San Francisco
Community Choice Aggregation
Implementation Plan

Submitted by:
local power
COMMUNITY CHOICE AGGREGATION IMPLEMENTATION PLAN

Filed for Adoption by Ordinance
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City and County of San Francisco

Amendment of the Whole of Draft CCA Implementation Plan Accepted by the San Francisco Local Agency Formation Commission (LAFCO) and Transmitted to the Board of Supervisors “With Recommendation,” San Francisco, May 13, 2005 (See LAFCO Resolution 050916)
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1. EXECUTIVE SUMMARY

Pursuant to California State Assembly Bill 117, the City and County of San Francisco (CCSF or City) has elected to become a Community Choice Aggregator (CCA) to provide electric power and a broad range of related benefits to the citizens and businesses located within its jurisdiction. CCSF adopts this draft Community Choice Aggregation Implementation Plan (IP) in order to aggregate the electric power loads of its citizens and businesses in accordance with state and municipal law, including the City’s voter-approved H Bond Program (Charter Section 9.107.8, 2001)1 and Community Choice Aggregation Ordinance 86-04 (2004, Ammiano).2

San Francisco’s Community Choice (CCA) and H Bond Program is an ambitious effort to provide the citizens and businesses of San Francisco with a number of significant improvements in their electric power service; not least of which are possibilities for reduced energy costs, development of significantly higher renewable energy sources, reduced exposure to future fuel cost volatility, and improved environmental quality.

This Plan requires the following elements to solicit competitive electricity suppliers, such as Electric Service Providers (ESPs), registered by the California Public Utilities Commission, to become the City of San Francisco’s CCA provider:

- CCA Request for Proposals (RFP) will set as a bidding requirement that each qualifying energy supplier must include a rollout (“360 MW rollout”) of 31 MW of solar photovoltaic cells and 72 MW of distributed generation, such as fuel cells, throughout the City and County; a 150 MW wind turbine farm; and 107 MW of efficiency and conservation measures throughout the City—as required components of its proposed portfolios and accompanying rate schedules;
- H Bonds will be issued by the City and County to finance the 360 Megawatt rollout in accordance with the Federal Tax Code and charter authority given to the Board of Supervisors by voters in approving Proposition H in 2001;
- 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 are intended to account not only for the costs of the CCA supplier’s power contracts, but also the administrative costs and profit of the supplier, the repayment of Revenue Bond or other funding of the 360 MW roll-out, and all other City CCA related costs e.g. staffing and expense costs. Thereafter the CCA supplier should commit to a structured long-term rate intended to meet or beat PG&E’s electric rates, with a performance adjustment rewarding/penalizing the new provider for compliance or non-compliance with its promised 360 MW rollout schedule, with the reward and penalty to be determined in a CCA Request for Proposals, as outlined in this IP;

1 See below, in Appendix G.
2 See below, in Attachment IV.

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• The Board of Supervisors and Mayor will establish rates by awarding a contract by ordinance to the chosen new CCA supplier containing fixed or structured rates. The existing SFPUC Rate Fairness Board will hear any customer complaints and provide reports and make recommendations to the Board of Supervisors, which could adjust these rates by ordinance only in an emergency situation;

• The CCA supplier will be a single contractor, providing all required services at its own risk, and may hire subcontractors to perform components of its portfolio;

• The CCA supplier Contract/H Bond repayment term is not set a priori by the plan—prospective suppliers shall propose contract durations in response to the Request for Proposals—but is likely limited to 15 or 20 years, such that each SF CCA bidders must calculate paybacks on H Bonds within its proposed multi-year rate structure.

• The San Francisco CCA Program is committed to universal access; therefore all the electric customers within the City of San Francisco will have an opportunity to become a CCA customer except existing municipal customers or customers locked into contracts with Direct Access suppliers.

• The San Francisco CCA 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 black-outs at the individual customer level, and potentially the neighborhood level. Second the CCA supplier will be required under CPUC regulation to meet Resource Adequacy Requirements (RAR). However the San Francisco CCA as the legal power supply entity cannot directly react or respond to the vast majority of interruptions of electric power that occur due to distribution or transmission level problems which under state law and regulation shall remain the responsibility of PG&E;

• The San Francisco CCA 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 and its supplier will seek opportunities in siting renewable generation facilities at customer sites and offering particular customers customized CCA rates for those facilities—where these opportunities are of benefit to the entire CCA program and therefore all CCA customers;

• The San Francisco CCA is committed to meeting or in some cases exceeding any State of California requirements established by the CPUC for Load Serving Entities (LSE’s) for Renewable Portfolio Standards (RPS), RAR, and Greenhouse Gas Emissions. At a minimum, this Implementation Plan establishes a 51% RPS, including solar photovoltaics, distributed renewable generation, and energy efficiency measures, by 2017;

• While the CCA program will ultimately become a department of the SFPUC, AB117 requires the project to be governed by the Board of Supervisors. Therefore, this
Implementation Plan creates a special Board of Control\(^3\) to administer a single-purpose group of experts to perform work related to establishing the program. As AB117 requires the CCA program to be governed by the Board of Supervisors and Mayor through its chosen agencies, the BOC will provide the City’s top elected officials with direct oversight of the CCA team through the BOC. The San Francisco CCA shall be represented at the CPUC, CEC, or other state and Federal agencies by the City Attorney’s office assisted by BOC staff.

CCA Program History

A successful implementation of the 360 Megawatt rollout will put San Francisco on the map as an international leader in green power development. A successful RFP and H Bond issuance will result in a large-scale public works project in the same league of significance as any major bridge, thoroughfare, civic facility or public transportation system. This truly is a 21\(^{st}\) century infrastructure project designed to answer the Climate Crisis—and the Peak Oil and Gas crises.

San Francisco has made considerable efforts to prepare for the CCA Program. The California Community Choice law itself was first requested by the San Francisco Board of Supervisors in 1999, and sponsored by Senator Carole Migden (AB117, 2002) when she was a member of the Assembly. In 2001, San Francisco voters approved the use of revenue bonds (H Bonds, Charter Section 9.107.8, Ammiano) to finance the construction of renewable energy equipment and conservation facilities, by approving Proposition H.

In order to assess the CCA Program, the San Francisco Local Agency Formation Commission (LAFCO) commissioned the R.W. Beck \textit{AB 117 Assessment Report on Community Choice Aggregation}, dated August 6, 2003. In April 2005 the San Francisco Public Utilities Commission (SFPUC) and San Francisco Environment (SFE) submitted to the Board of Supervisors a Draft Implementation Plan. In May 2005 Local Power, a nonprofit organization with expertise in Community Choice and H Bonds, submitted to the LAFCO its own \textit{Draft CCA Implementation Plan} for the City and County. LAFCO recommended Local Power’s Draft CCA Implementation Plan to the Board of Supervisors by resolution on May 13, 2005,\(^4\) and in late summer passed a second resolution with additional policy recommendations and the incorporation of a number of elements of the SFPUC/SFE’s Draft CCA Implementation Plan.\(^5\)

Most recently LAFCO commissioned the law firm of Nixon Peabody to prepare an analysis of the jurisdictional basis within CCSF for the implementation of the CCA Program, as well as analysis of the use of H Bonds in conjunction with CCA contracts, in a report dated November

\(^3\) See Attachment VII, LAFCO’s Nixon Peabody Report Recommending a Board of Control. See also Attachment VIII - CCA Task Force Resolution Recommending Nixon Peabody Report With Respect to its Board of Control Recommendation, March 8, 2006.

\(^4\) See Attachment V.

\(^5\) See Attachment VI.
10, 2005. The report, which LAFCO has transmitted to the Board of Supervisors by resolution, 1) concluded that under AB 117 only the Mayor and the Board of Supervisors can elect CCA for the City, and that only the Mayor and Board of Supervisors can condition the method to be used for CCA implementation, and 2) recommended a single-purpose Board of Control to administer the CCA program and 3) analyzed the use of revenue bonds issued pursuant to Proposition H to fund the 360 MW rollout and related elements of the CCA program.

In addition to these evaluations, San Francisco has conducted an extensive internal policy review of the CCA Program, and has advanced a number of political measures to enable the implementation of the CCA Program. With the California CCA Law and H Bond authorities approved, the Board of Supervisors and Mayor unanimously adopted the CCA “Energy Independence” Ordinance (Ordinance 86-04) in May 2004. The Board of Supervisors and Mayor also created the CCA Task Force by Resolution in December 2004, which adopted two resolutions on policy recommendations to the Mayor and Board of Supervisors that are reflected in this Implementation Plan. During the Summer of 2005, 70 hours of LAFCO hearings, preparation of a Budget Analyst Report to the Budget and Finance Committee, extensive Mayor’s Office meetings, resolved a number of major open CCA Program issues, as reported to the Board of Supervisors Budget and Finance Committee by SFPUC and Paul Fenn of Local Power on December 15, 2005; and approval of a $5M CCA Start-Up Budget in the Summer of 2006.

The genesis of this Implementation Plan is Ordinance 86-04, (Ammiano, May 11, 2004), which ordered the San Francisco Public Utilities Commission and the SF Department of the Environment to develop a draft CCA Implementation Plan for consideration and adoption by the Board of Supervisors. This Implementation Plan is the product of work done by Local Power, the SFPUC, & SFE and other CCSF staff in conjunction with Local Power.

