

1 [Approval of the CleanPowerSF Program Including Local Sustainability Services and a  
2 Contract with Shell Energy North America.]

3 **Resolution authorizing the Public Utilities Commission, subject to conditions, to**  
4 **launch the CleanPowerSF program, approving local sustainability services for**  
5 **CleanPowerSF customers, and authorizing the General Manager of the Public Utilities**  
6 **Commission to execute a contract with Shell Energy North America for a term of up to**  
7 **five four-years and six months for services required to launch the CleanPowerSF**  
8 **program; and delegating authority to non-materially amend or modify the contract.**

9  
10 **I. History and Background**

11 WHEREAS, Public Utilities Code Section 366.2 allows public agencies to aggregate  
12 the electrical load of interested electricity consumers within their jurisdictional boundaries.  
13 Pursuant to this law, the City has established a Community Choice Aggregation (CCA)  
14 program known as CleanPowerSF to provide electric power to the residents and businesses  
15 located within its jurisdiction. The San Francisco Board of Supervisors established the City's  
16 CCA program in May 2004 (Ordinance 86-04). The Ordinance found that CCA would allow the  
17 City to increase the scale and cost-effectiveness of renewable energy, conservation and  
18 energy efficiency in San Francisco and to increase local control over electricity prices and  
19 resources. To implement the program, Ordinance No. 86-04 directed the development of a  
20 draft Implementation Plan (IP) and the preparation of a draft Request for Proposals (RFP) to  
21 solicit an electricity supplier for the program. In December 2004, the Board of Supervisors  
22 created a Citizens Advisory Task Force (Task Force) to advise the City regarding the draft  
23 Implementation Plan and the draft RFP; and

1           WHEREAS, Mayor Gavin Newsom signed a Declaration of Mayor or Chief County  
2 Administrator Regarding Investigation, Pursuit or Implementation of Community Choice  
3 Aggregation on December 16, 2005; and

4           WHEREAS, After an extensive process that involved public meetings of the San  
5 Francisco Local Agency Formation Commission (LAFCo), the Task Force, the San  
6 Francisco Public Utilities Commission (SFPUC) and interested parties and advocacy groups,  
7 the Board of Supervisors approved a Draft Implementation Plan (Draft IP) in June 2007  
8 setting forth goals and policies for the City's CCA program (Ordinance 147-07). Ordinance No.  
9 147-07 directed the issuance of a Request For Information (RFI) and a subsequent Request  
10 for Proposals (RFP) to solicit input and bids from interested parties regarding the development  
11 of the program. Ordinance No. 147-07 stated that the RFI responses and other information  
12 obtained in implementing the program might suggest changes to the Draft IP to improve its  
13 viability, and allowed for such changes. As required by Ordinance No. 147-07, SFPUC issued  
14 an RFI in November 2007. In April 2009, SFPUC issued a request for qualifications ("RFQ")  
15 from potential electricity suppliers. SFPUC, in consultation with LAFCo, used the  
16 information obtained from these solicitations to prepare an RFP; and

17           WHEREAS, The Board of Supervisors approved the issuance of an RFP in October  
18 2009 (Ordinance 232-09). Like Ordinance 147-07, Ordinance No. 232-09 provided that RFP  
19 responses and other information obtained in implementing the program might suggest  
20 changes to Draft IP that would improve the viability of the City's CCA program, and allowed  
21 for such changes. In November 2009, SFPUC issued the RFP. The City received five  
22 responses to its RFP and, in January 2010, identified Power Choice, LLC as the highest  
23 ranked proposer. The City engaged in negotiations with Power Choice, LLC for electricity  
24 supply and other services; and

