APPENDIX A
[Ordinance establishing a Community Choice Aggregation Program to allow San Francisco to aggregate the electrical load of San Francisco electricity consumers and to accelerate renewable energy, conservation and energy efficiency.]

Ordinance establishing a Community Choice Aggregation Program in accordance with California Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, allowing San Francisco to aggregate the electrical load of electricity consumers within San Francisco and to accelerate the introduction of renewable energy, conservation and energy efficiency into San Francisco’s portfolio of energy resources.

Note: Additions are single-underline italics Times New Roman; deletions are strikethrough italics Times New Roman. Board amendment additions are double underlined. Board amendment deletions are strikethrough-normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. FINDINGS

The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

A. On September 24, 2002, the Governor signed into law Chapter 838 which authorizes any California city, county, or city and county, whose governing board so elects, to combine the electricity loads of its residents and businesses in a community-wide electricity buyers’ program known as Community Choice Aggregation.

B. Community Choice Aggregation is a method by which the City and County of San Francisco can help to ensure the provision of clean, reasonably priced and reliable electricity to San Francisco retail electricity customers.
C. San Francisco voters approved Proposition H in the November 6, 2001 General Municipal Election, adding Section 9.107.8 to the Charter, authorizing the Board to provide for the issuance of Proposition H revenue bonds ("H Bonds"), without further voter approval, for the purpose of financing or refinancing the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

D. The City has a public mandate and an urgent public health and environmental justice-based need to facilitate the rapid and large-scale development of renewable energy and conservation resources within the jurisdiction of San Francisco as part of a plan to retire old, inefficient and highly polluting fossil-fueled electricity generation plants currently located within San Francisco, as well as a social, ecological and economic need for stable electricity prices, reliability, reasonable electricity rates and sustainability.

E. In December, 2002, San Francisco adopted an Electricity Resource Plan calling for the development of 107 Megawatts of load reduction through electricity load management and efficiency measures, 31 Megawatts of in-City solar energy, 72 Megawatts of small-scale distributed generation such as fuel cells in San Francisco and 150 Megawatts of new wind energy imports by 2012, as well as new natural gas powered generation needed to close over 420 megawatts of power generating facilities at Hunters Point and Potrero power stations.

F. In March, 2002, San Francisco also adopted Resolution 158-02 directing the City to commit to a greenhouse gas pollution reduction of 20% below 1990 levels by the year 2012.

G. In September, 2003, the Local Agency Formation Commission accepted a report from R.W. Beck indicating that Community Choice Aggregation may be a feasible method of
benefiting consumers and developing renewable energy resources, conservation programs and energy efficiency.

H. Photovoltaic energy facilities and equipment, energy efficiency and energy conservation technologies provide viable and cost-effective means of reducing San Francisco's peak electricity needs in a pollution-free manner and provide an alternative to the development of fossil fuel electricity generation facilities beyond what is needed to retire older power plants in San Francisco.

I. As a Community Choice Aggregator, the City could have a significant additional means of increasing the scale and cost-effectiveness of conservation, energy efficiency and renewable energy in San Francisco.

J. Community Choice Aggregation provides a means of exercising local control over electricity prices, resources and quality of service, and designing local energy systems to protect against future blackouts and rate shocks.

K. It is important that the City and County of San Francisco act expeditiously to implement a Community Choice Aggregation regime in order to properly engage the CPUC in rulemaking related to Community Choice Aggregation.

Section 2. BACKGROUND

Under California law (Public Utilities Code § 366.2 and other sections of Chapter 838 of 2002, formerly AB117), for San Francisco to implement Community Choice Aggregation so that it may find a new electric service provider for the residents and businesses within its jurisdiction, the Board of Supervisors must proceed via a series of ordinances. The Public Utilities Code further provides the following:
A. The California Public Utilities Commission (CPUC) must establish rules by which any entity can seek to provide electricity aggregation service, now being undertaken in Rulemakings 03-10-003 and 01-08-028;

B. All electrical corporations must cooperate with entities investigating, pursuing or implementing Community Choice Aggregation, and provide them with billing and electrical load data, subject to rules established by the CPUC;

C. A Community Choice Aggregator may apply to become the administrator for cost-effective energy efficiency and conservation programs for its retail electric customers;

D. A Community Choice Aggregator must develop an Implementation Plan detailing the process and consequences of aggregation, which must be adopted by the Board of Supervisors at a duly noticed public hearing by ordinance;

E. Potential Community Choice Aggregation customers must be fully informed of the program and be given ample opportunity to opt out pursuant to Section 366.2(c)(11) of the Public Utilities Code;

Section 3. COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN

The San Francisco Public Utilities Commission and the San Francisco Department of the Environment (collectively, “Departments”) shall develop a Draft Implementation Plan for a Community Choice Aggregation (CCA) program for San Francisco for consideration by the Board of Supervisors.

A. Within 6 months of the effective date of this ordinance, the Departments shall submit a Draft Implementation Plan and schedule to the Board of Supervisors with a report on any CPUC or other developments that might impact the City’s effort to proceed with implementation of a Community Choice Aggregation. The Board of Supervisors may, by motion, extend the deadline for submission of the Draft Implementation Plan. In developing its
report to the Board of Supervisors, the Departments shall, at a minimum, address the following topics:

1. The appropriate scope and organizational structure for the program, its operations, and its funding;

2. City ratesetting mechanisms and other costs to participants;

3. The benefits of the program to San Francisco customers;

4. How the program can meet or exceed the renewable portfolio standard required of Pacific Gas & Electric Company under state law;

5. How the program can meet or exceed consumer protection standards required of Pacific Gas & Electric Company by the CPUC, including provisions for disclosure and due process in setting rates and allocating costs among participants and rights and responsibilities of program participants, including credit issues and shutoff procedures;

6. How the program will provide information about any third parties that will be supplying electricity or providing other services under the program, including information about financial, technical and operational capabilities;

7. Termination of the program;

8. What functions of the program should be performed by entities other than the City, including an Electric Service Provider (ESP) or its subcontractors;

9. Appropriate contract and bid requirements, including:
   I. A desired portfolio of resources that exceeds goals for energy efficiency, renewable energy, peak shaving and load management provided for in the City's adopted Electricity Resource Plan;
   II. Recommended contract periods designed to optimize meeting or exceeding Electricity Resource Plan goals and to provide a reasonable repayment schedule for debt;
III. A requirement that bids include proposals for rate design, with all costs and profits associated with providing the various components of its proposed service package, including the costs of designing, building, operating and maintaining all renewable energy, conservation and energy efficiency installations, as well as any capital, insurance and other costs associated with fulfilling the commitments made in its bid.;

IV. Recommended bid evaluation mechanisms that will encourage respondents to compete based on the environmental and local economic benefits of their proposed portfolio of energy resources; and

V. Recommended contract provisions that will provide financial incentives to the City’s Electric Service Provider, if one is selected, to accelerate deployment of and/or expand the energy efficiency and renewable energy components of its proposed energy portfolio.

B. With the assistance of City finance staff, the Departments shall determine how Proposition H Bonds may be used to augment CCA by providing financing for renewable energy and conservation projects, including a bond-repayment schedule based on anticipated revenues collected from monthly electric bills and other sources.

C. With the assistance of the City Attorney, the Departments shall continue to participate in any applicable proceedings at the CPUC on adopting rules for implementing community choice aggregation and other relevant proceedings.

D. The Departments shall collect electrical load data, including, but not limited to, data detailing electricity needs and patterns of usage, as determined by the California Public Utilities Commission, and in accordance with procedures established by the California Public Utilities Commission. Such data may include, but are not limited to, the following:

1. Energy consumption for each customer class for a given period of time;
2. Residential and nonresidential load shapes and most recent hourly load shapes;

3. Dynamic and static load profiles posted daily at PG&E’s website by rate categories;

4. Number of current IOU customers;

5. Sum of customer non-coincident demand (kW or MW). (This data is used for calculating group diversity factors. The degree of diversity affects the utility's system requirements.);

6. Coincident peak demand (kW or MW) including the time of day and date (This data is used to determine the size of procurement contracts as well as revenue allocation and rate design.);

7. Electric load (kW or MW) for each hour of the year (8760 hourly loads) based on the most recent 12 months of load research. (This data provides information on the basic load shape for customer classes within a specific community or area of the community.);

8. Energy billing determinants (kWh) for each season and time of use period that applies to the tariff schedule (e.g. summer peak, summer partial peak, summer off-peak, winter peak, winter partial peak, winter off-peak, etc); and

9. Any other data the Departments deem necessary.

E. The Departments shall provide a copy of the report to the San Francisco Local Agency Formation Commission for review and comment to the Board of Supervisors.

