



San Francisco Water Power Sewer

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San Francisco Public Utilities Commission Citizens' Advisory Committee Power Subcommittee

MEETING MINUTES

Tuesday, April 12, 2022
5:30 p.m. – 7:00 p.m.

PARTICIPATE VIA ZOOM VIRTUAL CONFERENCE SOFTWARE

Meeting URL

<https://sfwater.zoom.us/j/84330249733?pwd=dFplM252T0RTdWpiUnRncVZUUisxdz09>

Phone Dial-in

669.900.6833

Find your local number: <https://sfwater.zoom.us/u/kdz7Ld9j9P>

Meeting ID / Passcode

843 3024 9733 / 953138

This meeting is being held by Teleconference Pursuant to the Governor's Executive Order N-29-20 and the Sixteenth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency Dated February 25, 2020

During the Coronavirus Disease (COVID-19) emergency, the San Francisco Public Utilities Citizens Advisory Committee's (SFPUC CAC) regular meeting room, 525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room, is closed. CAC Members and SFPUC staff will convene CAC meetings remotely by teleconference. Members of the public are encouraged to submit their public comment on agenda items in advance of the teleconference meeting by emailing comments to cac@sfwater.org. Comments submitted no later than 12 PM Tuesday the day of the meeting will be read into the record by SFPUC CAC Staffing Team members during the teleconference meeting and will be treated as a substitute to providing public comment during the meeting. Persons who submit written public comment in advance on an agenda item or items will not be permitted to also provide public comment on the same agenda item(s) during the meeting.

Mission: The Power Subcommittee shall review power generation and transmission system reliability and improvement programs, including but not limited to facilities siting and alternatives energy programs, as well as other relevant plans, programs, and policies ([Admin. Code Article XV, Sections 5.140 - 5.142](#)).

Members

Chair Moisés García (D9)
Steven Kight-Buckley (D3)

Emily Algire (D5)
Barklee Sanders (D6)

Joshua Ochoa (D7)
Marisa Williams (M-
Engineering/Financial)

London N. Breed
Mayor

Anson Moran
President

Newsha Ajami
Vice President

Sophie Maxwell
Commissioner

Tim Paulson
Commissioner

Dennis J. Herrera
General Manager

D = District Supervisor appointed, M = Mayor appointed, B = Board President appointed

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.



ORDER OF BUSINESS

1. Call to order and roll call at 5:33 pm

Members present at roll call: (5) García, Algire, Sanders, Ochoa, and Williams

Members Absent: (1) Kight

Staff/Consultant presenters: Erin Franks and Peter Gallotta

Members of the Public: None

2. Approve [February 8, 2022 Minutes](#)

Motion was made (Algire) and seconded (Ochoa) to approve the February 8, 2022 Minutes.

AYES: (5) García, Algire, Sanders, Ochoa, and Williams

NOES: (0)

ABSENT: (1) Kight

Public Comment: None

3. Report from the Chair

- Welcome members, staff, and the public
- Ohlone Tribal Land Acknowledgement

Public Comment: None

4. Public Comment: Members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on today's agenda

Public Comment: None

5. Presentation and Discussion: Presentation on the SFPUC's Power Rates Study, Erin Franks, Rates Administrator, SFPUC

Presentation

- Power Rates Study
- Overview
- San Francisco's Clean Energy Utility
- Electric Rates 101
- Electric Rates and Your Bill
- Our Electric Rates Make Us Different

- Why a Power Rates Study?
- Study Overview
- We Kept in Mind Several Priorities
- Summary of Study Results
- Affordable Rates
- Predictable, Competitive Rates
- Climate Goals and Electrification
- Long-Term Financial Stability
- What Can Customers Expect?
- New Rates Effective July 1st
- Engage on the Power Rates Study
- Questions

Discussion

- **Chair García** commented that Hetchy Power users include municipal agencies and other users outside of that.

Staff Franks responded that most or all City departments are customers of Hetch Hetchy Power. Franks explained that is the way it has been since the program launched. Franks added that since 2012, Hetch Hetchy has been expanded to include some non-municipal customers, such as redevelopment projects and other miscellaneous customers. Franks added that Treasure Island customers are served by Hetch Hetchy; however, their rates are controlled by the Treasure Island Development Authority (TIDA).

- **Member Sanders** asked if Treasure Island will still be a Hetch Hetchy customer or if it will move to CleanPowerSF once it is redeveloped. Sanders also asked if a different study will be prepared on those rates.

Staff Franks responded that the short answer is that the new development going in on Treasure Island will be normal Hetch Hetchy customers paying Hetch Hetchy rates. However, there will be a weird transition period where there will still be existing Treasure Island customers paying TIDA related rates as well as new customers paying Hetch Hetchy rates.