1           WHEREAS, In January 2010, SFPUC prepared a revised Implementation Plan (IP) and  
2 Statement of Intent to file with the California Public Utilities Commission (CPUC) in  
3 accordance with Ordinance 147-07. As anticipated in Ordinances 147-07 and 232-09, the  
4 Implementation Plan was revised to allow more flexibility in the resources that may be used to  
5 make up the CleanPowerSF supply portfolio, and to specify that the SFPUC may roll out the  
6 program in phases if phasing allows it to maximize demand-side management programs and  
7 renewable energy impacts, synergies with local ordinances and other customer programs,  
8 cost of service and customer load characteristics, and other operational considerations. The  
9 Board of Supervisors held a hearing on the IP in the Budget and Finance Committee on  
10 February 17, 2010, and forwarded the Ordinance adopting the IP to the full Board of  
11 Supervisors with a recommendation for approval. The Board of Supervisors considered and  
12 voted on the Ordinance adopting the revised IP at its public meetings on February 23, 2010  
13 and March 2, 2010. On March 2, 2010, The Board of Supervisors finally approved the  
14 Ordinance and authorized the filing of the IP with the CPUC (Ordinance 45-10). The IP was  
15 certified by the CPUC on May 18, 2010; and

16           WHEREAS, The SFPUC authorized the General Manager to execute a service  
17 agreement with Pacific Gas and Electric Company (PG&E) on May 11, 2010. The General  
18 Manager executed the Community Choice Aggregation Service Agreement (the Service  
19 Agreement) with PG&E on May 27, 2010. In May 2012, the City and PG&E agreed to extend  
20 the Service Agreement until December 31, 2018. The Service Agreement is a contract that  
21 governs the business relationship between PG&E and the City with respect to CleanPowerSF.  
22 Among other things, the Service Agreement includes provisions for audits, dispute resolution,  
23 events of default, billing and payment terms and indemnity. The Service Agreement  
24 incorporates by reference PG&E's CCA tariffs that set forth the operational and financial  
25 duties of aggregators and PG&E in establishing and conducting CCA service; and

1 WHEREAS, Negotiations with Power Choice, LLC, were unsuccessful, and on August  
2 5, 2010, the SFPUC issued a second RFP seeking an electricity supplier for the program. No  
3 bidders met the minimum qualifications of that RFP, and on February 8, 2011, in Resolution  
4 11-0027, the SFPUC a) authorized the General Manager to negotiate with one or more  
5 creditworthy firms to create a program that most closely achieves the City's goals and b)  
6 directed the General Manager to direct SFPUC staff to develop a process and scope of work,  
7 together with stakeholders and consultants, to request bids for renewable generation and  
8 green resource commitments to further the adopted City goals for CCA as described in  
9 Ordinance 147-07. Shortly thereafter, SFPUC engaged in negotiations with Shell Energy  
10 North America (Shell) for electricity supply and Noble Americas for customer care and billing  
11 services; and

12 WHEREAS, Work began on November 16, 2011, in accordance with the SFPUC Task  
13 Order: Modeling and Conceptual Framework for CCA Deployment to study deployment  
14 options and prepare RFPs for a potential build-out of in-City renewable energy resources,  
15 comprised of both demand reduction and new renewable generation, and assess their to  
16 study and prepare associated financing alternative mechanisms (including 2001 proposition H  
17 bonds and use of collateral), SFPUC management and integration of local supplies by the  
18 SFPUC, levelized costs, and jobs potential, and to develop associated contract term sheets  
19 and RFPs, all to be used if the City approves a local build-out after environmental review; and

20 WHEREAS, In Ordinance No. 232-09 the Board of Supervisors authorized approval by  
21 resolution for future CleanPowerSF approvals; and

## 22 II. CleanPowerSF Program

23 WHEREAS, Enrollment in the CleanPowerSF program will be launched in phases to  
24 groups of customers, to allow for mitigate the risks inherent in purchasing power, and to better  
25 integrate into CleanPowerSF a proposed build-out of local and regional energy resources if

1 these programs when and if component installations of this build-out are approved by the  
2 City, ~~and to mitigate the risks inherent in purchasing power.~~ The first phase will follow the  
3 state-mandated opt-out process, enrolling sufficient customers to meet the volume of  
4 electricity specified in the Shell agreement, not to exceed an average of approximately 30  
5 MW, and any customer within San Francisco will be eligible to participate in that enrollment  
6 phase; and

7 WHEREAS, the Shell agreement does not preclude a build-out of local and regional  
8 energy resources, if such build-out is approved by the City after any necessary environmental  
9 review, because the Shell agreement allows the City to replace purchases from Shell with  
10 other resources (subject to making Shell whole for any losses) and because program roll out  
11 will be phased; and