F. The Board of Supervisors may adopt and/or amend the Draft Implementation Plan at a duly noticed public hearing by ordinance.

Section 4. COMMUNITY CHOICE AGGREGATION SOLICITATION PROCESS
Within 9 months of the effective date of this ordinance, provided the Board of Supervisors has adopted a CCA Implementation Plan pursuant to Section 3, the Departments shall submit to the Board of Supervisors for review and approval a Draft Request for Proposals (RFP) for a Community Choice Aggregation (CCA) program for San Francisco for use by prospective Electric Service Providers in submitting proposals to implement the City’s adopted Implementation Plan. The Board of Supervisors may, by motion, extend the deadline for submission of the Draft RFP.

A. The Draft RFP shall include the following:

1. All appropriate billing and load data collected from PG&E pursuant to Section 2 of this ordinance;

2. Notice of the CPUC’s findings regarding any cost recovery that must be paid by customers participating in the City’s CCA to prevent a shifting of costs, based on a ninety day Implementation Plan certification process pursuant to Section 366.2(c)(7) of the Public Utilities Code; and

3. Any subsidies or financing available from the CPUC, the California Energy Commission, the federal government or the City.

B. Notification of the RFP shall be posted in at least one industry-recognized national publication upon its adoption by the Board.

C. The RFP shall solicit bids from Electric Service Providers pursuant to section 366.2(c) of the Public Utilities Code.

D. The RFP shall require that bids by prospective Electric Service Providers shall include a proposed rate design, with all costs and profits associated with providing the various components of its proposed service package, including the costs of designing, building, operating and maintaining all renewable energy, conservation and energy efficiency installations, as well as any capital, insurance and other costs associated with fulfilling the
commitments made in its bid, to be reflected in a per kilowatt hour rate schedule that is comparable to PG&E’s rate schedule and consistent with the resource portfolio requirements and rate-setting mechanisms contained in the City’s adopted Implementation Plan.

E. The RFP shall require that qualifying Electric Service Providers post a bond or demonstrate insurance sufficient to cover the cost of reentry fees in the event that customers are involuntarily returned to service provided by PG&E, pursuant to section 394.25(e) of the Public Utilities Code, and shall bid an insured electricity rate schedule, similar in structure to that appearing on monthly PG&E bills, which conforms to the City’s rate-setting mechanism as adopted in its Implementation Plan, pursuant to 366.2.(c)(3) of the Public Utilities Code.

F. The RFP shall specify that no bid shall be accepted as qualified that does not meet the requirements of the state’s Renewables Portfolio Standard law, section 399.12 of the Public Utilities Code.

G. Bidders responding to the City’s RFP may have recourse to the use of Proposition H bonds to finance renewable energy and conservation projects that meet the requirements of the city’s Implementation Plan, and may include in their bids a proposed schedule for the board to authorize the issuance of Proposition H bonds, as well as a bond-repayment schedule to repay its proposed renewable energy and conservation facilities, based on anticipated revenues collected from monthly electric bills through a proposed rate design and other eligible funding sources, in order to meet the City’s energy resource portfolio requirements and rate-setting mechanism as outlined in this ordinance and elaborated by the Draft Implementation Plan.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:  
Joseph P. Como  
Deputy City Attorney

Supervisor Tom Ammiano, Supervisors Maxwell and Gonzalez
BOARD OF SUPERVISORS

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2/26/2004
Ordinance establishing a Community Choice Aggregation Program in accordance with California Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, allowing San Francisco to aggregate the electrical load of electricity consumers within San Francisco and to accelerate the introduction of renewable energy, conservation and energy efficiency into San Francisco's portfolio of energy resources.

May 11, 2004  Board of Supervisors — PASSED ON FIRST READING
Ayes: 10 - Alioto-Pier, Daly, Duffy, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval
Excused: 1 - Ammiano

May 18, 2004  Board of Supervisors — FINALLY PASSED
Ayes: 9 - Daly, Duffy, Gonzalez, Hall, Ma, Maxwell, McGoldrick, Peskin, Sandoval
Absent: 2 - Alioto-Pier, Ammiano
I hereby certify that the foregoing Ordinance was FINALLY PASSED on May 18, 2004 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

MAY 27 2004
Date Approved

Mayor Gavin Newsom
FILE NO. 070777

ORDINANCE NO. 146-07

[Adopting Community Choice Aggregation Governance Structure.]

Ordinance Adopting a Community Choice Aggregation Governance Structure.

Note: Additions are *single-underline italics Times New Roman*; deletions are *strikethrough italics Times New Roman*. Board amendment additions are *double underlined*. Board amendment deletions are *strikethrough normal*.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Governance of the Community Choice Aggregation Program

(a) Management and control of the Community Choice Aggregation (CCA) Program will be undertaken by the San Francisco Public Utilities Commission (SFPUC), pursuant to its responsibilities and authority under the Charter.

(b) The Board of Supervisors intends to ask the Local Agency Formation Commission (LAFCO) to monitor the implementation process and advise the SFPUC and the Board of Supervisors regarding the progress of CCA development and implementation. To the extent the LAFCO agrees, the LAFCO will assist with the startup of the CCA Program and advise the Board of Supervisors, SFPUC and other agencies regarding all aspects of development, implementation, operation and management of the CCA Program, as established by Ordinance 86-04, this Ordinance and any subsequent ordinances. Such advice may address the following:

1. Complying with applicable requirements established by the Public Utilities Code, decisions of the California Public Utilities Commission (CPUC), and the Charter and Municipal Codes, as well as other applicable laws.

Supervisor Mirkarimi, Ammiano, /Da/

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6/7/2007
2. Reviewing the Request for Information (RFI) and the Request for Proposals (RFP) as well as responses and proposals received in response to the RFI and RFP.

3. Considering potential modifications to the CCA Draft Implementation Plan in light of additional information and further progress in development of the CCA Program.

4. Applying for and accepting grants, fees and other allocations from federal, state, and local agencies and private entities that may be available for the advancement or benefit of the CCA Program.

5. Acquiring any real property or property rights necessary or convenient for the development, implementation, operation and management of the CCA Program.

6. Issuing revenue bonds or approving other debt necessary to fund elements of the CCA Program.

7. Negotiating and contracting with energy suppliers and other entities for services necessary to develop, implement, operate, and manage the CCA Program as described in the IP.

8. Recommending for or against acceptance of an RFP respondent's proposed rates for the CCA Program.

9. Entering into cooperative or joint development agreements with other public or private entities for any purpose necessary or convenient for the development, implementation, operation, and management of the CCA Program.

10. Presenting and promoting the CCA Program to the public, the media, and governmental and regulatory entities.

11. Adopting policies and procedures to govern the development, implementation, operation and management of the CCA program, including the following:

Supervisor Mirkarimi, Ammiano

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(A) Measures necessary to protect the confidential data of each customer;
(B) Procedures for handling and responding to customer complaints;
(C) Financial management protocols;
(D) Budgetary requirements;
(E) Procedures for reporting to the Board of Supervisors on a regular basis.

12. Collection of electrical load data, including, but not limited to data detailing electricity needs and patterns of usage, as determined by the CPUC.

13. Reviewing the finances or performance of any aspect of the CCA program undertaken by the SFPUC and reporting the results of any such review to the Board of Supervisors with recommendations as to policy, staffing or budgetary changes.

14. Requesting from SFPUC data and work product obtained and/or developed by SFPUC which is necessary for LAFCO to conduct its advisory functions. LAFCO or its representatives shall be bound by any confidentiality agreements pertaining to such data and work product.

(c) The SFPUC should report to LAFCO on the progress of CCA implementation as requested by LAFCO, but in no case less frequently than quarterly. Should the SFPUC fail to report as specified herein, LAFCO may recommend to the Board of Supervisors any action that LAFCO deems may compel compliance.

Section 2. Future Steps

Before making a final commitment to proceed with offering CCA service to San Francisco customers, the Board of Supervisors will consider projected costs, risks and benefits of this program to CCA customers, SFPUC and other city agencies, and the City's general fund. In addition, the Board of Supervisors must ensure that the provision of CCA

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service to San Francisco customers can be reasonably expected to deliver significant benefits at a reasonable cost.

