ORDER OF BUSINESS

1. Call to order and roll call at 5:39 p.m. when Chair Doug Cain called the meeting to order.
   Present: D.Cain; S.Bjorgan; W.Farrell; T.Ko;
   Absent: A.Jamdar (excused);
   Staff Present: F.Lee; B.Hale; C.Sheehan; T.Young
   Public Members Present: D.Pilpel; Cal Broomhead from SF Environment

2. Approval of the February 5, 2013 meeting minutes
   W.Farrell moved; T.Ko seconded. Minutes approved by acclamation.

3. Public Comment: D.Pilpel is visiting as a member of the public.

4. Report from the Chair: Doug Cain
   We passed a resolution last month at the Full CAC. D.Cain will draft a cover letter to attach.
   S.Bjorgan will conduct more research on the other resolutions that were discussed at last month’s Power Subcommittee meeting. He will bring the draft resolutions and background information at a future Power Subcommittee meeting.

5. Staff report: C.Sheehan
   Staff is working on the rate setting process for CleanPowerSF. Staff is scheduled to present to the Commission in March to set rates. They will take action upon it in the near future. Staff is reaching out to community groups and organizations to schedule community meetings. He will share list of meetings that are already scheduled with the Power Subcommittee and is happy to take suggestions on other potential groups to meet with.

   **Switched order of items #6 and #7.

6. Presentation and Discussion: Power Enterprise Budget Update; Frances Lee, SFPUC Finance; Barbara Hale, AGM Power Enterprise
   Discussion and Q&A:

   D.Cain: Among those capital projects, does that include the renovation of the building for staff that would house the archives.
B.Hale: The new admin work determining preliminary issues around permitting and design are funded. They are in the 10 year capital plan. There are just early planning portion that are funded as part of these capital plans.

D.Cain: When are they funding construction?

B.Hale: I am unsure. That is part of the water enterprise.

D.Pilpel: That could be joint, correct?

B.Hale: It is a joint asset.

D.Cain: Capital projects such as?

B.Hale: On slide 9, for the Power portion of the project, we are looking at reductions in our capital plan in $8.3M. Where there is an increase in street lights there’s reductions in all other areas, and that is to make sure we have a balance funded capital plan.

W.Farrell: For the prior chart, I didn’t see anything for debt service.

B.Hale: On the power side, we have very small debt at this time. Right now we only have state funded loans.

W.Farrell: Do you have any bonded debt?

B.Hale: We don’t. We don’t have a credit rating, we haven’t gone out to the market. Our capital is almost exclusively funded through our net operating revenues.

D.Cain: What else contributes to the revenues?

B.Hale: For the power budget, it is our sales of electricity. We don’t have rental income, etc.

D.Cain: Why is GoSolarSF cut?

B.Hale: All of our programs were cut across the board two years ago. They continue to be funded at that level. For GoSolarSF, the legislation that established the program said it was to be funded capitally with $2-5M

S.Bjorgan: When was that legislation?

B.Hale: That was in 2007 – 2008, which established a 10 year program.

GoSolarSF was to be funded by the Commission with $2-5M.

S.Bjorgan: Prop B passed for renewables. What happened to that?

B.Hale: That’s a revenue bond, so you have to have the revenue stream in order to borrow. Because we don’t have a steady revenue stream, it was determined that it was not financially cost efficient to borrow. It didn’t make financial sense to take that authority. We don’t have that ability yet, but we’re getting very close to finance some of these activities. The GoSolarSF system we helped fund are not city assets, so I don’t believe we can use that financial capacity for that purpose either. But we could for the municipal local renewables that we fund, because those are systems that we own.

S.Bjorgan: Are the power systems bondable?

B.Hale: Not yet.

S.Bjorgan: Is the SFPUC is bondable?

B.Hale: The separate enterprises have the capability. The enterprises have a fund that they can demonstrate, a credible steady fund that they can borrow from. Historically we have had the inability to enforce rate increase so the financial community isn’t comfortable to lend more money.

W.Farrell: You can’t take from the water side, correct?

B.Hale: No.

T.Ko: I was at a solar taskforce meeting and there was discussion about GoSolarSF. Is that something as a subcommittee that we should hear?

B.Hale: Once we have established a staff proposal for changes in the program, we would present this to the Commission and also agendize it here. We are looking at how we can take that dedicated fund for GoSolarSF and make sure we are leveraging it in the best way that achieves the programs’ goals, such as: more renewables, affordability for low income, and lots of job components. We are looking at how to revise the program to have a broader reach.

T.Ko: What’s the timing?

B.Hale: I’m hoping by the end of April or early May, we will have a staff proposal that we can start getting feedback on.

D.Cain: The reason you’re essentially reducing the budget is that you’re building funds for CleanPowerSF, correct?

