Approved Meeting Minutes

Tuesday, January 8, 2013
5:30 p.m. – 7:00 p.m.
525 Golden Gate 2nd Floor O'Shaughnessy Conference Room

*Members*

Doug Cain – Chair (D3)        Walt Farrell (D7)        Avni Jamdar (M-Env. Group)
Stephen Bjorgan (M-Eng./Financial)        Ted Ko (B-Small Business)

M = Mayoral appointment, B = Board President appointment

Staff: Teresa Young

**ORDER OF BUSINESS**

1. Call to order and roll call at 5:37 p.m. when quorum was achieved.
   Present: D.Cain; S.Bjorgan; W.Farrell;
   Absent: A.Jamdar; T.Ko;
   Staff Present: John Doyle, Charles Sheehan, Teresa Young

2. Approval of the *December 4, 2012* meeting minutes
   S.Bjorgan moved; W.Farrell seconded. Minutes approved by acclamation.


4. Report from the Chair: Doug Cain
   D.Cain encouraged members to consider recruiting another member to join the Power Subcommittee.
   D.Cain also requested to receive minutes from prior to when the agenda is sent out, so that members to have more time to review.

5. Staff report: Charles Sheehan
   To clarify today’s presentation about local Generation for 60 megawatts (MW), some of the proposed projects are located in the region as that’s where the bigger potential generation is. The locations are still City-managed, City-owned, but not necessarily local.