APPROVED AS TO FORM:
DENNIS J. HERRERA
City Attorney

By: [Signature]
Deputy City Attorney

Supervisor Mirkarimi, Ammiano

BOARD OF SUPERVISORS
Ordinance Adopting a Community Choice Aggregation Governance Structure.

June 12, 2007  Board of Supervisors — PASSED ON FIRST READING
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsberad, Jew, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval

June 19, 2007  Board of Supervisors — FINALLY PASSED
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsberad, Jew, Maxwell,
McGoldrick, Mirkarimi, Peskin, Sandoval
I hereby certify that the foregoing Ordinance was FINALLY PASSED on June 19, 2007 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay
Interim Clerk of the Board

Date Approved: JUN 28 2007

Mayor Gavin Newsom
[Adopting Community Choice Aggregation Draft Implementation Plan and Adopting Further Implementation Measures.]

Ordinance adopting a Community Choice Aggregation Program Description and Revenue Bond Plan and Draft Implementation Plan, establishing key aspects of the Community Choice Aggregation Program, and adopting further implementation measures.

Note: Additions are single-underline italics Times New Roman; deletions are strikethrough italics Times New Roman. Board amendment additions are double underlined. Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Findings

(a) San Francisco's Efforts to Become a CCA.

1. Pursuant to California Public Utilities Code Section 366.2, a city may become a Community Choice Aggregator (CCA) to provide electric power and related services to the electric customers located within its jurisdiction. As a CCA, the City and County of San Francisco (San Francisco) would aggregate the electric power loads of its citizens and businesses in accordance with state law. San Francisco would provide electric generation and related services to electric customers while responsibility for transmission, distribution, meter-reading, and billing for those customers would remain with Pacific Gas and Electric Company (PG&E).

2. Pursuant to Section 9.107.8 of the Charter the Board of Supervisors may provide for the issuance of revenue bonds to "finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable
energy and energy conservation” without the voter approval otherwise required for the issuance of revenue bonds.

3. In Ordinance 86-04 the Board of Supervisors established a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco and directed City departments to investigate the use of bonds issued under Section 9.107.8 of the Charter to augment CCA.

4. The Public Utilities Code requires that a prospective CCA adopt an Implementation Plan (IP) "detailing the process and consequences of aggregation." Sections 366.2(c)(3) and (4) set forth a number of detailed requirements for the contents of such a plan. This IP is to be adopted in a public hearing and filed with the California Public Utilities Commission (CPUC).

5. Local Power, a local advocacy organization, and the San Francisco Public Utilities Commission (SFPUC) submitted proposed CCA Implementation Plans to the Local Agency Formation Commission (LAFCO) in the summer of 2005. LAFCO referred Local Power’s plan to the Board of Supervisors “with recommendation” and adopted a subsequent resolution reflecting elements of the SFPUC’s plan. The Budget Analyst submitted a report comparing Local Power’s plan to SFPUC’s plan in 2006, and SF LAFCO commissioned a report by Nixon Peabody in November of 2005 analyzing the use of revenue bonds to augment CCA, and also analyzing the City Charter to evaluate the option of a CCA Board of Control as a legal mechanism to implement the startup of CCA. LAFCO accepted the recommendations of Nixon Peabody’s report, referring it to the Board of Supervisors, after which it was approved.
by a March 8, 2006 resolution of the CCA Task Force, created in 2004 by the Board of
Supervisors to advise the Board of Supervisors and Mayor on the CCA IP and subsequent
Request For Proposals (RFP). Finally, the Mayor's office hosted a working group including
Supervisors, SFPUC staff, Department of the Environment (SFE) staff and interested parties
and advocacy groups, including Local Power, Greenpeace, and the Sierra Club, to develop
the CCA IP dated April 17, 2007. This document was updated with technical corrections and
is now dated June 6, 2007. The document adopted by this ordinance is a two-part document
which 1) describes the process the City will pursue in becoming a CCA and 2) includes a Draft
Implementation Plan attached as Appendix A to be completed in accordance with the process
described and adopted pursuant to Public Utilities Code Section 366.2. This document is
adopted by this ordinance as a Community Choice Aggregation Program Description and
Revenue Bond Action Plan and Draft Implementation Plan.

6. This IP discusses the legal and factual background of CCA, sets forth goals and
policies for the CCA Program, and delineates further steps necessary for completing the start-
up of San Francisco's CCA Program. It provides for both issuing an RFP and advising the
Board of Supervisors and Mayor on the best response to the CCA RFP. This creates a basis
on which to approve a multi-decade energy services contract that will include investing $1.2
billion of revenue bonds, to the extent feasible, into new green power facilities for San
Francisco, most of them physically located within the City and County of San Francisco. This
document, the San Francisco CCA Program Description and Revenue Bond Action Plan and
Draft Implementation Plan, dated June 6, 2007, with Appendices and Attachments, is on file
with the Clerk of the Board in File No. 070501, and is declared to be a part of this ordinance
as if set forth fully herein.

7. The Board of Supervisors intends to approve a final IP, a subsequent CCA RFP as
per Ordinance 86-04, a new supplier contract, and a Binding Notice of Intent to take

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customers to be submitted as per CPUC Decisions D.04-12-046 (December 15, 2004) and D. 05-12-041 (December 16, 2005) in Rulemaking R.03-10-003.

8. In the event that the SFPUC does not act in within the timeframe set forth hereafter for the issuance of a Request For Information (RFI), LAFCO may recommend to the Board of Supervisors issuance of a LAFCO drafted RFI. Upon closure of the RFI response period, the SFPUC, in consultation with LAFCO, should prepare the RFP in a timely manner. In the event that the SFPUC fails to submit a draft RFP to LAFCO for consideration in a timely manner, LAFCO may recommend to the Board of Supervisors issuance of a LAFCO drafted RFP. The time period for issuance of the RFP shall not be less than sixty (60) days. In the event that the SFPUC fails to act in good faith in review of RFP responses and recommending a supplier based thereon, LAFCO may recommend a supplier to the Board of Supervisors.

(b) Key Aspects of the CCA Program.

1. A CCA RFP will set as a bidding requirement that each qualifying energy supplier must include within its proposed rates, including all costs, a rollout of 360 Megawatts (MW) of renewable electric resources, comprised of at least 31 MW of solar photovoltaic cells, 72 MW of local renewable distributed generation such as fuel cells, and 107MW of local energy efficiency and conservation measures, along with investment in a 150 MW wind turbine farm, all of which may be financed with City revenue bonds issued without voter approval pursuant to Charter Section 9.107.8, to the extent feasible.

2. Upon approval by the Board of Supervisors, the City will issue revenue bonds pursuant to Charter Section 9.107.8, to the extent feasible, to finance the 360 Megawatt rollout.

3. The CCA supplier must bid electric generation rates that will “meet or beat” current PG&E generation rates for each rate class; these electric generation rates charged to CCA
customers shall include the CCA supplier’s power costs, the administrative costs and profit of
the supplier, the repayment of revenue bonds or other funding of the roll-out, and all other City
CCA-related costs. Thereafter the CCA supplier shall commit to a structured long-term rate
intended to meet or beat PG&E’s electric rates. Such structured rates may be in the form of
tiered rates: an indexed generation rate that can never exceed that of the incumbent utility, a
rate that increases at a fixed annual percentage or any other such tier(s) as the RFP
respondent CCA supplier deems economically sound to its business model. Bids must also
include the ultimate CCA electric bill rates, which will also include the Cost Responsibility
Surcharge that will be imposed by the CPUC.

4. The supplier will be a single contractor, providing all required services at its own
risk, and may hire subcontractors to provide services and work connected to any components
of its CCA portfolio. The supplier will be required to provide appropriate financial assurances
(payment/performance bonds, guarantees, or letters of credit) to secure its performance, and
also to cover the cost of any re-entry fees in the event that a worst-case program failure
scenario occurs, and customers are involuntarily returned to service provided by PG&E.

5. The term of the contract with the supplier or the revenue bond repayment term is
not set a priori by the plan, but is expected to be fifteen years or longer for a viable revenue
bond repayment. The SFPUC will seek input from prospective suppliers and establish
contract durations and financing terms in the RFP.