12 **A. Program Characteristics and Local Sustainability Services**

13 WHEREAS, The CleanPowerSF program will ~~initially offer~~ customers one or more  
14 products, consistent with the contracted Shell purchases, ~~and will leverage~~ which support the  
15 ~~potential~~ development of new renewable and efficiency resources, if such programs are  
16 approved by the City, to achieve high rates of customer acceptance create local jobs, promote  
17 locally owned power production and to balance generation sources. These initial products will  
18 allow for development of new renewable resources to be integrated into the electricity portfolio  
19 as a customer revenue stream, revenue bond financing, and other financing mechanisms are  
20 established, if a program for developing renewable resources is planned and approved by the  
21 City, and upon completion of any necessary environmental review; and

22 WHEREAS, The Board of Supervisors believes the integration of a large-scale local  
23 build-out of renewable energy and efficiency resources, as described in Ordinance No. 147-  
24 07, if such a program is planned and approved by the City, may facilitate establishing a  
25 successful CleanPowerSF program that will be price competitive, attractive to electricity

1 customers, financially robust, productive of clean energy jobs, and of sufficient scale and rapid  
2 construction to achieve significant greenhouse gas reductions, with the understanding that  
3 such a program must first be planned and approved by the City with any necessary  
4 environmental review; and

5 WHEREAS, The CleanPowerSF program will offer local sustainability services to  
6 CleanPowerSF customers including:

7 1. incentives for the installation of solar projects on properties of participating  
8 CleanPowerSF customers pursuant to the GoSolarSF Program, and

9 2. augmented energy efficiency programs for the benefit of participating  
10 CleanPowerSF customers; and

11 3. study of and possible development of a local build-out of renewable energy facilities,  
12 if the City approves such a program after necessary environmental review. The SFPUC has  
13 indicated its commitment to studying and, if the City approves such a program, developing a  
14 local build-out of renewable energy facilities as a component of CleanPowerSF, and  
15 anticipates immediate commencement of that build-out, if such program is approved by the  
16 City, when (i) consultant studies and RFP preparation have been concluded, (ii) sufficient  
17 revenues are generated or identified to commence the build-out, (iii) SFPUC has completed  
18 environmental analysis of the physical impacts of any specific build-out projects where  
19 required and made appropriate findings, and (iv) the SFPUC approves a plan, budget, and  
20 timeline for the local build-out; and

21 WHEREAS, The SFPUC ~~will commence~~ has commenced studies and RFP preparation  
22 for a local build-out of renewable energy facilities consistent with the Ordinance No. 147-07  
23 and environmental review requirements of the California Environmental Quality Act, California  
24 Public Resources Code Section 21000 et. seq. (CEQA); and

1           WHEREAS, the SFPUC and the Board of Supervisors will explore ~~use of~~ sources of  
2 revenue such as 2001 proposition H bonds, municipal bonds, power purchase agreements,  
3 public agency loans and/or other favorable financing and contractual mechanisms for local  
4 and regional renewable energy generation and also energy demand reduction projects in  
5 CleanPowerSF, with the understanding that to the extent that such projects must be are  
6 planned and approved by the City and subjected to any necessary environmental review; and

7           WHEREAS, before any specific local build-out programs or projects are approved, the  
8 SFPUC will undertake all necessary CEQA review of the proposed programs or projects  
9 identified in the study process and of their alternatives, including a no project alternative, and  
10 shall obtain all requisite approvals; and

11                   **B.     Cost Overview**

12           WHEREAS, The SFPUC approved in Resolution 11-0194 and submitted to the Board  
13 of Supervisors an appropriation request for \$19.5 million, which is on file with the Clerk of the  
14 Board of Supervisors in File No. 111371. The request includes

- 15           1.     \$13 million as collateral and reserves required under the Shell agreement,
- 16           2.     \$6 million for local sustainability services for CleanPowerSF customers as  
17           follows (half to be used in 2013 and half to be used in 2014):
  - 18                   a.   \$2,000,000 dollars for energy efficiency programs;
  - 19                   b.   \$2,000,000 dollars for GoSolarSF incentives; and
  - 20                   c.   \$2,000,000 dollars for studies of local build-out of renewable energy  
21                   facilities, and
- 22           3.     \$500,000 for start-up costs and costs related to the Noble Americas contract for  
23           customer billing, data management and other administrative services; and