Ordinance 86-04 also set as an RFP bid requirement that the City’s CCA supplier must include a portfolio of power resources that exceeds, under contract, implementation of the goals for energy efficiency, renewable energy, peak shaving and load management provided for in the City’s adopted Electricity Resource Plan. This Implementation Plan provides that the City and County of San Francisco shall require its supplier to implement the 360 MW rollout, and to achieve a

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6 Attachment VII.
7 See Attachment VII.
8 See Attachments VIII and IX. The CCA Task Force is comprised of a number of experts in CCA and energy policy; Community Choice expertise (Paul Fenn, Chair), Revenue Bond expertise (Lino del Signore), Power Procurement expertise from the SFPUC (Barbara Hale), Energy Efficiency expertise from the San Francisco Department of the Environment (Cal Broomhead), and representatives of the Business community (Gino Lazzara, Vice Chair), Labor (former Chair Ron Dicks) and the Bay View Hunters Point community (Maurice Campbell, who is also an energy expert). The Task Force has held nine public meetings to consider and prepare for the CCA Program.

9 Barbara Hale, Sean Casey, Michael Hyams and Laura Spanjian participated in the preparation of this document for SFPUC.
10 Local Power Research Director Robert Freehling and, a number of Local Power pro-bono advisors contributed to the preparation of this document, as well as former Sierra Club organizer and LAFCO member Cathleen Sullivan, Greenpeace USA organizer Samantha Rodgers, OurCity director Eric Brooks, and Sierra Club representatives Bruce Wolfe, Mike Daley, and Michael Bornstein.
51% Renewable Portfolio Standard by 2017, in the form of bidding requirements in CCSF’s subsequent CCA Request for Proposals (RFP) process.

The renewable power generation installed through the San Francisco CCA Program will result in the implementation of one of the highest percentage renewable power mixes for any retail seller of electricity nationwide. It will also result in the construction of the world’s largest municipal green power public works project—to provide much of the renewable power in the CCA portfolio. For these reasons, the implementation of San Francisco’s CCA Program will become a significant and historic development in the implementation of renewable energy technologies.

The City’s mission is for San Francisco residents and businesses to enjoy the option of a cleaner, local, and economically more secure power system—without having to pay higher energy prices first—and with the intention of long-term reduction of San Francisco ratepayers’ power prices.

This CCA Implementation Plan includes components other than CCA alone. Significantly, the Ordinance ordering the preparation of this Plan, passed by the City in 2004, calls for the City to issue revenue bonds (“H Bonds”) based on the Proposition H revenue bond authority approved by voters in 2001, now Charter Section 9.107.8, which empowers the Board of Supervisors to authorize the issuance of bonds by ordinance. This Implementation Plan calls for San Francisco’s revenue bonds to be issued to finance the City’s chosen CCA supplier’s 360 MW rollout during the early years of its contract with the City, such that annual power sales over the remaining years can fully repay the H Bonds, within the supplier’s rate schedule over the remainder of its CCA contract period.

As state law requires the submission of an Implementation Plan containing more limited information to the California Public Utilities Commission (CPUC), this Implementation Plan includes, as an appendix (Appendix A), a shorter draft version of the Plan that will be revised and presented to the CPUC as part of the registration process required of CCAs when the RFP preparation process is complete and details concerning PG&E tariffs have been fully clarified in coming months.
2. INTRODUCTION

2.1 What is CCA?

The California legislature responded to the Electric Crisis of 2001-2002 - with its soaring prices, rolling black-outs, and public concerns about energy market manipulation - by passing a number of new electric industry initiatives. Amongst these legislative initiatives was Community Choice Aggregation (Assembly Bill 117\textsuperscript{11}) sponsored by then Assembly member Carole Migden and passed in September of 2002. This bill authorized communities to aggregate the electric purchasing power of its citizens and businesses so as to: “reduce transaction costs, provide consumer protections, and leverage the negotiation of contracts”.

A CCA will usually serve its citizens with retail electricity supply contracted from a wholesale supplier. The CCSF CCA will ensure delivery of that electricity combined with electricity generated from renewable plants both in and out of the city, via PG&E’s transmission and distribution lines, and bill its customers through PG&E’s billing system. Therefore CCA is different from municipalization because PG&E retains ownership of, and maintains responsibility for, transmission, distribution and some customer service functions for CCA customers. PG&E will continue to read CCA customer meters and bill them for their use of PG&E’s transmission and distribution system and well as non-bypassable charges such as those related to the energy crisis, PG&E’s bankruptcy, some public goods program charges and nuclear power plant decommissioning.

The division of responsibilities between the CCSF CCA and PG&E is shown below.

Figure 1: CCA v. PG&E Comparison

\textsuperscript{11} Attachment I, the CPUC’s Phase I CCA Decision, includes the text of AB117.
2.2 Why CCA?

Community Choice Aggregation (CCA) offers cities and counties in California an option to purchase electric power on behalf of their citizens. Purchasing power from independent suppliers rather than the traditional utility like PG&E is increasingly common across the U.S. Competitive retail electric suppliers are serving customers using more energy than is represented by the sum of the wholesale energy markets in California, Texas, New York or New England, and Community Choice Aggregations are operating presently in Ohio\textsuperscript{12} and Massachusetts\textsuperscript{13–14}. In California today, universities, schools, and businesses aggregate their electricity purchases from Electric Service Providers (ESP) through Direct Access. The City’s implementation of a CCA program is part of the trend of seeking alternatives to utility provision of electric supply.

Potential CCA customers in CCSF represent energy purchases larger than the single largest electricity customer in California. A CCSF CCA potentially represents about 5% of PG&E’s energy sales and 7% of its customers. Given reasonable RFP requirements, it is highly likely that San Francisco as a single customer will be an attractive value proposition to wholesale electric suppliers. For example CCA revenues paid in rates by CCA customers could be as much as $290 million annually. The City’s ability to issue H Bonds to augment CCA by self-financing renewable energy and conservation facilities is “synergistic” according to a report by Nixon Peabody in 2005, referenced above. Due to the electric market context and rules in California, the City’s CCA is likely to engage in multi-year commitments to a supplier and become an

\textsuperscript{12} The Northern Ohio Public Energy Council (NOPEC) is currently the largest example of municipal aggregation in the United States. NOPEC has recently announced a further three-year agreement with a wholesale supplier. Its website is: http://www.noppecinfo.org/

\textsuperscript{13} The Cape Light Compact has since 2002 provided electricity and energy efficiency services to participating residents and businesses in the Cape Cod and Martha’s Vineyard area. Its website is: http://www.capelightcompact.org/

\textsuperscript{14} A comparison of the San Francisco CCA and the Ohio and Massachusetts CCAs is found in Appendix 11.6
owner of new renewable power plants. CCSF could be a market leader in CCA, one of the early CCA formations, operating in a still evolving energy market.

In recognition of the opportunity CCA presents for local control of electricity supply, increased energy efficiency, renewable energy development, consumer protection, and a measure of electric rate stability, Mayor Newsom signed City and County of San Francisco (CCSF) Ordinance 0086-04 on May 27, 2004 establishing the direction for a CCA program in San Francisco and requiring the SFPUC and SFE to provide a Draft Implementation Plan for CCA. This CCA Ordinance called for a City CCA to help ensure the “provision of clean, reasonably priced, and reliable electricity” and ordered this Implementation Plan and a subsequent Request for Proposals to require the new supplier’s rates to include the cost of designing, building, operating and maintaining at least 31 MW of solar photovoltaics, 72 MW of distributed generation and 107 MW of conservation and efficiency facilities within the City and County, as well as a 150 MW wind farm to serve the community’s portfolio – using the City’s H Bond Authority to provide low-interest financing.

2.3 Overview of the Implementation Plan

On May 11, 2004, the San Francisco Board of Supervisors unanimously adopted an “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.” Mayor Gavin Newsom signed the ordinance on May 27, 2004.

In accordance with AB117, the San Francisco Board of Supervisors considered this Community Choice Aggregation Implementation Plan and appendices in a duly noticed public hearing and has adopted it by ordinance. This Implementation Plan, as adopted by ordinance, establishes and funds the San Francisco Community Choice Aggregation Board of Control (BOC), and authorizes the BOC to implement the San Francisco Community Choice Aggregation Program in conjunction with the SFPUC and Board of Supervisors.

As required under State Law AB 117, CCSF must submit an Implementation Plan addressing the specific subjects identified in AB 117 to the California Public Utilities Commission (CPUC).

The City may elect to submit this Implementation Plan to the CPUC prior to the issuance of an RFP for a supplier. However, in D.05-12-041 the CPUC articulated that the submittal of implementation plans by prospective CCAs shall not trigger automatic changes to utility power purchasing. The submittal of an Implementation Plan may have the effect of changing the utility’s load forecasts, but the CPUC has agreed with the utilities that is should not

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15 Other California cities/counties considering CCA implementation include the Kings River Conservation District (this incorporates a JPA of 13 Central Valley cities), Chula Vista, Berkeley, Oakland, Marin and Pleasanton.

automatically do so. Therefore the submission of an implementation plan does not by law bind a
city or county to provide CCA service and the CPUC has stated that it should not automatically
change a utility’s procurement responsibilities or approach.

