

File No. 080657

Committee Item No. 1

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance

Date May 22, 2008

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Victor Young

Date May 16, 2008

Completed by: Victor Young

Date _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Priorities for Public Utilities Commission's expenditures from Mayor's Energy Conservation
2 Account Funds.]

3 **Ordinance establishing priorities for expenditures by the Public Utilities Commission**
4 **from the Mayor's Energy Conservation Account.**

5 Note: Additions are single-underline italics Times New Roman;
6 deletions are ~~strikethrough italics Times New Roman~~.
7 Board amendment additions are double underlined.
8 Board amendment deletions are ~~strikethrough normal~~.

9 Be it ordained by the People of the City and County of San Francisco:

10 Section 1. The Board of Supervisors of the City and County of San Francisco hereby
11 finds, determines, and declares:

12 (a) The City has established a goal of reducing its greenhouse gas emissions to
13 20% below 1990 levels by 2012. Reducing the City's greenhouse gas emissions from energy
14 use is an important part of achieving this goal. Achieving this goal will require increases in
15 conservation, energy efficiency, and renewable energy supplies.

16 (b) The San Francisco Public Utilities Commission (PUC) serves 16% of the City's
17 electrical demand, electric service providers serve 8% and Pacific Gas & Electric serves the
18 remaining 76%. The PUC has installed 2 megawatts (MWs) of solar generating capacity as
19 well as 4 MWs of methane gas cogeneration capacity. In addition, the PUC is supplementing
20 its renewable energy generation portfolio with 25 MWs of purchased geothermal generation.

21 (c) In 2001, the Mayor established the Mayor's Energy Conservation Account
22 (MECA), allocating PUC power revenues specifically for energy efficiency and renewable
23 energy projects. Since then, more than \$75 million has been appropriated to MECA, of which
24 approximately \$30 million was appropriated for energy efficiency projects and \$38 million for
25 renewable energy projects.

1 (d) The PUC is currently undertaking the development of additional large scale
2 renewable energy generation assets within the City with the objectives of expanding and
3 diversifying the renewable energy resources available to City departments and other PUC
4 customers, boosting the City's clean energy industry and improving overall in-City energy
5 reliability.

6 (e) The development of municipal renewable projects, through a City-owned,
7 design-build structure or a privately-owned power purchase structure, provides financial
8 benefits to the City in terms of power revenues. Such projects also offer the City greater
9 control to ensure long-term benefits from the projects.

10 (f) The development of renewable projects at non-profit housing developments
11 would support the City's goal of promoting additional affordable environmentally sound
12 housing in the City.

13 (f) The PUC is pursuing the establishment of a Community Choice Aggregation
14 (CCA) program. Implementation of CCA may allow the PUC to expand its renewable energy
15 generation asset portfolio.

16 (g) The City's Electricity Resource Plan and the State's Energy Action Plan both
17 recognize that conservation and energy efficiency provide the most cost effective investments
18 in sustainable energy use and greenhouse gas reduction.

19 (h) Targeting the City's investments in sustainable energy use and greenhouse gas
20 reduction to projects that also promote other City priorities, such as workforce development,
21 environmental justice, and affordable housing, is an effective use of the City's financial
22 resources.

23 Section 2. The Board of Supervisors establishes the following priorities for
24 expenditures by the Public Utilities Commission (PUC) from the Mayor's Energy Conservation
25

1 Account. The Board of Supervisors intends to adhere to these priorities in approving budget
2 appropriation requests from the PUC.

3 (a) The PUC shall prioritize use of MECA funds, first, for conservation and energy
4 efficiency measures, and second, for renewable energy projects.

5 (b) Except as specified in (c), below, for both of the project types identified in (a),
6 above, the PUC shall limit expenditures to projects on City-owned facilities or City-related
7 facilities, such as facilities that receive electric service from the City or where there is
8 otherwise a direct financial or legal connection to the City. Such facilities would include, but
9 not be limited to, the San Francisco Redevelopment Agency, San Francisco Housing
10 Authority, and San Francisco Unified School District.

