



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Gavin Newsom
MAYOR

NOTICE SPECIAL MEETING

Joint meeting with the

San Francisco Local Agency Formation Commission

Note Different Meeting Day/Start Time

Friday, September 25, 2009
2:00 P.M.

City Hall, Legislative Chambers, Second Floor
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

President Ann Moller Caen
Vice President F.X. Crowley
Commissioner Francesca Vietor
Commissioner Juliet Ellis
Commissioner Anson B. Moran

DEPARTMENTS AND ENTERPRISES

Water Enterprise
Wastewater Enterprise
Power Enterprise
Infrastructure
Business Services
External Affairs

Ed Harrington
GENERAL MANAGER

Michael Housh
SECRETARY



Disability Access

The Public Utilities Commission meeting will be held in the Legislative Chambers, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #47 Van Ness, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

City Hall is accessible to persons using wheelchairs and other disabilities. The Polk Street/ Carlton B. Goodlett entrance is accessible via a ramp and a wheelchair lift. The other three entrances are accessible via ramps. Assistive listening devices are available and meetings are open captioned in the hearing room and closed captioned on SFGTV. Materials in alternative formats, American Sign Language interpreters, and other accommodations will be made available upon request. Please contact Michael Housh, Commission Secretary, at (415) 554-3165 or by Email mhoush@sfgov.org to make arrangements for any of these services. Providing at least 48 hours notice prior to the meeting will help to ensure availability.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: sotf@sfgov.org. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.sfgov.org.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Campaign & Governmental Conduct Code §2.100] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102; telephone (415) 581-2300; fax (415) 581-2317; web site at www.sfgov.org/ethics.

1. Call to Order
(LAFCo Chairperson Mirkarimi & SFPUC President)

2. Roll Call

REGULAR BUSINESS

3. Opening remarks and discussion of expectations for this joint meeting.
(Chairperson Mirkarimi & SFPUC President)
4. Discussion and possible action to **authorize** the General Manager of the San Francisco Public Utilities Commission to **submit a Request for Proposals** for a Community Choice Aggregation provider to the Board of Supervisors for approval pursuant to Ordinance No. 147-07 1(a)7 and 86-04.
 - a) *Presentation by SF PUC Staff (Michael Campbell)*
 - b) *Presentation by SF LAFCo Staff (Nancy Miller and Jason Fried)*

5. Public Comment

Members of the public may address the Special Joint meeting of the San Francisco Public Utilities Commission and the San Francisco Local Agency Formation Commission on matters that are within either of their respective jurisdictions and not on today's agenda.

6. Presentation by the City Attorney's Office, and discussion, of laws governing political activities and State and local ballot measures. *(Deputy City Attorney Lee or Givner)*

CLOSED SESSION

7. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9 (c) and San Francisco Administrative Code Section 67.10 (d) (2).

Anticipated Litigation: As Plaintiff. *(Lee)*

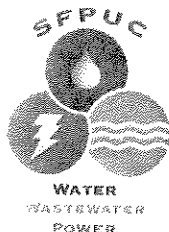
8. Reconvene in Open Session

[Elect to Disclose] Motion that the Commission finds it is in the best interest of the public to disclose information discussed in closed session, and directs the Chair immediately to disclose that information.

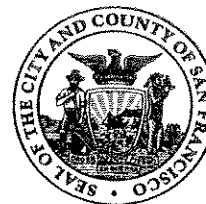
[Elect Not to Disclose] Motion that the Commission finds that it is in the best interest of the public that the Commission elect at this time not to disclose its closed session deliberations listed above.

9. ADJOURNMENT

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 11th Floor
San Francisco, CA 94103



AGENDA ITEM
Public Utilities Commission
City and County of San Francisco



DEPARTMENT Power Enterprise

AGENDA NO. #4

MEETING DATE September 25, 2009

Authorization to Submit RFP for CCA Supply Contract to Board of Supervisors for Review and Approval: Regular Calendar

Project Manager: Michael Campbell, Community Choice Aggregation Director

Electricity Supply Services for Community Choice Aggregation Program

Summary of Proposed Commission Action:	Authorize the General Manager of the San Francisco Public Utilities Commission to submit the Community Choice Aggregation (CCA) Request for Proposals (RFP) to the Board of Supervisors for approval.
Background:	<p>The CCA program seeks suppliers to provide energy procurement and demand-side management, resource generation development and customer and administrative services. 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. 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.)</p> <p>As required by Ordinance 147-07, the SFPUC issued a Request for Information from potential suppliers in November 2007. In April 2009 the SFPUC issued a Request for Qualifications from potential suppliers.</p>
Result of Inaction:	Approval by the Board of Supervisors is required by Ordinance 86-04 in order for the RFP to be issued.

APPROVAL:

DEPARTMENT /
BUREAU



COMMISSION
SECRETARY

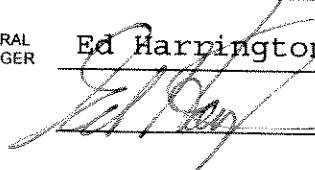
Mike Housh

FINANCE

Todd L. Rydstrom

GENERAL
MANAGER

Ed Harrington



Budget & Costs:	The CCA program projects customer revenue of approximately \$350 million. Operating costs will be paid out of customer revenues and will not come out of the City and County General Fund or other SFPUC utility revenues.
Schedule:	The current schedule calls for the RFP to be released on October 27, 2009, after an anticipated joint meeting of the LAFCo and the Government Audit and Oversight Committee of the Board of Supervisors on October 16, 2009 and Board of Supervisors approval at its October 20, 2009 meeting. Responses are scheduled to be due December 2009.
Description of Action:	The General Manager will submit to the Board of Supervisors an RFP that seeks suppliers to fulfill Community Choice Aggregation Program policy criteria. A supplier will be sought to provide energy procurement and demand-side management, resource generation development and customer and administrative services as required to meet the program goals.
Recommendation:	<p>SFPUC staff recommends that the Commission adopt the attached resolution approving an RFP based on one of the following approaches:</p> <ol style="list-style-type: none"> 1. Require proposers to meet all CCA program targets or be rejected without further consideration; or 2. Clearly articulate all program targets and allow proposers flexibility to make proposals that may not meet every target. <p>SFPUC staff prefers issuance of an RFP that allows proposers flexibility because experience gained from the RFI and RFQ as well as the experience of other CCAs suggests this approach may increase participation and allow the City more choices to meet its overall CCA targets.</p>
Attachments:	<ol style="list-style-type: none"> 1. Electricity Supply Services for Community Choice Aggregation Program 2. Electricity Supply Services for CCA Program Recommendation 1 & 2 3. Electricity Supply Services for CCA Program Supporting Document, Recommendation 1 4. Electricity Supply Services for CCA Program Supporting Document, Recommendation 2

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. _____

WHEREAS, under the San Francisco Charter the management and control of the Community Choice Aggregation (CCA) program is the responsibility of the San Francisco Public Utilities Commission (Board of Supervisors, Section 1(a), Ord. No. 146-07; File No. 07-0777); and

WHEREAS, the Board of Supervisors established specific program criteria for the CCA program (Board of Supervisors, Section 1(b)(1), Ord. No. 147-07; File No. 07-0501); and

WHEREAS, the SFPUC is authorized to draft a Request for Proposals (RFP) seeking suppliers to provide CCA program criteria (Board of Supervisors, Section 3(b), Ord. No. 147-07; File No. 07-0501); and

WHEREAS, the Board of Supervisors intends to approve the final RFP as per Ordinance 86-04 (Board of Supervisors, Section 1(a)(7), Ord. No. 147-07; File No. 07-0501); and

WHEREAS, the SFPUC received two (2) responses to its Request for Qualifications (RFQ) for potential suppliers; and

WHEREAS, SFPUC staff have developed two (2) alternative RFP structures that seek to maximize the number of responses, as further described in agenda materials and attachments and seeks guidance from the Commission on which RFP option to finalize and issue; now, therefore, be it

RESOLVED, that this Commission hereby authorizes the Public Utilities Commission to finalize an RFP soliciting suppliers to implement CCA program criteria using the RFP structure described as Recommendation ____; and be it

FURTHER RESOLVED, that this Commission authorizes the General Manager of the San Francisco Public Utilities Commission to seek approval from the San Francisco Board of Supervisors to issue the RFP.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of _____ September 25, 2009

Secretary, Public Utilities Commission

San Francisco CleanPowerSF Program Timeline

Key Milestones & Deliverables

Project Status – September 25, 2009

	Milestone / Deliverable	Target Date	Status
Feb	Technical-Economic Feasibility – Project Start	2/5/09	NTP on 2/3/09
	Begin Development of RFQ and Term Sheet	2/20/09	1 st Draft 3/2/09
Mar	Advance Work for RFQ Advertisement	Week of 3/9/09	Outreach Complete
	Risk Assessment – Project Start	3/10/09	LAFCo Approved 4/3/09
Apr	CCA Best Practices Report – Project Start (Revised from 3/9/09)	4/10/09	Task Order Signed 4/1/09
	Pre RFQ-Release Workshop Q&A	4/10/09	Completed
	Issue RFQ	4/24/09	Issued 4/24/09
	Complete Technical Potential Study	4/27/09	Draft Completed on Schedule
May	Hold Informational Q&A on RFQ	5/15/09 (revised from 5/8/09)	Completed on Schedule
Jun	Market Research – Project Start NTP 6/19/09	6/3/06	Underway
	RFQ Responses Due	6/5/09	2 Responses Received
	Economic Potential for Viable Resources (GES Task 2)	6/29/09	Draft Completed on Schedule
Jul	Publish List of Qualified Bidders	7/6/09 (revised from 8/4/09)	Respondents asked to respond to RFP
	CCA Best Practices Report Complete	7/20/09 (from 6/4/09)	LPI Final Draft Aug 15. (Comments to LPI)
	Cost Model of Levelized Costs for Resource Portfolio Mix Options Developed	7/20/09	Draft Completed on Schedule
Aug	Risk Assessment Report Complete (LAFCo Consultant)	8/1/09	Completed On Schedule
	Levelized Cost of Identified Economic Resources (GES Task 3)	8/20/09	On Schedule - Draft Published 9/2/09
	Market Research – Qualitative Focus Group Interviews Complete	8/27/09	Focus Groups completed 8/12/09
Sep	Final Term-Sheet for RFP (LAFCo Consultant)	9/15/09	On Schedule
	Comparison of Portfolio Options (GES Task 4)	9/21/09	On Schedule
	Advise SFPUC & LAFCo Commissioners of RFP Advertisement and Seek Guidance	9/25/09 (from 8/25/09)	Scheduled
	Hold Pre RFP-Release Q&A Workshop	TBD	Pending RFP process
Oct	Board Of Supervisor Review & Approval of RFP	10/20/09	Pending LAFCo-GAO meeting 10/16/09
	Issue RFP	10/27/09	Pending RFP process
	Market Research – Residential Research Complete	TBD – was Aug	Project underway
	Draft Revisions to Implementation Plan with latest info from consultants and RFQ respondents	Moved from August	Ongoing: pending input from RFQ & reports
Nov	Hold Informational Q&A on RFP	11/10/09	Pending RFP issuance
Dec	RFP Responses Due	12/29/09	Pending RFP issuance

