File No. 091161 Committee Item No. 1
Board Item No.

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight **Date** October 16, 2009
Recessed to: October 22, 2009

Board of Supervisors Meeting **Date**

Cmte	Board	
☐	☐	**Motion**
☐	☐	**Resolution**
☑	☐	**Ordinance**
☑	☐	**Legislative Digest**
☐	☐	**Budget Analyst Report**
☐	☐	**Legislative Analyst Report**
☐	☐	**Youth Commission Report**
☐	☐	**Introduction Form (for hearings)**
☑	☐	**Department/Agency Cover Letter and/or Report**
☐	☐	**MOU**
☐	☐	**Grant Information Form**
☐	☐	**Grant Budget**
☐	☐	**Subcontract Budget**
☐	☐	**Contract/Agreement**
☐	☐	**Form SFEC-126: Notification of Contract Approval**
☐	☐	**Award Letter**
☐	☐	**Application**
☐	☐	**Public Correspondence**

OTHER **(Use back side if additional space is needed)**

*	☑	☐ SF PUC RFP Documents from 9/25 Joint Meeting
	☐	☐
	☐	☐
	☐	☐
	☐	☐

Completed by: Alisa Somera **Date** October 20, 2009
Completed by: **Date**

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file and the online version.

[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

FILE NO. 091161

LEGISLATIVE DIGEST

[Approving Issuance of an RFP for CleanPowerSF.]

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

Existing Law

In Ordinances 86-04, 146-07 and 147-07, the Board of Supervisors set forth requirements for issuance of a Request for Proposals (RFP) for a Community Choice Aggregation (CCA) program for San Francisco. This program is now commonly known as Clean Power SF. Ordinance 147-07 stated that the Board of Supervisors expected to modify certain requirements for the CCA program based on additional information gathered in the development of the program. Ordinances 86-04 and 147-07 indicated that the Board of Supervisors would approve issuance of an RFP.

Amendments to Current Law

This Ordinance 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 Public Utilities Commission (PUC) and Local Agency Formation Commission (LAFCO) on September 25, 2009, in order to encourage robust responses and to facilitate a successful CCA program. This Ordinance also 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. This Ordinance also authorizes the General Manager of the PUC, in consultation with the LAFCO, to issue an RFP.

Background Information

At a joint meeting on September 25, 2009, the PUC and the LAFCO considered documents submitted by their respective staffs related to issuance of an RFP. The documents are on file with the Clerk of the Board of Supervisors in File No. 091161. After consideration of these documents, 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.

San Francisco
Local Agency
Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

AGENDA

Note: Each item on the Consent or Regular agenda may include explanatory documents, including Executive Officer report and public correspondence. These items will be available for review at City Hall, Room 244, Reception Desk.

Special Joint Meeting
with the
San Francisco Public Utilities Commission
September 25, 2009, at 2:00 p.m.
City Hall, Legislative Chamber, Room 250

LAFCo Members:
Chairperson Mirkarimi
Members: Commissioners Campos, Dufty, Mar and Schmeltzer
Alternates: Avalos and Bornstein

ORDER OF BUSINESS

1. Call to Order
   (LAFCo Chairperson Mirkarimi & SFPUC President Caen)

2. Roll Call

REGULAR BUSINESS

3. Opening remarks and discussion of expectations for this joint meeting
   (Chairperson Mirkarimi & President Caen)

4. Discussion and possible action to concur with the authorization of the General Manager of the San Francisco Public Utilities Commission to submit a Request for Proposals for a Community Choice Aggregation provider to the Board of Supervisors for approval pursuant to Ordinance No. 147-07 1(a)7 and 86-04.
   A. Presentation by SF PUC Staff *(Michael Campbell)*
      (Attachments, Pages 1 – 3)
   B. Presentation by SF LAFCo Staff *(Nancy Miller and Jason Fried)*
      (Attachments, Pages 4 – 21)

5. Public Comment

   Members of the public may address the Special Joint meeting of the San Francisco Public Utilities Commission and the San Francisco Local Agency Formation Commission on matters that are within either of their respective jurisdictions and not on today's agenda.

6. Presentation by the City Attorney's Office, and discussion, of laws governing political activities and State and local ballot measures.
   (Attachment, Pages 22 – 29)
   (Deputy City Attorney Lee or Givner)

JOINT CLOSED SESSION

7. Conference with Legal Counsel – Pursuant to California Government Code Section 54956.9(c) and San Francisco Administrative Code Section 67.10(d)(2)

   Anticipated Litigation: As Plaintiff
   (Deputy City Attorney Lee)

8. Reconvene in Open Session

   [Elect to Disclose] Motion that the Commission finds it is in the best interest of the public to disclose information discussed in closed session, and directs the Chair to immediately disclose that information.

   [Elect Not to Disclose] Motion that the Commission finds that it is in the best interest of the public that the Commission elect at this time not to disclose its closed session deliberations listed above.

