

Office of the Mayor
City & County of San Francisco



Gavin Newsom

June 28, 2007

Members, San Francisco Board of Supervisors
City Hall
One Carlton B. Goodlett Place
San Francisco, California 94102

Dear Supervisors,

Today I signed Ordinances 070501 and 070777 which, together, represent an initial step towards Community Choice Aggregation (CCA) for San Francisco. If done right, CCA has the potential to aggregate the purchasing power of San Francisco's residential and business customers to create renewable energy resources on an unprecedented scale.

However, I want to make clear that significant work is still needed in order to turn the Draft CCA Implementation Plan embodied in Ordinance 070501 into a final Plan that both makes sense from a policy perspective and complies with state law.

One troubling aspect of the Draft Implementation Plan is a provision guaranteeing that rates under CCA must 'meet or beat' PG&E's rates only for the first 60 days of the program. This timeframe happens to coincide with the 60-day window that ratepayers have to decide whether they will "opt-out" of the CCA program. This appears to mean a customer's rates could increase right after the opt-out period ends. Our CCA program must be completely transparent with the consumer. We should either make an up front commitment that CCA will meet or beat PG&E's rates over the long-term or we must be clear that ratepayers may very well pay more for their electricity in order to facilitate greener power.

AB 117 requires that an energy supplier must be identified before the CPUC will approve a final CCA Implementation Plan. The next step in the process is to move forward with a Request for Information (RFI) and a Request for Proposals (RFP) to identify potential CCA energy suppliers. The RFI/P will help determine whether we can meet the aggressive renewable energy goals in the Draft Implementation Plan while still maintaining fiscal prudence and ratepayer transparency.

I am committed to moving forward expeditiously on the RFI/P so that we can determine the feasibility of, and parameters for, a CCA program for San Francisco. I have directed the SFPUC to issue the RFI no later than July 15th.

I look forward to working closely with the SFPUC and the Board of Supervisors as we go forward.

Sincerely,

Gavin Newsom

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