6. The CCA Program is committed to universal access; therefore all the electric
customers within the City and County of San Francisco will have an opportunity to become
CCA customers, except ineligible customers as defined by state regulation such as those who
receive Direct Access service. The City may consider opportunities to sell available SFPUC
capacity to the CCA, or otherwise seek to make existing or new capacity available, whether
Hetch Hetchy capacity or in-city solar capacity.

7. The CCA Program is committed to reliably serving its generation customers. This
will occur in two ways. First, the emphasis on in-city generation as a major element of this
plan may provide opportunities to decrease the impacts of blackouts at the individual
customer and neighborhood levels. Second, the City’s CCA will be required to meet
Resource Adequacy Requirements (RAR) established by the CPUC. However, the San
Francisco CCA will not be able to directly react or respond to the vast majority of interruptions
of electric power that occur due to distribution or transmission level problems which remain
the responsibility of PG&E under state law.

8. The CCA Program is committed to providing equitable treatment of all classes of
CCA customers. There will be no discrimination among customer classes in setting CCA
rates. However the CCA will seek opportunities to site renewable generation at customer
sites or to offer particular customers customized CCA rates, where such opportunities are
demonstrated to be of benefit to the entire CCA program and therefore all CCA customers. In
addition, the CCA Program will include provisions for low-income ratepayer assistance.

9. The CCA Program is committed to meeting or in some cases exceeding applicable
State of California requirements for Load Serving Entities (LSE’s) for Renewable Portfolio
Standards (RPS), RAR, and Greenhouse Gas Emissions, and sets a goal of a 51%
Renewable Portfolio Standard by 2017 that includes energy efficiency, solar photovoltaics and
renewable distributed generation, rather than the 20% by 2017 RPS that PG&E is required to
attain under state law.

10. The CCA Program may be able to secure funds for energy efficiency programs
that are currently administered by PG&E. PG&E collects these funds from its customers
through a Public Goods Surcharge. San Francisco, through SFE, currently partners with PG&E to implement energy efficiency programs in San Francisco using a portion of these funds. Direct control of these funds by the CCA Program would maximize the local benefits of funds contributed by local customers. The City will aggressively pursue allocation of these existing ratepayer funds to the City’s CCA Program.

Section 2. As set forth herein and to the extent consistent with all applicable laws, the Board of Supervisors adopts the attached document dated June 6, 2007 as a CCA Program Description and Revenue Bond Action Plan and Draft Implementation Plan. Modifications to this document and additional work will be required before submission of a revised IP to the CPUC at the appropriate time.

The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the suppliers, costs, and financing mechanisms, among other things, from the Request for Information (RFI) that will be issued following adoption of this ordinance as well as from other work performed in connection with the CCA Program.

Section 3. The Board of Supervisors establishes the following next steps toward implementation of a CCA Program:

(a) The SFPUC should issue a RFI to solicit input from interested parties regarding the development and implementation of a CCA Program within 20 days of the effective date of the adoption of this ordinance.

(b) The SFPUC, in consultation with LAFCO, should begin drafting a Program Basis Report and RFP to solicit potential CCA suppliers as described in Sections 4(A)-(G) of Ordinance 86-04, and the Draft IP. The RFP should also contain specific reference to the recently enacted AB 32 (The Global Warming Solutions Act) in order that respondents may
leverage financial incentives provided therein. The Program Basis Report and RFP should incorporate information from the RFI.

(c) The SFPUC and City Attorney should continue monitoring/participating in legislative and regulatory activities that may impact the CCA Program.

(d) The SFPUC, in consultation with LAFCO, should draft for approval by the Board of Supervisors and submission to the CPUC a revised IP that is consistent with this ordinance, the companion ordinance adopting a CCA Governance Structure and all applicable requirements. The revised IP should reflect additional information received through the RFI/RFP process.

Section 4: Before making a final commitment to proceed with offering CCA service to San Francisco customers, the Board of Supervisors will consider projected costs, risks and benefits of this program to CCA customers, SFPUC and other city agencies, and the City's general fund. In addition, the Board of Supervisors must ensure that the provision of CCA service to San Francisco customers can be reasonably expected to deliver significant benefits at a reasonable cost.

APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney

By: Deputy City Attorney

Supervisors Ammiano, Mirkarimi
BOARD OF SUPERVISORS

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6/12/2007
City and County of San Francisco

Tails

Ordinance

File Number: 070501 Date Passed:

Ordinance adopting a Community Choice Aggregation Program Description and Revenue Bond Action Plan and Draft Implementation Plan, establishing key aspects of the Community Choice Aggregation Program, and adopting further implementation measures.

June 12, 2007 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Jew, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

June 12, 2007 Board of Supervisors — PASSED ON FIRST READING AS AMENDED

Ayes: 9 - Ammiano, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 2 - Alioto-Pier, Jew

June 19, 2007 Board of Supervisors — FINALLY PASSED

Ayes: 9 - Ammiano, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

Noes: 2 - Alioto-Pier, Jew
I hereby certify that the foregoing Ordinance was FINALLY PASSED on June 19, 2007 by the Board of Supervisors of the City and County of San Francisco.

Kay Gulbengay
Interim Clerk of the Board

JUN 28 2007
Date Approved

Mayor Gavin Newsom
[Approving Issuance of an RFP for Clean Power SF.]

Ordinance approving issuance of a Request for Proposals for Community Choice Aggregation (CCA) Services for the San Francisco CCA program, commonly known as CleanPowerSF.

NOTE: Additions are single-underline italics Times New Roman; deletions are strike-through italics Times New Roman. Board amendment additions are double-underlined; Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background.

A. Ordinance 86-04 established a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco and directed City departments to investigate the use of bonds issued under Section 9.107.8 of the Charter to augment CCA. Ordinance 86-04 also stated that the Board of Supervisors would review and approve a Draft Request for Proposals (RFP) for a CCA program and established certain requirements for the RFP.

B. Ordinance 147-07 set forth requirements for the CCA program based on a June 6, 2007 Program Description and Revenue Bond Action Plan and Draft Implementation Plan. (Draft IP) The Ordinance stated that "The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In
particular, the Board of Supervisors expects that the City will gain additional material
information regarding the suppliers, costs, and financing mechanisms, among other things,
from the Request for Information (RFI) that will be issued following adoption of this ordinance
as well as from other work performed in connection with the CCA Program." (Page 7, lines
11-16.)

C. As required by Ordinance 147-07, the Public Utilities Commission (PUC) issued
a Request for Information (RFI) from potential suppliers in November 2007. In April 2009 the
PUC issued a Request for Qualifications (RFQ) from potential suppliers.

D. At a joint meeting on September 25, 2009, the PUC and the San Francisco
Local Agency Formation Commission (LAFCo) considered documents submitted by their
respective staffs related to issuance of an RFP, which documents are on file with the Clerk of
the Board of Supervisors in File No. 091161.

E. The PUC and LAFCo directed their respective staffs to work together to finalize
expeditiously an RFP seeking suppliers to implement a CCA program for San Francisco. The
PUC and LAFCo directed that the RFP clearly identify all CCA program goals, state a strong
preference that all proposers meet all program goals, and ensure that any qualified proposals
that meet all CCA program goals will receive more points than proposals that do not meet all
CCA program goals.

F. Ordinance 146-07 provides that the LAFCo may consider and make
recommendations to the PUC and Board of Supervisors regarding the RFP. The LAFCo
intends to consider the Draft RFP on October 16, 2009, and provide recommendations to the
Board of Supervisors by separate LAFCo Resolution.

Section 2. Approvals.

A. The Board of Supervisors finds that it is reasonable to allow some flexibility in
meeting the CCA RFP requirements and program criteria set forth in Ordinances 86-04 and
147-07, consistent with the direction provided by the PUC and LAFCo on September 25, 2009, in order to encourage robust responses and to facilitate a successful CCA program.

B. The Board of Supervisors authorizes the General Manager of the PUC, in consultation with the Executive Officer and the Chair of the LAFCo, to issue an RFP for services to implement CleanPower SF.

C. The Board of Supervisors authorizes further approvals which may be required under this Ordinance or Ordinances 86-04, 146-07, and 147-07, to be made by Resolution of the Board of Supervisors to the extent otherwise permitted by law.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By:
THERESA L. MUELLER
Deputy City Attorney
Ordinance approving issuance of a Request for Proposals for Community Choice Aggregation (CCA) Services for the San Francisco CCA program, commonly known as CleanPowerSF.