LAFCo BUSINESS

9. Consideration of a Resolution authorizing the Executive Officer to hire a Community Development Assistant (Action Item)
   (Attachments, Pages 30 – 34)

10. Adjournment

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to LAFCo, by the time the proceedings begin, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of LAFCo members. Any written comments should be sent to: LAFCo, San Francisco Board of Supervisors, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the Committee Clerk by that time may be taken directly to the hearing at the location above.

Cell phones, pagers and similar sound-producing electronic devices: The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

MEETING PROCEDURES

Citizens are encouraged to testify at LAFCo hearings and to write letters to the LAFCo and to its members, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102.

USING LAPTOP COMPUTERS FOR PRESENTATIONS: Please contact City Hall Media Services at (415) 554-4933 to coordinate the use of laptop computers for presentations at the meeting. Computers to be used are required to be tested in advance. The presenter should arrive 30 minutes prior to the meeting to connect and test their computer. Members of the public who want a document placed on the overhead for display should clearly state such and subsequently remove the document when they want the screen to return to live coverage of the meeting.

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THE AGENDA PACKET IS AVAILABLE AT CITY HALL, ROOM 244, RECEPTION DESK.

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Requests for language interpreters at a meeting must be received at least 48 hours in advance of the meeting to help ensure availability. Contact Madeleine Licavoli at 415-554-7722.

AVISO EN ESPAÑOL: La solicitud para un traductor en una reunion debe recibirse antes de mediodia de el viernes anterior a la reunion. Llame a Erasmo Vazquez (415) 554-4909.

翻譯　必須在會議前最少四十八小時提出要求
請電　(415) 554-7719

DISABILITY ACCESS

Both the Committee Room (Room 263) and the Legislative Chamber are wheelchair accessible. The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza and adjacent to Davies Hall and the War Memorial Complex.

To obtain a disability-related modification or accommodation including auxiliary aids or services to participate in the meeting, please contact, SFLAFCO by mail to San Francisco Local Agency Formation Commission, 1 Dr. Carlton B. Goodlett Place, Room 244, by phone at (415) 554-5184, by fax at (415) 554-5163 or by email at lafco@sfgov.org at least two business days before the meeting.

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Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from Mr. Darby or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.ci.sf.ca.us/bdsupvrs/sunshine.htm.

Lobbyist Registration and Reporting Requirements
Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign and Governmental Conduct Code Section 2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 30 Van Ness Avenue, Suite 3900, San Francisco, CA 94102, telephone (415) 581-2300; fax (415) 581-2317 and web site www.sfgov.org/ethics.

PACKET MATERIALS

DATE September 25, 2009 **Item No.** 4.A

LOCAL AGENCY FORMATION COMMISSION

AGENDA PACKET CONTENTS LIST *

- ☒ CleanPowerSF Program Timeline: Key Milestones & Deliverables
- ☒ Policy Options for CCA Request for Proposals (RFP)
- ☐ _____
- ☐ _____
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☐ Exceeds 20 pages; see file to review
Available for review at City Hall, Room 244

Completed by: Alisa Somera Date: September 22, 2009

* This list reflects the explanatory documents provided.

Sa. rancisco CleanPowerSF Progra Timeline
Key Milestones & Deliverables
Project Status – September 25, 2009

	Milestone / Deliverable	Target Date	Status
Feb	Technical-Economic Feasibility – Project Start	2/5/09	NTP on 2/3/09
	Begin Development of RFQ and Term Sheet	2/20/09	1st Draft 3/2/09
Mar	Advance Work for RFQ Advertisement	Week of 3/9/09	Outreach Complete
	Risk Assessment – Project Start	3/10/09	LAFCo Approved 4/3/09
Apr	CCA Best Practices Report – Project Start (Revised from 3/9/09)	4/10/09	Task Order Signed 4/1/09
	Pre RFQ-Release Workshop Q&A	4/10/09	Completed
	Issue RFQ	**4/24/09**	**Issued 4/24/09**
	Complete Technical Potential Study	4/27/09	Draft Completed on Schedule
May	Hold Informational Q&A on RFQ	5/15/09 (revised from 5/8/09)	**Completed on Schedule**
Jun	Market Research – Project Start NTP 6/19/09	6/3/06	Underway
	RFQ Responses Due	6/5/09	2 Responses Received
	Economic Potential for Viable Resources (GES Task 2)	6/29/09	Draft Completed on Schedule
Jul	Publish List of Qualified Bidders	7/6/09 (revised from 8/4/09)	Respondents asked to respond to RFP
	CCA Best Practices Report Complete	7/20/09 (from 6/4/09)	LPI Final Draft Aug 15. (Comments to LPI)
	Cost Model of Levelized Costs for Resource Portfolio Mix Options Developed	7/20/09	Draft Completed on Schedule
Aug	Risk Assessment Report Complete (LAFCo Consultant)	8/1/09	Completed On Schedule
	Levelized Cost of Identified Economic Resources (GES Task 3)	8/20/09	On Schedule - Draft Published 9/2/09
	Market Research – Qualitative Focus Group Interviews Complete	8/27/09	Focus Groups completed 8/12/09
Sep	Final Term-Sheet for RFP (LAFCo Consultant)	9/15/09	On Schedule
	Comparison of Portfolio Options (GES Task 4)	9/21/09	On Schedule
	Advise SFPUC & LAFCo Commissioners of RFP Advertisement and Seek Guidance	9/25/09 (from 8/25/09)	Scheduled
	Hold Pre RFP-Release Q&A Workshop	TBD	Pending RFP process
Oct	Board Of Supervisor Review & Approval of RFP	10/20/09	Pending LAFCo-GAO meeting 10/16/09
	Issue RFP	**10/27/09**	**Pending RFP process**
	Market Research – Residential Research Complete	TBD – was Aug	Project underway
	Draft Revisions to Implementation Plan with latest info from consultants and RFQ respondents	Moved from August	Ongoing: pending input from RFQ & reports
Nov	Hold Informational Q&A on RFP	11/10/09	Pending RFP issuance
Dec	RFP Responses Due	12/29/09	Pending RFP issuance

