

Date March 6, 2009 Item No. 7

**LOCAL AGENCY FORMATION COMMISSION**  
AGENDA PACKET CONTENTS LIST\*

- Letter from Nancy C. Miller, Interim Executive Officer, LAFCO concerning Authorization of Submission of Grant Proposal to the CA Energy Commission on Renewable Based Energy Secured Commuities**
- LAFCO Resolution**
- SF CCAL Local Renewable Energy Project Grant Application**
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- Exceeds 20 pages; see file to review**  
**Available for review at City Hall, Room 244**

Completed by: Victor Young Date: March 4, 2009

**\*This list reflects the explanatory documents provided**

# San Francisco Local Agency Formation Commission

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TO: LAFCO Commissioners

FROM: Nancy C. Miller, Interim Executive Officer

DATE: March 6, 2009

SUBJECT: Item 7: Authorize Submission of Grant Proposal to the California Energy Commission on Renewable-Based Energy Secure Communities (RESCO). (Discussion and Action Item)

**Background:** The California Energy Commission (“CEC”), through its Public Interest Energy Research (“PIER”) Program, funds selected public interest energy research and development efforts that advance energy science and technology, and help improve the quality of life in California by bringing environmentally safe, affordable and reliable energy services and products to the marketplace. The PIER Program, Renewable-Based Energy Secure Communities (“RESCO”) initiative, encourages and funds research and development that promotes orderly and capital efficient development of community based renewable energy resources that can serve a community’s energy needs.

**Grant Proposal Preparation:** In mid-February, we became aware of a CEC Grant Solicitation for Grant Proposals by Friday, February 27, 2009, to fund 3 or more RESCO projects. The Interim Executive Officer decided it was in the best interest of the Commission to prepare and submit a Grant Proposal on behalf of SF LAFCo, after determining there was insufficient time to hold a special meeting for the purpose of authorizing a consultant to prepare an application, and after determining that SFPUC was not going to submit an application.

SFPUC later informed the Interim Executive Officer that it intended to submit a proposal. As a consequence, we worked with SFPUC to submit a Grant Proposal to maximize the potential for receipt of funds.

**Work to be Performed under the Grant:** The Grant Proposal requests matching funding for the four tasks identified in the December 22, 2008, LAFCo Request for Bids. Specifically, it requests funding for Tasks A and D, which are being performed by GES Consultants, on contract with SFPUC, and Tasks E and F, which are under Agenda

Item No. 6. These Tasks include a Cost/Benefit analysis, preparation of the CCA Financial Model, the Risk Assessment Report, and the contract Term Sheet for the Request for Proposals. All of these tasks are required under the SF CCA Implementation Plan and are part of the ultimate Program Basis Report (See Agenda Item No. 6.)

**Grant Amount:** We requested the maximum amount of \$200,000 and SFPUC requested \$200,000 for a total of \$400,000.

**Authorizing Resolution:** One of the requirements of the Grant Proposal is an authorizing resolution from the legislative body of any public agency that submits a proposal. While earlier resolutions of the Board of Supervisors and the SF LAFCo Commission provide authority for LAFCo to apply for grants (No. 0146-07 and SF LAFCo Resolution 2007-03)<sup>1</sup>, the Interim Executive Officer believes a resolution specific to the RESCO Grant Proposal would be helpful.

The cost to prepare the Grant Proposal was \$3,200. An abridged version of the Grant Proposal is attached hereto as Exhibit 1. (The full 35 page proposal has been delivered electronically to you and is available from the Clerk.)

The Interim Executive Officer was not willing to let this opportunity for additional funds from the CEC to pass, and believes these funds could be a great help in moving CCA Program Implementation forward.

**RECOMMENDATION:**

The Interim Executive Officer recommends that the Commission approve the attached Resolution.

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<sup>1</sup> SF LAFCO's General Policies and Procedures, section 2.64, also provide for the application of grants: "The Commission may apply for or accept grants or funding when offered to cover the reasonable costs of any study."

RESOLUTION NO. 2009-0

1 [LAFCO Resolution to Authorize the Interim Executive Director to Submit a Grant Proposal to  
2 the California Energy Commission, Public Interest Energy Research Renewables Program,  
3 for Renewable-Based Energy Secure Communities (RESCOs) Research, Development and  
4 Demonstration.]