October 27, 2009 Board of Supervisors — PASSED, ON FIRST READING
Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi
Absent: 1 - Daly

November 3, 2009 Board of Supervisors — FINALLY PASSED
Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi
I hereby certify that the foregoing Ordinance was FINALLY PASSED on November 3, 2009 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

11-10-09
Date Approved

Mayor Gavin Newsom
[Adopting Implementation Plan for CleanPowerSF.]

**Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.**

NOTE: Additions are single-underline italics Times New Roman; deletions are strike-through italics Times New Roman. Board amendment additions are double-underlined; Board amendment deletions are strikethrough normal.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Background

A. Ordinance 86-04 established and elected to implement a Community Choice Aggregation (CCA) program pursuant to Public Utilities Code Sections 218.3, 331.1, 366, 366.2, 381.1, 394, and 394.25, finding that CCA provides a means by which the City may help ensure the provision of clean, reasonably priced, and reliable electricity to San Francisco customers. Ordinance 86-04 further found that a CCA Program could provide a means for the City to increase the scale and cost-effectiveness of conservation, energy-efficiency and renewable energy in San Francisco. Ordinance 86-04 directed City departments to develop a draft Implementation Plan (IP) and to prepare a draft Request For Proposals (RFP) to solicit an electricity supplier for the program.

B. Ordinance 147-07 continued implementation of a CCA program by adopting a June 6, 2007 Program Description and Revenue Bond Action Plan and Draft Implementation Plan (Draft IP) and setting forth requirements for the CCA program based on the Draft IP. The Ordinance stated that "The Board of Supervisors expects to consider modifications to the Draft IP as the development of the CCA Program progresses. In particular, the Board of Supervisors expects that the City will gain additional material information regarding the
suppliers, costs, and financing mechanisms, among other things, from the Request for
Information (RFI) that will be issued following adoption of this ordinance as well as from other
work performed in connection with the CCA Program." (Page 7, lines 11-16.) The Ordinance
directed the San Francisco Public Utilities Commission (SFPUC), in consultation with the
Local Agency Formation Commission (LAFCO) to "draft for approval by the Board of
Supervisors and submission to the CPUC a revised IP that is consistent with this ordinance,
the companion ordinance adopting a CCA Governance Structure [Ordinance 146-07] and all
applicable requirements. The revised IP should reflect additional information received through
the RFI/RFP process." (Page 8, lines 5-9).

C. As required by Ordinance 147-07, the SFPUC issued a Request for Information
(RFI) from potential suppliers in November 2007. In April 2009, the PUC issued a Request for
Qualifications (RFQ) from potential suppliers.

D. Ordinance 232-09 authorized the issuance of an RFP for services related to the
provision of electricity, finding it reasonable to allow some flexibility in meeting the CCA RFP
requirements and program criteria set forth in Ordinances 86-04 and 147-07 in order to
encourage robust responses to the RFP and to facilitate a successful CCA program.

E. The SFPUC issued the RFP on November 5, 2009 and received five responses.
The independent review panel ranked highest the proposal from Power Choice, LLC. On
February 9, 2010, in Resolution 10-0020, the SFPUC authorized the SFPUC General
Manager to begin negotiating a contract with Power Choice, LLC for necessary services for
CleanPowerSF customers.

F. Public Utilities Code Sections 366.2(c)(3) and (4) require a CCA program to
develop an IP "detailing the process and consequences of aggregation" and to include with
the IP a "statement of intent" (SI) affirming that the program will provide for universal access,
reliability, equitable treatment of all customers classes, and adherence to state law. Public
Utilities Code Sections 366.2(c)(3) and (4) require the IP to address the following subjects: organizational structure of the CCA program, its operations and funding; ratesetting and other costs to participants; provisions for disclosure and due process in setting rates; methods for entering and terminating agreements with other entities; rights and responsibilities of program participants; description of third parties who will be supplying electricity, including information about the supplier's financial, technical, and operational capabilities; and termination of the program. The IP is to be adopted at a public hearing and filed with the California Public Utilities Commission (CPUC).

G. As directed by Ordinance 147-07, the SFPUC, in consultation with LAFCO, has revised the Draft IP to reflect the results of the RFI/RFP process and to reflect the other work of SFPUC and LAFCO in connection with the CCA program.

H. On February 9, 2010, in Resolution 10-0019, the SFPUC authorized the SFPUC General Manager to seek the approval of the Board of Supervisors to file a revised IP with the CPUC.

Section 2. Key Elements of the Revised Implementation Plan and Statement of Intent.

A. CleanPowerSF will seek to exceed State of California requirements for Renewable Portfolio Standards (RPS) and sets a goal of a 51% renewable portfolio by 2017. CleanPowerSF will meet its renewable goals, to the extent feasible, through new, preferably local, renewable sources of electricity generation and the use of demand side management efforts, including energy efficiency and conservation programs. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act.

B. CleanPowerSF intends to offer its customers stable and competitive rates with provisions for low-income ratepayer assistance. CleanPowerSF is committed to equitable treatment of all classes of customers. The program may offer customized rates to particular
customers where such opportunities are demonstrated to be of benefit to the entire program and therefore all CleanPowerSF customers.

C. To the extent beneficial for its customers, CleanPowerSF may roll out service to groups of its customers in phases, the details of any such phasing to be determined by the contract that the program signs with its electricity supplier.

D. In accordance with the City Charter and Ordinance 146-07, SFPUC will manage and control CleanPowerSF, and LAFCO will continue to advise the Board of Supervisors and SFPUC regarding the operation and management of the program.

E. In accordance with City Charter Section 8B.125, rates for CleanPowerSF services will be set by the SFPUC, subject to rejection by the Board of Supervisors. Before rates are set, the Rate Fairness Board will review the proposed rates and make a recommendation to the SFPUC regarding such proposed rates. Customers will be given notice and an opportunity to be heard before final rates are determined. Rates will cover electricity supply, capital, administrative and other costs of CleanPowerSF.

F. In accordance with Public Utilities Code Section 366.2(c)(2), electricity customers in San Francisco will be automatically enrolled in CleanPowerSF unless they opt out of the program. CleanPowerSF will provide all electricity customers in San Francisco two notices regarding the program within 60 days prior to their automatic enrollment and two additional notices within 60 days or two billing cycles after the start of service. The notices will include the terms and conditions of CleanPowerSF’s service and an opportunity to opt out of the program.

G. CleanPowerSF intends to contract with a third party for electricity supply, account and billing services, and other services. The third party supplier will assist in developing plans for new renewable resources and new demand side management programs, including energy efficiency and conservation and may participate in the development of such
projects that CleanPowerSF decides to implement. Any decisions regarding construction of new facilities will only be reached after environmental review, including review under the California Environmental Quality Act. Eligible third party suppliers of electricity and other services have been identified using a competitive solicitation process and ranked using an independent review process. After SFPUC staff, in consultation with LAFCO, has negotiated a contract with a third party supplier, the contract will be reviewed and approved by the SFPUC and, if required under applicable City law, the Board of Supervisors.

H. As required by Public Utilities Code Section 366.2(c)(4), CleanPowerSF affirms its intent to satisfy all applicable requirements of California law and to provide universal access to CleanPowerSF service, reliable service, and equitable treatment of all classes of customers.

Section 3. Adoption of the Implementation Plan.

A. The Board of Supervisors finds that the Draft IP and the program requirements set forth in Ordinance 147-07 should be revised in accordance with Section 2 of this ordinance to reflect the information obtained from the RFI/RFQ/RFP solicitation process and the additional information learned by the SFPUC and LAFCO through their implementation of the CCA program.

B. The Board of Supervisors adopts the IP described in this ordinance as the IP for CleanPowerSF and authorizes the General Manager of the SFPUC, in consultation with the Executive Officer of the LAFCO, to file with the CPUC an IP that is consistent with this ordinance.
APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: 
Thomas J. Long
Deputy City Attorney
City and County of San Francisco
Tails
Ordinance

File Number: 100161     Date Passed: March 02, 2010

Ordinance adopting a revised Implementation Plan for the City's Community Choice Aggregation Program, CleanPowerSF, and authorizing the filing of the Implementation Plan with the California Public Utilities Commission.

February 23, 2010 Board of Supervisors - PASSED, ON FIRST READING
    Ayes: 10 - Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi
    Excused: 1 - Alioto-Pier

March 02, 2010 Board of Supervisors - FINALLY PASSED
    Ayes: 10 - Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell and Mirkarimi
    Excused: 1 - Alioto-Pier

File No. 100161

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 3/2/2010 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved: 3-12-10

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

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 four-years and six-months for services required to launch the CleanPowerSF program; and delegating authority to non-materially amend or modify the contract.

