Protect Our Communities Foundation
4452 Park Boulevard #202
San Diego, CA 92116

Policy Priorities for the City of San Diego's Electric Franchise Agreement

Provided by the Protect Our Communities Foundation – May 12, 2020

The City of San Diego desires to partner with Franchisees to achieve the City's environmental, climate change, and clean energy goals. The City also wants its Franchisees to adhere to the best practices in transparency and respect open and equal access for all its residents and workers. To that end, the City should require its Franchisees to be transparent, cooperative, supportive of the City's powerful and dynamic clean energy goals, and supportive of the City's equal access and labor commitments.

A. <u>Franchise Agreement "Big Picture Priorities:"</u>

1. **Clean Energy:** See Section B below.
2. **Term Length:** The franchise agreement shall establish a maximum term of 5 years.[1]
3. **Fair Market Value:** The franchise agreement shall establish the fair market value of the Franchisee's physical infrastructure by formula but specifically excluding franchise values or other intangibles and specifically identifying responsibilities for environmental remediation.
4. **Worker Protections:** The franchise agreement must include workers' benefits, protections, standards and wages, and the rights to remain unionized and to organize at least as protective as state law, including Public Utilities Code 854.2.
5. **Accountability:** The franchise agreement must establish accountability provisions sufficient to ensure that the Franchisee abides by the terms of the agreement (e.g. performance bonds, daily penalties, contract termination option, etc.) consistent with state law.
6. **Transparency and Required Cooperation:** The City's Franchisee must cooperate with the City of San Diego to provide the City information to enhance transparency:
    a. The City must require reporting requirements establishing data transparency, including the following requirements:

[1] Several of the Protect Our Communities Foundation's recommendations for the City of San Diego's franchise agreement stem from its review of the agreements in the National Renewable Energy Laboratory's franchise agreement database. One franchise agreement which POC recommends for review by the City is the 2016 Salt Lake City franchise agreement (available here). The Salt Lake City franchise agreement demonstrates several ideal features including the best practice for contract length. That franchise agreement's 5-year term allows Salt Lake City to regularly update the contract to address the rapidly changing energy landscape plus it provides the city a regular opportunity to evaluate its franchisee.

i. An annual report prepared by the Franchisee which includes all data required by the City in the prior year's report plus additional requirements established by the City for each new report. The report shall be publicly released. The information in the report shall be provided in a format determined by the City. At a minimum, the report should provide the following information:
    1. System Average Interruption Duration Index (SAIDI)
    2. System Average Interruption Frequency Index (SAIFI)
    3. Customers Experiencing Multiple Interruptions (CEMI)
    4. Customer energy usage, consumption patterns including load profiles, and demand parameters (distribution delivery voltages for example)
    5. Customer participation in all utility programs including but not limited to energy efficiency, self-generation, electrification, EV charging and demand response programs.
    6. Infrastructure information: Infrastructure planning procedures including but not limited to a complete list of infrastructure investments with installation costs, a list of capital improvements, planning processes, investment decisions and infrastructure projections.
    7. The utility's planning involving the evolution and future use of its infrastructure.
    8. Safety-related programs including seismic, wildfire and extreme weather event programs

ii. Upon request from the City, the Franchisee shall provide any information and data within its control to the City

b. City use of the Franchisee's infrastructure: The City shall have the right to use the Franchisee's infrastructure without cost.
    i. The City shall have the right to use the Franchisee's trenching without cost.
    ii. The City shall have the right to use the Franchisee's poles and related infrastructure for telecommunications or other purposes without cost.

c. The Franchisee must relocate Franchisee infrastructure at the request of the City at no cost to the City.

7. **Non-exclusivity:** The City must establish a non-exclusive franchise.
8. **Franchise Fee:** The Franchise fee may not be passed through to the utility customers. The Franchisee's shareholders must pay the franchise fee.

B. **<u>Clean Energy Priorities:</u>**

1. Establish requirements restricting the Franchisee from opposing
    a. Customer-owned behind-the-meter (BTM) solar

    b. Customer-owned front-of-the-meter solar (within City limits)
    c. CCA build-out of local clean energy generation and storage
2. Require cooperation from the Franchisee to enable the City to establish:
    a. Large-scale energy efficiency programs
    b. Large-scale demand response programs
    c. Distributed solar and battery storage projects
    d. Virtual Power Plants through aggregation of solar and batteries
    e. Streamline installation and interconnection of distributed solar and batteries
3. The basic positions of the City and its Franchisee should be aligned on relevant clean energy goals and policies that the City prioritizes. In furtherance of that alignment:
    a. Before the Franchisee advances any policies or applications at the California Public Utilities Commission, the California Energy Commission, or with the California Independent System Operator that conflict with or inhibit the City's clean energy policies or its prioritization of local renewable power, the Franchisee shall publicly meet and confer with the Mayor and the City Council about the Franchisee's need to advance a position that conflicts with or inhibits the City's policies and prioritizations and shall provide the City an opportunity to determine appropriate limits on any such advocacy.
    b. By 2022, the Franchisee must work cooperatively with the City to expedite the development of Power Charge Indifference Adjustment cost reduction measures including contract buyout protocols and contract securitization which meet City approval.
    c. The Franchisee must offer an on-bill financing program that is open to all residential and commercial customers in the City, both owners and renters, working in close cooperation with the City. The financing will be provided by third parties to be chosen by the City.
    d. The Franchisee must work cooperatively with the City to integrate rapid neighborhood-level increases in BTM resources while maintaining high levels of grid reliability.