On Schedule * **Pending – On Target** * **Pending – Schedule Slip Possible** * **Behind Schedule**

Policy Options for Community Choice Aggregation Request for Proposals (RFP): Setting Proposal Minimums or Policy Preferences

Existing policy would require Request for Proposal to meet minimum criteria or be rejected

Existing City Policy (Ordinance 147-07, File No: 070501), which is based on the 2007 Draft Implementation Plan has specific minimum requirements for CCA program, which include:

- Specific amounts of resource types and location of resource within or outside of San Francisco,
- Supplier shall be a single contractor (or joint venture) and perform all aspects of CCA work,
- Contract shall be constructed so that all risk is on supplier,
- More than half the energy should be renewable by 2017, with 40% renewable by 2012, and
- Price must meet or beat PG&E's rates.

RFP Flexibility could generate more responses and more competition from potential suppliers

- Responses to Request for Information (issued Nov 2007) by potential suppliers, and summarized by consultant report (Michael Bell Consulting) noted flexibility on price, location of resources, and loosening restriction on "single-supplier" requirements could increase participation.
- Marin's RFP (issued in May), which included greater flexibility, generated 12 responses – compared to SFPUC's Request for Qualifications (RFQ) which received 2 responses.

RFP should clearly articulate existing goals

SFPUC staff recommends RFP clearly state goals of San Francisco's CCA program, as outlined in Draft Implementation Plan.

- Importance of Energy Efficiency in reducing overall demand of CCA customers, and the intention to utilize "Public Goods Charge" funds collected by PG&E as directed by state regulation.
- Renewable generation located within City and County of San Francisco, and availability of City's municipal bonding authority to assist with financing renewable projects.
- 51% renewable energy by 2017 – significantly above the minimum requirement for PG&E.
- Rates competitive with PG&E (existing ordinance requires rates be at or below PG&E rates).

Setting proposal minimums for RFP would be similar to SFPUC's RFQ issued in April 2009

- Failure to meet any of the criteria established in City Ordinance 147-07 would result in rejection.
- Given limited response to RFP, and strict requirements, approach likely to chill market response.
- Relaxing some terms, such as price ceiling and requiring single supplier may increase response rate.

Setting policy preferences with flexibility would be designed to meet goals and reflect market realities

Flexible approach assigns preference to those proposals that are closest to City's goals.

- Timeline to achieving renewable targets (40% renewable by 2012 and 51% renewable by 2017).
- Development of renewables, with preference for projects in San Francisco and Northern California.
- Respondents should describe how energy efficiency will be incorporated into portfolio.
- RFP will seek single supplier of all services, including:
    - Scheduling and Contracting for Energy Procurement and Demand Side Management;
    - Development and Construction of Renewable Energy Generation Projects; and
    - Customer and Administrative Services.
    - City will reserve the right to negotiate contracts with more than one supplier to provide necessary services.
- Allow variations for how respondents may structure pricing, and require annual total revenue
    - Fixed price bid with per kwh rate for each rate class served by PG&E
    - Fixed price within a specified range of energy volumes (limits risk for supplier if CCA volumes are bounded at a percentage above or below anticipated demand)
    - Alternative pricing options to encourage creativity on part of supplier.