I. History and Background

WHEREAS, Public Utilities Code Section 366.2 allows public agencies to aggregate the electrical load of interested electricity consumers within their jurisdictional boundaries. Pursuant to this law, the City has established a Community Choice Aggregation (CCA) program known as CleanPowerSF to provide electric power to the residents and businesses located within its jurisdiction. The San Francisco Board of Supervisors established the City's CCA program in May 2004 (Ordinance 86-04). The Ordinance found that CCA would allow the City to increase the scale and cost-effectiveness of renewable energy, conservation and energy efficiency in San Francisco and to increase local control over electricity prices and resources. To implement the program, Ordinance No. 86-04 directed the development of a draft Implementation Plan (IP) and the preparation of a draft Request for Proposals (RFP) to solicit an electricity supplier for the program. In December 2004, the Board of Supervisors created a Citizens Advisory Task Force (Task Force) to advise the City regarding the draft Implementation Plan and the draft RFP; and
WHEREAS, Mayor Gavin Newsom signed a Declaration of Mayor or Chief County
Administrator Regarding Investigation, Pursuit or Implementation of Community Choice
Aggregation on December 16, 2005; and

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

WHEREAS, The Board of Supervisors approved the issuance of an RFP in October
2009 (Ordinance 232-09). Like Ordinance 147-07, Ordinance No. 232-09 provided that RFP
responses and other information obtained in implementing the program might suggest
changes to Draft IP that would improve the viability of the City's CCA program, and allowed
for such changes. In November 2009, SFPUC issued the RFP. The City received five
responses to its RFP and, in January 2010, identified Power Choice, LLC as the highest
ranked proposer. The City engaged in negotiations with Power Choice, LLC for electricity
supply and other services; and
WHEREAS, In January 2010, SFPUC prepared a revised Implementation Plan (IP) and Statement of Intent to file with the California Public Utilities Commission (CPUC) in accordance with Ordinance 147-07. As anticipated in Ordinances 147-07 and 232-09, the Implementation Plan was revised to allow more flexibility in the resources that may be used to make up the CleanPowerSF supply portfolio, and to specify that the SFPUC may roll out the program in phases if phasing allows it to maximize demand-side management programs and renewable energy impacts, synergies with local ordinances and other customer programs, cost of service and customer load characteristics, and other operational considerations. The Board of Supervisors held a hearing on the IP in the Budget and Finance Committee on February 17, 2010, and forwarded the Ordinance adopting the IP to the full Board of Supervisors with a recommendation for approval. The Board of Supervisors considered and voted on the Ordinance adopting the revised IP at its public meetings on February 23, 2010 and March 2, 2010. On March 2, 2010, The Board of Supervisors finally approved the Ordinance and authorized the filing of the IP with the CPUC (Ordinance 45-10). The IP was certified by the CPUC on May 18, 2010; and

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

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

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

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

II. CleanPowerSF Program

WHEREAS, Enrollment in the CleanPowerSF program will be launched in phases to groups of customers, to allow for mitigate the risks inherent in purchasing power, and to better integrate into CleanPowerSF a proposed build-out of local and regional energy resources if
these programs when and if component installations of this build-out are approved by the City, and to mitigate the risks inherent in purchasing power. The first phase will follow the state-mandated opt-out process, enrolling sufficient customers to meet the volume of electricity specified in the Shell agreement, not to exceed an average of approximately 30 MW, and any customer within San Francisco will be eligible to participate in that enrollment phase; and

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

A. Program Characteristics and Local Sustainability Services

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

WHEREAS, The Board of Supervisors believes the integration of a large-scale local build-out of renewable energy and efficiency resources, as described in Ordinance No. 147-07, if such a program is planned and approved by the City, may facilitate establishing a successful CleanPowerSF program that will be price competitive, attractive to electricity
customers, financially robust, productive of clean energy jobs, and of sufficient scale and rapid
construction to achieve significant greenhouse gas reductions, with the understanding that
such a program must first be planned and approved by the City with any necessary
environmental review; and

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

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

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

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

WHEREAS, The SFPUC will commence studies and RFP preparation for a local build-out of renewable energy facilities consistent with the Ordinance No. 147-07 and environmental review requirements of the California Environmental Quality Act, California Public Resources Code Section 21000 et. seq. (CEQA); and
WHEREAS, the SFPUC and the Board of Supervisors will explore use of sources of revenue such as 2001 proposition H bonds, municipal bonds, power purchase agreements, public agency loans and/or other favorable financing and contractual mechanisms for local and regional renewable energy generation and also energy demand reduction projects in CleanPowerSF, with the understanding that to the extent that such projects must be planned and approved by the City and subjected to any necessary environmental review; and

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

B. Cost Overview

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

1. $13 million as collateral and reserves required under the Shell agreement,

2. $6 million for local sustainability services for CleanPowerSF customers as follows (half to be used in 2013 and half to be used in 2014):
   a. $2,000,000 dollars for energy efficiency programs;
   b. $2,000,000 dollars for GoSolarSF incentives; and
   c. $2,000,000 dollars for studies of local build-out of renewable energy facilities, and

3. $500,000 for start-up costs and costs related to the Noble Americas contract for customer billing, data management and other administrative services; and
WHEREAS, The $19.5 million is in addition to a total of $6 million that already has been appropriated to CleanPowerSF through September 2011, including $1 million in July 2011; and

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

III. Rates for CleanPowerSF Customers

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

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

WHEREAS, The SFPUC will review the power prices proposed by Shell before it authorizes the General Manager to complete a power purchase transaction, in order to
determine that the rates established by the SFPUC and Board of Supervisors will be adequate
to recover all costs of providing service to customers; and

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

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

IV. Low Income Customers and CleanPowerSF Program Accessibility.

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

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

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

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

Supervisor Campos
BOARD OF SUPERVISORS
WHEREAS, These and other mechanisms can be used to minimize barriers to participation in CleanPowerSF by low income residents while maintaining the financial viability of the program; and

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

V. Contract with Shell

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

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

WHEREAS, Shell represents and warrants that no new facilities are required to be constructed in order for Shell to meet its supply obligations under the contract; and
WHEREAS, the contract requires Shell to provide energy to the City with an average carbon content equal to or less than the average carbon content of energy supplied by PG&E to its customers; and

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

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

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

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

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

3. $1.5 million to be held by the City in an Operating Reserve, to ensure short-term unanticipated costs associated with startup and initial program expenses do not create
long-term program stability issues (for example, additional costs associated with bringing in additional customers, or delays in receipt of revenues, in the event that opt-out rates are higher than anticipated); and

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

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

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

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

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

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

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

1. the City may purchase a replacement product and charge to Shell the difference between the price of such purchase and the contract price (see Section 4.1);
2. in the case of renewable energy and resource adequacy capacity, if penalties are imposed on the City as a result of Shell’s failure to perform, Shell must reimburse the City for the penalties (see Sections 4.2 (a) and 4.3);

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

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

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

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

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

4. The termination payment is calculated as the difference between the contract price and the market price of any product the City commits to buy pursuant to a Confirmation; but the termination payment is capped at $15 million unless the City terminates the CleanPowerSF program at a time when the program is healthy (see Sections 6.2, 6.3, 6.4, 6.5); and
WHEREAS, The SFPUC approved the draft contract with Shell on December 13, 2011, in Resolution No. 11-0194, and authorized the General Manager to execute the contract, subject to conditions; and

VI. Contract with Noble Americas

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

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

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

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

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

1. the term is 4.5 years and the guaranteed maximum cost is $9 million dollars;
2. the total monthly fees charged by Noble for the CleanPowerSF program will be at least $25,000 per month;
3. the City can cancel the agreement without charge prior to the start up date, but if the
cancellation occurs after that date, CleanPowerSF will pay a cancellation fee based on
milestones, up to a maximum amount of $250,000; and
4. the agreement will become effective after satisfaction of specified conditions,
including, appropriation of necessary funds and approval by the SFPUC; and

