RESOLUTION NO. 2013-02

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

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

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

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

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

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

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

WHEREAS, SFPUC has negotiated a draft contract with SENA that would (i) mitigate program risks by using a phase-in approach, (ii) offer customers a 100% renewable product, (iii) require a $13.5 million initial appropriation to fund program reserves, and (iv) allow for
development of new renewable resources to be added in the electricity portfolio as a customer revenue stream is established; and

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

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

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

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

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

RESOLVED, This Commission hereby determines that the proposed not-to-exceed rates are sufficient to cover the cost of power and services being provided by the program as well as other costs required for phase one of the CleanPowerSF program; and, be it
FURTHER RESOLVED, This Commission hereby recommends that the SFPUC approves the not-to-exceed rates so that CleanPowerSF program can continue to move forward.

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

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

John Avalos, Chairperson
SAN FRANCISCO LOCAL AGENCY FORMATION COMMISSION

ATTEST:

Nancy Miller
Interim Executive Officer