1           WHEREAS, The \$19.5 million is in addition to a total of \$6 million that already has  
2 been appropriated to CleanPowerSF through September 2011, including \$1 million in July  
3 2011; and

4           WHEREAS, In the event the CleanPowerSF Program is discontinued or terminated all  
5 unspent amounts appropriated, including any of the \$6,000,000 for local sustainability  
6 services for CleanPowerSF customers, will be de-appropriated and returned to Hetch Hetchy  
7 Power Enterprise fund balance reserves; and

8           **III. Rates for CleanPowerSF Customers**

9           WHEREAS, CleanPowerSF rates will be approved by the SFPUC and Board of  
10 Supervisors through the process established in section 8B.125 of the City's Charter, including  
11 review by the Rate Fairness Board, and the SFPUC must determine that those rates are  
12 sufficient to cover the cost of power and services provided by Shell as well as other costs  
13 required for the program prior to launching the program; and

14           WHEREAS, The SFPUC staff will 1) propose rates to the Rate Fairness Board that will  
15 cover all costs to provide service to CleanPowerSF customers, including the cost of power it  
16 expects Shell to provide, based on market information and consultation with Shell, the cost of  
17 the services it expects Noble Americas to provide, and the costs of solar incentives, energy  
18 efficiency programs, and studies to guide development of local renewable facilities and 2)  
19 include in that proposal a discount for low income customers; the Rate Fairness Board will  
20 consider the rate proposal, and may report to the SFPUC regarding its analysis; the SFPUC  
21 will establish rates for CleanPowerSF and submit those rates to the Board of Supervisors for  
22 its approval or rejection; and

23           WHEREAS, The SFPUC will review the power prices proposed by Shell before it  
24 authorizes the General Manager to complete a power purchase transaction, in order to  
25



1 determine that the rates established by the SFPUC and Board of Supervisors will be adequate  
2 to recover all costs of providing service to customers; and

3 WHEREAS, If the SFPUC determines that the adopted CleanPowerSF rates are not  
4 adequate to cover all costs of providing service to CleanPowerSF customers, it will not  
5 authorize the General Manager to complete a power purchase transaction and launch the  
6 program; and

7 WHEREAS, The SFPUC will recommend the inclusion of a component into  
8 CleanPowerSF rates to begin recovering the reserves required for this program within the  
9 contract period so that customers of CleanPowerSF will bear the costs of the program; and

10 **IV. Low Income Customers and CleanPowerSF Program Accessibility.**

11 WHEREAS, The SFPUC will include in its CCA rates a discount for low income  
12 customers that is commensurate with discounts typically provided to PG&E customers for  
13 electric service; and

14 WHEREAS, CleanPowerSF rates should be structured to include a component for a  
15 hardship fund to support additional discounts for low income customers that require additional  
16 financial assistance to participate in the program; and

17 WHEREAS, The SFPUC should explore various ways of funding the cost of such a  
18 discount, including by voluntary donations from other CleanPowerSF customers through their  
19 monthly bills, similar to the current California Alternative Rates for Energy (CARE) program  
20 offered through PG&E; and

21 WHEREAS, The overall electric bills of CleanPowerSF low income customers can be  
22 further reduced by targeting energy efficiency services and GoSolarSF incentives to low  
23 income customers; and

1           WHEREAS, These and other mechanisms can be used to minimize barriers to  
2 participation in CleanPowerSF by low income residents while maintaining the financial viability  
3 of the program; and

4           WHEREAS, Unless the SFPUC can ensure, using these and other mechanisms, that  
5 low income CleanPowerSF customers will be offered rates similar to rates for low income  
6 customers served by PG&E, the SFPUC shall exclude low income customers in the initial  
7 phases of the CleanPowerSF program; and

8           **V. Contract with Shell**

9           WHEREAS, The SFPUC, in consultation with LAFCo, has negotiated the key terms  
10 of a contract with Shell for electricity necessary for commencement of the CleanPowerSF  
11 Program, and to serve as the primary power purchasing component of the program over its  
12 first up to five ~~four and one-half~~ years. The draft contract is on file with the Clerk of the Board  
13 of Supervisors in File No.111340 and declared to be a part of this resolution as if set forth  
14 fully herein; and