The draft document prepared for submission to the CPUC, entitled “SF CCA Implementation
Plan CPUC Compliance Filing” is included as Appendix A. The BOC shall determine the
appropriate time for submission of this document to the CPUC. If the City submits this CCA
Implementation Plan to the CPUC prior to acquiring a supplier, it should update its
Implementation Plan with the CPUC after it has signed a contract with a supplier. If the
Implementation Plan is submitted to the CPUC prior to securing a contract with a supplier, the
City runs the risk of withdrawing the Implementation Plan either due to insufficient response to
its RFP or for major revisions as a result of new information received through negotiations with
its supplier. Alternatively, the City may wait until after it has closed its solicitation or has signed
or is close to signing a contract with a supplier to formally submit its Implementation Plan to the
CPUC.

AB 117 also requires a Community Choice Aggregator to prepare a statement of intent with the
Implementation Plan. A Statement of Intent has been drafted in the form of a resolution for
adoption in conjunction with this Implementation Plan. As described further herein, the draft SF
CCA Implementation Plan CPUC Compliance Filing has been adopted in a duly noticed public
hearing, and may be submitted to the CPUC as drafted. If substantial, material changes to either
or both of these documents are required, as a result of further developments relating to the PG&E
tariffs, the Request for Information (RFI), or Request for Proposal (RFP) processes the BOC,
after consulting the SFPUC, shall prepare amendments to the CPUC Compliance Filing
document for adoption by resolution of the Board of Supervisors in a duly noticed public
hearing, prior to submission to the CPUC.

The authority and effect of each document shall be as follows: In cases where there might be
inadvertent conflict or grounds for misinterpretation of various documents this Community
Choice Aggregation Implementation Plan, adopted in December, 2006 shall take precedence
over the Community Choice Aggregation Implementation Plan - California Public Utilities
Commission Filing (Appendix A) or separately filed Statement of Intent Board of Supervisors
resolution in all matters relating to the implementation and ongoing management of the SF CCA
Program.

This Implementation Plan addresses all of the items required by AB117 in order to provide the
CPUC with the basis on which to present its findings regarding a cost recovery mechanism to
prevent shifting of costs between CCA customers and PG&E’s bundled service customers.

This document establishes a 51% RPS by 2017 as a bidding requirement for potential CCA
suppliers, under an initial long-term contract, and any subsequent contracts with a competitively
selected CCA supplier.
The information that is required by Public Utilities Code Section 366.2(c)(3) to be included in the CCA Implementation Plan is listed below. This Plan, and the CPUC CCA IP Compliance Document, addresses each of these items:

- Organizational structure of the program, its operations, and its funding
- Ratesetting and other costs to participants
- Disclosure provisions and due process in setting rates and allocating costs among participants
- Methods for entering and terminating agreements with other entities
- Rights and responsibilities of program participants, including consumer protection, credit issues, and shut off procedures
- Program termination
- Description of third parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities.
- A Compliance Matrix identifying the locations in which these subjects are addressed is provided as Appendix E. In addition to the CPUC CCA IP, pursuant to Public Utilities Code Section 366.2(c)(4), the Statement of Intent will also be submitted to the CPUC with the Implementation Plan explaining the City’s commitment to the following:
  - Universal access
  - Reliability
  - Equitable treatment of all classes of customers
  - Any other requirements established by state law or by the CPUC concerning aggregated service.

This document addresses all of the above requirements and provides additional information about the CCA program not required in the CPUC filing so that San Francisco residents, businesses, and government departments have an in-depth understanding of the City’s intentions and goals. Accordingly, the CPUC CCA IP and statement of intent subsequently submitted to the CPUC are governed by this Plan.

In order to finance the 360 MW rollout and exceed the renewable portfolio requirement binding PG&E, (20% by 2010, an 8% increase from the 12% RPS level PG&E had in 2006) San Francisco will employ its H Bond Authority to finance renewable power generation facilities built, operated, maintained, and integrated into the CCA power portfolio by the City’s chosen supplier. The cost of these facilities will be recovered within the chosen supplier’s rates, with the benefits associated with these facilities to be distributed among all CCA ratepayers, on a pro rata basis. In addition, CCSF will offer residents and businesses H Bond financing for home and business installations of solar photovoltaic cells, energy efficiency technologies, distributed generation, and conservation systems, reducing or eliminating customer down-payments to own
green electric technology, and paying back the H Bonds over the term of the supplier’s CCA contract. As stated above, in order to develop large-scale renewable energy, conservation and efficiency projects, the City will contract with a supplier for the design, construction, operation, maintenance, and insurance of a 360 MW infrastructure that will be Community-owned with some components ultimately under title of private parties and some under title of CCSF. Analysis of the federal tax implications of the use of H Bonds to augment CCA was undertaken by Nixon Peabody at the request of LAFCO. The November 11, 2005 report is referenced repeatedly in Section 4.4.3. A copy of Nixon Peabody’s LAFCO Report may be found below as Attachment VII.

The 51% RPS shall bind the supplier, such that each year's purchasing requirement shall be adjusted to reflect any delays in construction, such that the supplier could be required to make purchases that keep the CCA’s RPS level on schedule even if it falls behind its build schedule for the 360 MW rollout. The construction schedule will be set to attain a 51% RPS and to attain this schedule, the Board of Supervisors and Mayor will retain the option to establish a second H Bond issuance from 2009 to 2012 to build enough additional new facilities to accomplish an RPS of 40% by 2012, and 51% by 2017; this additional H Bond issuance may also involve contract extensions with the supplier that must be approved by ordinance. San Francisco’s RPS is defined as including energy efficiency and conservation measures, as well as renewable distributed generation such as solar photovoltaics and conventional RPS resources such as transmission-connected wind farms.

San Francisco’s RPS schedule will thus involve a combination of building and buying. San Francisco's supplier will likely purchase wind capacity and energy from merchant generators and perhaps even Renewable Energy Credits (RECs) from third parties in order to achieve CCSF’s 51% RPS.

CCSF’s emphasis on building rather than buying green power is intended to deliver ratepayer savings not only in immediate term rate stability and a lower long-term commodity price of power, but also lowered costs of service associated with an improved load profile from load shaving, and reduced power consumption citywide, whose benefits may be enjoyed by consumers in the form of lower long-term rates.

Moreover, the Board and Mayor will not approve any contract with a supplier that would result in a rate increase when customers transfer to the new service, but shall incorporate a "meet or beat" requirement for the CCA RFP followed by a structured rate schedule intended to be competitive with PG&E rates. The Board of Supervisors will not attempt to change the rate structure approved in the ordinance awarding CCSF’s contract to its chosen supplier, except as an emergency measure.

This Implementation Plan advocates a "build not buy" approach for the renewable generation resources used to serve the San Francisco CCA. This approach provides the potential benefit of reducing rates over time both through a lower cost of capital available to municipalities through tax-exempt (in this case H Bonds) financing and from the absence of fuel costs provided by many renewable generation technologies. While many facilities are expected to continue to
generate electricity for thirty (30) to fifty (50) years with limited operating and maintenance costs, revenue bonds issuances will pay back within 15 to 20 years, meaning a low-cost, no-fuel component in the community’s long-term electricity portfolio, for years after the bonds have been paid off.

San Francisco will prepare itself for commencement of basic CCA service within one year of the adoption of this Implementation Plan, provided that a supplier can provide the superior service requested at equivalent or lower electric rates for all participating residents and businesses.

This Implementation Plan provides the City with a detailed description of the CCA program, its organizational structure, its budget and staffing, and further refines Ordinance 86-04’s framework for San Francisco’s CCA RFP. This Implementation Plan proposes that the City’s chosen supplier not merely sell commodity electricity "virtually" as a trader, but build, operate, maintain, and integrate into the CCA power supply City financed renewable generation infrastructure. This model is based on Ordinance 86-04.

The City and County will also be coordinating with Pacific Gas and Electric ("PG&E") and CPUC staff throughout the City and County’s Community Choice Aggregation program development and implementation. PG&E will be presented with a full copy of this Implementation Plan as a courtesy, as well as the CPUC Implementation Plan Compliance document (Appendix A) when it is submitted to with the CPUC.

During the 90-day period prior to CPUC certification of receipt of the CPUC Implementation plan Compliance document, CPUC staff may request information about or clarification of the details of the City’s CCA plans. The City and County will cooperate with CPUC staff in clarifying any outstanding issues so the CPUC can provide certification within 90 days.

The City continues to be interested in acquisition of PG&E’s distribution system. In the event that voters approve an initiative creating a financing authority at a future date to pay for such an acquisition, the City would have to transition from CCA service to wholesale service as a municipal utility or other public power entity.