On Schedule * Pending – On Target * Pending – Schedule Slip Possible * Behind Schedule

Policy Options for Community Choice Aggregation Request for Proposals (RFP): Setting Proposal Minimums or Policy Preferences

Existing policy would require Request for Proposal to meet minimum criteria or be rejected

Existing City Policy (Ordinance 147-07, File No: 070501), which is based on the 2007 Draft Implementation Plan has specific minimum requirements for CCA program, which include:

- Specific amounts of resource types and location of resource within or outside of San Francisco,
- Supplier shall be a single contractor (or joint venture) and perform all aspects of CCA work,
- Contract shall be constructed so that all risk is on supplier,
- More than half the energy should be renewable by 2017, with 40% renewable by 2012, and
- Price must meet or beat PG&E's rates.

RFP Flexibility could generate more responses and more competition from potential suppliers

- Responses to Request for Information (issued Nov 2007) by potential suppliers, and summarized by consultant report (Michael Bell Consulting) noted flexibility on price, location of resources, and loosening restriction on "single-supplier" requirements could increase participation.
- Marin's RFP (issued in May), which included greater flexibility, generated 12 responses – compared to SFPUC's Request for Qualifications (RFQ) which received 2 responses.

RFP should clearly articulate existing goals

SFPUC staff recommends RFP clearly state goals of San Francisco's CCA program, as outlined in Draft Implementation Plan.

- Importance of Energy Efficiency in reducing overall demand of CCA customers, and the intention to utilize "Public Goods Charge" funds collected by PG&E as directed by state regulation.
- Renewable generation located within City and County of San Francisco, and availability of City's municipal bonding authority to assist with financing renewable projects.
- 51% renewable energy by 2017 – significantly above the minimum requirement for PG&E.
- Rates competitive with PG&E (existing ordinance requires rates be at or below PG&E rates).

Setting proposal minimums for RFP would be similar to SFPUC's RFQ issued in April 2009

- Failure to meet any of the criteria established in City Ordinance 147-07 would result in rejection.
- Given limited response to RFP, and strict requirements, approach likely to chill market response.
- Relaxing some terms, such as price ceiling and requiring single supplier may increase response rate.

Setting policy preferences with flexibility would be designed to meet goals and reflect market realities

Flexible approach assigns preference to those proposals that are closest to City's goals.

- Timeline to achieving renewable targets (40% renewable by 2012 and 51% renewable by 2017).
- Development of renewables, with preference for projects in San Francisco and Northern California.
- Respondents should describe how energy efficiency will be incorporated into portfolio.
- RFP will seek single supplier of all services, including:
 - Scheduling and Contracting for Energy Procurement and Demand Side Management;
 - Development and Construction of Renewable Energy Generation Projects; and
 - Customer and Administrative Services.
 - City will reserve the right to negotiate contracts with more than one supplier to provide necessary services.
- Allow variations for how respondents may structure pricing, and require annual total revenue
 - Fixed price bid with per kwh rate for each rate class served by PG&E
 - Fixed price within a specified range of energy volumes (limits risk for supplier if CCA volumes are bounded at a percentage above or below anticipated demand)
 - Alternative pricing options to encourage creativity on part of supplier.

San Francisco Public Utilities Commission
Structure of Request for Proposals for Community Choice Aggregation Services
September 25, 2009
Recommendation 1

The Request for Proposals (RFP) for Community Choice Aggregation (CCA) services shall be designed consistent with the criteria established in Ordinance 147-07 (File No. 070501).

The RFP will seek a single supplier (or joint venture) to provide the following services: electricity procurement and load management, development and construction of resource generation, and customer and administrative services. Suppliers will be required to present their qualifications to provide the described services and to provide financial assurances/guarantees of ability to perform those services.

The following specific minimum requirements must be met or the proposal will be deemed noncompliant and will not be considered:

- Specific amounts of resource types and location of resource within or outside of San Francisco
 - 31 Megawatts (MW) of solar photovoltaic sells (located within San Francisco)
 - 72 MW of distributed generation (located within San Francisco)
 - 107 MW of energy efficiency, and
 - 150 MW of wind generation.
- 51% renewable energy by 2017, 40% renewable by 2012.
- Price must meet or beat PG&E's rates.
- Supplier takes on all risk associated with providing the required services at the proposed price.

San Francisco Public Utilities Commission
Structure of Request for Proposals for Community Choice Aggregation Services
September 25, 2009
Recommendation 2

The Request for Proposals (RFP) for Community Choice Aggregation (CCA) services shall be designed consistent with the criteria established in Ordinance 147-07 (File No. 070501).

The RFP will seek a single supplier (or joint venture) to provide the following services: electricity procurement and load management, development and construction of resource generation, and customer and administrative services. Suppliers will be required to present their qualifications to provide the described services and to provide financial assurances/guarantees of ability to perform those services.

The RFP will be structured so that responses that most closely meet the following objectives outlined in Ordinance 147-07 and the Draft Implementation plan shall receive higher scores in evaluation:

- Specific amounts of resource types and location of resource within or outside of San Francisco
 - 31 Megawatts (MW) of solar photovoltaic sells (located within San Francisco)
 - 72 MW of distributed generation (located within San Francisco)
 - 107 MW of energy efficiency, and
 - 150 MW of wind generation.
- 51% renewable energy by 2017, 40% renewable by 2012.
- Price must meet or beat PG&E's rates.
- Supplier takes on all risk associated with providing the required services at the proposed price.

The RFP will require respondents to clearly articulate proposals for addressing all of the above program targets but allow respondents flexibility to make proposals that may not meet every target. In addition, the RFP will allow variations for how respondents may structure their proposed prices. The RFP will reserve the City's rights to contract with more than one supplier to provide the required services.

Supporting Document, Recommendation 1

Important Elements of Community Choice Aggregation RFP **Recommendation 1**

This draft document includes key provisions of the “Recommendation 1” RFP. The full RFP will include additional standard City RFP provisions (modified as necessary to meet any particular requirements of this RFP), such as Qualifications, Proposal Requirements, Terms and Conditions, City Requirements, and Protest Procedures. This is a preliminary draft that has not been reviewed by the SFPUC Contract Administration Bureau and has not undergone full legal analysis by the City Attorney’s Office.

INTRODUCTION

1. Summary

The San Francisco Public Utilities Commission (SFPUC), a department of the City, seeks to retain the services of a qualified Proposer to provide electricity supply services for the City's Community Choice Aggregation Program (CCA). The City seeks proposals for a single proposer (which may include a joint venture or a partnership with one or more subcontractors) to provide comprehensive energy procurement, resource generation development, and customer and administrative services. The Proposer may also be called upon to provide other related energy procurement and demand-side services during the term of the Professional Services Agreement (Agreement). Such services could include analysis of customer information, marketing, and other specialized services at the discretion of the SFPUC. The term Proposer shall refer to any legal entity(ies) submitting a proposal in response to this Request for Proposals (RFP).

Proposers responding to this RFP must have proven expertise and extensive experience providing full-requirements' energy services, including:

- Experience providing full requirements' electric supply to a wide range of urban customers;
- Experience with long-term power purchase agreement (PPAs), medium and short term electricity purchases;
- Experience as a certified California Independent System Operator (CAISO) scheduling coordinator;
- Experience developing and providing renewable and local distributed electricity resources;
- Experience building, operating, and maintaining generation assets, with an emphasis on renewable generation facilities;
- Experience with federal and state regulatory frameworks and requirements for CCAs in California and the provision of full requirements' electric supply including but not limited to, Resource Adequacy, Renewable Procurement Standards (RPS), and other applicable regulations;
- Experience providing demand side programs including energy efficiency and demand response;
- Experience managing call center facilities and customer accounts;
- Experience addressing the requirements of the California Environmental Quality Act.
- Experience working on municipal projects that include local zoning and city ordinances.

The SFPUC anticipates awarding to the selected Proposer a contract no less than five years (longer term contracts are preferable) for a total annual revenue from CCA customers of approximately \$350 million per year. The SFPUC reserves the right to commence, close, reduce or extend Proposer services at any time in response to changing needs.

Please take notice: By participating in this competitive process, Proposer agrees that any agreement resulting from this process may be utilized by other public entities to procure the commodities and/or services on the same terms.

Additional information relating to the RFP may be posted on the SFPUC Contract Administration Bureau webpage (<http://contracts.sfwater.org>) as needed after issuance of the RFP. Proposers should therefore consult the SFPUC website regularly for these updates.

2. Program Overview

Pursuant to California State Assembly Bill 117 (Migden, 2002), the City and County of San Francisco (“the City” or “CCSF”) has elected to implement a Community Choice Aggregation (CCA) program to provide electric power and a broad range of related benefits to the residents and businesses located within its jurisdiction. In Ordinance 147-07, the City has adopted a document entitled Community Choice Aggregation Program Description, Revenue Bond Action Plan, and Draft Implementation Plan¹ (the “Draft Plan”) in order to guide the implementation of a CCA program consistent with state and municipal law, including the City’s voter-approved Solar Bond Program (Charter Section 9.107.8, Proposition H, 2001) and the Community Choice Aggregation Ordinance 86-04 (2004).²

The City’s stated mission for CCA is for San Francisco residents and businesses to enjoy the option of a cleaner, local, and economically more secure power system—with the intention of long-term reduction in power prices for San Francisco’s residents and businesses. The Draft Plan contemplates the use of municipally-issued revenue bonds to finance development of renewable resources by the supplier(s) during the early years of its contract with the City, such that revenues from annual power sales can fully repay the bonds over the remainder of the CCA supplier(s)’s contract period.

