San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

MINUTES
Special Joint Meeting of the San Francisco Public Utilities Commission with the Local Agency Formation Commission

Friday, January 30, 2015
(As approved February 10, 2014)

1:30 P.M.
City Hall
1 Dr. Carlton B. Goodlett Place
Legislative Chamber, Room 250
San Francisco, CA 94102

Commissioners
Ann Moller Caen, President
Francesca Vietor, Vice President
Vince Courtney
Anson Moran

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary

For information, contact the Commission Secretary at 554-3165.
Minutes and other information are available on the SFPUC web site:
www.sfwater.org
Gavel-to-Gavel coverage available at:
http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22

1. Call to Order
   LAFCo Chair Avalos called the meeting to order at 1:37 PM.

2. Roll Call
   LAFCo Secretary Alisa Somera called LAFCo roll; and SFPUC Secretary Donna Hood called SFPUC Roll (Present: Caen, Vietor, Courtney and Moran)

3. Opening remarks and discussion of expectations for the Joint Meeting
   LAFCo Chair Avalos offered a summary of the intent for the meeting. He briefly discussed the history of the CleanPowerSF Program and noted Mayor Lee's press release. He requested that the SFPUC prepare a Program timeline.

   SFPUC President Caen provided introductory comments and stated she was encouraged by the EnerNex report and the information set forth.

   SFPUC Vice President Vietor recognized the historic moment. She noted San Francisco's dedication and leadership in Climate Change and noted how CleanPowerSF will aide in that effort. She acknowledged individuals and organizations who have been involved with the CleanPowerSF Program. She directed the SFPUC staff to accelerate the timeline and return to the Commission in February with a revised timeline.

   LAFCo Commissioner Crews stated the meeting creates a "culture of co-creation" with all groups coming together.

   LAFCo Commissioner Campos offered his thanks to those who supported the Program. He stated there must be specific timelines and an aggressive and robust agenda. He indicated that political will needs to be present for success and that the Program offers independence from PG&E. He stated that all communities in San Francisco must be engaged and involved for its success.

   LAFCo Commissioner Breed noted the importance of the Program and thanked everyone for their support and work. She requested a timely implementation.

   SFPUC General Manager (GM) Kelly echoed the sentiments of speakers. He recognized the work of all involved and gave thanks for their efforts. He noted the work the SFPUC has done to set a foundation for the Power Enterprise, and stated that it is time for a new CleanPowerSF line of business.

   Public Comment
   - *Ms. Linda Winer, Sierra Club, shared her expectations on the timeline of the Program and encouraged the Commissions to move forward.*
   - *Mr. Joe Marabalay, Sierra Club, urged the Commissions to move forward on the Program.*

4. <u>Presentation and discussion of the LAFCo-directed report by EnerNex "Local Build-out of Energy Resources of the Community Choice Aggregation Program"</u>
Mr. Jason Fried, LAFCo Executive Officer, discussed how the EnerNex Report was commissioned and the 12 associated Tasks. He introduced Mr. Jeremy Laundergan from EnerNex, who provided a summary of EnerNex's business, noting they partnered with Willdan for the project.

Mr. Laundergan noted project milestones and discussed the Tasks they were asked to perform: Task 1(utilizing SFPUC for CleanPowerSF Procurement); Task 2 (timing/ economic benefits of local build-out, and build-out project economic impact average summary); Task 3 (locations of potential local and regional projects); Task 4 (Energy Efficiency Strategy). Mr. Laundergan responded to a question from SFPUC Vice President Vietor regarding the percentage or maximum amount of Energy Efficiency Funds CCAs are eligible to receive. He continued with Task 5 (commercial and industrial customers); Combined Task 6 and 12 (Renewable energy production; Hydroelectric Generation).

Mr. Laundergan continued, discussing Tasks associated with Customer Programs: Task 7 (Behind –the-meter deployment strategies); Task 8 (GoSolarSF incentives and projects); Task 9 (Net Energy Metering Tariffs); and Task 11 (Feed-in Tariffs and Power Purchase agreements). He moved onto Task 10 (Financing support) and concluded by discussing next steps.

Ms. Barbara Hale, Assistant General Manager (AGM), SFPUC Power Enterprise, emphasized points made by Mr. Laundergan. She stated the report reinforces a number of program design elements the SFPUC was considering for the Program. She emphasized five key points from the EnerNex Report: (1) Recommendation that the energy price be set and then figure out the mix of supply that the Program can afford; (2) Recognize that local requirements and preferences are going to be more expensive; (3) Phased implementation of the Program is smart with the two-tiered offering; (4) Price of basic tier be at PG&E rates and include build-out with expansion; and (5) investment in generation may impact rates and customer retention, both positive and negative.