The City is pursuing public power service at both Treasure Island and at the Hunters Point site formerly occupied by the U.S. Navy. This CCA plan is separate from those undertakings.
2.4 Implementation Phases

The implementation of the CCSF CCA will proceed in five phases:

- A Start-up phase which is now underway and which has culminated with this CCA Implementation Plan adopted by the BOS, and the establishment of a budget and an organizational structure to implement the CCA program;

- A Program Development phase which will commence with the hiring of additional staff, including the CCA Program Director to further develop the CCA program, undertake outreach to key City stakeholders regarding the CCA Plan, and ensure that (i) a successful Request for Information and Request for Proposals are issued, and (ii) that the CPUC process for receiving the CCA Implementation Plan and responding to any CPUC and PG&E questions is dealt with expeditiously, where the program is developed at a detailed level, and the actual processes for implementation are defined;

- A Procurement phase where the power supplier for the CCA is selected, through the RFP competitive solicitation and a contract is signed with the CCA supplier and approved by the BOS, and the process of obtaining Revenue Bond issuance for CCA is established;

- An Implementation phase where existing PG&E customers within San Francisco also become CCA customers, a mass media campaign is undertaken regarding CCA information for customers, the CCA opt-out process is completed, financial and accounting mechanisms are developed to ensure revenue bond fund are protected, revenue bonds are issued, the supplier begins the design and construction all of the renewable power generation facilities required under the contract, and CCA power flows to City residents and businesses,

- An Operations and Maintenance phase where the CCA resource targets are initially met, a mechanism to standardize opt-out processing for new customers is developed, the CCA supplier completes the targeted installation of the energy efficiency, solar and renewable power generation required under contract with the CCA, H Bond pay-back is underway, and the City and supplier will examine options to further enhance renewable or energy efficiency aspects of the CCA program to attain the 2017, 51% RPS target.

This Implementation Plan describes the San Francisco CCA Program, and sets forth the necessary implementing steps, such as the issuance of revenue bonds and other Design-Operate-Build-Maintain elements for the 360 MW rollout. This Plan also makes certain broad staffing, budgetary, and strategic decisions regarding the implementation of CCA. But to cover the broad range of implementation activities, some assumptions are made required regarding certain program elements. As the program elements are interdependent, subsequent refinement or changes to these assumptions may require restructuring of some of the methods and approaches described herein. In particular, the overall program schedule provided in this draft may well require further refinement based on decisions made during the subsequent Program Development phase. However a key premise of this Plan is that the City will incur no large-scale CCA expenditures until a CCA contract with a respondent to the RFP is imminent.

April 17, 2007
2.5 Potential Benefits and Risks of a CCA Program

2.5.1 Lower Risk for San Francisco Residents and Businesses

Customers who elect to continue to allow PG&E to supply their electricity face large rate risks that are directly related to the company's management of its energy supply sources. This trend has a long history, and all evidence shows that it will continue into the future. Since 1980, whereas most U.S. and California utility rates have doubled, PG&E’s rates have tripled—from an average of 4.76 cents per kilowatt-hour, to 13.8 cents per kilowatt hour in 2006.

**PG&E Risk: Already $1.6 Billion in Rate Increases.** PG&E's 2006 rates increased 5.6% ($568 million) from the previous year, and they are requesting "An increase in rates for electric service in 2007 by $699 million, or 7.0 percent, over the currently authorized level of $10.02 billion." They have also lined up "Further increases of $153 million in 2008 and $209 million in 2009 for electric service...."

**PG&E Risk: Already $1 Billion New Nuclear Plant Costs.** A single Nuclear Power Plant provides nearly a quarter of PG&E's electricity supply. According to PG&E, "the utility plans to invest approximately $1 billion in DCPP [Diablo Canyon Power Plant] through the end of this decade to assure continued safe and efficient operation during the second half of its life." The California Public Utilities Commission has already granted permission for over $800 million to be passed on to consumers in the form of rate increases.

**PG&E Risk: Up to $1.5 Billion in Carbon Liability Risk.** Nearly half of PG&E's power comes from fossil fuels; 3 percent from coal, and 43% from Natural Gas. California targets call for a 25% reduction in Carbon emissions by 2020 that will be subject to carbon cap and trade market prices. Over the past year these have ranged between $10 to $35 per metric tonne of CO2 in Europe, where carbon is currently regulated. At this range of carbon prices, if PG&E does not reduce its emissions, its ratepayers could be stuck with between $500 million and $1.5 billion dollars in carbon costs between 2010 and 2030.\(^\text{17}\)

**Energy Independence Means Rate Stability and Energy Security.** The CCA Program is designed to offer San Franciscans a lower-risk electricity service and build a physically more secure energy system for the local community. By replacing a significant portion of San Francisco’s power use from remote, fossil fuel and nuclear power to local renewable resources, San Franciscans will enjoy more stable power prices, and less exposure to increasingly volatile

\(^\text{17}\) Sources: California Energy Commission, 2006 Utility Rates and Electricity Sales Data from California Energy Commission; Bureau of Labor Statistics; PG&E, including PG&E Power Content Label, Jan. 2006 Bill Insert & PG&E Website; Point Carbon, and Environmental Economics.
natural gas-fired power plants, while also minimizing contracting, liability and financial risks to the City and County.

**Structured Rates.** Rate risk to CCA customers will be mitigated by requiring suppliers to offer a structured rate. The CCA supplier’s structured rates must meet or beat PG&E’s rates during the initial opt-out period of the contract for all classes of customers taking service through the program, and must commit to future rates through fixed or indexed prices, and cannot petition the City for a rate increase. PG&E’s most recent rate schedule is as follows:\(^{18}\):

Apart from rate risk protection for customers, this Implementation Plan calls for the SF CCA Program to minimize other energy supplier performance risks through two bonding requirements contained in this Implementation Plan. First, the City’s supplier is required to post a bond or demonstrate insurance to pay for any costs that might be incurred in returning customers to PG&E service in the event that the supplier cannot perform according to its contract or goes bankrupt, including the difference between spot and regulated rates for customers for a six month period, and any fees PG&E charges for involuntary return of customers. Thus, ratepayers will not be charged for any transaction costs in such a worst-case scenario. Second, this Implementation Plan requires the supplier to obtain a performance bond, letter of credit or other acceptable financial assurance instrument to cover any of its performance failures (including its subcontractors’ failures) in the 360 Megawatt construction process, as is done in most major public works projects. This “double bonding” approach protects both CCSF and its ratepayers against worst-case scenarios in addition to protecting against cost-based rate increases.

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\(^{18}\) CCA customers will receive distribution, transmission, and meter-reading services from PG&E, which are included in PG&E’s listed rates. The PG&E Bundled Services Rate chart below reflects charges for these services as well as PG&E generation charge.
### 2.5.2 CCA Offers the City an Opportunity for Local Control of the Community’s Power Plant and Resource Portfolio and Structured Electric Power Generation Rates

As a supplier of electricity to the residents and businesses of San Francisco, the City will take on a more prominent role in energy resource planning. By setting the criteria for resource purchasing and installation by its competitive supplier, CCSF can dramatically accelerate development of renewable energy development above PG&E or market targets while also offering competitive rates. As electricity generation is among the largest causes of greenhouse gas emissions in San Francisco, the 51% RPS by 2017 will greatly help the City attain its greenhouse gas emission targets.

By setting the framework for establishing electric generation rates for its citizens, the CCA will principally aim to fulfill the goals of providing both competitively priced and much cleaner power than PG&E’s portfolio of mostly natural gas-fired and nuclear power plants.

In addition to competitive rates, the CCA program will offer participating residents and businesses more stable, predictable rates than PG&E offers. In contrast to PG&E, which may change its rates once or even twice a year at the CPUC, the CCA supplier will commit to fixed or structured rates over the multi-year term of its contract with CCSF.

Finally, the CCA supplier will provide more than green electricity supply – it will offer ancillary services such as customer purchase of solar photovoltaics on residential and business rooftops, distributed generation, energy efficiency and conservation technology installations such as Combined Heat and Power, and other innovative clean technology applications required by Ordinance 86-04 and this Implementation Plan. These elements will become even more refined in the Program Basis Report and Request for Proposals (RFP) documents that CCSF will produce in coming months as part of its program implementation process.

### 2.5.3 Energy Security

Energy Security has many forms. A ubiquitous, distributed solar infrastructure throughout the city could potentially deliver significant opportunities for improved reliability and blackout protection services to customers who are prepared to pay a premium for this service. More in-city distributed generation may also offer the potential, depending upon interconnection arrangements, to provide some degree of electric service during grid failures and other emergencies, improving public safety in a natural disaster, rolling blackout or other grid failures.

Second, installing 360 MW of new clean energy technologies will dramatically reduce San Franciscans’ dependence upon PG&E’s nuclear power, natural gas and coal-fired generation, and provide a hedge against increasingly volatile gas-fired power costs. PG&E’s power portfolio currently consists of 42% natural gas generation, making its customers particularly exposed to increasingly high, and even increasingly volatile, natural gas prices. While PG&E retains the
right to request further rate increases from its remaining customers when costs rise from increased natural gas load, San Francisco’s CCA program will circumscribe ratepayer exposure to PG&E’s procurement activities. A 51% green portfolio for San Francisco by 2017 contrasts PG&E’s 20% target for the same year, representing a very different risk profile for ratepayers.

The CCA program’s new in-city renewable generation will increase reliability by broadening the City’s resource portfolio mix. The efficiency and conservation measures will reduce demand, which has the collateral benefit of further enhancing the reliability of the City’s power supply and reducing the environmental impacts from overdependence on conventional generation resources. As electricity causes 25% of the greenhouse gases emitted by the San Francisco community, the 360 Megawatt network will achieve an unprecedented greenhouse gas reduction for the City.

