



**San Francisco Public Utilities Commission
 Citizens' Advisory Committee
 Power Subcommittee**

MEETING MINUTES

**Tuesday, December 10, 2024
 5:30 p.m. – 7:00 p.m.
 525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room**

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Meeting URL

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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

Barklee Sanders (D6) Jodi Caroline Law (D1) Moisés García (D9)
 Soboll (M- Eng./Fin.) Sally Chen (D3)

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

Staff Liaisons: Lexus Moncrease, & Lupita Garcia
 Staff Email for Public Comment: cac@sfwater.org

ORDER OF BUSINESS

1. Call to order and roll call at 5:34 pm

Members present: (3) Soboll, Sanders*, Law

Members absent: (2) García, Chen

Staff/Presenters: Michael Hyams

Members of the Public: None

2. Approve [October 8, 2024](#) Minutes

London N. Breed
 Mayor

Kate H. Stacy
 President

Joshua Arce
 Vice President

Avni Jamdar
 Commissioner

Steve Leveroni
 Commissioner

Dennis J. Herrera
 General Manager



Motion was made (Law) and seconded (Soboll) to approve the October 8, 2024, minutes.

Minutes approved without objection.

Public Comment: None

3. Report from the Chair

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

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 (*2 minutes per speaker*)

Public Comment: None

5. Presentation and Discussion: [CleanPower SF Battery Storage](#), Michael A. Hyams, SFPUC Deputy Assistant General Manager, CleanPowerSF and Power Resources

Presentation

- CleanPowerSF Battery Storage Procurement
- Agenda
- Power Enterprise
- Delivering our Clean Power Supplies
- CleanPowerSF Enrollment
- CleanPowerSF's Energy Portfolio
- Why are we procuring battery storage?
- CleanPowerSF's 2022 IRP called for about 1,000 MW of new capacity additions
- Hourly Demand in the California ISO (Summer)
- Net Hourly Demand = "Duck Curve"
- Wholesale Electricity Prices Follow Demand
- California ISO Supply and Demand (Summer)
- Role of Batteries in the California ISO
- Batteries in CleanPowerSF's Portfolio (Illustrative)
- Corby Project
- Gonzaga Ridge Project
- Paulsell Project
- CleanpowerSF's Clean Energy Projects
- For more information
- Thank you

Discussion:

- **Chair Sanders** asked does the low-income income score include the 2,000 residents of Treasure Island who meet this score and are housing developments considered residential or commercial.

Staff Hyams responded that it does not include the Treasure Island residents because Treasure Island does not qualify for CleanPowerSF service because CleanPowerSF can only be provided to customers who are retail distribution and customers of PG&E. Housing developments are considered residential but what distinguishes

CleanPowerSF from Hetch Hetchy Power is that customers are not in retail distribution or customers of PG&E, and under state law, service is limited to areas of investor owned utility service area so you can't offer Community Choice Aggregation (CCA) service in a publicly owned utility service area. Treasure Island is undergoing a transition from Treasure Island Development Authority (TIDA) to the City.

Chair Sanders asked if this also applied at Mission Rock.

Staff Hyams responded yes that any customer of Hetch Hetchy Power would not qualify for CleanPowerSF service.

- **Member Soboll** asked what the size of the Corby project is.

Staff Hyams responded that the overall project size is 300 megawatts and the SFPUC is not the only off taker from this project as there are others. Unfortunately, the specific capacity the SFPUC has under contract is currently confidential, but it is a subset of the 300 total.

- **Member Soboll** asked what happens at the end of a contract?

Staff Hyams responded at the end of a contract, the SFPUC would have the opportunity to do a right of 1st refusal term that allows us to engage with the owner to extend the contract and if we can not come to terms, the owner can remarket it to anyone since the SFPUC does not own the facility, it just a purchaser of energy from the plant. The SFPUC would likely negotiate a new contract and if we succeed in extending the new contract, we likely reprice it to the current market prices.

- **Member Law** asked how the Power team's progress is relative to the graph shown since the graph was also presented back in April.

Staff Hyams responded that they are on track and in some cases, they are even ahead of schedule and in other cases, there are some challenges. The chart presented is the 2022 Integrated Resource Plan (IRP) and Power is gearing up to do an updated IRP for next year. Procurement work is still informed by the 2022 chart. The SFPUC is also a brand in a marketplace and this plan tried to take as much as commercial reality into consideration, but commercial reality is constantly changing. The State's procurement orders have done interesting things in the marketplace such as geothermal, a very challenging fuel type to contract for since there is a lot of demand because the California PUC has ordered the utilities and sellers under its jurisdiction to procure geothermal. The previous IRP was bold in geothermal, and prices have changed partly because of the result of the mandates that give commercial power to the sellers of these energy types. The SFPUC is trying to procure geothermal but is also exploring other options such as wind and an example is the Gonzaga project which increases the amount of wind that the SFPUC has under contract relative to the IRP.