PACKET MATERIALS

DATE September 25, 2009 **Item No.** 4.B

LOCAL AGENCY FORMATION COMMISSION

AGENDA PACKET CONTENTS LIST *

- ☒ Memorandum from Nancy Miller, Interim Executive Officer
- ☒ Attachment #1: Policy Options for CCA Request for Proposals
- ☒ Attachment #2: SF LAFCO Policy Issues Matrix
- ☒ Attachment #3: Local Power Letter Re: SF CCA RFP Completion
- ☒ Attachment #4: Potential Solar Generation Project Description
- ☐ _____
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- ☐ _____
- ☐ _____
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- ☐ _____
- ☐ _____

☐ Exceeds 20 pages; see file to review
Available for review at City Hall, Room 244

Completed by: Alisa Somera Date: September 22, 2009

* This list reflects the explanatory documents provided.

San Francisco
Local Agency
Formation Commission

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. 415.554.5184
Fax. 415.554.5163

TO: LAFCO Commissioners

FROM: Nancy C. Miller, Interim Executive Officer

DATE: September 21, 2009

SUBJECT: Item 4: Discussion and Possible Action to Concur with the Authorization to the General Manager of the San Francisco Public Utilities Commission to Submit a Request for Proposals for a Community Choice Aggregation Provider to the Board of Supervisors for Approval Pursuant to Ordinance No. 147-07 1(a)7 and 86-04. (Discussion and Possible Action Item) (Attachments)

Policy Issues: Michael Campbell, Director of the CCA Program (Clean Power SF), has prepared a list of policy options for Clean Power SF related to the forthcoming Request for Proposals (RFP). A copy of the policy options list is enclosed as Attachment 1. The Commission's role is to advise and monitor the progress of the SFPUC in the development and implementation of Clean Power SF.

The policy questions arose during the consultant report process and center on whether the RFP should have built in flexibility or require only bids that meet the original Draft Implementation Plan (Draft IP) program criteria. The SFPUC is asking for direction on the questions raised by some of the consultants and SFPUC staff during the report and data gathering process.

1. Matrix: To assist the Commission in considering these policy issues we have attached a matrix of the policy issues and the recommendations of Commission consultants on those issues.[1] (See Attachment #2) The SFPUC will discuss these issues in detail at the upcoming hearing.

2. Ordinance 147-07: Even though answering these policy issues could result in bids that differ from the program as originally contemplated in Ordinance No. 147-07, the Ordinance itself recognizes that information gained as program development continues could result in modifications. (C.C.S.F. Ordinance No. 147-07 (File No.

[1] The matrix was compiled from the reports and work prepared by the consultants engaged by SF LAFCO.

070501) § 2, p. 7.) The flexibility built in to the Ordinance anticipates that program development would result in new facts that necessitate changes in the scope, make up, and implementation of Clean Power SF.

3. Benefits of Flexibility: The question of whether flexibility should be included in the RFP process is a policy one for the Commission. The benefits of allowing such flexibility are:

a. The potential for a more robust response; and
b. It may provide more options in renewable service delivery.

4. Risk of Flexibility: The risk in allowing flexible responses is the possibility that no response is received that implements Clean Power SF as originally designed in the Draft IP. To address this concern, SFPUC has recommended that the program goals specified in Ordinance No. 147-07 and the Draft IP be given a point preference, but the RFP will allow for some flexibility in responses.

The flexible approach recommended by SFPUC would be similar to that employed by Marin Clean Energy. Marin Clean Energy issued a RFP that allowed for different levels of responses from Electrical Service Providers (ESPs) on different aspects of its program.[2] The response to Marin was outstanding with over 15 firms responding. Marin has selected three of the bidding firms for continued negotiations.

5. Local Power's Suggestion: Local Power, Inc., (LPI), one consultant engaged in the process, makes an alternative suggestion. LPI has concerns with the SFPUC request. LPI suggests that 5 additional tasks be completed before the RFP is issued. LPI suggests that the RFP be delayed until December 2009 with the RFP being issued in early 2010. LPI believes these additional tasks must be completed to increase the overall success of the program. LPI recommends a budget of $150,000 to complete these 5 tasks as delineated in its proposal attached as Attachment #3. The other consultants employed by the Commission, MBMC, Inc., and Navigant, agree with the approach of SFPUC. (See Matrix: Attachment #2)

6. Consideration of SFPUC's Recommendation: SFPUC is recommending that issuance of the RFP move forward on the normal schedule and that the additional work recommended by LPI be performed concurrent with the RFP process or subsequent to receipt of responses. The Interim Executive Officer agrees with the SFPUC that the

[2] In contrast, the San Joaquin Valley Power Authority, which is on temporary hold, only allowed for a rigid response to its RFP, to construct a Natural Gas plant for electrical generation. Its limited scope, unlike Clean Power SF, would not have benefited from a flexible approach.

remaining parts of the Program Basis Report (PBR) can be completed either concurrently with the RFP process or after selection of a preferred ESP.

Sufficient flexibility was built into Ordinance No. 147-07 and the Draft IP allowing the RFP process to include a preference for the original IP Program, but also allowing changes to address consultants concerns. By moving the RFP process forward, Clean Power SF can move closer to drafting a revised IP for consideration by the Commission, the Board of Supervisors and eventual submission to the California Public Utilities Commission.