2.5.4 Market-Based, Strategic-Based, and Regulatory-Based Risk and Opportunities

The CCA program places market-based risks primarily on the CCA supplier. Predicting PG&E’s generation rates, the major competitor to CCA, is a complex forecasting exercise. Rather than regulating its supplier’s rates on a cost-of-service basis like PG&E, CCSF will seek a supplier willing to bear the greater burden of market risks. PG&E no longer provides an open-book review of their resource mix and power contract terms – indeed due to CPUC concerns about use of market power and negative impacts on PG&E ratepayers a substantial amount of information regarding PG&E’s contracts is now held confidential by the CPUC. This makes the CCA supplier’s forecasting of PG&E’s average generation rates a complex process subject to a number of uncertainties. However it is clear that PG&E retains a considerable market advantage in generation rate-setting due to the relatively low current cost of its hydro and nuclear facilities. On the other hand, PG&E’s hydro resources create a considerable source of fluctuation in PG&E’s generation rates that may match and amplify generation rate volatility created by natural gas prices. The City’s investment in renewable energy will reduce both its supplier’s and San Francisco ratepayers’ exposure to these volatile sources in the long term.

Allocation of PG&E’s generation costs among customer groups is also a dynamic process subject to CPUC regulation. After a post Energy Crisis move to impose massive rate increases on commercial customers, more recent PG&E generation rate-setting by the CPUC has slightly reduced large and medium commercial rates while increasing residential and small business rates.

In addition to PG&E’s rates changing as often as twice a year under CPUC regulation, PG&E is also embarking on new contracting initiatives for thousands of megawatts (MW) of power, including significant investments in natural gas-fired power plants, involving a Liquefied Natural Gas receiving terminal that its holding company, PGE Corp., is proposing to build in Coos Bay Oregon, in addition to new pipelines to transport the gas to its proposed new fleet of Northern California gas-fired power plants. These new contracts and investments will impact that utility’s costs and ultimately its rates. The CCA supplier will be required to meet or beat PG&E’s generation rates at the time of opt-out, and commit to a fixed or indexed structured schedule of
rates thereafter according to its own forecast of PG&E retail rates and wholesale power market prices.

CCA Customer mix can impact rate setting since there will substantial uncertainty regarding CCA opt-out levels. The more confidence that CCSF can offer its supplier about its future electricity needs, the less risk the supplier and ultimately the CCA customers will bear. However a mismatch of expectations about electricity use with reality could cause the CCA supplier to end up with power it cannot sell for the price it paid, or power it has to buy to meet demand at a price above its rates.

In addition to uncertainty around competitive and strategic market factors, the other major ongoing uncertainty is regulatory risk. The recently released CPUC decisions regarding PG&E’s procurement contracts, and Local Resource Adequacy has reduced supplier uncertainty and resulting cost impacts. However, the CPUC has also yet to rule definitively on the RPS standards that will apply to both PG&E and CCAs as well—this kind of regulatory uncertainty must also be borne by CCSF’s CCA supplier.

Another crucial factor in the CCA plans will be the timing of bond issuance to support CCA investments in renewable energy facilities. Obtaining a credit rating for the H Bond issuance must take into account the results of mass customer opt-out, and the CCA’s contract with its supplier.

One important risk mitigation factor in bond issuance undertaken by this Implementation Plan will be the RFP’s requirement that the CCA supplier obtain a performance bond, letter of credit or other acceptable financial assurance instrument to cover any of its performance failures (including its subcontractors failures) in the roll-out of the CCA’s 360 Megawatt renewable and energy efficiency portfolio – as well as Ordinance 86-04’s requirement that the supplier also post a bond to cover any procurement costs related to returning customers to PG&E involuntarily in a worst-case scenario.

2.5.5 Request for Proposals, Contract Execution and Implementation, and On-Going CCA Operation Risk

The RFP for CCA might well be the single largest City RFP ever issued e.g. a long-term contract for CCA energy supply services for a fifteen year period could well be worth about $3 Billion. It is vital that the City manage both the RFP and contractual process with care, diligence, and success. A single purpose Board of Control - in conjunction with the City Attorney’s office and SFPUC - is well positioned to deal with the complexity of this project.

Implementation of CCA will entail the processing of about 360,000 accounts in two sequences over a 4-month period. This processing will place these customer accounts into two categories – those who have opted-out of CCA and those who have opted-in by choosing not to opt-out. There are a number of operational problems that can occur during this start-up of CCA implementation. The principle operational problems can occur in the proper processing of
customers into the correct categories. The risk is that glitches in opt-out processing will result in customers being incorrectly assigned with resulting customer confusion, complaints, and sizable transactions costs to remedy these problems. Processing of opt-out notices will also be an ongoing matter for the CCA since about 25% of the residential/small business customers in the City turn-over on an annual basis, and AB117 appears to require that new customers be offered an opt-out opportunity.

The major risk mitigation factor operating at this juncture will be a cooperative effort between PG&E, the CCA supplier, and the City CCA staff to ensure that the CCA Communications Program is effective, that flow of data between all parties is being properly tracked and managed, and that problems once detected are promptly resolved. Of course, AB117 and CPUC regulations both require full cooperation from PG&E, and all parties (PG&E, Supplier, or the City) should be motivated to cooperate in this task since any processing problems can and will create costs for all parties.

A CCA operational uncertainty going forward is the risk of late payment or non-payment by customers of CCA generation charges. Late payment by CCA customers could amount to over $2 million a month. Currently PG&E does not levy late fees, hence a sharing of late fees between PG&E and a CCA is not an option. It is likely that a supplier would charge an incrementally higher price for wholesale supply to offset any continuing late payment circumstances. Of even more importance is that under CPUC CCA rules non-payment of the CCA generation portion of the bill by a customer does not warrant disconnection of that customer’s service by PG&E. In fact, under current rules it is conceivable that a customer could pay just that portion of their bill that is considered “disconnectible” – currently defined as a subset of PG&E’s charges, and not face service interruption. An important recourse of the CCA, in such a situation, is to return that customer to full PG&E “bundled” electrical service. The CCA supplier will of course, closely track late payment and the City will offer its full assistance in ensuring the transfer of chronically non-paying, under-paying or late paying customers back to full PG&E bundled service.

2.5.6 CCA Program Commitments and Termination Risk

While it should be anticipated that the CCA Program would be a stable part of City government there are counter-party risks particularly in the energy markets. Untimely termination of the contract by the City’s supplier could result in a transfer of customers back to PG&E and increased costs for these formerly CCA customers. In recognition of this risk the CCA is required, as part of its CPUC registration process, to post a bond to safeguard customers. In accordance with Ordinance 86-04, this risk will be addressed in the RFP by requiring the City’s supplier to, in turn, post a bond or demonstrate insurance to pay for any costs that might be incurred in returning customers to PG&E service in the event that the supplier cannot perform according to its contract or goes bankrupt, including the difference between spot and regulated rates for customers for a six month period, and any fees PG&E charges for involuntary return of customers. Thus, CCA ratepayers will not be charged for any transaction costs in such a worst-case scenario. In the event that the City chooses to commit to take customers prior to finalizing its contract with a CCA supplier (e.g. if the CPUC’s procurement decisions regarding PG&E call
for urgency), the City may have to assume the slight risk of posting such a bond, with the CPUC prior to finalization of the CCA contract with its chosen supplier.

2.6 The Process of San Francisco’s Aggregation

Exhibit II-1 outlines the Community Choice Aggregation Implementation Steps required either by the California Public Utilities Code or by the CCA and other decisions of the CPUC, as follows.