Member Soboll asked where the geothermal we have is.

Staff Hyams responded that it is under contract with the geysers in Sonoma County. We have entered into a couple of contracts through California Community Power or joint power agencies for some new geothermal to be constructed in California and Nevada. Geothermal resource in California is limited and constrained by transmission access. Imperial Valley is a promising geothermal resource area in California but needs more transmission in order to access the area.

- **Chair Sanders** asked if the SFPUC implemented any mandates around price control.

Staff Hyams responded that the particular mandate he was referring to is not a SFPUC specific mandate, it is a California Public Utilities Commission (CPUC) mandate. CPUC regulates CleanPowerSF in certain respects and one of those is that it can order clean power staff to procure certain types of energy resources. The CPUC procurement orders do not have a restriction on pricing and there is not a consideration around pricing that an expectation is that an energy resource will cost the SFPUC a certain amount which becomes a rate payer burden.

Chair Sanders commented that if there are no price controls, even in a reasonable way tied to inflation, a government order can allow a private entity to have a lot of money.

Staff Hyams responded that this becomes a challenge for some procurement orders, the market power is given to the sellers and the sellers themselves are operating in a very competitive environment. The SFPUC has advocated in front of a regulator for orders that are technology agnostic that allows the regulators to describe the attributes they are looking for and then the SFPUC can go out into the market to find the technologies that can deliver those attributes. Unfortunately, some of the orders, there are only one or two technologies that work such as geothermal because it is so limited in where it can be developed. Batteries are different because they can be placed almost anywhere making it a very competitive market.

- **Chair Sanders** asked if SFPUC owned the battery storage assets and if we are not, why is the SFPUC not purchasing the equipment directly from the supplier and self managing.

Staff Hyams responded that power supply is very different market than electricity distribution. The City acquisition of the distribution system is partly about addressing the monopolistic relationship that exists with PG&E. In the power supply side of SFPUC business, we have a lot of competition. The private developer in the power supply market competes with one another and discipline one another and as a buyer, the SFPUC benefits from this competitive environment, with the exception that narrow procurement mandates can create a situation where a subset of these companies end up with the market power and can abuse the market power. The other part is managing risk and what delivers the best value to SFPUC rate payers. Historically, the Federal Government has supported clean energy through tax credits and as a government entity, the SFPUC can not benefit from tax credits. This

industry has grown around motivating private capital to invest in new clean technologies so they can have the opportunity to benefit from the tax credits which in hand will benefit SFPUC rate payers in the form of lower costs of energy. The Inflation Reduction Act has introduced a new opportunity for SFPUC as a public entity to capture those tax benefits but the challenge is that CleanPowerSF have fairly large pieces of infrastructure that require lots of planning, land control, permitting interconnection to the grid and it's a very specialized set of skills and knowledge and it is something that the SFPUC is looking to potentially own assets. Right now, the SFPUC is fortunate because California has developed a strong market for clean energy and developers are investing significantly so CleanPowerSF can partner with these private companies. By not owning the assets, the SFPUC shifts the risk of performance to the contractor. If SFPUC owns the asset, we are responsible for the maintenance operation and there are other risks associated with that. In the current situation, the SFPUC just pays for the power and if they don't deliver then they don't get paid and there are performance provisions in the contracts to ensure they are performing. The SFPUC can terminate a contract if they are performing at a low level.

- **Member Soboll** asked what the bigger impacts are that climate change is affecting as we go to these renewable energies and if it's a reliability issue versus how much power the SFPUC is going to get from the various resources and if wind gets variation from climate change.

Staff Hyams responded yes there are a lot of issues and it is something the SFPUC is constantly working on improving and looking at peers to capture the best practices in terms of contracting, evaluating, and thinking about things like assurance and risk. It is hard to say the longer-term impacts for example lower solar production of our climate becomes more wet and cloudier. With wind, they forecast production based on statistical methods collecting data over time and any decision to invest in a particular site takes a close look at the risk profile of a given location. The big problem is we do not know how the future will change the location. Fire is a huge problem and the way it is a problem is through the PG&E Public Safety Power Shut Offs (PSPS) and while they haven't affected San Francisco's power service because we are not a fire risk within the city, some of SFPUC's plants have been shut down because of the transmission lines taken offline due to PSPS. The SFPUC gets the impact where we don't get production from a particular facility because of a fire risk.

Member Soboll followed up asking if the transmission lines are owned by CleanPowerSF or by PG&E and if others own it, is there a requirement that makes the lines more reliable.