VII. Conditions for Contract Effectiveness and CleanPowerSF Program Launch

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

WHEREAS, The Shell contract establishes conditions that must be satisfied before it
becomes effective, including but not limited to the following: (i) the conditions placed by the
City on the launch of CleanPowerSF have been satisfied; (ii) the City has directed PG&E to
deposit the payments from CleanPowerSF customers for amounts due to the City for
CleanPowerSF services into a customer receipts account controlled by Shell; (iii) the City has
entered into an agreement that gives Shell control of the customer receipts account, has
granted Shell a first priority lien on the amounts in the account, and has appropriated and
deposited $4.5 million in the account; (iv) the City has appropriated and placed $7 million
dollars into an escrow account as collateral for a termination payment to Shell in the event of
a City default; (v) the CPUC has accepted an amendment to the City's implementation plan
and statement of intent filed with the CPUC pursuant to California Public Utilities Code
Section 366.3, that identifies Shell as the primary supplier of power for CleanPowerSF; and
(vi) the City has posted the CCA Bond required by the CPUC and advised Shell of the amount
thereof; and
WHEREAS, The SFPUC in its December 2011 resolution established the following conditions which must be satisfied before the Shell contract becomes effective: (i) CleanPowerSF rates are approved by the SFPUC and Board of Supervisors through the process established in section 8B.125 of the City’s Charter, and the SFPUC has determined that those rates are sufficient to cover the cost of power and services provided by Shell as well as other costs required for the program, (ii) the CPUC has made its final determination of the CCA bond amount required by Public Utilities Code Section 366.2 and the SFPUC has the resources and all necessary authorizations to obtain the bond, (iii) all appropriations required by the CCA supplier contracts have been authorized, and (iv) the SFPUC Power Enterprise has rates in place to be financially stable and in compliance with its reserve policies, and (v) a contract for customer billing, data management and other administrative services with Noble Americas or another entity has been approved; and

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

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

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

Supervisor Campos
BOARD OF SUPERVISORS
projects and demand reduction as components of CleanPowerSF, if such programs are
planned and approved by the City; and, be it

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

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

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

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

FURTHER RESOLVED, That the Board of Supervisors strongly urges the SFPUC to
minimize barriers to participation in CleanPowerSF for low income residents while maintaining
the financial viability of the program and urges the San Francisco Public Utilities Commission to balance these objectives in establishing rates for CleanPowerSF; and be it

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

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

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

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

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

Supervisor Campos
BOARD OF SUPERVISORS
Commission and the City Attorney, and that do not materially decrease the intended public
benefits to the City; and, be it

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

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

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

Tails

Resolution

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

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
Ordinance appropriating $19,500,000 of Hetch Hetchy fund balance at the Public Utilities Commission to support CleanPowerSF Community Choice Aggregation program consistent with the contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors, placing the $6,000,000 appropriated for CleanPowerSF sustainability services on Budget and Finance Committee Reserve pending detailed appropriation plans for those sustainability services, and adding Administrative Code Sections 10.100.372 and 10.100.373 to establish the CleanPowerSF Customer Fund and the CleanPowerSF Reserve Fund.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The sources of funding outlined below are herein appropriated to reflect the funding available in Fiscal Year 2012-2013.

**SOURCES Appropriation**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Index Code/ Project Code</th>
<th>Subobject</th>
<th>Description</th>
<th>Amount</th>
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Note: Additions are *single-underline italics Times New Roman*; deletions are *strikethrough italics Times New Roman*. Board amendment additions are double underlined. Board amendment deletions are strikethrough normal.
Section 2. The uses of funding outlined below are herein appropriated in FY 2012-2013 for CleanPowerSF and reflect the projected uses of funding to support the Public Utilities Commission’s contractual obligations under the CleanPowerSF Community Choice Aggregation Program.

### USES Appropriation

<table>
<thead>
<tr>
<th>Fund</th>
<th>Index Code/ Project Code</th>
<th>Subobject</th>
<th>Description</th>
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<tr>
<td>5TXXXX – CUH978</td>
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<td>Lockbox Reserves – Working Capital</td>
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<td>FY 2012-13 CCA Program</td>
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Community Choice
Aggregation

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<th>Fund</th>
<th>Index Code/Project Code</th>
<th>Subobject</th>
<th>Description</th>
<th>Amount</th>
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<td>Community Choice Aggregation</td>
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<td>FY 2013-14 CCA Program</td>
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<td>Incentives, $1M each for</td>
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<td>GoSolarSF for CCA</td>
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<td>Customers, CCA-Owned</td>
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<td>Generation and Energy</td>
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<td>Conservation &amp; Efficiency for</td>
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<td>Customer Services</td>
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Total USES Appropriation $19,500,000
Section 3. (a) The $6,000,000 appropriated for GoSolarSF for CCA Customers. CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers (CleanPowerSF sustainability services) are hereby placed on Budget and Finance Committee Reserve pending detailed appropriation plans for CleanPowerSF sustainability services.

(b) Incentives for Energy Conservation & Efficiency services and GoSolarSF incentives funded with the $4,000,000 appropriation shall be offered first to low-income CleanPowerSF customers.

(c) The SFPUC will recommend the inclusion of a component into CleanPowerSF rates to begin recovering the reserves required for this program within the contract period so that customers of CleanPowerSF will bear the costs of the program; and

Section 4. Adding Section 10.100.372 to the Administrative Code, establishing the San Francisco Public Utilities Commission’s CleanPowerSF Customer Fund.

Section 10.100.372 CleanPowerSF Customer Fund

(a) Establishment of Fund. The Public Utilities Commission’s CleanPowerSF Customer Fund is hereby established as a category eight fund for the purpose of serving as a depository and operating fund used to procure clean and greenhouse gas free electric power for customers of the CleanPowerSF Community Choice Aggregation Program.

(b) Use of Fund. All monies deposited into the fund shall be expended for implementation, operation and maintenance of the CleanPowerSF Community Choice Aggregation Program. Allowable uses shall include the cost of electric energy, customer service costs, administrative costs and other related CleanPowerSF operating and maintenance costs as well as customer rate stabilization reserves.

(c) Administration of Fund. The General Manager of the San Francisco Public Utilities Commission is authorized to accept customer deposits into this fund and approve payments from this fund for electric energy provided through CleanPowerSF as well as associated costs, including reimbursement...
of CleanPowerSF Reserve Fund advances related to working capital or other CleanPowerSF related needs. Establishment of this fund is subject to final approval of the San Francisco Controller.

Section 5. Adding Section 10.100.373 to the Administrative Code, establishing the San Francisco Public Utilities Commission’s CleanPowerSF Reserve Fund.

Section 10.100.373 CleanPowerSF Reserve Fund

(a) Establishment of Fund. The San Francisco Public Utilities Commission’s CleanPowerSF Reserve Fund is hereby established as a category two fund for the purpose of serving as a fund to hold reserves for unanticipated fluctuations in the cost of energy, customer service payments, working capital needs, CCA Program Incentives for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers and other charges.

(b) Use of Fund. All monies deposited into the Reserve Fund shall be expended or otherwise utilized to the extent appropriated above and therefore, for the implementation and operation of the CleanPowerSF Community Choice Aggregation Program to offer GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers, and for termination costs in the event the program is discontinued.

(c) Administration of Fund. The General Manager of the San Francisco Public Utilities Commission is authorized to transfer moneys from the CleanPowerSF Reserve Fund to the CleanPowerSF Customer Fund as needed by that fund to smooth fluctuations in cash receipts and cash payments. Funds from the CleanPowerSF Reserve Fund that represent advances for working capital needs for the CleanPowerSF Community Choice Aggregation Program shall be administered consistent with the Board of Supervisor’s approved power purchase contract between the San Francisco Public Utilities Commission and the CleanPowerSF power provider(s). Establishment of this fund is subject to final approval of the San Francisco Controller.
Section 6. The enumerated amounts are hereby appropriated and can only be used as required for CleanPowerSF program contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors.

Section 7. The Controller is authorized to record transfers between funds and adjust the accounting treatment of sources and uses appropriated in this ordinance as necessary to conform with Generally Accepted Accounting Principles.

Section 8. In the event the CleanPowerSF Program is discontinued or terminated all unspent appropriation, including any of the $6,000,000 related to CCA Program Incentives for GoSolarSF for CCA Customers, CCA-Owned Generation and Energy Conservation & Efficiency for CCA Customers shall be hereby de-appropriated and returned to Hetch Hetchy Power Enterprise fund balance reserves.
City and County of San Francisco

Tails

Ordinance

File Number: 111371  Date Passed: September 25, 2012

Ordinance appropriating $19,500,000 of Hetch Hetchy fund balance at the Public Utilities Commission to support CleanPowerSF Community Choice Aggregation program consistent with the contractual requirements and budgetary authorizations as approved by the San Francisco Public Utilities Commission and the Board of Supervisors, placing the $6,000,000 appropriated for CleanPowerSF sustainability services on Budget and Finance Committee Reserve pending detailed appropriation plans for those sustainability services, and adding Administrative Code Sections 10.100.372 and 10.100.373 to establish the CleanPowerSF Customer Fund and the CleanPowerSF Reserve Fund.

