

**LEGISLATIVE DIGEST**

[San Francisco Clean Energy Act]

**A proposal to amend the Charter of the City and County by amending Sections 8B.120, 8B.123, and 9.107, and adding Sections 8B.128 through 8B.131, to: (i) address the crisis of global climate change by moving San Francisco from fossil fuels to clean, sustainable energy production, (ii) ensure environmentally sustainable and affordable electric supplies for residents, businesses, and City departments, (iii) require the Public Utilities Commission to determine the most effective means of providing clean, sustainable, reliable and reasonably-priced electric service to San Francisco residents, businesses and City departments, and (iv) establish an Independent Ratepayer Advocate to represent the interests of San Franciscans that purchase utility services from the City by evaluating and making recommendations on utility rate proposals prepared by the San Francisco Public Utilities Commission under Charter section 8B.125.**

**Existing Law**

Existing law provides that the Public Utilities Commission (“Commission”) is responsible for management and control of the water and energy supplies and utilities of the City and County of San Francisco. The Commission operates subject to the Charter’s provisions governing administrative and financial matters, including the appointment of personnel, execution of contracts, expenditure of funds, setting of rates, and issuance of debt.

**Amendments to Current Law****Charter Sections Amended****SEC. 8B.120. PREAMBLE.**

Charter Section 8B.120 would be amended to establish the following Commission’s goals:

- Establishing long-term integrated resource plan that sets forth in one document the City’s requirements for transmission, distribution and electricity resources over the next ten years.
- Evaluating the benefits of local control over electric service, including cost savings and control over development of clean energy and energy efficiency and evaluating the

benefits of a full-service 100% clean public power system in the City to sell power directly to consumers consistent with the U.S. Supreme Court's 1940 interpretation of the Raker Act.

- Investigating ways to improve electric service and reduce costs to customers, including through measures such as Community Choice Aggregation.
- Exploring alternatives to deliver the City's Hetch Hetchy electricity to the City after the present contract with Pacific Gas and Electric Co. for such delivery expires.

### **SEC. 8B.123. PLANNING AND REPORTING.**

Charter Section 8B.123 would be amended to require that the Commission produce a comprehensive study of options for providing clean, secure, cost effective electricity for City departments and residents and businesses of San Francisco. The study, which would be reviewed by independent experts, would consider, without limitation, the following:

- Transmission needs to transport Hetch Hetchy generation and cost-effective renewable resources into the City. Alternatives to be evaluated would include at a minimum, construction of City owned transmission lines, contracts or joint transmission projects with other municipalities and participation in the California Independent System Operator transmission markets.
- Transmission and distribution needs within the City to support reliability and facilitate distributed generation and renewables, including connections between substations and the 115 and 230 kV transmission systems within the City, and transmission and distribution needs to meet new City developments.
- Resources needed to meet municipal electric loads, Community Choice Aggregation loads, and other potential City loads, including options to maximize cost-effective energy efficiency and demand-reduction and local and remote renewable resources.
- Cost-effective options to reduce Greenhouse Gas Emissions from the electricity sector and to offset greenhouse gas emissions from other sectors.
- The costs and benefits of municipalization of the electric system in San Francisco, including the acquisition, construction, or completion of any public utility pursuant to Charter Section 16.101.

The plan would include a workforce development component to train and place individuals in jobs related to the acquisition, reconstruction, replacement, expansion, repair, or improvement of energy facilities under the jurisdiction of the Public Utilities Commission.

This Section would require that, if after reviewing the Commission's report and recommendations of the independent experts the Board of Supervisors finds that the public interest or necessity demands, the Board of Supervisors must direct the Commission to immediately prepare a plan for acquiring the electric system that serves the City through acquiring, constructing or operating electric facilities.

#### **SEC. 9.107. REVENUE BONDS.**

Charter Section 9.107(8) would be amended to provide for the issuance of revenue bonds for utility facilities.

#### Charter Sections Added

#### **SEC. 8B.128. LABOR RELATIONS.**

Charter Section 8B.128 would be added to the Charter to require that employees of an incumbent utility coming to the City as a result of this measure would be protected in the following manner:

- Employees of the incumbent utility who become City employees as a result of this measure would not suffer any loss or reduction of compensation, seniority, benefits or other employee rights and protections as of the effective date of this Section.
- Employees of the incumbent utility who become City employees as a result of this measure would be granted by the City the date of hire seniority they possessed with the privately held utility on the date of the City's acquisition for purposes of calculating vacation and sick leave.
- Employees of the incumbent utility who become City employees as a result of this measure would not involuntarily forfeit any rights or benefits they held under the incumbent utility's defined benefit plan.

#### **SEC. 8B.129. CLEAN AND RENEWABLE ENERGY MANDATES.**

Section 8B.129 would be added to the Charter to require that the Commission rely on clean and renewable energy resources to meet the City's electric needs. The Commission would be required to develop and implement aggressive energy efficiency measures to reduce the City's electric needs. The City would establish the following requirements for reliance on clean and renewable energy resources: (1) **by the year 2012, the Commission would ensure that** at least 107 megawatts of the City's electricity needs are met through the use of clean resources; (2) by the year 2017, the Commission would ensure that 51% of the City's

electricity needs are met through the use of clean energy resources; (3) by the year 2030, the Commission would ensure that 75% of the City's electricity needs are met through the use of clean energy resources; and (4) by the year 2050, the Commission would ensure that 100% of the City's electricity needs are met through the use of clean energy resources.

This Section would also require the Commission to file semi-annual reports with the Board of Supervisors setting forth all of its efforts to meet the requirements for using renewable energy resources set forth in this Section.

This Section would allow the Board of Supervisors by a 2/3 vote to modify the mandates established by this section if it finds that such modification serves the public interest.

### **SEC. 8B.130. RATEPAYER ADVOCATE.**

Section 8B.131 would be added to the Charter to establish an Independent Ratepayer Advocate to represent the interests of San Franciscans that purchase utility services from the City by evaluating and making recommendations on utility rate proposals prepared by the San Francisco Public Utilities Commission for utility services under its jurisdiction, including water, clean water, and energy services. The Independent Ratepayer Advocate would be appointed by the City Administrator and subject to confirmation by the Board of Supervisors.

#### Key Changes from the Third Draft of the Charter Amendment

- The modification proposed to Section 8B.124 regarding revenue bonds issued by the Public Utilities Commission has been deleted.
- The title of Section 8B.128 has been changed to Employees of Incumbent Utility. The section has been further modified to delete the following provisions: (b), (c), (d), (f), and (g).
- The title of Section 8B.129 has been changed to Clean and Renewable Energy Mandates. A new subsection (b) has been added to require the Commission to develop aggressive energy efficiency goals to reduce the City's electric needs. A new subsection (e) has been added to allow the Board of Supervisors to modify the mandates established in this section.
- The proposed new Section 8B.130, entitled Use of Power Revenues, has been deleted.
- Section 8B.131, entitled Ratepayer Advocate, has been renamed Independent Ratepayer Advocate and renumbered to 8B.130. The provision has been expanded to provide additional detail about the appointment and duties of the ratepayer advocate.