11 (c) Funding for projects for non-City-owned or City-related facilities is limited to non-
12 profit housing developments.

13 (d) Projects that include an environmental justice component and/or a workforce
14 development component should be given priority and, where appropriate, should be facilitated
15 with increased financial incentives or similar measures.

16 (e) The PUC shall report to the Board of Supervisors on MECA expenditures from
17 the previous fiscal year by October 1 of each year.

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19
20
21 APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

22 By: 
23 Theresa L. Mueller
24 Deputy City Attorney
25

LEGISLATIVE DIGEST

[Priorities for Public Utilities Commission's expenditures from Mayor's Energy Conservation Account Funds.]

Ordinance establishing priorities for expenditures by the Public Utilities Commission from the Mayor's Energy Conservation Account.

Existing Law

In 2001, the Mayor established the Mayor's Energy Conservation Account (MECA), allocating the San Francisco Public Utilities Commission (SFPUC) power revenues specifically for energy efficiency and renewable energy projects.

Amendments to Current Law

The ordinance establishes priorities for expenditures by the SFPUC from the MECA fund and indicates that the Board of Supervisors intends to adhere to these priorities in approving budget appropriation requests from the SFPUC. The ordinance establishes the following priorities:

- 1) the SFPUC shall prioritize the use of MECA funds, first, for conservation and energy efficiency measures, and second, for renewable energy projects;
- 2) the SFPUC shall limit expenditures to projects on City-owned facilities or City-related facilities, or where there is otherwise a direct financial or legal connection to the City;
- 3) funding for projects for non-City owned or City-related facilities is limited to non-profit housing developments; and
- 4) projects that include an environmental justice component or a workforce development component should be given priority and, where appropriate, should be facilitated with increased financial incentives or similar measures.

The ordinance requires the SFPUC to report to the Board of Supervisors on MECA expenditures from the previous fiscal year by October 1 of each year.

Background Information

The City has established a goal of reducing its greenhouse gas emissions to 20% below 1990 levels by 2012. The City's Electricity Resource Plan and the State's Energy Action Plan both recognize that conservation and energy efficiency provide the most cost

**Supervisor Mirkarimi
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effective investments in sustainable energy use and greenhouse gas reduction. Achieving the City's greenhouse gas reduction goal will require increases in conservation, energy efficiency, and renewable energy supplies.

Since 2001, when the Mayor established the MECA, more than \$75 million has been appropriated to MECA, of which approximately \$30 million was appropriated for energy efficiency projects and \$38 million for renewable energy projects. The City's Electricity Resource Plan and the State's Energy Action Plan both recognize that conservation and energy efficiency provide the most cost effective investments in sustainable energy use and greenhouse gas reduction. Targeting the City's investments in sustainable energy use and greenhouse gas reduction to projects that also promote other City priorities, such as workforce development, environmental justice, and affordable housing, is an effective use of the City's financial resources.

The development of municipal renewable projects, through a City-owned, design-build structure or a privately-owned power purchase structure, provides financial benefits to the City in terms of power revenues. Such projects also offer the City greater control to ensure long-term benefits from the projects.

The PUC has installed 2 megawatts (MWs) of solar generating capacity as well as 4 MWs of methane gas cogeneration capacity. In addition, the SFPUC is supplementing its renewable energy generation portfolio with 25 MWs of purchased geothermal generation. The SFPUC is currently undertaking the development of additional large scale renewable energy generation assets within the City with the objectives of expanding and diversifying the renewable energy resources available to City departments and other PUC customers, boosting the City's clean energy industry and improving overall in-City energy reliability. The PUC is also pursuing the establishment of a Community Choice Aggregation (CCA) program. Implementation of CCA may allow the PUC to expand its renewable energy generation asset portfolio.

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