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, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

September 18, 2012 Board of Supervisors - PASSED ON FIRST READING AS AMENDED
  Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener
  Noes: 3 - Chu, Elsbernd and Farrell

September 25, 2012 Board of Supervisors - FINALLY PASSED
  Ayes: 8 - Avalos, Campos, Chiu, Cohen, Kim, Mar, Olague and Wiener
  Noes: 3 - Chu, Elsbernd and Farrell
I hereby certify that the foregoing Ordinance was FINALLY PASSED on 9/25/2012 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date: October 5, 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
WHEREAS, The San Francisco Board of Supervisors established a Community Choice Aggregation (CCA) program in 2004 (Ordinance 86-04) and has implemented the program through the work of the SFPUC in consultation with the San Francisco Local Agency Formation Commission (Ordinances 146-07, 147-07, and 232-09); and

WHEREAS, The complementary objectives of CCA are to reduce greenhouse gas emissions, and to provide the City’s energy consumers with renewable electricity supplies all the while meeting or beating rates charged for comparable Pacific Gas and Electric Company’s (PG&E) products, including, if approved after environmental review, the build-out of local energy resources such as energy efficiency and renewable power projects; and

WHEREAS, The SFPUC intends that CCA pursue several complementary goals, including affordable and competitive electricity rates, a diverse resource portfolio that is comprised of renewable resources, and high quality customer service; and,

WHEREAS, On May 4, 2015 the Environmental Review Officer determined that this action is statutorily exempt from CEQA under the Public Resources Code Section 21080(b)(8) and CEQA Guidelines Section 15273 (Rates, Tolls, Fares, and Charges) related to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges. This action constitutes the Approval Action for the program for the purposes of CEQA, pursuant to Section 31.04(h) of the San Francisco Administrative Code; and

WHEREAS, The SFPUC intends that CCA retail rates be adequate to support CCA’s operations, future projects, and a financially independent program, taking into consideration CCA’s goals; and

WHEREAS, Phase One of the CCA program will follow the state-mandated opt-out process, enrolling sufficient customers to meet the contracted volume of electricity not to exceed an average of approximately 30 MW, and, subject to electricity volume limits, any customer within San Francisco will be eligible to participate during Phase One; and

WHEREAS, Not-to-exceed CCA rates initially will be set at the PG&E rates for comparable products, based on PG&E’s March 1, 2015 rates, less pass-through customer charges including its Power Charge Indifference Adjustment (PCIA) and the Franchise Fee Surcharge (FFS), and adjusted periodically to the extent necessary to reflect changes to PG&E’s rates for comparable products, less pass-through customer charges including the PCIA and FFS (“not to exceed rates”); and

WHEREAS, PG&E’s rates are authorized by the California Public Utilities Commission (CPUC); and

WHEREAS, The CPUC permits PG&E to levy the PCIA on the bills of customers who switch to the CCA, as the PCIA is a charge intended to recover PG&E’s generation costs acquired prior to a customer’s switch from its generation service; and
WHEREAS, The FFS is a surcharge imposed by PG&E on its customers to recover franchise fees charged by cities and counties; and

WHEREAS, The General Manager requests authority to adjust the initial CCA rates to reflect changes in applicable PG&E rates and pass-through customer charges including PCIA and FFS authorized by the State of California Public Utilities Commission according to Exhibit 1: Schedule of Community Choice Aggregation Electric Rates and Charges; and

WHEREAS, The rates for CCA will depend in part on the resource mix of power purchases, the level of reserves to be collected for supporting build-out of local renewable energy resources, administrative and financing costs, prices for electricity resources purchased by CCA independently or through third parties, and the participation of San Francisco residents and businesses; and

WHEREAS, CCA tariffs may include a feed-in tariff for purchasing local power resources. The prices for the feed-in tariff will be set according to market prices or at levels required to induce investments in local power resources; and

WHEREAS, Proposed initial CCA rates and charges are at a not-to-exceed PG&E level and the methodology for adjusting the initial rates periodically, establishes a ceiling for CCA rates. Final rates and charges may be lower and will be based on program cost of service; and

WHEREAS, Pursuant to Charter Section 16.112, a Notice of hearing on the proposal to adopt a schedule of rates was published in the official newspaper on April 13 – 17, 2015, and posted on the SFPUC website and at the San Francisco Public Library, as required, for a public hearing on May 12, 2015; and

WHEREAS, Charter section 8B.125 requires the Commission to set rates and charges, subject to rejection by the Board of Supervisors, within 30 days of submission; now, therefore be it

RESOLVED, This Commission hereby sets the initial not-to-exceed rates and charges as presented in Exhibit 1: Schedule of Community Choice Aggregation Electric Rates and Charges; and be it

FURTHER RESOLVED, The General Manager is directed to adjust the initial rates to not exceed PG&E rates, less the pass-through customer charges, including PCIA and FFS, in line with changes in applicable PG&E rates authorized by the State of California Public Utilities Commission according to Exhibit 1: Schedule of Community Choice Aggregation Electric Rates and Charges prior to commencement of the opt-out process. If so directed by the Commission, future periodic adjustments applying that methodology will be made to the CCA rates; and be it

FURTHER RESOLVED, The General Manager shall prepare a proposed net energy metering schedule for customers with eligible on-site renewable generation, such that those customers receive monthly bill credits or cash payment for electricity produced in excess of site requirements, trued up on an annual basis, and seek Commission approval; and be it

FURTHER RESOLVED, The General Manager shall prepare proposed feed-in tariffs according to market prices or at levels required to induce investments in local power resources, enabling the CCA to purchase local power supplies at prices that reflect market values or at prices set to induce additional supplies of local renewable resources, and seek Commission approval; and be it
FURTHER RESOLVED, This Commission hereby finds that adoption of this resolution will establish rates, and a methodology for future periodic adjustments, for the purpose of meeting operating expenses, including the recovery of program reserves and allow for the Power Enterprise to be financially stable and in compliance with its reserve policies, and that adoption of the resolution is exempt from environmental review requirements in accordance with California Public Resource Code Section 21080(b)(8); and be it

FURTHER RESOLVED, This Commission directs the General Manager to submit these not-to-exceed initial rates and charges, including the direction to adjust the initial rates prior to commencement of the opt-out process, and the methodology for that and any future periodic adjustments that the Commission may authorize, to the Board of Supervisors, as required by Charter Section 8B.125; and be it

FURTHER RESOLVED, Prior to authorizing the commencement of the opt-out process, this Commission will review the expected costs of CCA service and consider authorizing the General Manager to finalize the schedule of electric rates and charges for the initial offering to CCA customers, which rates may be lower than the not to exceed rates established by this Resolution; and be it

FURTHER RESOLVED, Customers who opt out of the CCA program will be assessed a termination fee as noted in Exhibit 2: CCA Termination Fee, which will be added to Schedule M-1: Miscellaneous Charges in the current SFPUC Rates and Schedules for Electric Service.
<table>
<thead>
<tr>
<th>Tariff Title</th>
<th>Applies To Customers on Following PG&amp;E Rate Schedules</th>
<th>Season</th>
<th>Hours Applied</th>
<th>PG&amp;E Generation Rate ($)</th>
<th>PCE &amp; Franchise Fee ($)</th>
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<th>Premium NTE Rate ($)</th>
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### Tariff Title

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## EXHIBIT 1: Schedule of Community Choice Aggregation Electric Rates and Charges

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<th>Hours Applied</th>
<th>PG&amp;E Generation Rate ($)</th>
<th>PCA &amp; Franchise Fee</th>
<th>Standard NTE Rate ($)</th>
<th>Premium NTE Rate ($)</th>
<th>Billing Determinant</th>
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## EXHIBIT 2: CCA Termination Fees

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<th>Initial Implementation (4 notices; within 60 days of service start)</th>
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<table>
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<td>Non-Residential</td>
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I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of May 12, 2015.

Aloma Hood
Secretary, Public Utilities Commission