Exhibit II-1
CCA Implementation Steps
Under PUC 336.2

<table>
<thead>
<tr>
<th>ITEM/CODE SECTION</th>
<th>ENTITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt rules authorizing community aggregation: 366.2(i)(3); procedures for IOUs</td>
<td>CPUC</td>
</tr>
<tr>
<td>to provide CCAs with info: (c)(9); terms and conditions for IOU services to CCAs and customers: (c)(9)</td>
<td></td>
</tr>
<tr>
<td>Request and obtain utility load info: (c)(9)</td>
<td>CCA/IOU</td>
</tr>
<tr>
<td>If desired, set up Joint Powers Authority</td>
<td>CCAs</td>
</tr>
<tr>
<td>Develop Implementation Plan (c)(3)</td>
<td>CCA</td>
</tr>
<tr>
<td>Adopt Implementation Plan through public process (after public notice)</td>
<td>CCA</td>
</tr>
<tr>
<td>Submit CPUC Implementation Plan Compliance document to CPUC (c)(3) and register</td>
<td>CCA</td>
</tr>
<tr>
<td>with CPUC: (c)(14)</td>
<td></td>
</tr>
<tr>
<td>Request additional information on Implementation Plan</td>
<td>CPUC</td>
</tr>
<tr>
<td>Respond to CPUC data requests</td>
<td>CCA</td>
</tr>
<tr>
<td>Notify local utility of Implementation Plan filing, within 10 days of the filing</td>
<td>CPUC</td>
</tr>
<tr>
<td>(c)(6)</td>
<td></td>
</tr>
<tr>
<td>Certify receipt of Implementation Plan within 90 days (c)(7)</td>
<td>CPUC</td>
</tr>
<tr>
<td>Determine cost recovery charges CCA customers must pay (c)(7)</td>
<td>CPUC</td>
</tr>
<tr>
<td>Establish post-enrollment period reentry fees paid to IOUs: (c)(11)</td>
<td>CPUC</td>
</tr>
<tr>
<td>Designate earliest possible date for implementation of CCA Implementation Plan</td>
<td>CPUC</td>
</tr>
<tr>
<td>(c)(7)</td>
<td></td>
</tr>
<tr>
<td>Select CCA Provider(s) through competitive procurement process</td>
<td>CCA</td>
</tr>
<tr>
<td>ITEM/CODE SECTION</td>
<td>ENTITY</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Establish terms and rates for all transaction-based costs of notices, billing,</td>
<td>CPUC</td>
</tr>
<tr>
<td>metering, collections, customer communications or other services, to be recovered</td>
<td></td>
</tr>
<tr>
<td>from aggregator or its customers: (c)(17)</td>
<td></td>
</tr>
<tr>
<td>If pursued, order for IOUs to send out any notices regarding the CCA Implementation</td>
<td>CCA requests</td>
</tr>
<tr>
<td>Plan; establish fees paid for notices: (c)(13)(B)</td>
<td>(probably in IP);</td>
</tr>
<tr>
<td>CPUC</td>
<td></td>
</tr>
<tr>
<td>Determine IOU meter costs (install, maintain, calibrate, read, supply data):</td>
<td>CPUC</td>
</tr>
<tr>
<td>(c)(18)</td>
<td></td>
</tr>
<tr>
<td>Register with CPUC: (c)(14)</td>
<td>CCA</td>
</tr>
<tr>
<td>Send out 2 pre-enrollment notices to customers of CCA: (c)(13) (A)</td>
<td>CCA via IOU (utility</td>
</tr>
<tr>
<td></td>
<td>bill) pursuant to CPUC</td>
</tr>
<tr>
<td></td>
<td>order or direct mailings</td>
</tr>
<tr>
<td>Notify IOU the community aggregation program will begin within 30 days:</td>
<td>CCA</td>
</tr>
<tr>
<td>(c)(15)</td>
<td></td>
</tr>
<tr>
<td>Transfer accounts to CCA: (c)(16)</td>
<td>IOU</td>
</tr>
<tr>
<td>Recover transfer costs, as determined by CPUC, from CCA: (c)(17)</td>
<td>IOU</td>
</tr>
<tr>
<td>Begin CCA automatic enrollment</td>
<td>CCA</td>
</tr>
<tr>
<td>“No penalty” period for opting out ends, within 60 days or 2 billing cycles of</td>
<td>CCA via IOU (utility</td>
</tr>
<tr>
<td>the date of enrollment (c)(11)</td>
<td>bill) and/or direct mailings</td>
</tr>
<tr>
<td>Send out 2 post-enrollment notices to customers: (c)(13)(A)</td>
<td></td>
</tr>
<tr>
<td>Submit report to Legislature certifying implementation of cost-recovery</td>
<td>CPUC</td>
</tr>
<tr>
<td>mechanisms: (i)(1) and (i)(2)</td>
<td></td>
</tr>
</tbody>
</table>

Notes:  
CCA = Community Choice Aggregator  
IP = Implementation Plan  
IOU = Investor Owned Utility  
CPUC = California Public Utilities Commission  
All Code references are to Sec. 366.2

2.6.1 San Francisco’s CCA Process History

San Francisco has made considerable efforts to prepare for the CCA Program. The California Community Choice law itself was first requested by the San Francisco Board of Supervisors in 1999, and sponsored by Senator Migden when she was in the Assembly. In 2001, San Francisco
voters approved the use of revenue bonds to finance the construction of renewable energy equipment and facilities, by approving Proposition H.

In order to assess the CCA Program, SF LAFCO commissioned the R.W. Beck AB 117 Assessment Report on Community Choice Aggregation, dated August 6, 2003. The SFPUC Commissioned the Rocky Mountain Institute study and the City subsequently adopted the SFPUC and SFE Electricity Resource Plan in 2002; most recently SF LAFCO, chaired by Supervisor Ross Mirkarimi, commissioned the law firm of Nixon Peabody to prepare an analysis of certain legal, organizational and finance matters relating to the CCA Program, (November, 10, 2005). The report, which LAFCO has referred to the Board of Supervisors, 1) concluded that under AB 117 only the Mayor and the Board of Supervisors can elect CCA for the City, and that only the Mayor and Board of Supervisors can condition the method to be used for CCA implementation, and 2) recommended a single-purpose Board of Control to administer the CCA program and 3) analyzed the use of revenue bonds issued pursuant to Proposition H to fund elements of the CCA program.

In addition to these external evaluations, San Francisco has conducted an extensive internal policy review of the CCA Program, and has advanced a number of political measures to enable the implementation of the CCA Program. With the California CCA Law and H Bond authorities approved, the Board of Supervisors and Mayor unanimously adopted the CCA “Energy Independence” Ordinance in May 2004. Local Power and the San Francisco Public Utilities Commission each prepared Draft Implementation Plans for the CCA Program. LAFCO recommended Local Power’s plan to the Board of Supervisors by resolution early in the summer, and in late summer passed a second resolution with additional policy recommendations and the incorporation of a number of elements of the San Francisco Public Utilities Commission Draft Implementation Plan. Official actions over seven years include the following:

The Board of Supervisors and Mayor created the CCA Task Force by Resolution in December 2004. The CCA Task Force is comprised of a number of experts in CCA and energy policy. The Task Force has held nine public meetings to consider and prepare for the CCA Program, concluding with a summit inviting all CPUC-registered Electric Service Providers. After a year and a half of work, the CCA Task Force adopted two resolutions for the Mayor and Board of Supervisors relative to the CCA program, including H Bonds, governance, and implementation structure. 19

During the summer of 2005, Local Power and SFPUC participated in 70 hours of LAFCO hearings, leading to the preparation of a Budget Analyst Report to the Budget and Finance Committee, followed by extensive Mayor’s Office meetings, a number of major open CCA

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19 Community Choice expertise (Paul Fenn, Chair), Revenue Bond expertise (Lino del Signore), Power Procurement expertise from the SFPUC (Barbara Hale), Energy Efficiency expertise from the San Francisco Department of the Environment (Cal Broomhead), and representatives of Business (Gino Lazzara, Vice Chair), Labor (former Chair Ron Dicks) and the Bay View Hunters Point community (Maurice Campbell, who is also an energy expert). The CCA Task Force’s approved minutes and related documents are posted online at sfpu.gov.

April 17, 2007
Program issues were resolved, as reported to the Board of Supervisors Budget and Finance Committee by SFPUC and Paul Fenn on December 15, 2005.

**In September 1999**, the Board of Supervisors unanimously adopted a Resolution by Supervisor Ammiano asking the California legislature to pass a Community Choice Aggregation law.

**In November 2001** voters approved an amendment, placed on the ballot by the Board of Supervisors ("H Bond Authority" Ammiano) to the San Francisco Charter Section 9.107.8), creating an unlimited, generic revenue bond authority for the Board of Supervisors to issue to finance or refinance the acquisition, construction, installation, equipping, improvement or rehabilitation of equipment or facilities for renewable energy and energy conservation.

**In January 2002** the San Francisco Public Utilities Commission held a World Solar Industry Workshop at which Local Power made a presentation on the H Bond Authority, followed by significant incremental solar photovoltaic installations at City properties such as the Moscone Center. Subsequently, the Board of Supervisors adopted an Ordinance creating the Generation Solar program, which offers residents and businesses assistance with purchasing and installing solar photovoltaic systems.

**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.

**In December, 2002**, San Francisco adopted an Electricity Resource Plan calling for the development of 107 Megawatts (MW) of load reduction through electricity load management and efficiency measures, 31 MW of in-City solar energy, 72 MW 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.

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

**On May 21, 2004** the San Francisco Board of Supervisors unanimously adopted (Ordinance 86-04, Ammiano, signed by Mayor Newsom on May 27, 2004), and it went into effect on June 27, 2004. The Ordinance is the governing document ordering preparation of and outlining the structure of this Implementation Plan, and also ordering City agencies to present a draft Request for Proposals (RFP) for amendment and adoption by the Board of Supervisors. Ordinance 86-04 also ordered City and County departments to request all appropriate billing and load data from PG&E.

**On December 8, 2004**, the Board of Supervisors unanimously approved a resolution (Ammiano, Resolution 757-04), creating a Community Choice Aggregation Citizen’s Advisory Task Force.
"to advise the City on 1) the goals and preparation of a CCA Implementation Plan, 2) the use of Proposition H Bonds to accelerate the use of renewable energy, conservation and energy efficiency in the CCA program, and 3) the requirements in the CCA bid solicitation process, and 4) the evaluation of bids. Furthermore, Resolution 757-04 affirmed that Ordinance 86-04 "called 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 capacity by 2012, as called for by the Electricity Resource Plan adopted by San Francisco in December 2002."

**On February 5, 2005,** the Board of Supervisors approved a Resolution (Mirkarimi, Resolution 131-05) urging the SFPUC to explore, based on findings of the Local Agency Formation Commission ("LAFCO") reports, implementation of Community Choice Aggregation and environmentally sustainable Public Power on Treasure Island.

**March 11, 2005** the San Francisco Local Agency Formation Commission (LAFCO), chaired by Supervisor Ross Mirkarimi, formally requested a Draft Implementation Plan from Paul Fenn of Local Power, who is the Board of Supervisors' first appointment to the Citizen’s Advisory Task Force on Community Choice Aggregation (CCA Task Force), and was subsequently appointed Chair by Task Force members.