15           WHEREAS, The draft Shell contract consists of three parts: (i) a Master Agreement  
16 (setting forth general terms and conditions and providing that Shell and the City may enter into  
17 transactions to buy particular amounts, quantities and types of electric products); (ii) a  
18 Security Agreement (giving Shell control over the account that holds the receipts received  
19 from CleanPowerSF customers and a first priority security interest in that account); and (iii) a  
20 Confirmation (specifying the price, quantity and type of product for specific electricity purchase  
21 transactions); and

22           WHEREAS, Shell represents and warrants that no new facilities are required to be  
23 constructed in order for Shell to meet its supply obligations under the contract; and  
24  
25

1           WHEREAS, the contract requires Shell to provide energy to the City with an average  
2 carbon content equal to or less than the average carbon content of energy supplied by PG&E  
3 to its customers; and

4           WHEREAS, Shell will provide and the City will purchase the following for up to five ~~four~~  
5 ~~and one-half~~ years: (i) electricity to serve CleanPowerSF customers; (ii) scheduling  
6 coordinator services to go along with the power supplied; and

7           WHEREAS, The contract allows the City and Shell to enter into additional  
8 Confirmations for procurement of additional electricity services; and

9           WHEREAS, The contract requires the City to provide \$13 million for startup costs and  
10 program reserves, consisting of the following:

11           1. \$7 million to be held in an escrow account subject to joint instructions by the  
12 City and Shell, as partial collateral for a termination payment in the event the City defaults and  
13 Shell terminates the agreement. The termination payment is intended to cover reasonable risk  
14 and costs that might be incurred by Shell should the program cease operations during the  
15 contract period. This amount may be reduced in subsequent years of the contract if market  
16 conditions and the progressive completion over time of the contract reduce Shell's exposure  
17 to potential financial losses (see Sections 2.3(f) and 5.3);

18           2. \$4.5 million to fund a Program Reserve to be deposited into the customer  
19 revenues secured account, controlled by Shell. The Program Reserve is intended to provide  
20 security to Shell that there will be sufficient cash on hand in the customer revenues secured  
21 account to cover Shell's monthly bills. The City must restore the balance of the Program  
22 Reserve to at least \$4.5 million within five Business Days of a notice by Shell that the  
23 Program Reserve is below this amount (see Sections 2.3(d) and 5.2);

24           3. \$1.5 million to be held by the City in an Operating Reserve, to ensure short-  
25 term unanticipated costs associated with startup and initial program expenses do not create

1 long-term program stability issues (for example, additional costs associated with bringing in  
2 additional customers, or delays in receipt of revenues, in the event that opt-out rates are  
3 higher than anticipated); and

4 WHEREAS, Shell will not have a right to collect the termination payment or the  
5 Program Reserve unless and until the City executes a Confirmation and all other conditions  
6 are satisfied; and

7 WHEREAS, The draft contract does not specify the amount or price of the electricity to  
8 be provided by Shell; these will be determined before the program is launched, after Shell has  
9 obtained prices for the electricity it will provide; and

10 WHEREAS, The contract includes terms that are non-standard for City contracts,  
11 including a modification to the standard appropriation of funds language (see Section 8.2(c)):

12 1. if Shell terminates the contract as a result of a City default, the General  
13 Manager must seek an appropriation or supplemental appropriation to fully fund the applicable  
14 termination payment, but approval of such appropriation is within the sole discretion of the  
15 SFPUC and/or the Board of Supervisors;

16 2. a failure by the City to pay the full termination payment is an event of default  
17 under the Agreement;

18 3. the contract does not include standard City language stating that the  
19 contractor assumes the risk of a failure on the part of the City to appropriate additional funds;  
20 and

21 WHEREAS, Consistent with standard energy industry practice, it is not an event of  
22 default for Shell to fail to deliver a product it is required to provide under the agreement. If  
23 Shell fails to deliver a product it contracted to provide:

24 1. the City may purchase a replacement product and charge to Shell the  
25 difference between the price of such purchase and the contract price (see Section 4.1);