- **Member Algire** commented that there can be a fine line competition between people who choose to opt out and be a part of PG&E's system versus people who decide to stay in CleanPowerSF. Algire asked what those rates would look like and what is the SFPUC's plan to be competitive over the next fiscal year or two.

Staff Franks responded that CleanPowerSF customers can opt out and go back to PG&E at any time. Franks added that the SFPUC wants to be sure that they are making their rates competitive because they cannot afford to lose all customers. At the same time, the SFPUC is balancing that against the need to collect enough money to cover their costs. CleanPowerSF currently has the same rates as PG&E as of March 2022. The SFPUC is planning on decreasing rates on July 1st. It is hard to predict what PG&E will do two years from now. They have made some changes in the last few years that the SFPUC did not expect and were not forecasted, but the SFPUC will continue to pay attention to their changes. The SFPUC's current forecast is that they will remain close to where PG&E is at.

- **Member Algire** commented that she was unable to join the rate study meetings as asked if there were minutes or recordings available.

Staff Franks responded that they do not do recordings, but that the minutes are posted. Staff Franks encouraged Member Algire to provide public comment to the Rate Fairness Board Secretary that Friday afternoon meetings decrease public participation.

Staff Gallotta provided a link to the Rate Fairness Board information on the SFPUC's website: <https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-board>.

- **Member Ochoa** asked how PG&E can be beat and have an affordable public service that will always be cheaper and not require balancing the budget and worrying about the rates.

Staff Franks responded that she is not sure if she is qualified to answer the question. The long-term goal is to buy out PG&E's infrastructure and operate SFPUC's system. One of the conclusions of this rate study is that both CleanPowerSF and Hetch Hetchy are currently cheaper than PG&E. PG&E does not have as aggressive of a goal to meet 100% renewable energy as CleanPowerSF has. The SFPUC's policy goals might require it to charge a little bit more. At the same time, not having to pay profits to shareholders also saves customers' money. Staff Franks is confident that the SFPUC's power enterprises can operate PG&E's systems efficiently and cost competitively.

- **Member Ochoa** commented that he is passionate about creating a micro-renewable grid in terms of giving tax credits, rebates, or some type of refund from the City to pay for solar panel installation or wind power. Ochoa asked whether there was such a plan for CleanPowerSF or the City to start investing in those kinds of approaches or if something like that already existed.

Staff Franks responded that she is not the expert and asked if Gallotta would be able to respond.

Staff Gallotta asked Staff Franks to touch on the rates implications.

Staff Franks commented that the rates for people who have solar panels is by net energy metering. Individuals can sell extra power back to the grid or purchase it when their system is not operating. There are many changes going on with net metering at the State level and the SFPUC is monitoring that.

Staff Gallotta commented that Ochoa's question was timely because CleanPowerSF is going to be embarking on their integrated resource plan for 2022. This plan must be done every two years and needs to be submitted to the California Public Utilities Commission (CPUC). It is a forward-looking plan for how the SFPUC is going to adequately resource their demand needs for their customers. The SFPUC sources much of their renewables throughout the State and their past integrated research plan from 2020 started looking at the potential for local and regional sources. The next iteration of the IRP (Integrated Resource Plan) will look at that two years later with progress that has been made and additional thinking around how the SFPUC might procure more locally. The SFPUC would like the CAC's input about this.

- **Chair García** asked what is driving down CleanPowerSF rates.

Staff Franks responded that up until the program's launch, CleanPowerSF rates followed PG&E. The comparison is between CleanPowerSF rates, which is the piece that the SFPUC controls plus the PCIA which is the fee that CleanPowerSF customers are charged and that the SFPUC does not control, and PG&E generation rates. Those two pieces need to be added. The PCIA has gone up. To stay competitive, the SFPUC has had to reduce its margins. The PCIA has gone down in March of this year and it is the lowest it has been in years. With the PCIA going down and PG&E rates going up at the same time, the SFPUC's auto adjusting formula has allowed for a significant CleanPowerSF rate increase in response to that. Part of the goal with the SFPUC setting their rates themselves is that they can determine their forecast, establish their revenues, the possibility of building reserves, what reserves are needed, and then set the rates instead of having to react to these big up-down swings that have been financially volatile for the program.

- **Chair García** explained to the new members that the Power Charge Indifference Adjustment is the exit fee that customers pay to the PG&E. Chair García then asked Staff Franks to walk the CAC through the approval process.

