San Francisco Public Utilities Rate Fairness Board

Minutes Friday, March 15, 2013

2:30 p.m. - 5:30 p.m.
1 Dr. Carlton B. Goodlett Place
City Hall, Hearing Room 408
San Francisco, CA 94102

1. Call to Order and Roll Call
Chair Kevin Cheng called the meeting to order at 2:45 p.m.

Present: Kevin Cheng, Howard Ash, Patricia Breslin, Donald Hilla, Linda Yeung, Risa Sandler, and Anthony Ababon

2. Public Comment: Members of the public may address RFB on matters that are within the RFB’s jurisdiction and are not on today’s agenda

Public Comment: None

3. Discussion and possible action regarding the approval of the minutes from the meeting held on March 1, 2013.

Member Yeung moved that the minutes, with minor edits from Vice Chair Ash, be approved, Member Hilla seconded.

4. Staff presentation regarding CleanPowerSF-related action items from the Rate Fairness Board meeting of March 1, 2013

Financial Planning Director, Crispin Hollings, reviewed the follow-up items from the March 1, 2013 presentation on Not-to-Exceed Rates and responded to questions from the Board.

In response to a question from member Sandler, Mr. Hollings confirmed that the PG&E service fees on slide 3 are different from the Power Charge Indifference Adjustment (PCIA) cost on slide 4. Member Sandler also requested a further breakdown of the City costs.

In reference to slide 6, Vice Chair Ash asked about how staff had developed the 408,000 MWh of potential CCA load represented on the slide. Mr. Hollings explained that this represented survey data showing an average of 47 percent of rate-payers who said they would “definitely” or “probably stay” with CleanPowerSF. Vice Chair Ash and member Ababon requested to see a more detailed breakdown of data, by tier, which showed the potential CleanPowerSF load. Interim CleanPowerSF Program Manager, Cheryl Taylor, provided the breakdown in an additional slide, a paper copy of which was subsequently provided to Board members.
In response to a request from Member Yeung, Communications Manager Charles Sheehan produced a copy of the heat map. In response to a question from Member Sandler, Mr. Hollings confirmed that the heat map counted as potential CPSF customers, both those who answered they would “definitely” or “probably” stay with CPSF.

Member Sandler asked about the PG&E green tariff rate on slide 8 and how current that rate was determined. Ms. Taylor responded that the rate was an estimate based on a PG&E filing with the California Public Utility Commission from the middle of last year.

Vice Chair Ash requested to see more specifics regarding a measureable local build-out.

Member Yeung requested a copy of the Local Power’s business case that was presented to the Commission on January 22nd.

Public Comment:

Jason Fried, LAFCo, stated that there was enough potential customer load available for a 20MW to 30MW program and that phase 1 would be a proof of concept.

David McCoard, Sierra Club, proposed that the SFPUC use Proposition H bonds to fund local build-out quickly and robustly, and the revenue from that build-out will pay for service in the bonds.

Hunter Stern, President, International Brotherhood of Electrical Workers, Local 1245, stated that he was concerned that the polling information was misleading because Shell was not mentioned as the supplier.

Eric Brooks, SF Green Party & Our City, stated that he was concerned about moving forward too quickly and encouraged the Board to wait until new polling information was available. Referring to a letter from Local Power to the SFPUC, he stated that he believed a full build-out was an important part of a full program.

Jessica Dervin-Ackerman, Sierra Club, stated that some of the information from the “Stop the Shell Shock” campaign was misleading. She also thanked the Board for drilling down on the make-up of the proposed Not-to-Exceed-Rate which Ms. Dervin-Ackerman said she believes is too high.

5. Discussion and possible action relating to Rate Fairness Board presentation to Commission regarding proposed CleanPowerSF Not-to-Exceed rates

Chair Cheng discussed his draft of the proposed Rate Fairness Board presentation to the Commission regarding CPSF not-to-exceed rates.

In response to a question from member Sandler, Chair Cheng stated that his plan would be to present to the Commission a summary of input to the Rate Fairness Board, from both staff and the public, regarding CPSF not-to-exceed rates.
Vice Chair Ash noted that at early hearings regarding CPSF the concept was to meet or beat PG&E rates and be greener than PG&E and that public comment from the Sierra Club was all positive. He said that his biggest concern was that there was the lack of a specific plan to develop a larger, more efficient and economical program.

Member Ababon noted that prior policy decisions regarding Renewable Portfolio Standard (RPS) requirements informed the level of the rate and limited the options about what kind of program that staff can create.