3. California Law

- Summarize AB 117
- Summarize Renewable Portfolio Standard requirements
- CPUC implementation
 - Discuss key decisions in the docket to implement AB 117, namely Decisions 04-12-046 and 05-12-041. Docket is still open to consider further issues such as bond requirements
 - Discuss CRS
 - Utility tariffs (PG&E Rule 23) contain specific rules
 - Discuss customer opt-out provisions

¹ See San Francisco Ordinance 147-07: http://sfwater.org/Files/Reports/CCA_Ordinance147-07.pdf

² See San Francisco Ordinance 86-04:
<http://www.sfgov.org/site/uploadedfiles/bdsupvrs/ordinances04/o0086-04.pdf>

All PG&E and Direct Access electric customers within the City will be eligible to become CCA customers. All eligible PG&E electric customers within the City will be automatically enrolled in the CCA and served by CCA except for those customers who affirmatively elect to “opt-out” of the Program and remain bundled service customers of PG&E.

Customers will be offered multiple opportunities to “opt out” of the program. The first opt-out opportunity will be given 60 days prior to commencing service. Customers that do not choose to opt out will automatically be enrolled in the program. Customers may opt out without penalty for up to 60 days after program implementation. Respondents should provide in their proposals any proposed exit fees that would be charged to customers that elect to opt out after the prescribed opt-out period.

4. City Law

- Discuss Charter Section 9.107.8
- Discuss Ordinance 86-04
- Discuss Ordinance 147-07 (adopted Draft Plan)

5. Program Description (based on Draft Plan)

Renewable Energy Goals

The Draft Plan requires a resource mix that consists of 40% renewable energy by 2012 and 51% by 2017, as those resources are defined by State statute.

Renewable Resource Development

San Francisco Board of Supervisors Ordinance 147-07 requires the development of 360 Megawatts (MW) of new renewable generation and demand side resources.³ Specifically, the Draft Plan requires new generation resources consisting of at least 31 MW of in-City PV, 72 MW of local renewable distributed generation such as CHP and fuel cells, and development of 150 MW of wind generation, to be located outside of the City. The Draft Plan also calls for 107 MW of demand side resources (energy efficiency and demand response).

New Generation Resources

Supplier shall identify all resources (including: energy, capacity, environmental attributes, ancillary services, contributions towards resource adequacy requirements, and any other reliability or power attributes associated with Project Output) that will be dedicated to supplying energy under the supply agreement. CCSF shall have rights to all

³ San Francisco policy follows the State’s guidelines for Renewable Procurement Standards (RPS) which classifies the following projects as renewable: solar photovoltaics (PV) distributed generation and combined heat and power that utilize a renewable fuel source, wind projects, incremental hydroelectric development, wave power, and geothermal resources.

environmental attributes from renewable energy purchased under the supply agreement, which includes any and all credits, benefits, emissions reductions offsets, and allowances attributable to the renewable generation or load reduction and its displacement of conventional energy generation.

Demand Side Resources

Energy efficiency is an important component of San Francisco's goals. Ordinance 147-07 requires at least 107 MW of energy efficiency. The CCA program will petition the California Public Utilities Commission (CPUC) to administer the portion of the mandated public goods charge funds collected from CCA customers in order to fund energy efficiency activities. Supplier(s) should expect to work cooperatively with the City's Department of the Environment to achieve the most aggressive efficiency savings possible. The Department of the Environment currently administers energy efficiency programs within the City that have resulted in saving 6 MW by retrofitting the lighting systems in more than 4,000 small businesses, saving 12 MW by retrofitting residential and commercial buildings and reducing peak demand by 18 MW.⁴ In the 2007-2008 program years, SFE programs saved an estimated ____MWhs of energy, at a cost of approximately \$0.____ per kwh. The supplier will be expected to coordinate with the Department of the Environment to incorporate energy efficiency into its energy portfolio.

The City will make commercially reasonable efforts to negotiate with PG&E to obtain the ability to fund energy efficiency and conservation projects through a separate charge on participating customers' bills. In addition, the City is endeavoring to develop a mechanism to allow San Franciscans to finance energy efficiency through their property tax bills.

The City may make additional funds available to the supplier(s) for construction of the energy efficiency and conservation elements of the program through administration of Public Goods Charges collected by PG&E. Funding is estimated to be \$21 million available over a three year period.

Potential Availability of City Revenue Bonds to Finance New Resource Development

The supplier may be eligible to access CCA facility funding, raised through municipal bonds, to develop renewable resources.

Rates for CCA Customers

The electric generation rates for the CCA program must "meet or beat" current PG&E generation rates for each rate class, and should provide for long-term rate design intended to remain competitive with PG&E's electric rates. The selected CCA supplier(s) should commit to structured (indexed or fixed) retail rates under a multi-year rate schedule. Other ratemaking criteria include:

⁴ http://www.sfenvironment.org/our_programs/topics.html?ssi=6&ti=14#Achievements

- No undue discrimination among customer classes in setting CCA rates;
- The generation rates must provide for repayment to the City for its CCA-related costs, including but not limited to, repayment of any revenue bonds; and
- The overall CCA rates charged to customers must include all CCA costs, including the Cost Responsibility Surcharge.

Projected Energy Requirements

The electricity needs of CCA customers will be determined by the number of customers that participate in the program and their usage profiles. (This section will include total annual and peak demand and load if all customers participate. It will also discuss the results of SFPUC market research on the number and type of customers expected to participate, and the resulting demand.) The SFPUC has completed a comprehensive technical assessment of resource options within San Francisco and neighboring regions.⁵ In addition, the SFPUC has done a preliminary assessment of City-owned facilities that would be potential sites for Photovoltaic generation. These are included in Appendix xx.

Projected Energy Requirements

Based on market data – Put in Appendix?

- Breakout of likely customer classes
- Anticipated peak demand
- Anticipated load shape

Exhibit 6-1: CCSF 2006 CCA Snapshot –TAKEN FROM CCSF IMPLEMENTATION PLAN. NEED TO UPDATE.

Sector	Accts	Avg Annual Energy (kWh)	Total Annual Energy (MWh)	Demand (kW)	Avg Demand (kW)
Residential	326,406	4,546	1,508,413	344,599	1.1
Small Commercial	28,356	18,854	543,438	124,384	4.4
Medium Commercial	3,525	211,121	756,558	164,652	46.7
Large Commercial	762	757,998	587,372	96,913	127.1

⁵ Information on technical potential of resources can be found at:
http://sfwater.org/detail.cfm/MC_ID/17/MSC_ID/422/C_ID/4682

Large C/I	94	9,074,324	870,769	147,584	1,563.4
Street/Traffic Lights		329	5,322		1,780

Non-Res Sub Total		33,067	2,759,916		533,532
Totals		359,144	4,266,550		878,131
Coincident Peak					808,410

III. SCOPE OF SERVICES

1. Introduction

The SFPUC Power Enterprise has developed the enclosed scope of services for this RFP. The primary role of the selected Proposer will be to provide electricity supply services for a CCA program in the City. The selected Proposer will work under the direction of the Community Choice Aggregation Director in the SFPUC Power Enterprise. The following description is intended as a general guide and not as a complete description of all aspects of the scope of services or of all tasks necessary in order to complete the scope of services.

2. Schedule

The SFPUC envisions a contract that is no less than five years. Longer terms are preferred to provide for repayment of any long term revenue bonds used to finance construction of City-owned renewable generation assets. The SFPUC reserves the right to commence, close, reduce or extend Proposer services at any time in response to changing needs.

Proposers shall predicate their proposal on these schedule constraints (see Section V.3.E).

3. General Description of Services

This RFP solicits the services of a Proposer to provide electricity supply services for a CCA program.

The work to be performed and responsibilities to be assumed by SFPUC and/or City staff is as follows

- Marketing program to customers
- Tracking and managing legislation/regulatory issues affecting CCA
- Auditing opt-out sheets and tracking customer enrollment
- Spot audits of customer billing records and reimbursements

- Developing and implementing energy efficiency programs for customers

The primary role of the selected proposer(s) will be to provide electricity supply services, including - but not limited to - the following, as described in Section III.4, below:

- Task 1. Electricity Procurement and Load Management
- Task 2. Development and Construction of Resource Generation
- Task 3. Customer Account Services

4. Detailed Description of Tasks

The following is a description of the tasks identified for this project. Proposers are required to submit a proposal that addresses all of the specified tasks. As directed in Section V (Proposal) of this RFP, Proposer shall expand upon this description of work and/or add tasks to fully identify the services that Proposer will provide.

Task 1. Electricity Procurement and Load Management

Task 1.1 Full Requirements' Electric Supply

Proposers shall provide full requirements' electric supply for all CCA customers.

Full requirements' electric supply shall mean all electric energy, renewable portfolio standards energy, capacity, planning reserves/resource adequacy requirements, ancillary services, load following, and scheduling coordination required to deliver electricity to meet the needs of end use customers participating in the CCA program. The selected CCA supplier for this task will be responsible for forecasting and satisfying the CCA program'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 with supplier(s) 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.

Use of SFPUC generation. The SFPUC may make available generation capacity from its existing generation assets, including solar power installations and hydroelectric energy produced in the delivery of water. Any use of Hetch Hetchy hydroelectric power would be subject to the SFPUC's "water first" policy, as well as existing contracts and laws and regulations.

Risk management. The CCA supplier should provide all required services at its own risk and will be required to provide appropriate financial assurances (payment/performance bonds, guarantees, or letters of credit) to secure its performance, and 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 Pacific Gas and Electric Company (PG&E) (See CPUC Docket No. R. 03-10-003).

Supplier shall provide resource information to the City necessary to comply with regulatory reporting requirements for the Renewable Portfolio Standards (RPS), Resource Adequacy Demonstration (RAD), and any other reports required of load serving entities by law or regulation.

Supplier shall be paid for energy as funds are received from customers per supplier(s)'s rate schedule. The City will make commercially reasonable efforts to support collection of delinquent accounts, including initiating service transfer to PG&E.

Task 1.1.1 Meeting Renewable Energy Requirements and Targets

Supplier must ensure that the minimum state renewable portfolio standards are met regardless of the actual commercial operation dates and performance of any new resource generation development. Pursuant to City Policy, Suppliers shall also meet the City's target of providing 40% renewable energy by 2012 and 51% by 2017, as those resources are defined by State statute.

Proposers are encouraged to present proposals that include options for incremental purchases of renewable energy and options for partial or full ownership of renewable resources by CCSF. For proposals including options for partial or full ownership of renewable energy resources by CCSF, the Proposer will be responsible for all consulting, expert and legal costs related to compliance with applicable CEQA and/or NEPA requirements that may result from project development activities.