**On March 11, 2005** the SFPUC, with SF Department of the Environment submitted a first draft version of its Implementation Plan pursuant to Ordinance 86-04 to the LAFCO.

**On March 29, 2005** the Board of Supervisors approved a Resolution (Mirkarimi, Resolution TBD) approving a “Protest Letter to the California Public Utilities Commission and the Procurement Review Committee Regarding Approval of Proposed Pacific Gas & Electric Power Purchase Agreements and Energy Efficiency Programs.”

**On April 28, 2005** the SFPUC and the SF Department of the Environment submitted its final draft Implementation Plan to the Clerk of the Board of Supervisors as directed by Ordinance 86-04.

**On May 13, 2005,** LAFCO accepted and transmitted Paul Fenn’s Community Choice Aggregation Implementation Plan to the Board of Supervisors “With Recommendation.”

**On May 24, 2005** LAFCO adopted a resolution (File No. 050916) endorsing Paul Fenn’s CCA Implementation Plan, as amended.

**On August 8, 2005** LAFCO approved a “Resolution on Policy and Program Recommendations for Community Choice Aggregation Implementation Plan” containing additional recommendations relative to the CCA Implementation Plan, and referred it to the Board of Supervisors.

On December 15, 2005. SFPUC staff and Paul Fenn submitted a “CCA Stakeholders Points of Agreement Summary and Work plan for Outstanding Issues” to the Board of Supervisors.

On February 15, 2006 LAFCO transmitted Nixon Peabody’s Report to the Board of Supervisors and Mayor.

On May 3, 2006, the Mayor and Board of Supervisors approved and adopted a $5 Million Start-Up Budget for the City’s CCA Program.

2.6.1.2 Current Process: Implementation Plan Actions and Requests 2006-7

Having prepared the ground for a successful CCA implementation, the Board of Supervisors now implements a process to switch San Franciscans over to CCA electricity service. Accordingly, the Board provides for the following processes of its CCA program, as described here, and in further detail in Section V. Program Implementation.

This Implementation Plan shall go into effect immediately, upon its adoption by ordinance. Adoption of this Plan creates and funds the Board of Control, a special single-purpose entity tasked with the implementation of the CCA Program. The CCA Board of Control (BOC) created by this Plan, which shall consist of five city leaders who shall meet periodically to make operational oversight and fiscal decisions regarding implementation of the program. The BOC will appoint a Program Director (PD) to manage the CCA program, as described below. The BOC will also work with city departments to identify staff that will be assigned to participate in the CCA Program.

The BOC will appoint the PD from candidates identified by the Human Resources Department (HR), which shall conduct a 30-day national search; beginning on the date this ordinance goes into effect. The BOC may appoint an acting or interim PD at any time during the selection process. Appointment as acting or interim PD will not preclude an individual from being considered for the full time PD position. The BOC will approve the PD’s selection of contractors and City employees to manage as participants in the implementation of the CCA program. The BOC shall make periodic reports to the Mayor, the Public Utilities Commission, and the Board of Supervisors regarding the implementation of the CCA program. The BOC will approve major PD expenditure decisions, and report to and make recommendations to the SFPUC, which is responsible for administration of PD activities, and the Board of Supervisors and Mayor, which are responsible under AB 117 for the governance of the CCA program. The BOC is authorized to approve expenditures of available SFPUC funds.

The Chair of the BOC shall convene the members of the Board of Control within 30 days after this ordinance goes into effect to evaluate candidates identified by HR. After the selection of a
candidate for the PD position, and the acceptance of the position by the candidate, the BOC shall convene the members of the Board of Control to formally record the appointment of the PD and to approve the initial budget of $1M for the PD to begin work immediately, review, edit and complete a draft RFI prepared by the CCA Stakeholder Group and the City and County’s Community Choice Aggregation Task Force.

The PD shall submit a draft Request For Information (RFI) for approval by the BOC within 20 days after the appointment of the PD. Within two weeks of the date the RFI is approved by the BOC, the PD shall publish it in every major Bay Area newspaper, the largest circulation newspaper of every California county, as well as in major national and international energy industry and alternative energy industry and public works industry trade publications. The RFI shall require respondents to submit responses to the RFI within 45 days of the date of publication.

The PD shall prepare and submit a report and recommendations on the RFI responses (along with copies of the responses themselves) to both the SFPUC Commissioners and the BOC within 15 days after the closure of the RFI process. The report shall identify the information gathered through the RFI Process that should be considered in the further development of the CCA Program and in particular the design of CCA supplier solicitation documents (RFQ, RFP, etc.). The Report shall also contain the PD’s recommendations regarding the schedule, and next steps in CCA implementation, as well as draft Requests for Qualifications and, if appropriate, draft Program Basis Report and draft Request for Proposals documents.

Within 10 days of receipt of the PD’s report on RFI responses, the BOC Chair shall convene a quorum of members to evaluate the PD’s report and recommendations, and to adopt the schedule, process and budget authorization for the PD to proceed with the preparation of a Program Basis Report and associated work product to provide the basis for a draft CCA Request for Qualifications and Request for Proposals (RFP).

The following timeframes are expected for the development of the Program Basis Report, Draft Request for Qualifications and draft Request for Proposals:

<table>
<thead>
<tr>
<th>Item</th>
<th>Deadline</th>
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<tbody>
<tr>
<td>Program Basis Report</td>
<td>Depending upon the level of detail and assessment required in the RFP, this report could vary from 60 to 180 days from PD authorization to proceed</td>
</tr>
<tr>
<td>Draft Request for Qualifications</td>
<td>60 days from completion of the Program Basis Report</td>
</tr>
<tr>
<td>Draft Request for Proposals</td>
<td>90 days from completion of the Program Basis Report</td>
</tr>
</tbody>
</table>
The PD shall be required to provide a justification to the BOC for proposed durations greater that those identified above.

Within 15 days of receipt of the draft Request for Qualifications the BOC Chair shall convene a quorum of members to evaluate a draft RFQ, approve or request further work on a resolution adopting the draft RFQ prior to recommending it to the Board of Supervisors, and recommended date for the PD to submit CCSF’s CPUC CCA IP Compliance Document (Appendix A) to the Board of Supervisors for amendment and adoption, pursuant to Ordinance 86-04.

Within 15 days of receipt of the draft Request for Proposals (RFP) publication, the BOC Chair shall convene a quorum of members to evaluate a draft RFP, and an Open Season strategy, and shall approve or request further work on the draft RFP prior to recommending it to the Board of Supervisors.

The Board of Supervisors shall hold hearings on a resolution amending and/or approving the RFQ and RFP for publication at its next regularly scheduled Government Audit & Oversight Committee meeting, which shall make any amendments on an expedited basis and refer the document to the Board of Supervisors to authorize, by resolution, the PD to publish the RFQ and RFP immediately in the manner required by this Plan.

The PD shall amend and/or submit CCSF’s CPUC IP Compliance Document (Appendix A) to the CPUC at the appropriate time, as determined by the BOC. This action will be followed by the CPUC’s statutorily defined 90-day certification process pursuant to Public Utilities Code Section 366.2 (c)(7) and any additional information requested by the CPUC in order for it to present its findings regarding any cost recovery that must be paid by participating San Franciscans to prevent a shifting of costs as provided for in subdivisions 366.2 (c)(d), (e), and (f).

CPUC rulemaking proceedings may affect the schedule of CCA implementation in various ways. One specific concern is the timing of CCA implementation in relation to PG&E’s new resource procurement schedule. The CPUC has established a policy, consistent with provisions of AB 117, requiring CCA customers to keep non-CCA utility customers financially “indifferent” to the departure of CCA load from the utility’s power procurement requirements. PG&E determines its long-term resource needs including forecasts of CCA load departure in its Long-Term Procurement Plan filed in the CPUC Long-Term Procurement Proceeding (R. 06-02-013).

PG&E has previously filed Long Term Procurement plans anticipating that a certain percentage of its load will depart to CCA service. We anticipate it will continue to reflect such expectations in its load forecasts. As CCSF continues its implementation of CCA, it should maintain a presence in these CPUC Long Term Procurement Proceedings to ensure that load loss to CCA continues to be part of the PG&E’s load forecasts.

Retail end-use customers receiving power procurement services from a CCA are required to reimburse the incumbent electric utility (PG&E in San Francisco’s case) that previously served the CCA customers for: (1) the utility’s “unrecovered past undercollections” for electricity purchases, including financing costs, attributable to the customer that the CPUC has lawfully determined are recoverable in rates; and (2) any additional costs the utility has incurred on behalf
of the departing customer that were recoverable in CPUC approved rates equal to the “estimated net unavoidable electricity purchase contract costs”, as determined by the CPUC, for the period up to the commencement of CCA electric procurement services. In other words, the costs that PG&E incurs on behalf of CCSF’s CCA customers prior to establishment of the CCA program shall not be “shifted” to non-CCA PG&E electric customers. CCA customers will have to compensate the utility for the utility’s “stranded costs”, or the costs they cannot recover by reselling power procured on behalf of CCA customers. These costs make up the Cost Responsibility Surcharge that CCA customers will have to pay as an additional line item on their bill. The CPUC has recently issued D. 06-07-030 creating a new method for calculating these costs for Direct Access customers, which may extended to CCA customers.

