



July 23, 2015

Mr. John Arntz  
 Director  
 Department of Elections  
 1 Dr. Carlton B. Goodlet Place, Room 48  
 San Francisco, CA 94102

**RE: Request for Analysis of Ballot Initiative Entitled, "Disclosures Regarding Renewable Energy", for November 3, 2015 Election**

Dear Mr. Arntz,

I am writing in response to your letter dated July 6, 2015, requesting the San Francisco Public Utilities Commission's (SFPUC) review of the proposed initiative entitled, "Disclosures Regarding Renewable Energy", for the November 3, 2015 election ballot. San Francisco's Community Choice Aggregation (CCA) program, managed by the SFPUC, supports acquiring "clean", "green", and "renewable and greenhouse gas free" electricity for San Francisco residents. Unfortunately, the proposed measure adopts standards for these terms that are inconsistent with state law, could hinder San Francisco's development of roof-top solar for its residents, and significantly increase the cost of the CCA program without providing additional environmental benefit. Specifically:

- 1) ***The proposed initiative creates a new definition of renewable, greenhouse gas free electricity that is inconsistent with state law.***

California's Renewable Portfolio Standard (RPS) establishes a sub-set of renewable resources (RPS-eligible) that includes solar, wind, geothermal, and biomass. The RPS then divides these resources into three Portfolio Content Categories (PCCs) depending primarily on where and when the power is generated. The proposed measure would limit the use of renewable energy to only one of these categories (PCC1), even if the excluded energy was eligible for use in meeting California's RPS requirements. The proposal would establish a different definition for San Francisco's CCA than what is required by state law or for other electricity suppliers in the state such as Pacific Gas and Electric Co. (PG&E). If adopted, the measure would cause a CCA program that is 100% renewable or greenhouse gas free under state rules and regulations to be less than 100% renewable or greenhouse gas free under the initiative's new definition.

While the measure recognizes that the hydroelectric energy from San Francisco's Hetch Hetchy System is clean, renewable energy, the measure would not allow the CCA program to purchase energy from other hydroelectric systems in California and claim this energy as "clean" or greenhouse gas free.

- 2) ***The proposed initiative hinders San Francisco's development of roof-top solar for its residents.***

The proposed initiative prevents San Francisco's CCA program from claiming as "renewable and greenhouse gas free" solar energy from roof-top solar facilities funded by the CCA program to encourage San Francisco residents to install these facilities. Under state rules, this type of energy currently only qualifies for Portfolio Content Category 3.

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**Ike Kwon**  
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**Harlan L. Kelly, Jr.**  
 General Manager



**3) The proposed initiative increases the energy supply cost of the CCA program without any additional environmental benefit.**

The SFPUC is developing a CCA program that would offer more renewable energy with less greenhouse gas content than currently available at competitive and affordable prices. This proposed initiative will drive up the costs of the CCA program for consumers to the extent that it restricts the pool of resources the CCA may choose from and call "renewable" or "greenhouse gas free."

Limiting the types of renewable and/or greenhouse gas free resources the CCA program can use also has operational effects. A CCA needs flexibility in acquiring energy resources to best and most cost-effectively meet supply and demand. Since energy from wind and solar can vary significantly over the course of a day, there is a need for energy resources, such as hydroelectric energy that is not allowed under the proposal, that can quickly ramp its output up or down.

The combined effect of these proposed changes limits the CCA's flexibility to acquire an optimal mix of renewable and greenhouse-gas free resources and will thus increase the cost of the program without providing additional environmental benefits.

**4) Finally, the proposed initiative increases CCA program administration costs by requiring that additional and unnecessary notices be sent prior to enrollment.**

Under state law, the CCA program must already provide customers two notices prior to enrollment describing the program's terms and conditions and offering the customer an opportunity to opt-out of the program. State law further requires CCA programs to provide customers another two notices after enrollment. The CCA program will make it easy for customers to switch back to PG&E if they desire. The proposed measure's additional notification requirements will cost the SFPUC approximately \$135,000 to implement, further adding to the administrative cost of the program with minimal benefit to consumers.

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Michael Hyams, Policy and Administration Manager of our Power Enterprise, (415) 554-1590, [MHyams@sfgwater.org](mailto:MHyams@sfgwater.org), will be present at the Board of Supervisors Rules Committee today on my behalf to address any of the Committee's questions or concerns regarding this matter. Mr. Hyams is also available to address the Ballot Simplification Committee starting 7/27/15 as necessary. Please do not hesitate to contact him directly if you have questions, or if additional information is required. Thank you.

Sincerely,



Harlan L. Kelly, Jr.  
General Manager  
San Francisco Public Utilities Commission

c: Michael Hyams, Policy and Administration Manager, Power  
Barbara Hale, Assistant General Manager, Power  
Juliet Ellis, Assistant General Manager, External Affairs  
Patrick J. Caceres, Policy and Government Affairs Manager, External Affairs  
Tyrone Jue, Director of Communications