6. Presentation and Discussion: **Local Generation for 60 Megawatts**, John Doyle, SFPUC Power Enterprise
   Discussion and Q&A:
   S.Bjorgan: Is geothermal acreage out of our management?
   J.Doyle: Yes.
   C.Sheehan: The Power Enterprise did an extensive study.
   J.Doyle: That’s correct, we looked at our right of way between San Francisco and Moccasin.
   W.Farrell: If these projects are not economical, why do you think about them?
   J.Doyle: We think about them because there’s a large political constituency. But, because people are coming now offering projects like Central Valley for example, for 8 cents per kilowatt hour (KWh). They’re looking at building large project and they’re getting all of the incentives and special financing. They’ve
been able to get their costs down to something reasonably cheap.
W. Farrell: Doesn’t that cause environmental problems?
J. Doyle: It all depends on what environmental problems you’re talking about. Some of those problems could be about habitat (Mojave Desert Tortoise). It’s benign technology. Solar photo voltaic (PV) and solar thermal are pretty benign. Solar thermal needs water for cooling, so that may be a problem. If you’re going back to the manufacturing process, you can find some environmental problems. For example, the Chinese are dumping a lot of waste in nearby towns.
W. Farrell: You mentioned the Community Choice Aggregation (CCA), how is that coming along?
C. Sheehan: It is progressing. We are poised to set do not exceed rates with our Commission and the Board of Supervisors (BOS) within the next month or month and a half timeframe. After that, we would begin moving purchasing the energy. The rate setting is a big thing first.
S. Bjorgan: Do you know what the percentage of acreage is compared to what we own overall?
J. Doyle: I haven’t figured it out, but I can give you a rough estimate. This would take about a square mile of land. It’s probably 1 or 2 percent.
S. Bjorgan: These are the most optimal parcels we’ve found, correct?
J. Doyle: That’s correct.
S. Bjorgan: I built a project 25MW on 29 Palms. It just finished and will be energized next month. My point is that it’s being built for $2.15 a watt. We had to add a few cents for the Power Purchasing Agreement (PPA), but it’s not coming close to $6 to $7 a watt. This is without subsidies.
J. Doyle: These numbers are very conservative. If this project took place two years ago, the cost for your project at 29 Palms would have been doubled. These numbers could come down substantially.
S. Bjorgan: Since you’re on top of the energy efficiency topic, has the City issued any bonds for retrofitting municipal buildings? How is HVAC being financed?
J. Doyle: There were some bonds issued for this building. It is typically pay as you go. It gets funded two ways – we get an annual budget for energy efficiency, now it is shrinking. Other departments who have their own money have financed their own projects, SFO is an example. We’ve been involved as a consulting basis for SFO’s projects.
S. Bjorgan: There’s no concerted effort to on the part of the City to make municipal buildings more energy efficiency.
J. Doyle: There has been. In the last year and moving forward, SFPUC management decided there needs to be a big push on upcountry improvements. The upcountry infrastructure is in need of improvements, some transmission lines are 80 years old. We’re looking at an infrastructure that’s about 70-80 years old and a lot of upgrading needs to be done. Generators need to be refurbished, switch gears, etc. there’s a deliberate movement going toward upgrading that infrastructure, then energy efficiency. The more energy efficient projects we do, we’d have to sell excess power on the market and can only sell to municipal utilities, not PG&E or for-profit entities.
C. Sheehan: In the past 10 years, how many energy efficiency projects have we done?
J. Doyle: We do about 20-30 energy efficiency projects a year, so overall we’ve done a couple hundred. The past ten years, there has been a concerted effort for energy efficiency on municipal buildings. Now since we’re running out of money, departments are doing these projects themselves. It’s not money coming from us, but the departments. School districts have been using their own money to do energy efficiency projects in schools.
S. Bjorgan: We recently received a presentation on benchmark results at the previous Power CAC meeting, what is being done to change the emissions of greenhouse gases (GHG)?
J. Doyle: Electricity from the SFPUC comes from 90% hydro-energy and we’ve tried to improve, except HVAC and boilers.
D. Cain: I’m trying to understand the drive for the 60MW. In terms of zero GHG, is that the motivation for this?
C. Sheehan: Whenever there is the potential for a new customer or large customer, there is this potential for use this land for these projects. It’s waiting for a customer base.
J.Doyle: The caveat is that these are still intermittent technologies.
D.Cain: The eventual hope is that this will generate cheaper energy, then buying on the market?
J.Doyle: The hope is to get it down to a cheap price.
D.Cain: I’m also wondering what line items are in your budget (referring to S.Bjorgan’s project) and what’s in SFPUC’s?
J.Doyle: (To S.Bjorgan) Is this confidential information? I’d love to see it.
S.Bjorgan: I can share it. The land and Power Purchase Agreement (PPA) info is missing on it.
J.Doyle: How do you connect to the grid?
S.Bjorgan: I connect through Southern California Edison.
W.Farrell: Does the Power Enterprise pay for itself or does it need to be subsidized?
J.Doyle: It pays for itself.
C.Sheehan: Last year, we raised rates on our general fund customers to pay for upcountry upgrades. It’s looked at every other year.
J.Doyle: It’s a rate increase over 4 years. There’s a 10 year capital plan for a series of upgrades.
D.Cain: Are there near term upgrades by 2014?
J.Doyle: There are a whole series of items in the near term and another set five years or more.
D.Cain: I’m concerned that CCA won’t get the critical mass that it needs.
C.Sheehan: We’re doing a poll about price points. Our benefit is that PG&E rates generate 7.1-7.9 so that to our customer base the prices stay relatively flat, and combined with the latest price redraft with Shell the prices actually went down just a bit. All of this will go into the poll, and it worked in Marin and they had less than 20% customers that went back to PG&E.
D.Cain: If we drafted a resolution to encourage general fund departments to do more energy efficiency projects, how is the best way to go about that?
J.Doyle: If CCA did get going it would be a big encouragement for people to use power more efficiently. But mainly we are going to have to invest our money into energy efficiency as the supplier.

7. Future Agenda Items

   a. Wireless controls for streetlights – Mary Tienken
   b. Resolutions for future discussions - S.Bjorgan

8. Announcements/Comments – Next regularly scheduled meeting will be on Tuesday, February 5, 2013
   S.Bjorgan: last meeting you asked me to rewrite the proposal of the fee schedule. Does the subcommittee have to approve it before going to the full? I’m ready for the proposal when we have quorum.
   D.Cain: We can discuss that next month.

9. Adjournment at 6:36 p.m. S.Bjorgan moved; W.Farrell seconded.