Task 1.1.2. Energy Efficiency And Demand Response Services

San Francisco's CCA program will incorporate demand side strategies for reducing load and controlling resource costs. Proposals should include comprehensive energy efficiency services for all classes of CCA customers, and develop demand response programs to enhance reliability and mitigate procurement costs during peak demand periods. The proposer shall incorporate 107 MW of energy efficiency by 2017. CCSF strongly encourages prospective bidders to propose creative solutions that will allow CCA to maximize energy efficiency savings. Such proposals may include structural recommendations for CCSF's energy efficiency program, specific energy efficiency enhancements that will promote savings within San Francisco, financing proposals that will utilize/leverage CCSF's tax-exempt borrowing capabilities and/or professional services related to the administration of CCSF's energy efficiency program as well as other programmatic elements.

The Proposer should provide specifics regarding how programs would be coordinated with energy efficiency programs operated by San Francisco Department of the Environment, and how the proposer's programs would provide cost effective energy and demand savings. The supplier should anticipate working cooperatively with the City's Department of the Environment (SFE) to achieve these objectives.

Using SFE's extensive database and experience, SFE will cooperate with the supplier to:

1. Develop a marketing campaign for energy efficiency and demand reduction services.
2. Set demand reduction goals for time-of-day, market sectors, and specific customers that will enhance the CCA.
3. Review and amend SFE's quality assurance protocols as needed.
4. Review and amend SFE's customer satisfaction assurance protocols as needed.
5. Assist the CCA in evaluation and performance verification of the SFE program effectiveness.
6. Amend the SFE program as indicated by the evaluation.
7. Develop new customer services as needed.

SFE will continue to serve natural gas customers and any opt-out customers through the CPUC directed programs. SFE will develop new programs and policy initiatives to achieve the City's greenhouse gas emissions reductions goals by utilizing other funding sources such as the American Recovery and Re-Investment Act, private foundations, and other Federal and State sources. SFE will consult with the CCA in development of any of these other services in order to provide integrated and coordinated services to the citizens and businesses of San Francisco.

The City will make commercially reasonable efforts to negotiate with PG&E to obtain the ability to fund energy efficiency and conservation projects through a separate charge on participating customers' bills.

The City may make additional funds available to the supplier(s) for construction of the energy efficiency and conservation elements of the program through administration of Public Goods Charges collected by PG&E. Funding is estimated to be \$21 million available over a three year period. Proposers should prepare a contingency plan should such funding not become available, including the impact on achieving the specific energy efficiency and conservation targets and program costs. This should include a plan for using revenue bond financing, revenue from CCA sales or alternative subsidy sources.

Task 2. Development and Construction of Resource Generation

CCSF anticipates the development of both in-City and out-of-City renewable energy resources to meet the program's renewable energy goals. Ordinance 147-07 sets forth a target resource mix of at least 103 MW of in-City generations, 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, located outside of the City. Proposers should provide a detailed plan for meeting these targets, as further described below. All resources shall be commercially operable within 5 years after execution of the supply agreement.

For all energy supplied under the Agreement, the Point of Delivery shall be the default PG&E Load Aggregation Point as defined by the CAISO.

Proposals should describe how it will leverage available incentives for projects, including Federal incentives for renewable projects, and the ____ incentives for brownfield development.

The supplier may be eligible to access CCA facility funding, raised through municipal bonds, to develop renewable resources. All energy, capacity, environmental attributes, ancillary services, contributions towards resource adequacy requirements, and any other reliability or power attributes associated with Project Output, will be dedicated to supplying energy under the supply agreement. CCSF shall have rights to all environmental attributes from renewable energy purchased under the supply agreement, which includes any and all credits, benefits, emissions reductions offsets, and allowances attributable to the renewable generation or load reduction and its displacement of conventional energy generation.

For all facilities financed with tax-exempt revenue bonds or financed via the power purchase agreement with the CCSF, ownership shall transfer to the CCSF upon retirement of the revenue bonds or upon termination of the agreement. CCSF may acquire ownership during the term of the agreement for fair market value. For all facilities financed with taxable revenue bonds, ownership shall transfer to the customer upon retirement of the revenue bonds or termination of the agreement.

It is anticipated that tax credits, rebates, production incentives, and other subsidies associated with all facilities will accrue to the supplier(s) in most instances.

Proposers shall assume responsibility for technical specifications, engineering and design procurement, and development, as follows:

Task 2.1 Technical Specifications Of Resources

For each generation project, supplier(s) shall set forth a detailed technical description that includes: facility design; location; point of interconnection; initial capacity; operating characteristics; critical milestones; performance guarantees; performance testing procedures; and warranties. These specifications will become an addenda to the contract following approval by the City.

Performance guarantees for each project shall be set forth in technical specifications and will include guaranteed base electrical output, a guaranteed availability threshold, and, if applicable, a guaranteed emissions limit.

Supplier shall prepare an annual rollout schedule designating committed capacity (MW) that will be completed for each element of the target resource generation, and prepare a project plan identifying critical milestones for completion of the rollout.

Critical milestones include the following:

- 1) Design
- 2) Site Control
- 3) Permits
- 4) Interconnection Agreement
- 5) Financing
- 6) Construction
- 7) Commercial Operation Date

Task 2.2 Engineering And Design Procurement

Supplier shall be responsible for all engineering, design and procurement necessary for the financing, in conjunction with potential municipal funding, and construction. The City must approve all designs prior to construction.

Task 2.3 Development Obligations

Proposer's development obligations include the following:

- 1) Develop, finance and construct the project and interconnection facilities, including project ownership, project planning and administration, asset and property acquisition, project financing (in conjunction with CCSF's issuance of revenue bonds), and engineering, procurement and construction activities.
- 2) Preparation of development schedules and monthly progress reporting.
- 3) Provide CCSF access to a "real time" plant monitoring system providing, at a minimum, "real time" information regarding the net output of the plant.
- 4) Seek, obtain, maintain, comply with and, as necessary, renew and modify from time to time, all permits, certificates or other authorizations which are required by any requirements of law or governmental authority as prerequisite to engaging in the activities required of supplier(s) by the Agreement.
- 5) Operate, maintain, and repair the facilities in accordance with the Agreement, all requirements of law applicable to supplier(s) or the plant, contractual obligations, permits and in accordance with prudent utility

practice, including with respect to efforts to maintain availability of the facilities' capacity.

- 6) Obtain and maintain the policies of insurance and credit security in amounts and with coverages as set forth by CCSF.
- 7) Annually notify CCSF of scheduled outages for the following calendar year, and notify CCSF as soon as practicable of any outage whether scheduled or unscheduled.
- 8) Negotiate and enter into an interconnection agreement with PG&E to enable CCSF to receive energy through the ISO-controlled grid.
- 9) Negotiate and enter into a participating generator agreement and a meter service agreement for ISO metered entities with the ISO, if applicable to the interconnected generator.
- 10) Operate and maintain the facilities and cooperate with PG&E in the physical interconnection of the Plant to the PG&E system in accordance with the interconnection agreement.
- 11) Register eligible facilities with the Western Renewable Generation Information System.
- 12) Maintain the performance guarantees set forth in the associated technical specifications.

Task 3. Customer and Administrative Services

Proposers shall provide the following customer account services for all CCA customers:

Task 3.1. Customer Enrollment

This task consists of providing all services necessary to administer customer enrollments and departures from the CCA program including exchange and processing of Community Choice Aggregation Service Requests with PG&E.

Task 3.2 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.

Task 3.3 Customer Services

This task consists of providing call center services to respond to customer billing inquiries and requests for specific program information. Proposer shall coordinate with SFPUC call center staff to respond to specific customer inquiries about billing rates and resource portfolio.

B. Pricing Schedule

One (1) original, one (1) copy and one (1) electronic file (compatible with Microsoft Excel) of the Pricing Schedule must be submitted in a separate sealed envelope labeled “Pricing Schedule - **CS-xxx** Electricity Supply Services for Community Choice Aggregation Program” and delivered with the proposal package.

Fixed price load following pricing

Prices must be all-inclusive, except for PG&E delivery charges for transmission, distribution, public goods, and other non-bypassable surcharges, which shall be paid directly to PG&E by participating customers. The offered price shall include, without limitation, costs associated with the delivery of shaped energy and renewable energy to the Delivery Point, transmission congestion, capacity, reserves, ancillary services, independent system operator fees, scheduling fees, and imbalances charges.

All pricing proposals must state fixed prices per kWh for each rate class currently being served by PG&E, and per MWh for all customer classes combined. Prices must be firm, fixed price offers for the associated contract term.

Prices must be provided for each year from Mid-2010 (or 2011) through 2016. Prices may optionally be provided for terms beyond 2016, but must also provide annual pricing if offered. The first block of prices should extend from July through December 2010. Prices for 2011 should begin in January 2011 and cover the full calendar year. Prices for all other years should reflect a full calendar year basis. Pricing proposals must be applicable to actual energy requirements of the customer base that ultimately enrolls in the Program and must not include volumetric bands or adjustments.

The initial rate schedule for all CCA customers should be equal to or less than the currently applicable generation rates charged by PG&E (including the currently applicable cost responsibility surcharges). Energy pricing should include dedicated rate components for payment of debt service and City administrative and general costs. Customized energy pricing may be offered to customers at whose premises renewable generation and/or energy efficiency projects are sited.

Payments necessary for servicing the bonds or other financing used to fund program renewable energy and energy efficiency projects should be funded through the supplier(s)’s energy pricing schedule.

The City's costs of administering the program should be funded through the supplier's energy pricing schedule. The City shall provide supplier(s) with an estimate of its annual program costs over the term of the agreement for inclusion in the energy price schedule. Changes to the program costs shall be included as a price adjustment. Supplier shall disburse funds for program costs to the City on a quarterly basis.

Energy prices may be increased by no more than 3% per year with the exception that the City may direct supplier(s) to modify the energy price to recover actual City program costs and debt service costs.

Prices should not include PG&E delivery charges for transmission, distribution, public goods and other non-bypassable surcharges, which shall be paid directly to PG&E by participating customers.

All responses must include a proposal that conforms to sample bid sheet A (need to develop)

- a. Supplier cost for resources – Respondents must provide the costs for all energy resource acquisitions.
- b. Adjustment/update to price allowed two months after December proposal due date (February 29) – Suppliers may revise pricing of bid based upon changes to market conditions.
- d. Prices for the various requested services should be shown separately. Respondents must provide the revenue requirements for each proposed service and resource.