The Draft Implementation Plan ("Draft IP")and Its Requirements: The issuance of the RFP does not end the implementation process but rather is a beginning of negotiation and preparation of the revised Implementation Plan. On June 19, 2007, the San Francisco Board of Supervisors passed Ordinance No. 147-07 which adopted the June 6, 2007, Draft IP. Under the Draft IP, a Program Basis Report ("PBR") must be prepared. The Draft IP recognizes that some parts of the PBR should be prepared in advance of the RFP while some parts should be left to the RFP respondents and/or be performed once additional vital information from potential ESPs are collected. (San Francisco CCA Program Description, and Revenue Bond Action Plan, and Draft Implementation Plan (June 6, 2007) p. 102.)

Under the Draft IP, 17 separate items must be completed as part of the PBR process. The Draft IP does not establish a set order for completing every part of the PBR, but rather leaves the completion of each task to be determined by the SFPUC/SF LAFCO as it progresses in development of Clean Power SF. (Draft IP, *supra*, p. 102.) Many of the tasks have been completed. The issuance of the RFP by the end of October 2009 results in those items which have not been completed to date, being completed either during the RFP process, or after the RFP process. Those items and their status include:

1. Identify and Remove Barriers to CCA Program (Clean Power SF)
    - Required analysis and suggested mitigation measures completed by MBMC, Inc., (MBMC) and LPI.
2. Risk Analysis
    - Completed by Navigant Consulting, Inc. (NCI).
3. CCA Lessons Learned
    - Completed by LPI and the SFPUC.
4. Hydro Power Options Analysis
    - Anticipated to be completed after the RFP process so that potential ESP input can be utilized.
5. Design Low Income Ratepayer Assistance Program

- Anticipated to be completed after the RFP process so that potential ESP input can be utilized.

6. Develop Overall Financing Plan and Detailed Project Cost Estimate
   - Anticipated to be completed after a preferred ESP is selected so that accurate financial plans and cost estimates can be prepared with ESP input.
7. PG&E and City Database Integration
   - Anticipated to be completed after a preferred ESP is selected so that ESP input can be used to create solutions for effective database integration.
8. Develop PG&E Interface Plan
   - Anticipated to be completed after a preferred ESP is selected so that ESP experience and expertise can be used to manage all non-technical interfaces with PG&E.
9. Customer Service Center Analysis
   - Anticipated to be completed after a preferred ESP is selected so that a more accurate cost/benefit analysis of customer service center (CSC) options can be prepared.
10. Customer Service Center Design – Processes and Systems
    - To be completed after a preferred ESP is selected so that the ESP can provide input on designing the most functional, capable, and efficient CSC available.
11. Develop Communications, Marketing and Outreach Plan
    - To be completed concurrently with and after the RFP process by the SFPUC/SF LAFCO.
12. Design 360 MW Portfolio
    - Anticipated to be completed after a preferred ESP is selected so that ESP Commission, legal and consultant input can be used to create a fiscally feasible portfolio.
13. Design PG&E Technical Interface
    - To be completed after a preferred ESP is selected so that technical issues with PG&E are solved based upon an approved program with Commission and consultant input.
14. Property Acquisition/Siting/Permitting Analysis
    - SFPUC completed preliminary identification and discussion of city sites in early 2009. A copy of the preliminary sites identified is attached as Attachment 4. Additional analysis of sites, if necessary, should be completed after a preferred ESP is selected because appropriate property sites depend on the design of the 360 MW portfolio as well as community input and environmental analysis.
15. Identify Applicable Regulations and Support CPUC Regulatory Process

- LPI issued a study in February 2009 regarding the CCA analysis of existing City programs and their ability to complement or conflict with the CCA program. Additional identification and analysis could occur concurrently with the RFP process and after. The RFP should ask that potential ESPs also identify the regulations they believe apply to Clean Power SF. The CPUC regulatory process is currently monitored by the SFPUC and the City Attorney's office.

16. Develop Rate Setting Advisory Board
    - To be completed after a preferred ESP is selected.
17. Needs Analysis, Stakeholder Surveys and Interviews
    - This is an ongoing process that will continue through the preparation and release of the RFP, selection of a preferred ESP, and implementation of Clean Power SF. SFPUC has conducted preliminary focus group analysis regarding marketing the Clean Power SF Program.

Ordinance No. 147-07[3] requires that the SFPUC, in consultation with the Commission, return to the Board of Supervisors with a revised Implementation Plan. The revised Implementation Plan should only be submitted for approval by the Board of Supervisors and submission to the California Public Utilities Commission, after the components of the PBR are finished and the RFP process is completed. (C.C.S.F. Ordinance No. 147-07 (File No. 070501) § 3(d), p. 8.)[4]

RECOMMENDATION:

The Interim Executive Officer recommends that the Commission:

1. Consider the policy questions identified by SFPUC;
2. Provide direction to Commission staff and the SFPUC on those issues; and
3. By Motion, determine whether to concur, or give other direction regarding the authorization to the General Manager of the SFPUC to develop an RFP consistent with SFPUC staff recommendations.