5 **Resolution of the Local Agency Formation Commission of the City and County of**  
6 **San Francisco to Authorize the Interim Executive Officer to Submit a Grant Proposal to**  
7 **the California Energy Commission, Public Interest Energy Research Renewables**  
8 **Program, for Renewable-Based Energy Secure Communities (RESCOs) Research,**  
9 **Development and Demonstration.**

10 WHEREAS, under Ordinance 0146-07, the Board of Supervisors has directed SF  
11 LAFCO to assist with the startup of the CCA Program and to advise the Board of Supervisors,  
12 SFPUC, and other agencies regarding all aspects of development, implementation, operation,  
13 and management of the CCA Program, and to apply for and accept grants; and

14 WHEREAS, by adopting Resolution number 2007-01 on September 28, 2007, LAFCO  
15 accepted responsibility to provide CCA services, pursuant to Ordinance 0146-07; and

16 WHEREAS, the California Energy Commission issued a Grant Solicitation for CCA  
17 Programs;

18 THEREFORE BE IT RESOLVED, that the Local Agency Formation Commission  
19 of the City and County of San Francisco authorizes the Interim Executive Officer to submit a  
20 Grant Proposal to the California Energy Commission requesting funds pursuant to the Grant  
21 Solicitation requesting proposals to funding by the Public Interest Energy Research Program,  
22 Research, Development and Demonstration, Renewable-Based Energy Secure Communities  
23 (RESCO).

24  
25 On a motion by \_\_\_\_\_, seconded by \_\_\_\_\_, the foregoing  
Resolution was passed and adopted by the SAN FRANCISCO LOCAL AGENCY



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SAN FRANCISCO LOCAL AGENCY  
FORMATION COMMISSION

**SAN FRANCISCO CCA LOCAL**  
**RENEWABLE ENERGY PROJECT**  
**GRANT APPLICATION**

FOR  
PUBLIC INTEREST ENERGY RESEARCH (PIER)  
PROGRAM, RESEARCH, DEVELOPMENT &  
DEMONSTRATION (RD&D), RENEWABLE-BASED  
ENERGY SECURE COMMUNITIES (RESCO)

RESCO TECHNICAL INTEGRATION AND COLLATERAL  
CATEGORY PROJECTS



FEBRUARY 27, 2009

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# Contact Information

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## **Prime Applicant Contact Information**

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San Francisco, CA 94102  
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## **Prime Applicant Certification**

I, Nancy C. Miller, Interim Executive Director for the San Francisco Local Agency Formation Commission, hereby certify that all the information contained in this Exploratory Stage Grant Proposal is correct and complete to the best of my knowledge.

Date: \_\_\_\_\_

\_\_\_\_\_  
Nancy C. Miller, Interim Executive Director  
San Francisco Local Agency Formation Commission

## **Authorizing Resolution**

Pursuant to a Resolution adopted June 19, 2007, the San Francisco Local Agency Formation Commission, was given the power and authority to apply for and accept "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." A copy of the resolution is included with this Exploratory State Grant Proposal at Exhibit 1.

## **RESCO Category and Funding Level**

The San Francisco Local Agency Formation Commission is applying for an Exploratory Stage, RESCO Technical Integration Project grant, in any amount up to the maximum level of funding of Two Hundred Thousand Dollars (\$200,000.00).

# Project Summary

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## Project Title

San Francisco CCA Local Renewable Energy Project

## Project Description

The San Francisco Local Agency Commission (“SF LAFCo”), in partnership with the San Francisco Public Utilities Commission (“SFPUC”), has been charged with developing a Community Choice Aggregation (“San Francisco CCA”) program that will provide clean, reasonably priced, and reliable electricity to San Francisco’s retail electricity customers. In doing so, San Francisco intends to build a green power network that generates 360 Megawatts (“MW”) of power consisting of 72 MW of local distributed generation (“DG”), 31 MW of solar Photovoltaic (“PV”), 107 MW of conservation savings, and a 150 MW wind farm.

To meet these goals, San Francisco CCA, is assessing the potential for locally-generated renewable energy (“RE”) Part of the assessment includes evaluating non-economic, technical factors, including, but not limited to, land use restrictions, siting, and transmission limits. Once the technically feasible RE resources are identified, San Francisco CCA will financially model these options to determine potential customer rates under numerous scenarios. With the optimal financial scenarios in mind, San Francisco CCA will conduct a risk analysis which will identify the key potential risks and develop potential mitigation measures. Finally, San Francisco CCA will use this information to develop the framework and term sheets for an eventual contract. To support these goals, SF LAFCo and SFPUC, are submitting this Exploratory Stage Grant Proposal, which will be 100% matched by SF LAFCo and SFPUC.