Description on invoicing process (when payments from CCA would need to be received by provider). – Proposals must include a description of the proposed invoicing process, including timelines for when payments would be due to the supplier for any proposed electricity purchases from CCSF. Customer usage data will be available on a meter read cycle as described in the utilities' community choice aggregation tariffs (Rule 23).

VI. EVALUATION AND SELECTION CRITERIA

1. Initial Screening

SFPUC and HRC staff will review each proposal to determine if they are responsive and responsible. Proposers' proposals will be reviewed for completeness, format requirements, verifiable references, and responsiveness to LBE requirements. Only those proposals that are properly completed, and meet the minimum format and content requirements will be considered in the evaluation process.

2. Overall Evaluation Process

The proposals will be evaluated on three main criteria:

- 1) Compliance with the City's overall policy objectives for CCA including all minimum criteria as specified in Ordinance 147-07 and the Draft Plan, and the quality and feasibility of the proposal.
- 2) The overall qualifications of the proposer.
- 3) The price for services (proposed rates) offered and terms of the proposed contract.

The evaluation process will consist of two phases - Written Proposal and Panel Interview. The points allocated for each phase of the evaluation are sixty-five (65) (TBD) points for the written proposal phase, and thirty-five (35) points (TBD) for the oral interview phase.

The Selection Panel will be comprised of individuals who are knowledgeable on the subject matter, and may include staff from the SFPUC, other City agencies, and/or other utilities or organizations. SFPUC/City staff closely involved with the preparation of this RFP and the development of the scope of services will not be allowed to be part of the Selection Panel.

Proposers must obtain a minimum score of forty (40) (TBD) points which is equivalent to sixty percent (60%) on their written proposal (first phase of the evaluation process) to be considered for a panel interview (second phase of the evaluation process). A score greater than thirty-three (40) points or sixty percent (60%) on the written proposal will not automatically guarantee an invitation to the second phase of the evaluation process. Only the top four (4) ranked Proposers are eligible to be short-listed to continue on with oral interviews.

3. Written Proposal Evaluation

San Francisco Ordinance 147-07 established minimum criteria for awarding a CCA contract. The plan calls for a "360 MW Roll-out" [FOOTNOTE} of a variety of specified resources (see "work approach and task description" in scoring matrix below).

The selection panel will evaluate and score written proposals using the following point scale:

Evaluation Criteria	Points
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<p>Work Approach and Task Description</p> <p>The following elements must be included in proposals – failure to adequately describe or integrate any one of the minimum criteria below will result in a score of “0”:</p> <ul style="list-style-type: none"> -31 MW (direct current) of solar photovoltaic cells -72 MW of distributed generation -107 MW of efficiency and conservation measures throughout the City and County -150 MW of wind turbine capacity -All Specified Resources shall be commercially operable no later than five years from execution of the supply agreement. 	15
<p>Renewable Portfolio Characteristics – the goal is for 40% renewable by 2012 and 51% by 2017, but proposals that achieve the highest percentages on the shortest timeline will receive higher scores.</p> <ul style="list-style-type: none"> - Renewables mix, as percentage - Renewable mix by year. - Location and type of resources designated for CleanPowerSF 	25
<p>Proposer Qualifications – maximum points will be awarded to the firms or joint ventures that are deemed to have the most extensive experience and references.</p> <ul style="list-style-type: none"> - Project team organization and availability (3 pts) - Key/Lead team members qualifications (3 pts) - Other team members qualifications (1 pt) - References (Corporate and team members) (3 pts) 	10
<p>Pricing and Contract Terms – prices should “meet or beat” PG&E’s rates. Lower rates, terms that minimize risk to San Francisco, and longer terms are preferred.</p> <ul style="list-style-type: none"> - Overall rate and competitiveness with PG&E - Level of risk to San Francisco customers - Duration of proposed contract 	15
<p>Customer Account Services (CAS)</p> <ul style="list-style-type: none"> - Experience operating call centers (3 pts) - Comprehensiveness of CAS proposed (4 pts) - Annual and total revenue requirement for proposed CAS (4 pts) 	10
	65

The written proposal scores will then be tabulated and proposers will be ranked starting with the Proposer receiving the highest score, and then continuing with the Proposer receiving the second highest score, and so on.

The HRC Contract Compliance Officer will assess proposal compliance with LBE requirements and assign a rating bonus to the written proposal score, if applicable.

The written proposal scores or HRC-adjusted written proposal scores (if applicable) will then be tabulated and Proposers will be ranked starting with the Proposer receiving the highest score, then continuing with the Proposer receiving the second highest score, and so on.

4. Oral Interview Evaluation

The Selection Panel may hold oral interviews with the short-listed Proposers. The SFPUC will send a letter to all short-listed Proposers regarding the format of the interview, the scoring criteria to be used during the interview and the composition of the Proposer team to participate in the interview.

The interview evaluation process will consist of a Proposer presentation followed by standard interview questions from the Selection Panel, and may include follow up questions if clarification of Proposer's responses is necessary. The same set of interview questions will be used for all Proposers. Note that the oral interview questions may differ from the written proposal evaluation criteria.

The Selection Panel will proceed to evaluate each Proposer based on each Proposer's presentation and responses.

The HRC Contract Compliance Officer will assess proposal compliance with LBE requirements and assign a rating bonus to the oral interview score, if applicable.

The oral interview scores or HRC-adjusted oral interview scores (if applicable) will then be tabulated.

6. Tabulating Final Scores

The scores from the Written Proposal and the Oral Interview will be combined and tabulated using the following overall scoring breakdown:

1. Written Proposal	65 pts
2. <u>Oral Interview</u>	<u>35 pts</u>
Total	100 pts

Proposers will be ranked starting with the Proposer receiving the highest total score, then continuing with the Proposer receiving the second highest total score, and so on. The Proposer with the highest total score will be identified as the highest-ranked Proposer eligible to proceed with the award of an Agreement.

Supporting Document, Recommendation 2

Important Elements of Community Choice Aggregation RFP **Recommendation 2**

This draft document includes key provisions of the “Recommendation 2” RFP. The full RFP will include additional standard City RFP provisions (modified as necessary to meet any particular requirements of this RFP), such as Qualifications, Proposal Requirements, Terms and Conditions, City Requirements, and Protest Procedures. This is a preliminary draft that has not been reviewed by the SFPUC Contract Administration Bureau and has not undergone full legal analysis by the City Attorney’s Office.

INTRODUCTION

1. Summary

The San Francisco Public Utilities Commission (SFPUC), a department of the City, seeks to retain the services of a qualified Proposer to provide electricity supply services for the City's Community Choice Aggregation Program (CCA). The City seeks proposals for energy procurement, resource generation development, and customer and administrative services. In this Request for Proposals (RFP), the City seeks a single Proposer (which may include a joint venture or a partnership with one or more subcontractors) to provide the requested services. Based on this RFP, the City may award a contract to a Proposer to provide all of the services described in this RFP, or a subset of the described services. The City may also issue a follow-up RFP for any necessary services that are not addressed in a contract arising from this RFP.

The Proposer may also be called upon to provide other related energy procurement and demand-side services during the term of the Professional Services Agreement (Agreement). Such services could include analysis of customer information, marketing, and other specialized services at the discretion of the SFPUC. The term Proposer shall refer to any legal entity(ies) submitting a proposal in response to this Request for Proposals (RFP).

Proposers responding to this RFP must have proven expertise and extensive experience in the program areas described in this RFP. The entirety of services sought by the SFPUC for the CCA program include:

- Experience providing full requirements' electric supply to a wide range of urban customers;
- Experience with long-term power purchase agreement (PPAs), medium and short term electricity purchases;
- Experience as a certified California Independent System Operator (CAISO) scheduling coordinator;
- Experience developing and providing renewable and local distributed electricity resources;
- Experience building, operating, and maintaining generation assets, with an emphasis on renewable generation facilities;
- Experience with federal and state regulatory frameworks and requirements for CCAs in California and the provision of full requirements' electric supply including but not limited to, Resource Adequacy, Renewable Procurement Standards (RPS), and other applicable regulations;
- Experience providing demand side programs including energy efficiency and demand response;
- Experience managing call center facilities and customer accounts;
- Experience addressing the requirements of the California Environmental Quality Act.
- Experience working on municipal projects that include local zoning and city ordinances.

The SFPUC anticipates awarding to the selected Proposer(s) a contract no less than five years (longer term contracts are preferable) for a total annual revenue from CCA customers of approximately \$350 million per year. The SFPUC reserves the right to commence, close, reduce or extend Proposer services at any time in response to changing needs.

Please take notice: By participating in this competitive process, Proposer agrees that any agreement resulting from this process may be utilized by other public entities to procure the commodities and/or services on the same terms.

Additional information relating to the RFP may be posted on the SFPUC Contract Administration Bureau webpage (<http://contracts.sfwater.org>) as needed after issuance of the RFP. Proposers should therefore consult the SFPUC website regularly for these updates.

2. Program Overview

Pursuant to California State Assembly Bill 117 (Migden, 2002), the City and County of San Francisco (“the City” or “CCSF”) has elected to implement a Community Choice Aggregation (CCA) program to provide electric power and a broad range of related benefits to the residents and businesses located within its jurisdiction. In Ordinance 147-07, the City has adopted a document entitled Community Choice Aggregation Program Description, Revenue Bond Action Plan, and Draft Implementation Plan¹ (the “Draft Plan”) in order to guide the implementation of a CCA program consistent with state and municipal law, including the City’s voter-approved Solar Bond Program (Charter Section 9.107.8, Proposition H, 2001) and the Community Choice Aggregation Ordinance 86-04 (2004).²

The City’s stated mission for CCA is for San Francisco residents and businesses to enjoy the option of a cleaner, local, and economically more secure power system—with the intention of long-term reduction in power prices for San Francisco’s residents and businesses. The Draft Plan contemplates the use of municipally-issued revenue bonds to finance development of renewable resources by the supplier(s) during the early years of its contract with the City, such that revenues from annual power sales can fully repay the bonds over the remainder of the CCA supplier(s)’s contract period.