She stated the SFPUC has been simultaneously working on a Power Business Plan, including CleanPowerSF, and one that will target the benefits of bringing Hetch Hetchy Power to San Francisco in a financially sustainably manner. She stated the Plan will be discussed with the SFPUC Commissioners in upcoming months, with a finished product in the spring.

She noted that, consistent with the EnerNex Report, staff proposes the development of a two-tiered Program offering to include the basic opt-out, as required by State law, and a "greener" option. She stated next steps are to advance the study work to program design; and that program design would lead with affordability. She indicated that staff is discussing necessary steps to operate at a commercial pace, including the need to modify contracting authority, to build a

portfolio of resources. She stated the rate setting and program design will be developed on a parallel track. In response to a question from LAFCo Commissioner Avalos, Ms. Hale stated that the parallel track will help expedite, but depending on other changes that can be made after rate setting, she believes a summer launch is not doable due to noticing requirements, contracting rules, and other considerations.

In response to a question from LAFCo Chair Avalos on different scenarios, Ms. Hale presented a timeline of next steps after the not-to-exceed rates are adopted. She discussed areas where time can and cannot be shaved off of the timeline. Discussion ensued on activities and parameters surrounding work to be done. LAFCo Commissioner Campos asked for a more aggressive goal and expressed concerns with the need to staff-up. He said that there can be work done to expedite contracting processes to assist in launching as soon as possible.

SFPUC Commissioner Vietor asked that staff return to the SFPUC Commission in February with a revised timeline, which shows rate-setting occurring no later than three months. She noted outreach and education can start soon.

GM Kelly stated that he wants a fast process, but he also wants a quality and successful launch. He stated the importance of notification process.

Commissioner Vietor asked a follow-up question regarding the opportunity for private financing. Mr. Laundergan stated there were opportunities and briefly discussed. She asked that the SFPUC look into those options.

LAFCo Commissioner Crews asked a question on the timeline for the not-to-exceed rates and build-out. AGM Hale provided response and brief discussion ensued.

SFPUC Commissioner Moran expressed his appreciation for the EnerNex Report. He thanked LAFCo and the consultants for their work. He recognized the sense of urgency and stated that City processes are in place to serve many interests, but there needs to be flexibility to change the program design in a competitive situation.

LAFCo Commissioner Mar thanked the consultant for their work. He stated a clear timeline with aggressive goals is needed and requested an expedited launch. He stated that education and outreach should start as soon as possible.

LAFCo Commissioner Campos stated it would be helpful for LAFCo to hear from LAFCo staff on their thoughts on the timeline. LAFCo Chair Avalos concurred.

Mr. Cal Broomhead, San Francisco Department of the Environment (SFDOE), discussed the Department's activities that intersect with the CleanPowerSF. He noted they are following proceedings with the California PUC that intersect with CleanPowerSF. He noted CleanPowerSF will provide integrated services to customers.

Mr. Fried thanked SFPUC and SFDOE for their assistance during the preparation of the Report and thanked the advocates for their comments. He discussed the setting of rates with the "light green" and "dark green" option and the best time to launch. He discussed a two-track rate setting process for the light and dark green options and indicated market research needs to be done to see what San Franciscans want with the dark green option, but to forward with a light green option. He discussed the City contracting and procuring energy market contracts, and the difficulty of doing both. He suggested that work with the BOS needs to be done to revise contracting process for CleanPowerSF.

Ms. Shawn Marshall, Lean Energy US, provided a brief review of the Marin and Sonoma programs. Additionally, she mentioned programs in the Bay Area and statewide which have, or will be implemented. She encouraged a fast launch due to favorable market conditions.

LAFCo Chair Avalos thanked everyone for their participation. He indicated he needed to leave the meeting and that LAFCo Commissioner Breed would be assuming the Chair.