Staff Hyams responded that there are a variety of companies on the transmission lines. Transmission is sort of like power plants where private companies can invest in a transmission line, and they make that line available to the California Independent System Operator (ISO) that operate the bulk of the transmission system and the bulk in our area is PG&E assets. The City is working on acquiring the local distribution system and the transmission assets, especially outside of

the city will be PG&E and SFPUC will continue to benefit from California ISO. The reliability is a reason why PG&E is undertaking an effort to take their transmission system underground because there is a need to constantly shut down the power to prevent big fires and this is a huge cost to rate payers. This effort will take time and from studies, vegetation management is the best method to prevent fires that have been happening. The events that shut down the transmission system tend to be fairly short in duration and limited in location. The SFPUC has not seen a situation where it's had a significant impact, but it is something that we need to continue to think through.

- **Member Law** asked how and why NextEra Energy was chosen and what are the community benefits that are coming with the Corby Project.

Staff Hyams responded that NextEra energy may not have yet specified the specific beneficiaries. Normally, the way it works for energy projects, especially new energy projects is they mobilize everything as they move into construction and get capital to start the construction of a facility that is 18 months before the commercial operation date. The SFPUC Social Impact Partnership (SIP) team is in communication with the contractors who have made these commitments reflected in their contracts. The contractors made a dollar commitment in their bid, and they also identified one of the SIP program areas that they will contribute to. For the Paulsell project, something more specific can be obtained since the project is operating. The SFPUC publishes an evaluation criteria for how we select our solicitations. There are a number of factors involved including a major factor which is the value of the project and the underlying energy services that the bid is offering to the rate payers. The SFPUC performs a technical economic assessment of every project that is in solicitation. Other attributes that come into play are compliance requirements. The SFPUC has minimum qualifying criteria as well for bidders since these are complicated capital-intensive projects and bidders must show their experience and that they have the financial resources to deliver on a project.

Member Soboll asked if it follows a public contracting code.

Staff Hyams responded that the SFPUC follows city contracting. The value is not necessarily least cost, and the word "value" is used intentionally because it has to do with the ultimate value to rate payers for things like transmit access to the transmission system. An example is a project could be bid to SFPUC at a very attractive price but if the transmission system is overburdened in the area, the value of the energy to rate payers would be very low. The SFPUC does not do a weighted scoring because we may need multiple projects for different reasons, so we normally address this in a solicitation by identifying different product types.

- **Chair Sanders** asked what standards contractors are held and if they are General Order standards.

Staff Hyams responded that SFPUC's contracts with developers have performance standards written in as a vendor to the SFPUC and as an operator of their asset. For a battery, the SFPUC would expect that it is available a certain percentage of the hours of the year and SFPUC would expect that it has a round trip efficiency that means the energy into and out of the battery is meeting a minimum efficiency level since most energy storage systems experience energy loss in the process through heat. A lot of lithium-ion batteries have high efficiency levels and SFPUC contract may specify that the contractor has to deliver on a certain round trip efficiency over the course of the contract year and if they perform below average of a certain amount, they may owe the SFPUC damages because the SFPUC lost value through lost energy.

Member Sanders commented if the SFPUC holds contractors to a high standard, then as a city entity, the SFPUC should hold itself to a high standard on reliability to Treasure Island.

Public Comment: None

6. Staff report

- No full CAC meeting next week due to recess for the Winter Holidays (12/17/2024)
- Meetings will resume in January (1/21/2025)

Public Comment: None

7. Future Agenda Items and Resolutions

- IEPR from the CEC
- TI Resolution Report back
- Bayview Power
- Emergency Preparedness
- Power Enterprise Training
- Legislative Update – Federal and State
- Electrification: San Francisco Climate Action Plan
- Municipalization: Interconnection, FERC Order 568, CCSF Purchase Offer
- 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
- Time-of-Use Rates Update
- Reliability: Wildfires and Public Safety Power Shutoffs

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](#)

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

9. **Adjournment at 7:03 pm**

For more information concerning the agendas, minutes, and meeting information, please visit www.sfwater.org/cac. For more information concerning the CAC, please contact by email at cac@sfwater.org or by calling (415) 517-8465.

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ACCESO A IDIOMAS

De acuerdo con la Ordenanza de Acceso a Idiomas "*Language Access Ordinance*" (Capítulo 91 del Código Administrativo de San Francisco "*Chapter 91 of the San Francisco Administrative Code*") intérpretes de chino, español y/o filipino (tagalo) estarán disponibles de ser requeridos. Los minutos podrán ser traducidos, de ser requeridos, luego de ser aprobados por la comité. La asistencia en idiomas adicionales se tomará en cuenta siempre que sea posible. Para solicitar asistencia con estos servicios favor comunicarse con Lexus Moncrease al (415) 517-8465, o cac@sfwater.org por lo menos 48 horas antes de la reunión. Las solicitudes tardías serán consideradas de ser posible.

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