Staff Franks responded that the power rates go through a different process than water and sewer rates. The process is set by the San Francisco Charter. The Rate Fairness Board is an advisory body, and they receive public input and feedback. They do not formally approve the rates. The Rate Fairness Board gives their input and recommendations to the Commission and the Commission decides to adopt or not adopt the rates. The Board of Supervisors then has three days in which they can call a hearing, but they are not required to hold a hearing. If the Board does not take any action within 30 days, the rates automatically go into effect.

- **Chair García** asked if LAFCO (Local Agency Formation Commission) is also an advisory body.

Staff Franks responded affirmatively.

- **Chair García** asked whether the May 10th date was final.

Staff Franks responded that she hoped so. Franks added that once the rates are approved, the SFPUC must put them in their billing system, send out information to customers, and communicate with people. If the date is moved, it would present implementation challenges.

- **Member Algire** asked if there are going to be any predicted changes to the time of use rates, and if that would mean stricter or more lenient rates. Algire also asked for confirmation on when the time of use rates were implemented.

Staff Franks responded that it was rolling for residential versus commercial at a different time frame. On the CleanPowerSF side, one of the challenges with the SFPUC setting their rates is that they are tied to what PG&E does. If PG&E says peak hours for their time of use rates is 4-9pm, the SFPUC cannot set their own peak hours because the data the SFPUC receives from PG&E is the data in those blocks that they have set. If a customer chooses a PG&E rate, the SFPUC

must follow their patterns. What the SFPUC can do is control their rates within the blocks, which is the peak versus off peak. Currently the proposal in CleanPowerSF is not to make significant changes to the difference between peak versus off peak pricing compared to what they have now. The SFPUC did a great deal of analysis and concluded that their costs do not vary much.

- **Member Algire** asked how the time of use rates have affected customers. Algire then asked whether the electric vehicle bill was a separate bill and how that might be different for Hetchy versus CleanPowerSF.

Staff Franks responded that there are different rates for residential and commercial users. The residential rate can have a meter for the house and a meter for the electric vehicle with a separate rate. There are also two different rates for business electric vehicles. The stand-alone electric vehicle rate was missing on the Hetch Hetchy side, which is what the SFPUC is creating because more of those are going in.

Public Comment: None

6. Presentation and Discussion: [Resolution in Support of Electric Grid Reliability on Treasure Island](#), Barklee Sanders, Power CAC Member

Member Sanders made a brief introduction on the terms of the resolution.

Discussion

- **Chair García** explained that the CAC will not be taking any action on the resolution tonight. The resolution was agendized as an opportunity for Sanders to introduce the resolution and garner feedback to improve it.
- **Member Williams** asked if the power infrastructure will be transferred to the City or will it remain under TIDA's control once redevelopment is complete.

Member Sanders responded that the SFPUC should take over asset management after full redevelopment. The Development Authority is only there when they are under redevelopment. Eventually the whole authority will not exist, and it will all be managed by the SFPUC once it is all complete.

Staff Gallotta commented that the City has the first right of refusal to be the electricity service provider for areas of redevelopment. That is why Hetch Hetchy Power has grown some of their residential service in San Francisco, particularly along the waterfront including Shipyard, Hunter's Point, Mission Rock and Pier 70. These projects are redevelopment projects like Yerba Buena Island and Treasure Island. The SFPUC has the first right of refusal to serve as the operator and manager of electricity services. The City has been interested in serving their residents throughout the City, and it allows the SFPUC to provide public power without the challenges of PG&E.

- **Member Sanders** commented that this public power plan is still confusing to him. He asked why TIDA was not considered public power if it is powered by Hetch Hetchy and it is also a City department.

Staff Gallotta responded that he would defer to Power staff. It is a unique construct because Treasure Island and Yerba Buena Island were federal lands operated by the Navy. When the City entered the transition of the lands to the City, it created a unique entity, which is TIDA. TIDA operates as part of the City but also independently. It is a non-traditional structure where the SFPUC does some of the procurement and they have a contractual relationship with TIDA in terms of the service provision. The SFPUC is not involved in the rate setting process or other components.

Member Sanders commented that Treasure Island was its own city at one point with TIDA being the government for the city of Treasure Island and Bob Beck the Mayor. It is not legally accurate, but it is a simple way to understand it.

- **Member Williams** asked if the development agreement for the power upgrades had already been executed with the City for Treasure Island and whether it was available.

Member Sanders responded that the Treasure Island master plan is available online and it shows where the new infrastructure will be installed.

- **Member Algire** commented that Treasure Island keeps going back and forth on the redistricting maps between District 2 and District 6. Algire asked if the district changes would hurt Member Sanders' ability to continue to represent District 6.

Chair García responded that Treasure Island has gone between Districts 3 and District 6. Steven Kight is District 3's representative. Chair García has received advice from the Democratic Party that the new lines do not go into effect until people are elected.