Member Yeung summarized some of the early goals of community choice aggregation including rates to meet or beat PG&E rates for all classes with long-term rate stability and a 51% renewables mix by 2017. Referring to the letter from Local Power to the SFPUC, member Yeung noted the recommendation therein to reduce the proposed rate.

Chair Cheng referred to a quandary between original program aspirations and the market reality. He added that the proposed program is technically fair and that, as a pilot, evidence suggests it will stand on its own and will be expanded citywide if successful. One challenge is that there have been so many constraints put into program design. He encouraged input to try and give as much feedback to the Commission on Rate Fairness Board hearings and deliberations thus far.

Member Breslin stated she thought that phase 1 is a fine pilot program but did not think a phase 2/3 premium program would be economically viable for the City, particularly commercial customers.

Vice Chair Ash stated the program was too much of a mixed bag for a thumbs-up or thumbs-down, however, the Rate Fairness Board was acting as a sunshine mechanism for this program.

Ms. Taylor responded to Member Hilla’s question on the launch date of the program noting that the current date of October 1, 2013, is not etched in stone. She added that there is a timeline that is presented to the Commission every two weeks. If the schedule holds, the SFPUC will sign the master agreement with Shell in July.

Member Hilla asked for more time to solve some of the outstanding issues.

Chair Cheng stated that there was consensus not to make a recommendation to proceed or not to proceed with the program but that Board could make recommendations for the program if it moves forward.

Member Breslin stated she believed the rates were technically fair but questioned whether or not they were viable and sustainable.

Vice Chair Ash said that the program covers its cost and appears to treat all customers the same.
Member Yeung echoed Member Hilla’s desire for more time as the Board was still lacking information such as the final heat map. She added that she would like to see rates that were both fair and competitive.

Chair Cheng said that the difference between this program and other considered by this board is that this program is not established. If the pilot is to succeed we have to have a plan to execute against and one that won’t sink it before it’s even started. He believes that these rates can come down only when the program becomes successful. The Board’s contribution to the Commission can be to recommend what the Board has heard at these public hearings. It is the Board’s obligation to try to build consensus to give one voice to the Commission.

Referring to earlier discussion regarding need for more time, member Sandler said that the Board must articulate those things we are looking for with the requested additional time.

Chair Cheng made some suggestions for revisions to the Board’s draft presentation.
1. Acknowledge that prior policy decisions constrain program parameters.
2. The current proposed rate may constrain expansion Phase 2.
3. Establish targets and goals that the Rate Fairness Board can review should the program move forward.
4. The Rate Fairness Board makes no recommendation regarding moving forward with this program.

Chair Cheng suggested that the board review the program after the first six months, after the second six months and annually thereafter.

Vice Chair Ash moved that the board authorize Chair Cheng to deliver the revised presentation, member Breslin seconded. The motion carried. Ayes = 7

Member Sandler left at 5:00pm

Public Comment:

Jason Fried, LAFCo Staff, expressed concern that the vote had been taken prior to public comment. He added that LAFCo board members shared some of the Rate Fairness Board’s concerns and that LAFCo was very interested in having this program get launched as soon as possible. He also noted that CCA law does not allow a pilot program and that the program needs to be a program in phases.

Hunter Stern, President, International Brotherhood of Electrical Workers, Local 1245, stated he appreciated the discussion regarding being stuck with a program only a few people can afford.

Eric Brooks, SF Green Party & Our City, urged the board to add a bullet point to the presentation to add some of the Local Power recommendations from their letter to the SFPUC.

Jessica Dervin-Ackerman, Sierra Club, stated that it’s important that financing of the build-out be part of the discussion on not-to-exceed rates.
David McCoard, Sierra Club, recommended the use of Proposition H bonds for a robust and fast build-out.

Vice Chair Ash rescinded his motion, and Member Breslin rescinded her second.

Vice Chair Ash moved that the Rate Fairness Board authorize the Chair to express, at the joint SFPUC/LAFCo meeting on March 25th, the thoughts and concerns that have been expressed here. Member Breslin seconded. The motion carried. Ayes = 7

6. Chair’s Report

Chair Cheng stated there was no report.

7. Discussion and possible action relating to other future agenda Items.

Chair Cheng requested a possible follow-up meeting sometime in the next couple months following a decision whether or not to proceed with the program. Mr. Hollings will confer with the Chair before setting a meeting agenda.

Public Comment:

Eric Brooks, SF Green Party & Our City, requested a presentation on AB117 that formed Community Choice Aggregation.

8. The meeting adjourned at 5:25 p.m.