## Quantitative & Measurable Goals

1. Locally-installed RE Assessment
2. San Francisco CCA Financial Model
3. San Francisco CCA Risk Analysis
4. Term Sheet Development

## Duration & Time of Completion

SF LAFCo anticipates a start date of March 9, 2009, with a completion date of August 9, 2009.

## Amount Requested

SF LAFCo requests any amount of funding up to the maximum level of \$200,000, all of which will be 100% matched.

## Total Project Budget

Prime Applicant anticipates the total project budget to be approximately \$420,000.00.



# Detailed Project Narrative

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SF LAFCo, in conjunction with SFPUC, is charged with designing and implementing San Francisco's CCA Program. Part of San Francisco CCA's development includes building a green power network consisting of:

- (a) 72 MW local distributed generation;
- (b) 31 MW solar Photovoltaic;
- (c) 107 MW conservation savings; and
- (d) 150MW wind power.

In developing the resources necessary to make the green power network a reality, SF LAFCo needs to explore the technical, regulatory, and financial obstacles to generating local RE. Using a team of staff and consultants with CCA development experience, SF LAFCo will use this project to identify and overcome the impediments to implementation. With the data and models this project will generate, San Francisco will move closer towards actual construction of a community energy supply.

First, SF LAFCo will identify technically feasible sites within San Francisco that can provide sources for the 3 mandated RE solutions of local DG, PV, and wind power. SF LAFCo will also identify potential energy storage solutions, local energy infrastructure, and the areas in the city that can provide the greatest gains in energy efficiency. SF LAFCo will accomplish this goal by using experienced consultants to perform the necessary field tasks, data collection, and research. The information gained from this task will provide many of the data points for the subsequent financial model.

Second, SF LAFCo will model the technically feasible sites under a variety of economic factors and scenarios so San Francisco CCA can make decisions regarding the right combination of local RE resources that prudently balances the economic risks associated with the eventual implementation of local RE resources throughout San Francisco. SF LAFCo and SFPUC will work with experience consultants on development of the financial model and input of appropriate data and factors to run multiple scenarios.

Third, SF LAFCo will work with consultants in conducting a comprehensive risk analysis that will first identify the key risks that could affect the San Francisco CCA's success. Potential risks include volatility in customer rates, the financial exposure to the City and County of San Francisco, costs of regulation, changes to state and federal laws, and legal challenges by PG & E. This risk analysis also includes a cost/benefit analysis that will help create a synergistic combination of local RE resources.

Fourth, SF LAFCo will develop a term sheet for a Design Build Operate Maintain (DBOM) contract. San Francisco CCA already has a draft implementation plan, appended hereto as Appendix "C", that identifies certain goals and objectives. Through the information gained in completion of the first three tasks, SF LAFCo will be able to develop the framework for what will later serve as the DBOM contract as the green power network is implemented.

SF LAFCo recognizes that there are many challenges to full implementation of San Francisco's green power network. Development of technically and economically viable local RE resources is not widespread. However, the public benefit from this project will be substantial because it helps meet and address the challenges and impediments to local RE generation in San Francisco. Additionally, this project will have a direct connection to San Francisco's retail energy market, since it will serve as the

exploratory basis for later implementation. Only through these types of projects will local RE generation become a reality.

This project has tasks that are uniquely situated for San Francisco, but principles and models that can serve as rough templates for future development of local RE resources throughout California. While San Francisco's topography, climate, and land use, will make the technical data and the financial model results unique to San Francisco, the principles behind the models, and the analyzed risks can transfer to other CCA programs and green power networks. For example, identification of technically feasible sites within San Francisco's city limits, can provide a process for other urban areas to identify technically feasible sites within the urban landscape. Similarly, the risks of San Francisco identified, evaluated, and accounted for in this project should transfer to other cities.

In sum, this exploratory stage RESCO technical integration project, will help swiftly move local RE generation closer to construction. SF LAFCo is taking a reasoned approach, that will lead to usable results in the creation of local RE resources. Finally, SF LAFCo believes all of these goals are achievable in a cost-efficient manner, as evidenced by the willingness of SF LAFCo and SFPUC to not only provide 100% in matching funds, but to also be willing to pay for the project now, even while it awaits a decision.

