate risks. Also, extensive use of well-structured contracts to mitigate risks may not be practical/feasible given the relatively large number and small size of the BTM installations contemplated.					
26	Technology Selection and Functionality									
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CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

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3	Note: Asterisks(*) indicate a recommendation/conclusion repeated in Regulatory and Policy Review Report									
4	Application Risks	"The siting evaluations should be sufficiently robust to avoid placing technology elements in locations where the power generation resources, i.e. solar or wind, are not sufficiently available to provide the required outputs." (pg. 15)	X		SFPUC Renewables and Energy Efficiency teams highly experienced in accurately siting. Has LPI evaluated SF as a good location for their business model compared to others? Given this is a "first of a kind" plant, care should be taken to deploy it in a favorable location. Many factors (costs, weather, age of infrastructure) appear to make SF a less favorable location compared to alternatives.					
28	Under-Developed Products	"...utilize contractual terms that require the supplier to provide a small volume 'pilot' order at partial cost; making any larger volume, full-price orders contingent on the successful performance (or correction of functional issues) of the pilot order." (pg. 17)	X		SFPUC will consider piloting promising emerging technologies as part of its Green Test Bed program. (SFPUC has installed Green Test Bed Site at Moscone.)					
29	Community Installation Opposition	Various recommendations re: community outreach and promotion of community benefits (pg. 19-20).	X		SFPUC has a robust Community Benefits program and conducts extensive outreach to community members prior to installing projects.					
30			X		SFPUC continues to factor these requirements into CPSF development; LPI's financial model does not include these as up-front costs.					
31	Existing Regulations	"...it may be helpful for CleanPowerSF staff to conduct early coordination efforts with the regulatory entity, so that the chances of unexpected regulatory compliance obligations are reduced." (pg. 21)	X		SFPUC staff maintains contact with state regulatory bodies and their staff (e.g. the CPUC's Energy Division, CEC renewables group).					
32			X		CCSF is actively involved in relevant CPUC proceedings.					
33	Developing Regulations	"Continue to track evolving regulations, and where appropriate participate in development of regulations appropriate to support CleanPowerSF program goals." (pg. 21)	X		"Diligent initial review processes" appears to be LPI's primary risk mitigation strategy, but this is very general. What are LPI's specific risk management and risk allocation strategies that it recommends for CPSF, keeping in mind CEQA review for CHP units. SFPUC staff already does diligent initial review of projects, including obtaining CEQA approvals. Additionally, given the staff- and resource-intensive process of obtaining CEQA approvals, what are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- for this risk mitigation strategy?					
34	Environmental Issues	"This risk underscores the importance of diligent initial review processes for any projects with potential environmental issues; and the need to ensure that no such projects are initiated without having all final environmental approvals and permits in hand." (pg. 22)	X	X	"Many of the CleanPowerSF installations will be inside existing facilities, or otherwise located so that there are no anticipated environmental impacts from the installation or operations of the technology elements." (pg. 21-22)		X	CHP operation would require an air permit but as long as they operate within the permit this should be OK.		

CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

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4				SFPUC staff already does diligent cost control on projects.					
35	"1) Unit cost control: ensure that supply orders contractually lock prices for all orders. 2) Installation cost control: program management requirements addressing and emphasizing the importance of accuracy in the customer installation estimate processes, and creating a review and approval process for any requested installation cost increases that places the burden of fully demonstrating the cost impacts any changed circumstances on the Job Order Contractor." (pg. 23)								
36	Various recommendations re: "performance based turnkey contracting approaches" and management of contractors.	X		All contractors for solar PV and other energy sources use performance based contracting approaches.					
37	"Many of the deployment elements can be expected to have no or negligible operating and maintenance costs. These include many demand reduction or efficiency devices, such as lighting projects or thermostats." (p 24)		X	"Many" is a major overstatement; CHP and geothermal (big part of LPI portfolio) have significant maintenance costs and challenges; EE and DR technologies may have reduced maintenance expenses but are instead dependent on consistent operator/user behaviors that are difficult to control and maintain. What are LPI's staffing and other cost assumptions -- as presented in the financial deliverable -- for this risk mitigation strategy?					
38	"The risk of operations or maintenance cost growth favors the use of fixed price, performance based turnkey contracting approaches that include operations and maintenance, and shift most or all cost growth risk to the contractor(s)." (pg. 25)		X	Vague; concerning that use of fixed price and performance based contracting does not appear to have been incorporated into LPI's financial model.					
39	"Acceleration of projects in San Francisco will depend upon preparing city agencies to expedite and assist with the City's CleanPowerSF deployment. The CCA deployment process will require an integrated planning approach to site identification, approval and development that minimizes the likelihood of City-side delays to the planned deployment. While each facility will go through its own separate permitting process, the selected program approach should facilitate rapid processing and minimization of unnecessary permit review triggers. Permitting documentation required for each technology and installation should be identified ahead of time, and collected in a timely manner." (pg. 25)		X	What are LPI's staffing and other cost assumptions - as presented in the financial deliverable -- for this recommendation? Given that City agencies departments juggle numerous priorities and are likely not able to prioritize CPSF over all other projects, what are LPI's staffing and cost assumptions -- as presented in the financial deliverables -- for CCSF departments to add CPSF to their list of priorities?					
40	"Intervene at the CPUC to both attempt to reverse and to protect against further cost shifting, and the potential for increasing non-bypassable surcharges." (pg. 26)	X		CCSF is actively involved in relevant CPUC proceedings.	"PG&E could also continue to make changes to its rate design such that generation costs are recovered through its distribution charges. PG&E has already been successful in this regard, winning CPUC approval in 2012 for such cost-shifting." (pg. 26)		X	Inaccurate characterization of flattening of generation rates. PG&E frequently asks for things that are inappropriate. This is a risk for the program, resulting in the need for monitoring and intervening in proceedings when necessary. However that effort does not fully mitigate the risk exposure.	

