

1 [Recommending Approval of the Not-to-Exceed Rates for the CleanPowerSF Program]

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3 **Resolution recommending the San Francisco Public Utilities Commission approve the**  
4 **not-to-exceed rates for the CleanPowerSF Program.**

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

10 WHEREAS, The SFPUC, in response to direction from the Board of Supervisors,  
11 issued two Request for Proposals (RFPs) seeking suppliers to provide key services for  
12 CleanPowerSF; and

13 WHEREAS, The San Francisco Board of Supervisors has requested the San  
14 Francisco Local Agency Formation Commission (SF LAFCo) to monitor and advise the  
15 San Francisco Public Utilities Commission (SFPUC) and Board of Supervisors regarding  
16 the progress of CCA development and implementation (Board of Supervisors, Section 1(b),  
17 Ord. No. 146-07; File No. 07-0777); and

18 WHEREAS, On February 8, 2011, the SFPUC authorized the General Manager to  
19 negotiate with one or more creditworthy firms for power supply services for CleanPowerSF;  
20 and

21 WHEREAS, SFPUC staff began negotiations with Shell Energy North America (SENA)  
22 in February 2011 for electricity supply services that most closely achieve the City's goals; and

23 WHEREAS, SFPUC has negotiated a draft contract with SENA that would (i) mitigate  
24 program risks by using a phase-in approach, (ii) offer customers a 100% renewable product,  
25 (iii) require a \$13.5 million initial appropriation to fund program reserves, and (iv) allow for

1 development of new renewable recourses to be added in the electricity portfolio as a customer  
2 revenue stream is established; and

3 WHEREAS, In September 2012 the Board of Supervisors authorized the General  
4 Manager to execute the SENA contract in Resolution 348-12 and approved the \$19.5 million  
5 appropriation in Ordinance 200-12; and

6 WHEREAS, The contract with SENA will not become effective until satisfaction of the  
7 conditions identified in the agreement, those established by the Board of Supervisors in  
8 Resolution 348-12, and those established by the SFPUC in their Resolution 11-0194; and

9 WHEREAS, Phase One of the CleanPowerSF program will follow the state-mandated  
10 opt-out process, enrolling sufficient customers to meet the contracted volume of electricity not  
11 to exceed an average of approximately 30 MW, and, subject to electricity volume limits, any  
12 customer within San Francisco will be eligible to participate during Phase One; and

13 WHEREAS, Proposed CleanPowerSF rates and charges are at a not-to-exceed level  
14 and establish a ceiling for CPSF generation rates. Final Rates and charges may be lower and  
15 will be based on program cost of service and not-to-exceed levels established an upper limit  
16 for such rates and charges; and

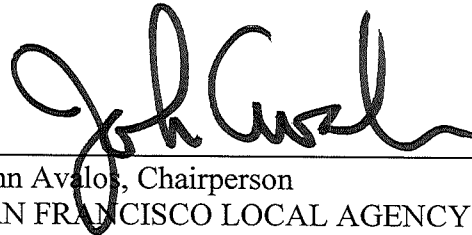
17 WHEREAS, Customer surveys have consistently shown that significant numbers of  
18 San Francisco residents, enough to provide a 20 to 30 MW load, are willing to pay a premium  
19 for California-certified renewable, greenhouse-gas-free electricity; now, therefore, be it

20 RESOLVED, This Commission hereby determines that the proposed not-to-exceed  
21 rates are sufficient to cover the cost of power and services being provided by the program as  
22 well as other costs required for phase one of the CleanPowerSF program; and, be it

1 FURTHER RESOLVED, This Commission hereby recommends that the SFPUC  
2 approves the not-to-exceed rates so that CleanPowerSF program can continue to move  
3 forward.

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5 On a motion by Commissioner Campos, seconded by Commissioner Campos, the foregoing Resolution  
6 was passed and adopted by the SAN FRANCISCO LOCAL AGENCY FORMATION COMMISSION,  
7 State of California, this 9<sup>th</sup> day of July, 2013, by the following vote, to wit:

8 AYES: Chairperson Avalos, Vice-Chair Campos, Commissioners Breed, Mar, and Pimentel.  
9 NOES: None.

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12 John Avalos, Chairperson  
13 SAN FRANCISCO LOCAL AGENCY  
14 FORMATION COMMISSION

15 ATTEST:

16   
17 Nancy Miller  
18 Interim Executive Officer