# Biographies

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**Nancy Miller – Interim Executive Director, San Francisco Local Agency Formation Commission (LAFCo)** – is the lead for the San Francisco Local Agency Formation Commission, which works in concert with the San Francisco Public Utilities Commission in developing its CCA program. Ms. Miller has served as interim director since 2007, and prior to that was General Counsel to the Commission and provided services related to creation of the CCA program. Ms. Miller has provided services to the Commission since 2000 on these issues and has been involved with the CCA process since that time. Ms. Miller has also provided counsel to the City of Berkeley and the City of Oakland as they assess creation of a joint powers authority CCA program. Ms. Miller is a shareholder of Miller, Owen & Trost, a professional law corporation that has provided specialized legal services since 1978 to a wide variety of public agencies. Ms. Miller is a member of the California Bar, the Sacramento County Bar Association, and has been rated a “Super Lawyer” by her peers since 2004.

**Mike Campbell – SFPUC, CCA Director** – is the lead for the San Francisco Public Utilities Commission for development of its CCA program. Mr. Campbell has over 8 years of experience in California’s energy markets. Mr. Campbell worked at the California Public Utilities Commission from 2000 to 2005, where he held a number of key roles in the Energy Division as well as serving as Commissioner Lynch’s Energy Advisor for the last two years of her term. In 2005, Mr. Campbell joined PG&E, where he held management and supervisory roles in Regulatory Relations and Customer Energy Efficiency on demand-side management program issues. Mr. Campbell has extensive experience managing multi-million dollar budgets, supervising interdisciplinary teams, and managing projects from inception to completion. Mr. Campbell has an undergraduate degree in economics from U.C. Davis, and Master of Public Administration from The Maxwell School of Citizenship and Public Affairs at Syracuse University.

**George E. Sansoucy, P.E., -- George E. Sansoucy Engineers & Appraisers** – is a consulting engineer that has provided services to private entities and public institutions for the last 27 years. During Mr. Sansoucy’s long period of service, he has developed electric generation facilities throughout New England and New York, and provided engineering consultant services to the U.S. government, and many cities, counties, and local government entities. He has experience consulting on multi-million projects and working through the regulatory framework of federal and state agencies. Mr. Sansoucy has also developed electric power networks, from inception to completion, including design, operations, management and financing.

**Glenn C. Walker – Project Manager, George E. Sansoucy Engineers & Appraisers** – is an experienced renewable energy consultant that specializes in providing consultant services to governmental agencies looking to establish, value, and implement electric generating facilities. Mr. Walker has over 18 years experience in working with electric generation facilities. He had provided consultant services, advice, and valuable products to numerous cities, counties, and government agencies, throughout the United States, including California, Michigan, Ohio, Tennessee, and the entire Northeast.

**John Dalessi – Director, Navigant Consulting** -- is Navigant Consulting’s Energy practice director, with over fifteen years of experience in the energy industry in the areas of electricity market operations and retail electricity pricing, renewable energy procurement, regulatory and legislative policy and affairs, and strategic planning. Since the passage of Assembly Bill 117 in 2002, Mr. Dalessi has assisted nearly fifty California communities in evaluating the opportunities and challenges associated with formation of CCA programs. Mr. Dalessi was the lead technical consultant and project manager for the California

Energy Commission's CCA Demonstration Project. Mr. Dalessi played a prominent role in developing the CCA Implementation Plan for the SJVPA's CCA program, the first such plan to be certified by the California Public Utilities Commission. Mr. Dalessi continues to consult to SJVPA in the implementation of its resource acquisition strategy, business planning, and rate setting process. Prior to becoming a consultant with Navigant, Mr. Dalessi held senior management positions at the Automated Power Exchange, PG&E Energy Services, and Southern California Edison Company.