3. California Law

- Summarize AB 117
- Summarize Renewable Portfolio Standard (RPS) requirements
- CPUC implementation

¹ See San Francisco Ordinance 147-07: http://sfwater.org/Files/Reports/CCA_Ordinance147-07.pdf

² See San Francisco Ordinance 86-04: <http://www.sfgov.org/site/uploadedfiles/bdsupvrs/ordinances04/o0086-04.pdf>

- Discuss key decisions in the docket to implement AB 117, namely Decisions 04-12-046 and 05-12-041. Docket is still open to consider further issues such as bond requirements
- Discuss CRS
- Utility tariffs (PG&E Rule 23) contain specific rules
- Discuss customer opt-out provisions

All PG&E and Direct Access electric customers within the City will be eligible to become CCA customers. All eligible PG&E electric customers within the City will be automatically enrolled in the CCA and served by CCA except for those customers who affirmatively elect to “opt-out” of the Program and remain bundled service customers of PG&E.

Customers will be offered multiple opportunities to “opt out” of the program. The first opt-out opportunity will be given 60 days prior to commencing service. Customers that do not choose to opt out will automatically be enrolled in the program. Customers may opt out without penalty for up to 60 days after program implementation. Respondents should provide in their proposals any proposed exit fees that would be charged to customers that elect to opt out after the prescribed opt-out period.

4. City Law

- Discuss Charter Section 9.107.8
- Discuss Ordinance 86-04
- Discuss Ordinance 147-07 (adopted Draft Plan)

5. Program Description (based on Draft Plan)

Renewable Energy Goals

San Francisco has a stated target of providing up to 40% renewable energy by 2012 and 51% by 2017, as those resources are defined by State statute. San Francisco has a goal of a resource mix that is 51% renewable by 2017. Preference will be given to proposals that include higher levels of renewable integration into the resource mix.

Renewable Resource Development

The City has the objective of developing 360 Megawatts (MW) of new renewable generation and demand side resources.³ The Draft Plan sets forth a target resource mix that would develop new generation resources with a goal of 31 MW of in-City PV, 72 MW of local renewable distributed generation such as combined heat and power (CHP) and fuel cells, and development of approximately 150 MW of wind generation, most

³ San Francisco policy follows the State’s guidelines for Renewable Procurement Standards (RPS) which classifies the following projects as renewable: solar photovoltaics (PV) distributed generation and combined heat and power that utilize a renewable fuel source, wind projects, incremental hydroelectric development, wave power, and geothermal resources.

likely to be located outside of the City. The Draft Plan also seeks 107 MW of energy efficiency.

New Generation Resources

Supplier shall identify all resources (including: energy, capacity, environmental attributes, ancillary services, contributions towards resource adequacy requirements, and any other reliability or power attributes associated with Project Output) that will be dedicated to supplying energy under the supply agreement. CCSF shall have rights to all environmental attributes from renewable energy purchased under the supply agreement, which includes any and all credits, benefits, emissions reductions offsets, and allowances attributable to the renewable generation or load reduction and its displacement of conventional energy generation.

Demand Side Resources

Energy efficiency is an important component of San Francisco's goals. The Draft Plan sets a goal 107 MW of energy efficiency. The CCA program will petition the California Public Utilities Commission (CPUC) to administer the portion of the mandated public goods charge funds collected from CCA customers in order to fund energy efficiency activities. Supplier(s) should expect to work cooperatively with the City's Department of the Environment to achieve the most aggressive efficiency savings possible. The Department of the Environment currently administers energy efficiency programs within the City that have resulted in saving 6 MW by retrofitting the lighting systems in more than 4,000 small businesses, saving 12 MW by retrofitting residential and commercial buildings and reducing peak demand by 18 MW.⁴ In the 2007-2008 program years, SFE programs saved an estimated ____MWhs of energy, at a cost of approximately \$0.____ per kwh. The supplier will be expected to coordinate with the Department of Environment to incorporate energy efficiency in its portfolio.

The City will make commercially reasonable efforts to negotiate with PG&E to obtain the ability to fund energy efficiency and conservation projects through a separate charge on participating customers' bills. In addition, the City is endeavoring to develop a mechanism to allow San Franciscans to finance energy efficiency through their property tax bills.

The City may make additional funds available to the supplier(s) for construction of the energy efficiency and conservation elements of the program through administration of Public Goods Charges collected by PG&E. Funding is estimated to be \$21 million available over a three year period.

Potential Availability of City Revenue Bonds to Finance New Resource Development

⁴ http://www.sfenvironment.org/our_programs/topics.html?ssi=6&ti=14#Achievements

The supplier(s) may be eligible to access CCA facility funding, raised through municipal bonds, to develop renewable resources.

Rates for CCA Customers

The electric generation rates for the CCA program should be competitive with current PG&E generation rates for each rate class, and should provide for long-term rate design intended to remain competitive with PG&E's electric rates (See Section V. 4. B regarding pricing schedule). Other ratemaking criteria include:

- No undue discrimination among customer classes in setting CCA rates;
- The generation rates must provide for repayment to the City for its CCA-related costs, including but not limited to, repayment of any revenue bonds; and
- The overall CCA rates charged to customers must include all CCA costs, including the Cost Responsibility Surcharge.

Projected Energy Requirements

The electricity needs of CCA customers will be determined by the number of customers that participate in the program and their usage profiles. (This section will include total annual and peak demand and load if all customers participate. It will also discuss the results of SFPUC market research on the number and type of customers expected to participate, and the resulting demand.) The SFPUC has completed a comprehensive technical assessment of resource options within San Francisco and neighboring regions.⁵ In addition, the SFPUC has done a preliminary assessment of City-owned facilities that would be potential sites for Photovoltaic generation. These are included in Appendix xx.

Projected Energy Requirements – Include as appendix?

Based on market data

- i. Breakout of likely customer classes
- ii. Anticipated peak demand
- iii. Anticipated load shape

Exhibit 6-1: CCSF 2006 CCA Snapshot –TAKEN FROM CCSF IMPLEMENTATION PLAN. NEED TO UPDATE.

Sector	Accts	Avg Annual Energy (kWh)	Total Annual Energy (MWh)	Demand (kW)	Avg Demand (kW)
Residentia	326,406	4,546	1,508,413	344,599	1.1

⁵ Information on technical potential of resources can be found at:
http://sfwater.org/detail.cfm/MC_ID/17/MSC_ID/422/C_ID/4682

1					
Small Commercial	28,356	18,854	543,438	124,384	4.4
Medium Commercial	3,525	211,121	756,558	164,652	46.7
Large Commercial	762	757,998	587,372	96,913	127.1
Large C/I	94	9,074,324	870,769	147,584	1,563.4
Street/Traffic Lights		329	5,322		1,780
Non-Res Sub Total		33,067	2,759,916		533,532
Totals		359,144	4,266,550		878,131
Coincident Peak					808,410

SCOPE OF SERVICES

1. Introduction

The SFPUC Power Enterprise has developed the enclosed scope of services for this RFP. The primary role of the selected Proposer will be to provide electricity supply services for a CCA program in the City. The selected Proposer will work under the direction of the Community Choice Aggregation Director in the SFPUC Power Enterprise. The following description is intended as a general guide and not as a complete description of all aspects of the scope of services or of all tasks necessary in order to complete the scope of services.

2. Schedule

The SFPUC envisions a contract that is no less than five years. Longer terms are preferred to provide for repayment of any long term revenue bonds used to finance construction of City-owned renewable generation assets. The SFPUC reserves the right to commence, close, reduce or extend Proposer services at any time in response to changing needs.

Proposers shall predicate their proposal on these schedule constraints (see Section V.3.E).

3. General Description of Services

This RFP solicits the services of a Proposer to provide electricity supply services for a CCA program.

The work to be performed and responsibilities to be assumed by SFPUC and/or City staff is as follows

- Marketing program to customers
- Tracking and managing legislation/regulatory issues affecting CCA
- Auditing opt-out sheets and tracking customer enrollment
- Spot audits of customer billing records and reimbursements
- Develop and implement energy efficiency programs for CCA customers

The primary role of the selected proposer(s) will be to provide electricity supply services, including - but not limited to - the following, as described in Section III.4, below:

- Task 1. Electric Procurement and Load Management
- Task 2. Development and Construction of Resource Generation
- Task 3. Customer Account Services

4. Detailed Description of Tasks

The following is a description of the tasks identified for this project. As directed in Section V (Proposal) of this RFP, Proposer shall expand upon this description of work and/or add tasks to fully identify the services that Proposer will provide.

Task 1. Electric Procurement and Load Management

Task 1.1 Full Requirements' Electric Supply

Proposers shall provide full requirements' electric supply for all CCA customers. Full requirements' electric supply shall mean all electric energy, renewable portfolio standards energy, capacity, planning reserves/resource adequacy requirements, ancillary services, load following, and scheduling coordination required to deliver electricity to meet the needs of end use customers participating in the CCA program. The selected CCA supplier for this task will be responsible for forecasting and satisfying the CCA program'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 with supplier(s) 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.

Use of SFPUC generation. The SFPUC may make available generation capacity from its existing generation assets, including solar power installations and hydroelectric energy produced in the delivery of water. Any use of Hetch Hetchy hydroelectric power would

be subject to the SFPUC's "water first" policy, as well as existing contracts and laws and regulations.

Risk management. The CCA supplier should provide all required services at its own risk and will be required to provide appropriate financial assurances (payment/performance bonds, guarantees, or letters of credit) to secure its performance, and 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 Pacific Gas and Electric Company (PG&E) (See CPUC Docket No. R. 03-10-003).

Supplier shall provide resource information to the City necessary to comply with regulatory reporting requirements for the Renewable Portfolio Standards (RPS), Resource Adequacy Demonstration (RAD), and any other reports required of load serving entities by law or regulation.

Supplier shall be paid for energy as funds are received from customers per supplier(s)'s rate schedule. The City will make commercially reasonable efforts to support collection of delinquent accounts, including initiating service transfer to PG&E.

Task 1.1.1 Meeting Renewable Energy Requirements and Targets

Supplier must ensure that the minimum state renewable portfolio standards are met regardless of the actual commercial operation dates and performance of any new resource generation development. Suppliers should also attempt to meet the City's target of providing up to 40% renewable energy by 2012 and 51% by 2017, as those resources are defined by State statute. Proposers will be evaluated by the timeline to achieve this goal, with preference given to proposals that most closely adhere to the above timeline.

Proposers are encouraged to present proposals that include options for incremental purchases of renewable energy and options for partial or full ownership of renewable resources by CCSF. For proposals including options for partial or full ownership of renewable energy resources by CCSF, the Proposer will be responsible for all consulting, expert and legal costs related to compliance with applicable CEQA and/or NEPA requirements that may result from project development activities.