B.Hale: This is much more reflective in that historically the agency didn’t have the discipline to adopt money to make sure 10 year plans are funded, because we only recently been able to modify the rates to our general fund departments, we were able to catch up on what we were aspiring to spend.
W. Farrell: What is the Transbay?
B. Hale: “Transbay” is the Transbay Terminal that is being rebuilt and it is the electrical infrastructure to serve that terminal, which will increase revenues, because we are going to provide its power.
W. Farrell: Is this part of the central subway?
B. Hale: It is, but the money is only connected to the transit center.
W. Farrell: What do you mean they are not power assets?
B. Hale: They are not power enterprise assets as they are owned by Hetch Hetchy Water & Power (HHWP).
S. Bjorgan: Are there any goals other than the deadline? Metrics?
B. Hale: We’ve been asked to move the city toward 100% greenhouse-gas free (GHG-free) electric service. What that means is where these detailed points come to play. We’re looking to invest our efficiency and solar dollars that can move us there. The Community Choice Aggregation (CCA) comes to play. Ideas like PG&E’s green tariff program, we’re exploring that as well. We are looking at our continuing activities with PG&E, so that we can continue to provide clean Hetchy power to our municipal users. Those are all components of the electric resource plan and broader vision.
W. Farrell: Are you still under the cost of power?
B. Hale: Yes.
D. Cain: Are you going to seek increased rates from other enterprise departments?
B. Hale: The other enterprise department rates float with PG&E’s rate. SFO, as a result of a settlement, has had some of their airlines seeing a discounted rate from the other enterprises’ breaks that expire in 2013. Our capital plan assumes that rate increase.
D. Cain: Are there any possibilities of other profitable enterprises like the Port?
B. Hale: Because of our disputes with PG&E that remain unresolved, as the Port goes through their efforts to increase their tenancy, PG&E is fighting with us whether we can continue to be the power provider for the Port. There are redevelopment opportunities underway with the Port, where some of the redevelopment entities have approached us to be the power provider, such as Pier 70.
Public comment:
D. Pilpel: Do we have intervening facilities so that we are qualified as a power provider?
B. Hale: The concept of intervening facilities as part of federal regulation, the regulators have said anyone that can serve power can serve power under an open access régime to transmission. The entities that manage the transmission and distribution have to make their transmission and distribution system available to competitors. One of the figments of that regulation is that you must have facilities that intervene between the transmission and distribution and competing service provider. But this does not apply to things that existed before. For example, there are no intervening facilities at City Hall. For a new facility, we constructed intervening systems at the HP shipyard. If someone goes wrong on our side with our equipment, it doesn’t cascade on the PG&E system and vice versa. Once you demonstrate you have intervening system, you can say that you want this open access service and the utility has to provide it for you. That’s how we became the service provider for Hunters Point, and why we are investing at the Transbay center. We haven’t had to have intervening facilities for the rest of the load we’re serving. But as we move forward after the interconnection agreement with PG&E expires, we need to have intervening systems.
S. Bjorgan: Is that contained in the capital cost?
B. Hale: Yes. For other projected load that we committed to serve, it would show up in our 10 year capital plan.
D. Cain: I assume this is also part of the distributed generation.
B. Hale: They are not generating facilities, they are transmitting and metering.
D. Cain: Would storage become part of that?
B. Hale: It could become part of the investing, but is not part of the intervening systems.
D. Cain: Is there any federal funding of these facilities?
B. Hale: There isn’t at the intervening facilities. There are programs that encourage us to do storage, solar, and other energy efficiency.
W. Farrell: Do you have sufficient generation to meet your needs?
B. Hale: Yes, we occasionally buy some, but because certain times of the year where we are saving the water. We purchase very little when it is a regular water year.
D. Pilpel: I believe there is a complicated relationship that is called “water first”, but optimizes the scheduling of water and power. I really want to encourage this committee to support this second rate increase. Right now, the increase is in place and approved. We are in the first year. I’m suggesting a second batch of increases, which has been proposed but not yet approved by the Commission, to encourage and pass a resolution here and bring before the Full CAC. That would support the infrastructure upgrades.

B. Hale: While the General Fund departments are not covering the costs, the enterprise departments are paying more. We have a lot of pressure to continue to fund programs like GoSolarSF, energy efficiency and renewables, because those are good programs. Energy efficiency and renewables are part of our resource base. The primarily funding needs is to keep our generators and facilities operating.
D. Cain: I certainly will endorse a resolution to encourage rates.
T. Ko: Can you send us a link to the Electric Resource Plan?

D. Cain: I’d like to find out more information on the green test bed program. What are the metrics? How does it fit into the big picture dollars wise?
T. Ko: How does that measure out?
B. Hale: We’ve been working with planning folks. The two most active projects are the corridor projects, over on Bryant at 5th and 6th streets. The other active project is the plots of land that became available to the City when the freeway approaches to the old transit center were demolished and some of the other overhead freeway approaches that were demoed around that transit center. There are some disjointed lots there that are being redeveloped.
D. Cain: Is the solon project the other new solar project?
B. Hale: We have continuing funds for municipal renewable program. We are moving forward on the 700 Pennsylvania MUNI project. It is in final design and DPW will be constructing that. We are moving forward on getting a bid from DPW on constructing solar projects at City Hall and Davies Symphony Hall.
D. Cain: Can we have a presentation?
B. Hale: Lori Mitchell can present on solar projects.

7. Discussion of Future Resolutions
S. Bjorgan is conducting additional research to include with draft resolutions. A lot of the background information is from articles, but S. Bjorgan would like invite subject matter experts to provide additional information. For next month’s meeting, S. Bjorgan would like to invite Cal Broomhead from SF Environment to do a presentation on City financing of energy efficiency and renewable power initiatives.

8. Future Agenda Items
- Update on green test bed
- SFPUC solar projects
- Rate setting update
- SF Environment’s energy efficiency programs by Cal Broomhead
- SFPUC’s relationship with PG&E and vehicle to make changes how they manage their streetlights

9. Announcements: The next regularly scheduled meeting of the Power Subcommittee will take place on Tuesday, April 2, 2013.

10. Adjournment at 6:52 p.m. W. Farrell moved; T. Ko seconded.