Public Comments:

- *Woody Hastings, Center for Climate Protection, shared information on other CCA programs and encouraged the Commissions to move forward.*
- *John Rizzo, Sierra Club, thanked staff for the Report and encouraged the SF PUC to move forward with setting rates.*
- *Ryan Irwin requested the Commission to launch the program as quickly as possible.*
- *Jed Holtzman, 350 San Francisco, shared information on the climate action strategy and how energy efficiency can benefit it dramatically.*
- *David McCoard, Sierra Club, shared his concerns on the CleanPowerSF Program.*
- *Gwynn Mackellen, Sierra Club, encouraged the Commissions to set the rates and move forward with the launch of the Program.*
- *Ramsey Pringle shared how important the launch of the Program is to the environment.*
- *Jessica Torar, shared her concerns on the lack of engagement with the advocacy groups, but her support of the program. She wants a thoughtful rather than fast launch.*
- *Jess Ackerman, Sierra Club, shared her support of the program. She noted those individuals who had to leave and were unable to speak. She read statements from Lisa Illes and Tiffany (inaudible).*
- *Sheila Hernandez suggested the Program be launched before the election cycle.*
- *Al Weinrub, Local Clean Energy Alliance, shared his experience with the process and thanked LAFCo for their work to move the Program forward.*

- *Bruce Wolfe, Haight Ashbury Neighborhood Council/Clean Energy Alliance, shared his experiences with the Program's process and encouraged the lowering of rates.*
- *Willie Ratcliff, Rising Sun Development, expressed his desire for the Program to launch and the manufacturing to be done within San Francisco.*
- *Yen Sen Lee shared his concerns regarding the creation of jobs through the Program.*
- *David Cosio shared his concerns that the Program not be watered down.*
- *Eric Brooks, SF Green Party/Our City SF, shared his concerns regarding the delay of the Program and the need to set the rates and expedite the launch.*
- *Rebecca Evans thanked various Commissioners for their work on the Program and encouraged moving forward.*
- *Wendy Aragon, SFPUC CAC, shared her frustrations over the delay in moving forward and encouraged the Commissions to expedite the process.*
- *Karen Babbitt; requested the Commissions move forward with setting the rates soon and expedite the launch of the Program*.

LAFCo Commission moved, seconded and approved a motion to accept the EnerNex Report.

5. Staff report on the status of Pacific Gas & Electric Company's application before the California Public Utilities Commission (A.12-04-020) to establish a Green Option Tariff

   Ms. Hale discussed the status of PG&E's application before the CPUC to establish a Green Tariff Program. She stated CPUC has adopted the decision and that PG&E has 90 days to file advice letter with the CPUC, where details of their product offering will be made available.

   Public Comments:
   - *Eric Brooks, SF Green Party/Our City SF, shared his concerns regarding the delay in setting the Program rates because PG&E is moving forward.*
   - *Ryan Irwin shared his suggestions on how to move forward with setting the rates.*
   - *Bruce Wolfe shared his concerns on why the rates were not set before and encouraged the Commissioners to move forward.*
   - *Willie Ratcliff, Rising Sun Development, requested the Commissions move forward*.

6. Status update on the Board of Supervisors' Ordinance Electing to Study the Feasibility of Implementing Community Choice Aggregation by joining Marin Clean Energy (Ordinance No. 78-14-20)

   Mr. Fried introduced the item and noted that Supervisor Avalos introduced an Ordinance requesting that the Marin option be put aside and that the City implement its own program.

Public Comments:
None.

7. Approve Power Enterprise, Community Choice Aggregation Project-funded amendment to the Memorandum of Understanding (MOU) between the San Francisco Public Utilities Commission (SFPUC) and the San Francisco Local Agency Formation Commission (SF LAFCo). This amendment would extend the duties performed by SF LAFCo to monitor and advise the SFPUC and San Francisco Board of Supervisors regarding the progress of CleanPowerSF development and implementation; and authorize the General Manager to execute this amendment, with a term extension of two years, for a total MOU term of nine years. (Resolution 15-0023)

   Mr. Fried provided clarification on the action to be taken by both Commissions with regard to the MOU.

   Public Comments:
   - *Eric Brooks, SF Green Party/Our City SF, spoke in favor of the motion to approve the Amendment to the MOU and shared his suggestions on how to move forward to increase job creation.*
   - *Jed Holtzman, 350 San Francisco, expressed his support of the Amendment to the MOU.*
   - *David McCoard, Sierra Club, shared his support to extend the MOU and to keep the Program moving forward.*

   LAFCo Commission moved, seconded and approved a motion to direct staff to enter into the MOU with the SFPUC.

   Ms. Hale stated the MOU is a no-cost extension of the MOU with SF LAFCo and recommended approval.

   On Motion to approve the MOU extension:
   Ayes: Caen, Vietor, Courtney and Moran

   SFPUC Commissioner Courtney recognized the value of staff, specifically Mr. Jason Fried, for his work on CleanPowerSF.

8. General Public Comment
   - *Eric Brooks, SF Green Party/Our City SF, spoke to the appointment of the vacant ratepayer seat on the SFPUC.*

LAFCo Vice Chair Breed adjourned the meeting at 4:25 PM.