[3] http://sfwater.org/Files/Reports/CCA_Ordinance147-07.pdf
[4] "The revised IP should reflect additional information received through the RFI/RFP process." (C.C.S.F. Ordinance No. 0147-07 (File No 070501) §3(d), p. 8.)

Attachment #1

Policy Options for Community Choice Aggregation Request for Proposals (RFP): Setting Proposal Minimums or Policy Preferences

Existing policy would require Request for Proposal to meet minimum criteria or be rejected

Existing City Policy (Ordinance 147-07, File No: 070501), which is based on the 2007 Draft Implementation Plan has specific minimum requirements for CCA program, which include:

- Specific amounts of resource types and location of resource within or outside of San Francisco,
- Supplier shall be a single contractor (or joint venture) and perform all aspects of CCA work,
- Contract shall be constructed so that all risk is on supplier,
- More than half the energy should be renewable by 2017, with 40% renewable by 2012, and
- Price must meet or beat PG&E's rates.

RFP Flexibility could generate more responses and more competition from potential suppliers

- Responses to Request for Information (issued Nov 2007) by potential suppliers, and summarized by consultant report (Michael Bell Consulting) noted flexibility on price, location of resources, and loosening restriction on "single-supplier" requirements could increase participation.
- Marin's RFP (issued in May), which included greater flexibility, generated 12 responses – compared to SFPUC's Request for Qualifications (RFQ) which received 2 responses.

RFP should clearly articulate existing goals

SFPUC staff recommends RFP clearly state goals of San Francisco's CCA program, as outlined in Draft Implementation Plan.

- Importance of Energy Efficiency in reducing overall demand of CCA customers, and the intention to utilize "Public Goods Charge" funds collected by PG&E as directed by state regulation.
- Renewable generation located within City and County of San Francisco, and availability of City's municipal bonding authority to assist with financing renewable projects.
- 51% renewable energy by 2017 – significantly above the minimum requirement for PG&E.
- Rates competitive with PG&E (existing ordinance requires rates be at or below PG&E rates).

Setting proposal minimums for RFP would be similar to SFPUC's RFQ issued in April 2009

- Failure to meet any of the criteria established in City Ordinance 147-07 would result in rejection.
- Given limited response to RFP, and strict requirements, approach likely to chill market response.
- Relaxing some terms, such as price ceiling and requiring single supplier may increase response rate.

Setting policy preferences with flexibility would be designed to meet goals and reflect market realities

Flexible approach assigns preference to those proposals that are closest to City's goals.

- Timeline to achieving renewable targets (40% renewable by 2012 and 51% renewable by 2017).
- Development of renewables, with preference for projects in San Francisco and Northern California.
- Respondents should describe how energy efficiency will be incorporated into portfolio.
- RFP will seek single supplier of all services, including:
    - Scheduling and Contracting for Energy Procurement and Demand Side Management;
    - Development and Construction of Renewable Energy Generation Projects; and
    - Customer and Administrative Services.
    - City will reserve the right to negotiate contracts with more than one supplier to provide necessary services.
- Allow variations for how respondents may structure pricing, and require annual total revenue
    - Fixed price bid with per kwh rate for each rate class served by PG&E
    - Fixed price within a specified range of energy volumes (limits risk for supplier if CCA volumes are bounded at a percentage above or below anticipated demand)
    - Alternative pricing options to encourage creativity on part of supplier.

Attachment #2

SF LAFCO Policy Issues Matrix
September 25, 2009

CONSULTANT →	MBMC, Inc.	Local Power, Inc.	Navigant Consulting, Inc.
ISSUE ↓			
Single Provider Preference or Flexiblity to Allow for Multi Service Provider	Retain Single Supplier Model as opposed to CCSF assuming risk. Allow joint venture or multi-service provider so long as risk not on CCSF. (p. 3.)	Both CCA ordinances direct the SFPUC's CCA RFP to require a single supplier to provide the whole service, however on on supplier could be a consortium of companies joining to provide them.	Allow for preference and flexiblity. Notes that going with a single service provider will limit the number of potential bidders as ESP providers and that due diligence is needed to ensure that the provider selected will not default. (p. 2.)
Preference for All at once Energy Supply Procurement or Flexiblity to Allow for Staged Procurement	Allow for Staged Procurement in RFP (p. 3.)	To avoid excessive rate impacts the 360 MW should be online within approximately four years after initiation of serve. (p. 8F.)	Allow for Staged Procurement in RFP. The volatile nature of the energy market makes the time of the roll out of the program very important to meet or beat PG&E rates. (p. 25.)
Preference for all at once customer roll-out or Flexibility to Allow for Staged Rollout	Allow for bidder to propose alternative to single roll out but RFP should indicate preference for entry of all at once. (P. 3)		Allow for staged roll-out. The current Draft IP requires that all customers need to add at once and any change would require a change in the Draft IP. (p. 20.)
Rates -- Preference for "Meet or Beat PG&E" but Allow for Flexibility	Beat PG&E, but should allow for a program that lets customers to choose to buy into a higher then 51% renewable program at a higher price. (p. 3.)	The ordinances set up a basic pricing framework based on the 51 percent RPS and rollout requirements, but also allows for premium services for customers that sign up to pay more to own solar. LPI has no problem with premium products but believes this should be left to bidders. Meeting utility rates with greener power is more important than beating utility rates for customer retention. (p.	The Draft IP currently does not state the index that the ESP must use over time and is the meet or beat an average over each category or something each category must accomplish. Also, PG&E is able to promulgate lower rates for some period so messaging is important about long term benefits. (p. 31.)