Task 1.1.2. Energy Efficiency And Demand Response Services

San Francisco's CCA program should incorporate demand side strategies for reducing load and controlling resource costs. CCSF strongly encourages prospective bidders to propose creative solutions that will allow CCA to maximize energy efficiency savings. Such proposals may include structural recommendations for CCSF's energy efficiency program, specific energy efficiency enhancements that will promote savings within San Francisco, financing proposals that will utilize/leverage CCSF's tax-exempt borrowing

capabilities and/or professional services related to the administration of CCSF's energy efficiency program as well as other programmatic elements.

The City seeks proposals with aggressive plans for meeting the Draft Plan's energy efficiency savings target of 107 MW efficiency. Respondent's scores will reflect the proposed energy efficiency strategies, with preference given to candidates with more robust efficiency goals. The Proposer should provide specifics regarding how programs would be coordinated with energy efficiency programs operated by San Francisco Department of the Environment, and how the proposer's programs would provide cost effective energy and demand savings. The supplier should anticipate working cooperatively with the City's Department of the Environment (SFE) to achieve these objectives.

Using SFE's extensive database and experience, SFE will cooperate with the supplier to:

1. Develop a marketing campaign for energy efficiency and demand reduction services.
2. Set demand reduction goals for time-of-day, market sectors, and specific customers that will enhance the CCA.
3. Review and amend SFE's quality assurance protocols as needed.
4. Review and amend SFE's customer satisfaction assurance protocols as needed.
5. Assist the CCA in evaluation and performance verification of the SFE program effectiveness.
6. Amend the SFE program as indicated by the evaluation.
7. Develop new customer services as needed.

SFE will continue to serve natural gas customers and any opt-out customers through the CPUC directed programs. SFE will develop new programs and policy initiatives to achieve the City's greenhouse gas emissions reductions goals by utilizing other funding sources such as the American Recovery and Re-Investment Act, private foundations, and other Federal and State sources. SFE will consult with the CCA in development of any of these other services in order to provide integrated and coordinated services to the citizens and businesses of San Francisco.

The City will make commercially reasonable efforts to negotiate with PG&E to obtain the ability to fund energy efficiency and conservation projects through a separate charge on participating customers' bills.

The City may make additional funds available to the supplier(s) for construction of the energy efficiency and conservation elements of the program through administration of Public Goods Charges collected by PG&E. Funding is estimated to be \$21 million available over a three year period. Proposers should prepare a contingency plan should such funding not become available, including the impact on achieving the specific energy efficiency and conservation targets and program costs. This should include a plan for using revenue bond financing, revenue from CCA sales or alternative subsidy sources.

Task 2. Development and Construction of Resource Generation

CCSF anticipates the development of both in-City and out-of-City renewable energy resources to meet the program's renewable energy goals. Ordinance 147-07 sets 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. Task 2 proposals should provide a detailed plan for meeting these targets; preference shall be given to proposals that achieve the City's generation targets. Supplier(s) should aim to have all resources commercially operable within 5 years after execution of the supply agreement.

Strong preference will be given to proposals that site resources within the City and County of San Francisco, with next highest preference awarded resources sited within the NP-15 region, followed by resources sited within California, and then to resources located outside California with transmission rights to the CAISO controlled grid.

For all energy supplied under the Agreement, the Point of Delivery shall be the default PG&E Load Aggregation Point as defined by the CAISO.

Proposals should describe how it will leverage available incentives for projects, including Federal incentives for renewable projects, and the ___ incentives for brownfield development.

The supplier may be eligible to access CCA facility funding, raised through municipal bonds, to develop renewable resources. All energy, capacity, environmental attributes, ancillary services, contributions towards resource adequacy requirements, and any other reliability or power attributes associated with Project Output, will be dedicated to supplying energy under the supply agreement. CCSF shall have rights to all environmental attributes from renewable energy purchased under the supply agreement, which includes any and all credits, benefits, emissions reductions offsets, and allowances attributable to the renewable generation or load reduction and its displacement of conventional energy generation.

For all facilities financed with tax-exempt revenue bonds or financed via the power purchase agreement with the CCSF, ownership shall transfer to the CCSF upon retirement of the revenue bonds or upon termination of the agreement. CCSF may acquire ownership during the term of the agreement for fair market value. For all facilities financed with taxable revenue bonds, ownership shall transfer to the customer upon retirement of the revenue bonds or termination of the agreement.

It is anticipated that tax credits, rebates, production incentives, and other subsidies associated with all facilities will accrue to the supplier(s) in most instances.

Proposers shall assume responsibility for technical specifications, engineering and design procurement, and development, as follows:

Task 2.1 Technical Specifications Of Resources

For each generation project, supplier(s) shall set forth a detailed technical description that includes: facility design; location; point of interconnection; initial capacity; operating characteristics; critical milestones; performance guarantees; performance testing procedures; and warranties. These specifications will become an addenda to the contract following approval by the City.

Performance guarantees for each project shall be set forth in technical specifications and will include guaranteed base electrical output, a guaranteed availability threshold, and, if applicable, a guaranteed emissions limit.

Supplier shall prepare an annual rollout schedule designating committed capacity (MW) that will be completed for each element of the target resource generation, and prepare a project plan identifying critical milestones for completion of the rollout.

Critical milestones include the following:

- 1) Design
- 2) Site Control
- 3) Permits
- 4) Interconnection Agreement
- 5) Financing
- 6) Construction
- 7) Commercial Operation Date

Task 2.2 Engineering And Design Procurement

Supplier shall be responsible for all engineering, design and procurement necessary for the financing, in conjunction with potential municipal funding, and construction. The City must approve all designs prior to construction.

Task 2.3 Development Obligations

Proposer's development obligations include the following:

- 1) Develop, finance and construct the project and interconnection facilities, including project ownership, project planning and administration, asset and property acquisition, project financing (in conjunction with CCSF's issuance of revenue bonds), and engineering, procurement and construction activities.
- 2) Preparation of development schedules and monthly progress reporting.

- 3) Provide CCSF access to a “real time” plant monitoring system providing, at a minimum, “real time” information regarding the net output of the plant.
- 4) Seek, obtain, maintain, comply with and, as necessary, renew and modify from time to time, all permits, certificates or other authorizations which are required by any requirements of law or governmental authority as prerequisite to engaging in the activities required of supplier(s) by the Agreement.
- 5) Operate, maintain, and repair the facilities in accordance with the Agreement, all requirements of law applicable to supplier(s) or the plant, contractual obligations, permits and in accordance with prudent utility practice, including with respect to efforts to maintain availability of the facilities’ capacity.
- 6) Obtain and maintain the policies of insurance and credit security in amounts and with coverages as set forth by CCSF.
- 7) Annually notify CCSF of scheduled outages for the following calendar year, and notify CCSF as soon as practicable of any outage whether scheduled or unscheduled.
- 8) Negotiate and enter into an interconnection agreement with PG&E to enable CCSF to receive energy through the ISO-controlled grid.
- 9) Negotiate and enter into a participating generator agreement and a meter service agreement for ISO metered entities with the ISO, if applicable to the interconnected generator.
- 10) Operate and maintain the facilities and cooperate with PG&E in the physical interconnection of the Plant to the PG&E system in accordance with the interconnection agreement.
- 11) Register eligible facilities with the Western Renewable Generation Information System.
- 12) Maintain the performance guarantees set forth in the associated technical specifications.

Task 3. Customer and Administrative Services

Proposers shall provide the following customer account services for all CCA customers:

Task 3.1. Customer Enrollment

This task consists of providing all services necessary to administer customer enrollments and departures from the CCA program including exchange and processing of Community Choice Aggregation Service Requests with PG&E.

Task 3.2 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.

Task 3.3 Customer Services

This task consists of providing call center services to respond to customer billing inquiries and requests for specific program information. Proposer shall coordinate with SFPUC call center staff to respond to specific customer inquiries about billing rates and resource portfolio.

B. Pricing Schedule (For Tasks 1 and 2)

One (1) original, one (1) copy and one (1) electronic file (compatible with Microsoft Excel) of the Pricing Schedule must be submitted in a separate sealed envelope labeled "Pricing Schedule - CS-xxx Electricity Supply Services for Community Choice Aggregation Program" and delivered with the proposal package. The first block of prices should extend from July through December 2010. Annual prices shall be provided for each full calendar year, starting in January 2011 for the duration of the proposed contract. Proposer shall specify if it anticipates beginning to serve customers in mid-2010 or January 2011.

All energy supply pricing proposals should include the following:

- The City's costs of administering the program should be funded through the supplier(s)'s energy pricing schedule. The City shall provide supplier(s) with an estimate of its annual program costs over the term of the agreement for inclusion in the energy price schedule. Changes to the program costs shall be included as a price adjustment. Supplier(s) shall disburse funds for program costs to the City on a quarterly basis.
- Energy pricing should include all costs associated with the proposal as well as: (a) currently applicable cost responsibility surcharges, (b) dedicated rate components for payment of debt service and City administrative and general costs. Customized energy pricing may be offered to customers at whose premises renewable generation and/or energy efficiency projects are sited.
- Payments necessary for servicing the bonds or other financing used to fund program renewable energy and energy efficiency projects should be funded through the supplier(s)'s energy pricing schedule.

- Energy prices may be increased by no more than **X** per year with the exception that the City may direct supplier(s) to modify the energy price to recover actual City program costs and debt service costs.
- Prices should not include PG&E delivery charges for transmission, distribution, public goods and other non-bypassable surcharges, which shall be paid directly to PG&E by participating customers.

Variation 1 - Fixed price load

Prices must be all-inclusive, except for PG&E delivery charges for transmission, distribution, public goods, and other non-bypassable surcharges, which shall be paid directly to PG&E by participating customers. The offered price shall include, without limitation, costs associated with the delivery of shaped energy and renewable energy to the Delivery Point, transmission congestion, capacity, reserves, ancillary services, independent system operator fees, scheduling fees, and imbalances charges.

All pricing proposals must state fixed prices per kWh for each rate class currently being served by PG&E, and per MWh for all customer classes combined. Prices must be firm, fixed price offers for the associated contract term. Proposals may also be submitted for fixed prices with a rate structure that has a specific formula for escalating rates over time.