- **Member Algire** commented that the most powerful aspect of this resolution is supporting the transfer of ownership. She then asked whether this resolution has been edited at all. She also asked whether the SFPUC can legally acquire the assets from TIDA, what counts as development, and if they could set the wires and build the buildings but then transfer the wires/assets before the buildings are built.

Member Sanders responded that based on the SFPUC trying to purchase the grid from PG&E, they can do the same for Treasure Island. That is a high level, naïve assumption that it should be possible because they are doing it in another utility provider for the City.

Staff Gallotta commented that it is an interesting question that can be brought back to staff and to leadership at the SFPUC. A publicly owned utility is different because there is often just vertical integration. That is a technical term that refers to owning and operating the full suite of services including generation, transmission, and distribution. Their Hetch Hetchy Power customers on the municipal and residential side benefit from that vertical integrated service delivery model where publicly owned rates are set by the agency, and the agency manages transmission, distribution, and generation. There are different kinds of oversight requirements under the State for publicly owned utilities versus investor-owned utilities. CleanPowerSF is not referred to as a publicly owned utility service because it is a non-traditional hybrid. In

some degree, it is more like TIDA because there is a hybrid relationship where the SFPUC only manages the generation side and not the transmission and distribution. They are really hoping for the vertical integrated model for the future of San Francisco, which is true public power. In terms of the acquisition with PG&E, there are more formal processes that are in place for conducting a transaction like this. The City has filed a formal petition at the CPUC (California Public Utilities Commission) to evaluate PG&E's assets, which they are hoping to acquire. The CPUC provides oversight over investor-owned utilities in the State. The question for TIDA again is that it is a special district almost with the way that it is structured legally, and it does not fall under the jurisdiction of the CPUC.

Members Sanders commented that there are self-generation grants and SOMAH (Solar on Multifamily Affordable Housing) housing grants with funding that is available at the State level for a community like Treasure Island with its demographics and reliability issues. However, because of the way it is structured currently, they do not have access to those millions of dollars in State funds.

Chair García encouraged other members of the Subcommittee to also engage Sanders if they want to help craft this resolution. Sanders had mentioned the duration of the power outages, so it would be helpful to quantify the harm that is done by these power outages. Sanders had mentioned a 33-hour power outage and the impact they have on peoples' lives.

- **Member Sanders** commented that initially sewage would back up into the apartments of residents living on Treasure Island because sewage trucks had not been brought out to pump the sewage out when the pumps would go off. Food would spoil. People with medical needs would struggle. There are break-ins because there are no cameras and lights and there is one police officer and a few private security officers. Businesses are broken into because people know that the cameras are offline. The power outages are very stressful for residents of Treasure Island especially with people working remote through the pandemic. It is eye opening to be stuck at home without electricity most of the time. Sanders suggested checking out the website treasureislandsfpoweroutages.com.
- **Chair García** commented that there are some things that are outside of the CAC's jurisdiction that this resolution will not be able to address. This is just one venue or avenue where the CAC can act and take steps to ensure that Treasure Island has reliable power even though they might have to narrow some things down jurisdictionally. There are obviously other targets that can help alleviate the situation on Treasure Island.

Public Comment: None

7. Staff report

The CAC will continue to meet remotely until further notice.

Public Comment: None

8. Future Agenda Items and Resolutions

- Time of Use Rates Update – *tentatively June or August*

- IBEW 6 California Community Power Joint Powers Agency Presentation
- Electrification: San Francisco Climate Action Plan
- Municipalization: Interconnection, FERC Order 568, CCSF Purchase Offer
- Reliability: Climate Change, Wildfires, Public Safety Power Shutoffs
- Electric Rates & Equity
- Power Enterprise Residential & Commercial Power Programs: Heat Pumps, CAP
- California Community Choice Aggregation Residential & Commercial Power Programs
- Redevelopment Projects: Hunter's Point Shipyard & Treasure Island

Adopted Resolutions for Follow Up

- Resolution Recommending that the SFPUC Commission Reverses its Position on the "Not to Exceed Rates" for CleanPowerSF, Move Forward with this Important Program, and Allow Staff to Move Forward with its Launch [adopted September 16, 2014](#)
- Resolution in Support of SB 612 Electrical Corporations and other Load-Serving Entities [adopted on July 20, 2021](#)
- Resolution in Supporting of the Transition of CleanPowerSF Residential Customers to Time-of-Use Rates [adopted on July 20, 2021](#)

Public Comment: None

9. Announcements/Comments Visit www.sfpuc.org/cac for confirmation of the next scheduled meeting, agenda, and materials.

Public Comment: None

10. Adjournment

Motion was made (García) and seconded (Algire) to adjourn the meeting.

Meeting was adjourned at 7:16 pm.