The source for comments are either a publicly published report or the result of review and discussion of SFPUC and SF LAFCO reports and comments.

Ratemaking options	Allow respondents to RFP to submit alternative ratemaking options for evaluation by CCSF and the SFPUC Rate Fairness Board. Also make sure RFP respondents know and understand the framework for rate change consideration.	See above.	RFP should allow for alternate ratemaking options.
Financial Considerations	Allow RFP respondents latitude to be creative in the power to structure the mixture of supply contracts with financial Structures to fulfill the rate objective. (p. 16.)	On the banded pricing approach, LPI has issues with this approach (taken by Marin) given CCSF's approach to financing and pricing.	The program bid acceptance criteria should favor bids that are consistent with the bond period that include H Bond financing, but allow flexiblity in bidding financial package. (p. 37.)
Process for making changes to overall program during planning process	Need flexibility in process to make changes in programs as issues arise. (p. 19.)	CCA portfolio should remain open to future emerging technologies such as tidal, wave and deep water offshore wind. (p. 90F.)	CCA portfolio should be flexible.
Preference for Renewable Energy Generation In City or Northern California, or Allow for Flexiblity	Preference for renewable energy program as drafted in the IP. A policy question on enlarging available renewable energy location remains. Costs are also an issue.	1. Have in-city solar share program for people who do not own rooftops. (p. 27.) 2. CCA should seek to purchase SFPUC-owned excess renewable electricity at cost for the CCA Portfolio. (p. 118.)	CCA portfolio should be flexible.

Attachment #3

Local Power.

Local Power, Inc.
35 Grove St. #118
San Francisco, CA 94102
(510) 451-1727

September 16, 2009

San Francisco Local Agency Formation Commission (SFLAFCO)
c/o Nancy Miller, Interim Executive Administrator
City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: SF CCA RFP Completion

Dear Ms. Miller,

As per our recent conversations, Local Power Inc. (LPI) provides the following points with regard to the issuance of the RFP for the San Francisco Community Choice Aggregation Program. We agree with your assessment that moving forward soon with an RFP will be advantageous given various political developments. We also continue to believe that in order to support approval of the RFP by the Board of Supervisors as required pursuant to Ordinance 86-04, and for the overall success of the program, that the RFP should be as well thought out and developed as possible, within the time available.

We feel that the work remaining for the completion of the RFP falls into the following main areas:

- Regulatory
- Siting
- Program Financial
- Program Definition
- Procurement Process

In order to support a late Fall '09 RFP completion for BOS vote in December, we feel that time is of the essence for the completion of these tasks. We realize that some elements of the work may not be possible to fully complete within this time frame, and recommend that for the RFP release in early 2010, that at a minimum, well developed drafts of the work products discussed below be provided as attachments. The final versions would need to be provided to all bidders with sufficient lead-time before final bids are due in the late Spring of 2010. Our assessment of the required work is provided below:

1. Regulatory

The essential purposes of the regulatory review LPI recommends are:

1) to ensure that the RFP identifies to bidders all CCA-specific regulations which will impose obligations, and/or otherwise cause the selected ESP to incur costs, and

2) to satisfy Board of Supervisors/City Attorney review that the SF CCA program initiated by the RFP will comply with applicable CCA regulations, and

To conduct the regulatory review, the CPUC, ISO and other key agencies like the CEC, should be engaged, and a brief report should be prepared on the state agency engagement activities that will be necessary for the advancement and implementation of the CCA Program.

2. Siting

The RFP should identify the parameters within which the selected ESP will work to site the components of the 360 MW roll-out. The more the City can do to provide access, the lower the bid costs will be. An evaluation of siting should be conducted, to determine what siting support the City can provide, and what site selection responsibilities will remain with the selected ESP, and what their associated site-related obligations will be. This work should include contact with City agencies to determine their willingness/ability to work with the CCA staff to provide possible siting locations.