CleanPowerSF
SFPU Review of Local Power Inc. Deliverable -- First Draft Risk Report

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4	Design									
41	"CleanPowerSF should seek to accelerate innovation in customer-focused rate design applications, and monitor PG&E's rate design efforts." (pg. 26)		X	Unclear what this means; falsely characterizes CCSF's role and/or authority at the CPUC.	"Behind-the-meter investments will lessen the impact of cost-shifting, as these assets offset the full retail bill (as opposed to only the generation portion of the bill)." (pg. 26)		X	A misstatement. A different set of cost shift issues exist for BTM/retail rate displacement. One rate design risk is replaced with another, with the BTM rate design risks largely ignored by LPI. In fact, cost exposure may be greater for BTM than for CCA functional allocation concerns. Utility interconnection requirements still apply with possible addl facilities, meter & studies costs.		
42	Competitive Rate Design		X	SFPUC has/is conducting extensive bill impact analysis across all SF customer classes. Unclear what a "rate database" would be, especially if LPI's program achieves rate/bill parity with PG&E.						
43	"CleanPowerSF will deliver tens to hundreds of thousands of demand-side retrofits, and will fully finance the installations in contrast to the dominant paradigm today, in which customers are asked to pay 40% to 60% of the costs up-front (after utility rebates)." (pg. 26)		X	What are LPI's staffing and other cost assumptions - as presented in the financial deliverable -- for this recommendation? Impracticable expectation of achievable deployment rates (timing is too aggressive) and cost/resources needed to achieve this level of penetration, and customers' willingness to participate. LPI has not been able to demonstrate that this level and speed of deployment has not been achieved elsewhere.	"Energy efficiency financing mitigates the above risks to the success of CleanPowerSF's program." (pg. 28)		X	Financing mechanisms for EE are actually not risk mitigants. In some cases, risks are transferred to other parties -- those providing the financing. If CPSF is the source of funds then CPSF is taking on performance/customer credit risks, not mitigating them.		
44	Renters and Owners		X	Rent Board will appropriately require assurances that energy efficiency measures deployed by CPSF that are not currently approved will in fact result in desirable cost savings for tenants.						
45	"MEA's progress should be monitored and supported by CCSF in regulatory proceedings, if need be." (pg. 29)	X		CCSF actively coordinates with MEA.						
46	"The City could also have the option of transferring the repayment obligation from the electrical meter to the water meter, in the event that PG&E obstructs the collection of the charge." (pg. 29)		X	This would be a significant decision by PUC/City. Additionally, customers not often the same. More electric metered accounts (>300K) than water metered accounts (<200K) in San Francisco.	"This approach is in-line with broader statewide programs, as CPUC Ruling 09-110-14 (December 2011) orders the full implementation of OBF mechanisms that have until recently been limited to IOU pilot programs..." (pg. 28)		X	December 2011 Rulings from R. 09-11-014 merely solicited comments on staff proposals i.e. do not order full implementation of OBF mechanism.		
47	Repayment Mechanisms		X	CCSF actively coordinates with MEA.						
48	"If necessary, a Charter Amendment should be prepared in consultation with the City Attorney, allowing the SFPU to assess energy efficiency repayment charges on customer water bills, and adopted." (pg. 30)		X	This would be a significant decision by PUC/City.						
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CleanPowerSF
SFPUC Review of Local Power Inc. Deliverable -- First Draft Risk Report

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50						*				
51			X			*				
52		X						X		December 2011 Rulings from R. 09-11-014 merely solicited comments on staff proposals i.e. do not order full implementation of OBF mechanism.
53						*		X		This EE funding wasn't available at all without SB790.
54			X							
55								X		Needs further analysis of virtual net-metering, SB843-like models, etc.
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57			X							
58			X							
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4	An Illustrative Example	"...an over-the-fence transaction could be arranged to directly supply the power from the solar array to the adjacent customer for periods when the host site was unable to fully consume the power generated." (pg. 2)		X	Given that this arrangement is not yet codified in law, on what timeline does LPI recommend proceeding on such an arrangement?