1           2. in the case of renewable energy and resource adequacy capacity, if penalties  
2 are imposed on the City as a result of Shell's failure to perform, Shell must reimburse the City  
3 for the penalties (see Sections 4.2 (a) and 4.3);

4           3. in the case of bundled renewable energy, if on an annual basis Shell fails to  
5 deliver at least 90% of the product it contracted to provide, in addition to any payments made  
6 by Shell described in (i) and (ii) above, Shell must pay the City 25% of the contract price for  
7 every MWh Shell failed to deliver (see Section 4.2(b)); and

8           WHEREAS, The contract imposes the following financial requirements on the City and  
9 makes it an event of default if the City fails to meet them within the relevant cure periods:

10           1. All receipts from CleanPowerSF customers served by Shell must be  
11 deposited in an account controlled by Shell, but owned by the City (see Sections 2.3 (i) and  
12 7.4);

13           2. Disbursements from the customer receipts account must be made by Shell  
14 in accordance with a pre-established waterfall, pursuant to which on a monthly basis, Shell  
15 gets paid first, the Program Reserve is retained, and any amount remaining is transferred to  
16 the City (which the City intends to deposit in the CPSF Customer Fund) (see Section 7.3);

17           3. The CleanPowerSF program must be financially healthy, but the City has a  
18 sixty day cure period to restore financial health if end of the month financial reports indicate  
19 there is a problem (see Section 5.1);

20           4. The termination payment is calculated as the difference between the  
21 contract price and the market price of any product the City commits to buy pursuant to a  
22 Confirmation; but the termination payment is capped at \$15 million unless the City terminates  
23 the CleanPowerSF program at a time when the program is healthy (see Sections 6.2, 6.3, 6.4,  
24 6.5); and

1           WHEREAS, The SFPUC approved the draft contract with Shell on December 13, 2011,  
2 in Resolution No. 11-0194, and authorized the General Manager to execute the contract,  
3 subject to conditions; and

4           **VI.     Contract with Noble Americas**

5           WHEREAS, In Resolution 11-0194, on December 13, 2012 2011, the Public Utilities  
6 Commission authorized the General Manager to negotiate an agreement with Noble Americas  
7 (Noble) for customer care and billing services to support CleanPowerSF and directed the  
8 General Manager to submit the final contract to the Public Utilities Commission for approval;  
9 and

10          WHEREAS, SFPUC staff, in concert with LAFCo staff, has negotiated an agreement  
11 with Noble for customer care and billing services, which is on file with the Clerk of the Board  
12 of Supervisors in File No. 111340; and

13          WHEREAS, Noble will provide services that include: managing the electronic data  
14 exchange with PG&E, maintaining customer information and billing administration systems,  
15 providing reports on energy use and billing, preparing settlement quality meter data, tracking  
16 opt-out notices, maintaining a customer care operation center and creating a plan for  
17 eventually transitioning the services to CleanPowerSF; and

18          WHEREAS, Noble will make commercially reasonable efforts to locate a customer  
19 care center in San Francisco in order to provide local jobs; and

20          WHEREAS, Other key terms of the Noble agreement include the following:

- 21           1. the term is 4.5 years and the guaranteed maximum cost is \$9 million dollars;  
22           2. the total monthly fees charged by Noble for the CleanPowerSF program will be at  
23 least \$25,000 per month;

1           3. the City can cancel the agreement without charge prior to the start up date, but if the  
2 cancellation occurs after that date, CleanPowerSF will pay a cancellation fee based on  
3 milestones, up to a maximum amount of \$250,000; and

4           4. the agreement will become effective after satisfaction of specified conditions,  
5 including, appropriation of necessary funds and approval by the SFPUC; and

6           **VII. Conditions for Contract Effectiveness and CleanPowerSF Program Launch**

7           WHEREAS, Even after approval by the Board of Supervisors and execution by the  
8 General Manager, the Shell contract will not become effective until satisfaction of conditions  
9 established by the contract as well as those established by the SFPUC and the Board of  
10 Supervisors; and