3. Program Financial

In order to support a recommendation to the BOS to release the RFP for the CCA Program, we believe that LAFCO will need to be prepared to:

1) Discuss the cost elements of the program, and provide an indication of what the costs for each element of the program will be, and

2) Identify how and where the program funds will be used; what will flow through the ESP contract, and what costs will be incurred by LAFCO, SFPUC, and any other participants, and

3) Identify how and who will pay for the costs, and how costs will be recovered.

Our understanding is that some work has been conducted develop a cost basis for elements of the CCA Program, but that the cost work may not have addressed within the DBOM context required by Ordinance 86-04. Also, there may be other cost reduction opportunities that would warrant further exploration. LPI provided a more detailed explanation of these points in our letter to LAFCO of September 3. We recommend that a program financial report be developed to build on the cost work already completed, to address the points raised in our September 3 letter, to provide an overall program financial summary for LAFCO/SFPUC use in supporting their recommendation to the BOS to approve the RFP.

4. Program Definition

The RFP should contain a clear, definitive statement of what the CCA program will consist of, and who of the involved parties (ESP, SFPUC, LAFCO and other participants) will be doing what to implement it. For example, it would reference the results of the siting work, stating what the City will do, what locations are known to be available, and what parts of the siting work will need to be done by the ESP. It should identify binding timeframes, and indicate how and when all payments will be made to the ESP. It will address the services to be provided to the ratepayers. Again, the Program Definition should be developed by building on the work that has already been conducted by GES, LPI and Navigant, and drawing from the requirements of AB 117 and Ordinance 86-04 and the Implementation Plan.

5. Procurement Process

The RFP will need to identify the process that will be used to select the ESP, and identify the requirements for the format and cost information to be provided in the proposals. It will need to draw from the work of the Program Definition and Financial Summary to specify the elements of the scope of work and bid price sheet information requirements to be addressed by the bidders in their proposals. It should also describe the qualification standards for bidders, such as financial condition, legal nature of acceptable entities, and other applicable pro-form requirements.

It will also need to state the evaluation criteria, describe the scoring process and provide protest provisions. It will also need to identify DBE/LBE goals, and address which portions of the work they will apply to. Given the short time frame, it will not be possible to develop a complete DBOM contract. However, the DBOM Contract term sheet outline prepared by Navigant was thorough, and it would be beneficial to further develop and provide a term sheet. It should identify the program security instruments and insurance.

LPI RFP Completion Support

As we have discussed, due to the shortness of time and the importance of developing a well structured RFP, LPI believes that it is vital to the successful development of the RFP for LAFCO and SFPUC to work in an open environment on the completion of the RFP. All work in progress should be available to all participants on an ongoing basis, and there should be regular working meetings. Also, as discussed above, at LAFCO and SFPUC's discretion, it may be desirable for the RFP to include some of the results of the work described in draft form, completing them in early 2010 for release by addendum prior to the ESP bid deadline.

To support the development of the RFP for the 10 week period from September 21 through Dec. 4, and 2 weeks in December for BOS reviews and requested changes, LPI would utilize a small team, working across the above task areas. LPI believes that its existing monthly authorization from LAFCO for Oversight and Monitoring would apply to this work. Using an averaged rate, that authorization provides for a total of roughly 60 hours (one and a half weeks of full time work) per month.

To support the rapid development of the RFP, LPI would apply a higher level of effort, approximately 250 hours a month, spread as needed over the task areas by staff assignments. Using the overall 12 week period, this would result in a total budget of $150,000 for our RFP development support, above the monthly Oversight and Monitoring budget.

If this approach is acceptable to LAFCO, we would be able to provide a more detailed budget by task area if needed. We would also work initially with LAFCO to develop more detailed descriptions of the deliverables in each task area.

LPI Personnel proposed for this effort are:

Paul Fenn $250/hr
Robert Freehling $150/hr
John Cutler $195/hr.
Bill Powers $195/hr
Bradley Turner $250/hr
Julia Peters $195/hr
Rusty Klassen $195/hr
David Erickson $150/hr

Thanks for requesting this information. If you would like to discuss this matter, please do not hesitate to call me.

Truly yours,

Paul Fenn
Local Power

Attachment #4

Potential Solar Generation Project Description and Associated Capacity in kW AC

Description	kW AC
Phase 1 2009/2010	
Sunset Reservoir - North Basin	4,500
Chinatown Public Health Center	21
Muni Ways & Means - 700 Pennsylvania	101
Muni Woods - 1095 Indiana Street	83
Davies Symphony Hall	171
City Hall	80
Long Term 2011-2015	
Stanford Heights Reservoir	1,040
SFGH Parking Garage - 24th & Utah	400
Bus Washing Facility 15th & Harrison	800
Tesla, Ground-mounted	4,000
Sunol, Ground-mounted	20,000
University Mound - North Basin	1,600
Pulgas Reservoir	2,080
Sutro Reservoir	1,600
Hunters Point (Parcel E) Ground-mounted	8,000
Total	44,476