Prices must be provided for each year from Mid-2010 (or 2011) through 2016. Prices may optionally be provided for terms beyond 2016, but must also provide annual pricing if offered. The first block of prices should extend from July through December 2010. Prices for 2011 should begin in January 2011 and cover the full calendar year. Prices for all other years should reflect a full calendar year basis. Pricing proposals must be applicable to actual energy requirements of the customer base that ultimately enrolls in the Program and must not include volumetric bands or adjustments.

Variation 2 – Fixed price banded volumes

Pricing proposals for shaped energy should be based on the load shape(s) in Table _____ of the attached Excel workbook and should offer fixed prices per kWh for each rate class currently being served by PG&E and per MWh for all customer classes combined.

Shaped energy prices should be firm, fixed price offers for the associated contract term and volumes. Fixed prices shall apply to all energy requirements within +/- 5% of the monthly volumes shown in Table ____ of the CCSF Bid Workbook (need to develop). Volumes outside of the 10% bandwidth shall be priced at the load-weighted average of hourly CAISO prices for the PG&E Load Aggregation Point during the month.

Ancillary services costs and other charges assessed by the CAISO shall be directly passed through to CCSF with no markup. Proposals should include a good faith estimate of these costs on a \$/MWh basis.

Resource adequacy pricing shall specify the \$/KW-month for system Resource Adequacy Requirements (RAR) capacity and local RAR capacity. Fixed prices shall apply to all RAR Requirements within +/- 5% of the monthly quantities shown in Table ____ of the CCSF Bid Workbook (need to develop). Quantities outside of the 10% bandwidth shall be priced at prevailing market prices for RAR capacity during the month.

Renewable energy pricing shall specify the \$/KWh premium, relative to the shaped energy price, for both Qualifying Renewable Energy and Non-Qualifying Renewable Energy. Fixed prices shall apply to all Renewable Energy Requirements within +/- 5% of the annual volumes shown in Table _ of the CCSF Bid Workbook (need to develop). Volumes outside of the 10% bandwidth shall be priced at prevailing market prices for renewable energy during the year.

All responses for Variation 2 must include a proposal that conforms to Sample Bid Sheet B (need to develop). All of the above components must be included in the proposal.

Annual prices must be provided for each year from Mid-2010 through 2016. Prices may optionally be provided for terms beyond 2016, but must also provide annual pricing if offered. Prices for 2011 should begin in January 2011 and cover the full calendar year. Prices for all other years should also reflect a full calendar year basis.

Variation 3 – Alternative pricing options

While respondents must use the pricing instructions above for Variation 1 or Variation 2, respondents are strongly encouraged to present alternative pricing proposals for each Product that the respondent believes would assist CCSF in achieving its goals of supplying renewable energy to its customers at competitive rates and of maximizing energy efficiency savings. Proposals that feature combined fixed and indexed prices, caps and collars, laddered hedges, pass-through of certain costs, indexing to the applicable PG&E rates, or other creative pricing proposals are strongly encouraged. The focus should be to minimize risk to CCSF while allowing the provision of competitive rates for CCSF's customers relative to the offered resource mix and bundled rates charged by PG&E. Alternative proposals may also specify mitigation mechanisms for volumetric risk, including those associated with customer opt-outs.

Proposals that include a financing component or external sources of funding, other than the offered price of energy, must specify all terms and conditions of such financing and must include a detailed description of the underwriter's financial, technical and operational capabilities. Proposals that include energy efficiency or distributed generation must include specific information on the measures or resources being proposed; the timeline for deployment; and subcontractors being relied upon for completion of the work; committed energy savings and the basis for the calculated energy savings; a measurement and evaluation methodology; and the funding mechanism for the energy efficiency and/or distributed generation.

For pricing variations, 1-3, proposals must include:

- a. Supplier cost for resources –Respondents must provide the costs for all energy resource acquisitions.
- b. Adjustment/update to price allowed two months after December proposal due date (February 29) – Suppliers may revise pricing of bid based upon changes to market conditions.
- d. Prices for the various requested services should be shown separately (revenue requirements) – (need to develop) Respondents must provide the revenue requirements for each proposed service and resource.

Description on invoicing process (when payments from CCA would need to be received by provider). – Proposals must include a description of the proposed invoicing process, including timelines for when payments would be due to the supplier for any electricity purchases from CCSF. Customer usage data will be available on a meter read cycle as described in the utilities' community choice aggregation tariffs (Rule 23).

C. Pricing for Task 3

Respondent shall provide annual revenue requirements for operation of customer account services, in addition to the overall average annual cost. The overall cost per unit energy delivered should be broken out to include:

- a) Annual revenue requirement for operation of customer account services
- b) Total annual prices per kwh for each customer class including the revenue requirement for the customer account services; and
- c) Annual prices per kwh for each customer class NOT including the revenue requirement for the proposed customer account services.

EVALUATION AND SELECTION CRITERIA

1. Initial Screening

SFPUC and HRC staff will review each proposal to determine if they are responsive and responsible. Proposals will be reviewed for completeness, format requirements, verifiable references, and responsiveness to LBE requirements. Only those proposals that are properly completed, and meet the minimum format and content requirements will be considered in the evaluation process.

2. Overall Evaluation Process

The proposals will be evaluated on three main criteria:

- 1) Degree of compliance with the City's overall policy objectives for CCA and the quality and feasibility of the proposal.
- 2) The overall qualifications of the proposer.
- 3) The price for services (proposed rates) offered and term of the proposed contract.

The evaluation process will consist of two phases - Written Proposal and Panel Interview. The points allocated for each phase of the evaluation are eighty (80) (TBD) points for the written proposal phase, and twenty (20) points (TBD) for the oral interview phase.

The Selection Panel will be comprised of individuals who are knowledgeable on the subject matter, and may include staff from the SFPUC, other City agencies, and/or other utilities or organizations. SFPUC/City staff closely involved with the preparation of this RFP and the development of the scope of services will not be allowed to be part of the Selection Panel.

3. Written Proposal Evaluation

The selection panel will evaluate and score written proposals using the following point scale:

Task and Evaluation Criteria	Points

TASK 1

Renewable Portfolio Characteristics and Work

Approach (12 pts)– The portfolio goal is 40% renewable by 2012 and 51% by 2017. Proposals demonstrating ability to achieve the highest percentages on the shortest timeline will receive higher scores.

- Renewables mix, as percentage
- Renewable mix by year.
- - Location and type of resources designated for CleanPowerSF. Preference in scoring will be given for proposals that site resources within the City and County of San Francisco. Ranked preference will be assigned as follows: (1) Within the City and County of San Francisco, (2) Within the NP-15 region, (3) Within California, (4) Located outside California with transmission rights to the CAISO controlled grid.
- - Incorporation of energy efficiency into portfolio. Target 107 MW of efficiency and conservation measures throughout the City and County
- - Quality and feasibility of proposal

30

Proposer Qualifications (6 pts) – Maximum points will be awarded to the firms or joint ventures that are deemed to have the most extensive experience and superior references.

- Project team organization and availability
- Key/Lead team members qualifications
- Other team members qualifications
- References (Corporate and team members)

Pricing and Contract Terms (12 pts) – Lower rates, terms that minimize risk to San Francisco, and longer terms are preferred.

- Overall rate and competitiveness with PG&E
- Level of risk to San Francisco customers
- Duration of proposed contract

TASK 2:

Resource Development Goals and Work Approach (12 pts)

- - Proposers shall be awarded higher scores based upon the degree to which they demonstrate ability to achieve targets specified in Ordinance 147-07, below:
 - - 31 MW (direct current) of solar photovoltaic cells
 - - 72 MW of distributed generation
- -150 MW of wind turbine capacity
- All Specified Resources shall be commercially operable no later than five years from execution of the supply agreement.
- Quality and feasibility of proposal

Proposer Qualifications (6 pts) – maximum points will be awarded to the firms or joint ventures that are deemed to have the most extensive experience and references.

- Project team organization and availability
- Key/Lead team members qualifications
- Other team members qualifications
- References (Corporate and team members)

Pricing and Contract Terms (12 pts) –Lower rates, terms that minimize risk to San Francisco, and longer terms are preferred.

- Overall rate and competitiveness with PG&E
- Level of risk to San Francisco customers
- Duration of proposed contract

30

<p>TASK 3:</p> <p><u>Customer Account Services (CAS) (10 pts)</u></p> <ul style="list-style-type: none"> - Experience operating call centers - Quality and comprehensiveness of proposed CAS <p><u>Proposer Qualifications (5 pts)</u> – maximum points will be awarded to the firms or joint ventures that are deemed to have the most extensive experience and references.</p> <ul style="list-style-type: none"> - Project team organization and availability - Key/Lead team members qualifications - Other team members qualifications - References (Corporate and team members) <p><u>Pricing and Contract Terms (5pts)</u></p> <ul style="list-style-type: none"> - Annual and total revenue requirement for proposed CAS 	20
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The written proposal scores will then be tabulated and proposers will be ranked starting with the Proposer receiving the highest score, and then continuing with the Proposer receiving the second highest score, and so on.

The HRC Contract Compliance Officer will assess proposal compliance with LBE requirements and assign a rating bonus to the written proposal scores, if applicable.

The written proposal scores or HRC-adjusted written proposal scores (if applicable) will then be tabulated and Proposers will be ranked starting with the Proposer receiving the highest score, then continuing with the Proposer receiving the second highest score, and so on.

4. Oral Interview Evaluation

The Selection Panel may hold oral interviews with the short-listed Proposers. The SFPUC will send a letter to all short-listed Proposers regarding the format of the interview, the scoring criteria to be used during the interview and the composition of the Proposer team to participate in the interview.

The interview evaluation process will consist of a Proposer presentation followed by standard interview questions from the Selection Panel, and may include follow up questions if clarification of Proposer's responses is necessary. The same set of interview questions will be used for all Proposers. Note that the oral interview questions may differ from the written proposal evaluation criteria.

The Selection Panel will proceed to evaluate each Proposer based on each Proposer's presentation and responses.

The HRC Contract Compliance Officer will assess proposal compliance with LBE requirements and assign a rating bonus to the oral interview score, if applicable.

The oral interview scores or HRC-adjusted oral interview scores (if applicable) will then be tabulated.

6. Tabulating Final Scores

The scores from the Written Proposal and the Oral Interview will be combined and tabulated using the following overall scoring breakdown:

1. Written Proposal 80 points
2. Oral Interview 20 points

Proposers will be ranked starting with the Proposer receiving the highest total score, then continuing with the Proposer receiving the second highest total score, and so on. The Proposer with the highest total score will be identified as the highest-ranked Proposer eligible to proceed with the award of an Agreement.