11           WHEREAS, The Shell contract establishes conditions that must be satisfied before it  
12 becomes effective, including but not limited to the following: (i) the conditions placed by the  
13 City on the launch of CleanPowerSF have been satisfied; (ii) the City has directed PG&E to  
14 deposit the payments from CleanPowerSF customers for amounts due to the City for  
15 CleanPowerSF services into a customer receipts account controlled by Shell; (iii) the City has  
16 entered into an agreement that gives Shell control of the customer receipts account, has  
17 granted Shell a first priority lien on the amounts in the account, and has appropriated and  
18 deposited \$4.5 million in the account; (iv) the City has appropriated and placed \$7 million  
19 dollars into an escrow account as collateral for a termination payment to Shell in the event of  
20 a City default; (v) the CPUC has accepted an amendment to the City's implementation plan  
21 and statement of intent filed with the CPUC pursuant to California Public Utilities Code  
22 Section 366.3, that identifies Shell as the primary supplier of power for CleanPowerSF; and  
23 (vi) the City has posted the CCA Bond required by the CPUC and advised Shell of the amount  
24 thereof; and  
25

1           WHEREAS, The SFPUC in its December 2011 resolution established the following  
2 conditions which must be satisfied before the Shell contract becomes effective: (i)  
3 CleanPowerSF rates are approved by the SFPUC and Board of Supervisors through the  
4 process established in section 8B.125 of the City's Charter, and the SFPUC has determined  
5 that those rates are sufficient to cover the cost of power and services provided by Shell as  
6 well as other costs required for the program, (ii) the CPUC has made its final determination of  
7 the CCA bond amount required by Public Utilities Code Section 366.2 and the SFPUC has the  
8 resources and all necessary authorizations to obtain the bond, (iii) all appropriations required  
9 by the CCA supplier contracts have been authorized, ~~and~~ (iv) the SFPUC Power Enterprise  
10 has rates in place to be financially stable and in compliance with its reserve policies, and (v) a  
11 contract for customer billing, data management and other administrative services with Noble  
12 Americas or another entity has been approved; and

13           WHEREAS, This action is not considered a "project" as defined in the California  
14 Environmental Quality Act, California Public Resources Code Section 21000 et seq. ("CEQA")  
15 for the reasons set forth in the memorandum prepared by the Bureau of Environmental  
16 Management for the SFPUC dated July ~~18~~, 2012. Said memorandum is on file with the Clerk  
17 of the Board of Supervisors in File No. 111340 and is incorporated herein by reference; now,  
18 therefore, be it

19           RESOLVED, That any proposed projects for local build-out of renewable energy  
20 facilities will be subject to SFPUC and Board of Supervisors review of environmental impacts  
21 and compliance with the CEQA prior to Board of Supervisors approval of appropriations or  
22 financing of such projects; and, be it

23           FURTHER RESOLVED, That the SFPUC ~~should~~ and the City will work with  
24 stakeholders to establish favorable bond capacity and financing mechanisms, including 2001  
25 proposition H bonds and use of collateral, for the local build-out of new renewable generation



1 projects and demand reduction as components of CleanPowerSF, if such programs are  
2 planned and approved by the City; and, be it

3 ~~FURTHER RESOLVED, That the Board of Supervisors intends that the steps to study,~~  
4 ~~plan, prepare RFPs and submit for City approval a local renewables build-out be commenced~~  
5 ~~as soon as practicable; and be it~~

6 FURTHER RESOLVED, That because a timely integration of the local build-out of  
7 renewables and efficiency, if such build-out is approved by the City, would enhance the  
8 economic and structural characteristics of CleanPowerSF, and planning and RFP preparation  
9 for such build-out is planned to be completed by SFPUC consultants by November of 2012,  
10 and that, to the extent such work is completed on time, RFP's should be released in  
11 accordance with SFPUC Task Order Title: Modeling and Conceptual Framework for CCA  
12 Deployment, to solicit bids for the local build-out work identified in that task order, on or before  
13 February 1, 2013; and, be it

14 FURTHER RESOLVED that the Board of Supervisors supports expenditure by the  
15 SFPUC of six million dollars for CleanPowerSF participating customers, including \$2,000,000  
16 for energy efficiency, \$2,000,000 for studies related to local build-out activities, and  
17 \$2,000,000 for GoSolarSF, which will further environmental quality and local job creation but  
18 would only be expended if the CleanPowerSF program is launched; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors directs the SFPUC to give  
20 priority to low-income CleanPowerSF customers for receipt of energy efficiency and  
21 GoSolarSF services and to undertake an aggressive outreach campaign to such customers  
22 for these services; and be it