In order to effectively coordinate resource-planning efforts and reduce unnecessary costs for both CCAs and utilities, the CPUC has developed a voluntary “Open Season” tariff that allows CCAs to make binding and advance commitments to provide service. In D.05-12-041 the CPUC determined that unless a CCA participates in a voluntary Open Season and submits a “Binding Notice of Intent” to the CPUC and the appropriate utility to initiate a CCA program, the CCA is required to reimburse the utility for the net unavoidable stranded costs the utility incurred as a result of the CCA’s load departure up until the commencement of CCA service. If CCSF participates in the Open Season process, and follows through with its commitment to commence service on the date provided in its Binding Notice of Intent, it will receive a “vintage” of CRS associated with the year its submitted its Notice of Intent and not associated with the year it actually commenced service. The benefit of having an earlier vintage on the CRS may be to reduce the total CRS obligation of CCSF’s CCA customers by providing the utility with advance warning of CCA service commencement.

Outside of the Open Season, it may be possible for the CCA to negotiate an alternate “Binding Commitment” to a commencement date for CCA service, however this would be outside the Commission approved “Open Season” tariff and PG&E may include additional requirements.

The Open–Season commitment option can be evaluated when a CCA supply contract negotiation is underway.

The PD shall submit a binding commitment document for the CPUC to the Board of Supervisors for approval by the Board of Supervisors to coincide with the award of the Contract.

**CPUC Proceedings**

In order for the CPUC to facilitate the City’s negotiation with potential CCA suppliers pursuant to 366(a) of the Public Utilities Code, the City and County of San Francisco requests the CPUC to provide, within 90 days of the receipt of this adopted Implementation Plan, the cost-recovery mechanism that must be paid by participating San Franciscans, pursuant to Section 366.2 (c )(7) of the Public Utilities Code.

April 17, 2007
The City declares its expectation that the CPUC shall notify PG&E, as outlined in Subsection 6, ten days from the Board’s submission of its CPUC Compliance Document (Appendix A) to the CPUC.

Accordingly, pursuant to Subsection 7, the City and County declares its expectation that the CPUC will request information from the PD, certify receipt of this Implementation Plan, and report to the PD its findings regarding any cost recovery that must be paid by customers within 90 days of receiving the Implementation Plan, pursuant to Section 366(a) of the Public Utilities Code and Public Utilities Code Section 366.2(c)(7).

San Francisco declares its intent to register with the CPUC as it prepares its RFP during the 90-day waiting period, and understand that the CPUC may require additional information to ensure compliance with basic consumer protection rules and other procedural matters, in accordance with Public Utilities Code Section 366.2(c)(14).

The City and County anticipates commencement of its customer opt-out notification process as early as ninety (90) days from the date on which the CPUC IP Compliance Document is submitted to the CPUC.

2.6.2   SF CCA Request for Proposals

The suppliers shall be requested to propose a rollout schedule for the 360 MW of new facilities subject to a performance ratesetting mechanism contained within the monthly H Bond Repayments from PG&E electric bill revenues transferred to the CCA. Accordingly, the City will conduct a single competitive bidding process for San Francisco residents’ and businesses’ bundled energy service, conforming to the requirements of this Implementation Plan, by publishing the RFP ordered by Ordinance 86-04 and further outlined in this Implementation Plan, in all major Bay Area Newspapers, and also in any state, national and international energy industry trade publications to secure the attention of energy industry sectors for each component of the services and minimum resource portfolio required by the ordinance and this Implementation Plan.

Prospective CCA suppliers shall have ninety days to respond to the publication of the RFP, and the City shall elect to approve, or not approve, an award of contract to a single CCA Supplier by ordinance.

After the CPUC takes its actions as described above, to facilitate a successful elimination of participating customer loads from PG&E’s current electric procurement plan in R.04-04-003, and to minimize the shifting of costs between utilities or their customers and San Francisco ratepayers, consistent with the CPUC’s Community Choice Aggregation decision on December 16, 2004, then San Francisco intends to pass an ordinance awarding contract to the City’s chosen supplier, and furthermore the City and County declares that this ordinance shall secure the City and County’s chosen supplier’s binding commitment to serve that load as a Load Serving Entity (LSE) in accordance with Conclusions of Law #1 and #4 in and Order # 2 in the CPUC’s electric utility procurement framework decision, D.04-01-050, (pp.192-3 and p.199)
As Public Utilities Code 366.2( c )(16) requires PG&E to transfer all applicable accounts to the new supplier within a 30-day period from the date of the close of their normally scheduled monthly metering and billing process, a binding commitment by the City of San Francisco shall notify the CPUC and PG&E of the intended date of customer transfer so that this term may be firmly established. A binding commitment made some months ahead of customer transfer, will be necessary to ensure that the commitment date is kept, avoiding any potential cost incurrence for the City and its CCA supplier.

San Francisco declares its intent to transfer customers who do not opt-out of the City’s chosen new service 60 days from the date of the City’s opt-out notifications being mailed to customers or emailed to customers who are on email-only service.

Within sixty days of the date of termination of the opt-out period, the three-year rollout of the City’s minimum 360 Megawatt solar, wind, conservation and efficiency facilities by the City and County’s chosen suppliers shall commence, according to the annual rollout schedule outlined in its contract with the City and County in order to comply with the requirements of this Plan.

However, if at the termination of the penalty free 120 day opt-out period required by AB117, ten percent or more of the eligible aggregate load has opted out, the 360 MW build requirement shall be proportionately downscaled across each portfolio component of the 360 MW by the actual opt-out amount, rounded to the nearest megawatt. For example, if 10% of the load opts-out, the revised three-year build requirement would be 324 MW of capacity (compared to 360 MW) distributed across the portfolio components as follows:

- 96 MW Energy Efficiency and Conservation in San Francisco
- 93 MW Distributed Generation in San Francisco including minimum 28 MW of Photovoltaics
- 135 MW wind

This potential downscaling shall be a one-time event at the termination of the penalty-free opt-out period only. If subsequent opt-outs occur after the 120 day period expires, they may change the CCA’s total power resource needs, but they shall not change the resource development requirement. The Renewables (RPS) requirements on the other hand shall be calculated as a percentage of actual kilowatt-hour sales, and therefore scales automatically with customer electricity consumption.

2.7 The Consequences of San Francisco’s Aggregation

If the RFP is successful, San Francisco will make a binding commitment to commence services, and the CCA program will likely result in the departure of the majority of electricity ratepayers living or doing business in San Francisco and currently receiving electric power service from Pacific Gas and Electric. In addition a successful RFP might attract some of the largest
The San Francisco CCA Implementation Plan seeks participation from all eligible customers, without attempting to phase in customers by neighborhood or customer class, but will offer service to any PG&E commodity customers who do not elect to remain with Pacific Gas and Electric. Departing PG&E customer load. The City and County have provided adequate notice to PG&E to avoid overprocurement on behalf of San Francisco ratepayers beyond December, 2007. San Francisco’s CommunityChoice program will not impact any multi-year power contracts by Pacific Gas and Electric, which asserts that in its medium case, PG&E assumed that three percent of its current customers with load under 500 kW will begin to migrate to CommunityChoice Aggregation in 2006, and the rate of loss to this market will increase by one percent annually, reaching 10 percent in 2013, as recorded and referenced by the CPUC in its December 16, 2004 procurement authorization (Decision 04-12-048, p.26). Under the Total Portfolio approach adopted in D.05-12-041 the CRS calculation will reflect any expected load loss PG&E anticipated in its long-term procurement plan. As this decision authorizes contracts now being negotiated and signed by PG&E in its first effort at multi-year power purchase agreements since AB1890 went into effect, PG&E’s power contracts and advice letters to the CPUC and the Procurement Review Committee (PRC). PG&E and the CPUC received San Francisco’s Community Choice Implementation Ordinance (Energy Independence Ordinance) on May 27, 2004 when Mayor Gavin Newsom signed it. Ordinance 86-04 ordered this Implementation Plan, and established the basic structure that this Plan must follow, both in transaction structure and in portfolio. While current CPUC policy does not recognize system benefits to the utility grid such that only a binding commitment will result in a specific change in PG&E procurement, if successful San Francisco’s CCA program will result in a considerable quantity of electric energy efficiency and electric generation in-city, Within San Francisco, both the 107 MW of conservation and energy efficiency measures that will be implemented within its jurisdiction, 72 MW of distributed generation such as fuel cells will be installed North of the Jefferson-Martin Station as well as a minimum of 31 Megawatts of solar photovoltaic cells within the City. When combined, these facilities will benefit the San Francisco Peninsula’s grid (although not necessarily the wind resource), reducing not only PG&E procurement but also the need for new transmission lines to the City and additional new power plants, potentially outside City in neighboring Northern California communities.

Furthermore, this Implementation Plan establishes a Renewable Portfolio Standard for qualifying bidders of 51% RPS compliant resources by 2017. See Exhibit II-2 “San Francisco RPS.” As stated above, the City’s RPS definition includes energy efficiency, customer and non-customer owned photovoltaics, and distributed renewable generation. The City’s CCA Provider will also be required to comply with the State of California’s Renewable Portfolio Standard law pursuant to state law and CPUC policy and resource definitions.