**Kirby Dusel – Association Director, Navigant Consulting** – is a certified Project Management Professional (PMP), Six Sigma practitioner and has served many public agencies within California and throughout the U.S. Mr. Dusel has eleven years of experience administering statewide power purchase contracts, managing database development projects, analyzing and reengineering business processes and implementing effective compliance programs (focused on the mandatory reliability standards of the North American Electric Reliability Corporation (NERC)) within the energy industry. Recently, Mr. Dusel has administered several renewable power solicitations on behalf of various California municipal utilities and has managed the evaluative efforts related thereto. In addition to these projects, Mr. Dusel provided key technical support during Marin County's development of a Community Choice Aggregation Business Plan and continues to support the Marin Energy Authority in its continued evaluation of this program; provided technical support during the Energy Commission's CCA Demonstration/Pilot Project; and assisted the Kings River Conservation District in its implementation of the San Joaquin Valley Power Authority. Prior to these endeavors, Mr. Dusel served the State of California's Department of Water Resources, California Energy Resources Scheduling Division (CERS), as an energy contract analyst and database developer during California's Energy Crisis, providing guidance to CERS's executive management regarding contractor performance and carrying out general contract management responsibilities associated with the administration of approximately 50 State-wide power purchase agreements valued at \$35 billion.

**Shannon Graham – Associate Director, Navigant Consulting** – has worked in Navigant's renewable energy practice since 2004. Ms. Graham advises clients making investment into renewable energy by providing market, policy and technology analysis, including the development of new business models. Ms. Graham is focused primarily on distributed energy technologies, such as solar photovoltaics (PV). Her clients include: manufacturers, global oil companies, electric utilities and leading government agencies, such as the California Energy Commission PIER Group and the Department of Energy. Ms. Graham holds a BA in Mechanical Engineering from Tufts University and an MBA and Masters in Energy & Resources from UC, Berkeley.

**Jay Paidipati – Managing Consultant, Navigant Consulting** -- is a member of Navigant's Technology Strategy and Management group of the Energy Practice. His work in renewable energy focuses on renewable energy technologies, markets, and policy, with expertise in system cost modeling, system economics, and levelized cost of electricity modeling for renewable energy technologies. In the area of photovoltaics, Mr. Paidipati has extensive experience in system performance simulation, system economic modeling, and technology assessments gained through work for the U.S. Department of Energy, members of the investment community, and technology manufacturers. Prior to coming to NCI, Mr. Paidipati was employed as an engineer in the photovoltaics industry. Mr. Paidipati has a BS in mechanical engineering from the University of Illinois at Urbana/Champaign and a MS in mechanical engineering from Stanford University.

**Kenneth Swain – Consultant, Navigant Consulting** – is a member of Navigant's Energy Practice, and provides legislative and regulatory analysis in support of many public power agencies within California and throughout the western United States. Working in the Litigation, Regulatory and Advisory team, Mr. Swain is well versed regarding the obligations and requirements imposed by a diverse breadth of legislation and implementing regulations for matters related to the California Global Warming Solutions

Act of 2006, renewable portfolio standards, resource adequacy, community choice aggregation, energy efficiency and many other key proceedings affecting energy organizations in the Western Electricity Coordinating Council. Mr. Swain provides expertise in geographic information systems (GIS) analysis and mapping to support ongoing projects pertaining to generation and transmission projects. In addition to policy expertise, Mr. Swain has extensive experience in research, trial and litigation support, marketing, project management and consumer advocacy.

**SUMMARY BUDGET BY TASK**

Task #	Task Name	PIER Funding (\$)	Match Funding (\$)	Total (\$)
1.1	Attend Kick-off Meeting	\$508	\$508	\$1,017
1.2	Critical Project Review Meetings	\$1,017	\$1,017	\$2,034
1.3	Final Meeting	\$508	\$508	\$1,017
1.4	Monthly Progress Reports	\$2,306	\$2,306	\$4,611
1.5	Final Report	\$7,855	\$7,855	\$15,710
1.6	Identify & Obtain Matching Funds	\$0	\$0	\$0
1.7	Identify & Obtain Required Permits	\$0	\$0	\$0
1.8	Establish the PAC (optional)	\$0	\$0	\$0
1.9	Conduct PAC Meetings (optional)	\$0	\$0	\$0
2.1	Locally-installed RE Assessment	\$71,101	\$71,101	\$142,202
3.1	San Francisco CCA Financial Model	\$43,370	\$43,370	\$86,740
4.1	San Francisco CCA Risk Analysis	\$35,750	\$35,750	\$71,500
5.1	Term Sheet Development	\$35,750	\$35,750	\$71,500
0.0	0	\$0	\$0	\$0
	<b>Total</b>	<b>\$198,165</b>	<b>\$198,165</b>	<b>\$396,330</b>