23 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to  
24 minimize barriers to participation in CleanPowerSF for low income residents while maintaining  
25

1 the financial viability of the program and urges the San Francisco Public Utilities Commission  
2 to balance these objectives in establishing rates for CleanPowerSF; and be it

3 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to  
4 provide an appropriate rate discount for low income CleanPowerSF customers and to  
5 incorporate into all CleanPowerSF rates a component for a hardship fund to support additional  
6 discounts for low income customers that require additional financial assistance to participate  
7 in the program; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors directs the SFPUC to  
9 undertake an extensive public education and outreach campaign, in multiple languages, and  
10 with particular attention to low-income communities, to ensure that prior to the opt-out process  
11 targeted residents in each phase are fully aware of the program, its features and its costs;  
12 and, be it

13 FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to  
14 eliminate the CleanPowerSF departure charge for a CleanPowerSF residential customer  
15 returning to PG&E service for at least a 6 month period, and after that time period, to set the  
16 charge at no more than a de minimis amount of five dollars; and be it

17 FURTHER RESOLVED, That, pursuant to Charter Sec. 8B125, the Board will  
18 consider rejecting rates that do not reflect the policies described in this resolution to address  
19 the needs of low-income and monolingual communities; and be it

20 FURTHER RESOLVED, That the Board of Supervisors, subject to all conditions set  
21 forth in the contract and this resolution and all conditions adopted by the SFPUC, authorizes  
22 the General Manager of the Public Utilities Commission to execute approves the contract with  
23 Shell in substantially the form on file with the Clerk of the Board of Supervisors, with such  
24 additions or modifications as may be acceptable to the General Manager of the Public Utilities  
25

1 Commission and the City Attorney, and that do not materially decrease the intended public  
2 benefits to the City; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
4 Manager, in consultation with the City Attorney, and on approval of the SFPUC, to amend or  
5 modify the Shell contract, including the Master Agreement, the Security Agreement, and any  
6 Confirmations, to the extent that such amendment or modification does not materially change  
7 the terms or decrease the intended public benefits to the City; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
9 Manager to execute an initial Confirmation to purchase power from Shell provided that (1) the  
10 amount of electricity procurement shall not exceed an average of 30 MWs, (2) the conditions  
11 set forth in the Shell contract are satisfied, and (3) the conditions imposed by the SFPUC and  
12 the Board of Supervisors on effectiveness of the contract and program launch are satisfied;  
13 and, be it

14 FURTHER RESOLVED, That the Board of Supervisors authorizes the General  
15 Manager to enter into additional Confirmations, on approval of the SFPUC, so long as the  
16 Charter does not require approval by the Board of Supervisors and the SFPUC has  
17 determined that CleanPowerSF rates approved by the SFPUC and Board of Supervisors  
18 through the process established in section 8B.125 of the City's Charter, are sufficient to cover  
19 the cost of additional power and services provided by Shell pursuant to the additional  
20 Confirmation, as well as other costs required for the program.



City and County of San Francisco

Tails  
Resolution

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

File Number: 111340

Date Passed: September 18, 2012

Resolution authorizing the Public Utilities Commission, subject to conditions, to launch the CleanPowerSF program, approving local sustainability services for CleanPowerSF customers, and authorizing the General Manager of the Public Utilities Commission to execute a contract with Shell Energy North America for a term of up to five years for services required to launch the CleanPowerSF program; and delegating authority to non-materially amend or modify the contract.

September 12, 2012 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

September 12, 2012 Budget and Finance Committee - RECOMMENDED AS AMENDED

September 18, 2012 Board of Supervisors - AMENDED


September 18, 2012 Board of Supervisors - ADOPTED AS AMENDED

Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener

Noes: 3 - Chu, Elsbernd and Farrell

File No. 111340

I hereby certify that the foregoing Resolution was ADOPTED AS AMENDED on 9/18/2012 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

\_\_\_\_\_  
UNSIGNED


Mayor

\_\_\_\_\_  
9/28/12

Date Approved

Date: September 28, 2012

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter.

  
Angela Calvillo  
Clerk of the Board

File No.  
111340