

April 10, 2023

Re: San Francisco Electric Transmission Upgrade Initiative

Dear *Potential Respondent*:

The San Francisco Public Utilities Commission ("SFPUC") of the City and County of San Francisco, California ("City" or "CCSF") seeks expressions of interest in potential projects for the purpose of upgrading transmission lines, reducing transmission costs, and increasing the value of its transmission infrastructure.

The SFPUC owns transmission lines connecting SFPUC's Hetch Hetchy Water and Power ("HHWP") hydro generation, Modesto and Turlock Irrigation Districts facilities, and PG&E's Warnerville and Newark substations. These facilities currently deliver electrical generation to the electricity customers of the SFPUC. We are interested in increasing the value to the SFPUC and the regional grid through upgrading SFPUC's transmission lines. Of specific interest are upgrades to HHWP Lines 3 and 4,¹ which currently operate at 115kV, between Moccasin and Newark.

The SFPUC would like to explore the potential interest of others to participate as partners to finance, construct, operate or otherwise find ways to improve the existing CCSF transmission system. Federal funding may be available to support potential projects.

To facilitate consideration of potential opportunities to improve the CCSF transmission system, certain documents are attached, which provide information and descriptions of SFPUC's transmission objectives, fundamental energy service obligations, and background information with a description of SFPUC's existing transmission system. Web meetings may be set up to share ideas and exchange additional information. CCSF would expect that parties will sign reciprocal agreements to hold information exchanged during these meetings in confidence. Responses from this process will be used to prepare Requests for Proposals or other types of competitive solicitations consistent with SFPUC and City requirements. Responding to this letter is not a requirement to participate, nor will it confer any benefit, in any future competitive solicitation.

To express an interest and request a meeting, please provide:

- 1) a brief description of possible projects of likely interest to CCSF,
- 2) whether a non-disclosure agreement is requested, and
- 3) a point of contact for further discussions.

Expressions of interest should be provided within a month of this letter.

London N. Breed
Mayor

Newsha K. Ajami
President

Sophie Maxwell
Vice President

Tim Paulson
Commissioner

Anthony Rivera
Commissioner

Kate H. Stacy
Commissioner

Dennis J. Herrera
General Manager

¹ Moccasin-Newark Line #3 and Moccasin-Newark Line #4



Please send expressions of interest or requests for further information to Catherine Spaulding, Deputy Assistant General Manager, Power at (415) 554-1632 or CSpaulding@sfgwater.org.

Thank you for your consideration of this matter.

Sincerely,



Barbara Hale
Assistant General Manager, Power

Attachments:

1. SFPUC's Transmission Objectives
2. SFPUC's Fundamental Energy Service Obligations
3. Background and Current SFPUC Transmission System

c: Margaret Hannaford, Division Manager, Hetch Hetchy Water and Power
Catherine Spaulding, Deputy Assistant General Manager, Power

Attachment 1: SFPUC's Transmission Objectives

The SFPUC's objectives for transmission and the criteria by which transmission projects are assessed are the following:

- a. Maintain and improve the long-term ability of the City to access and deliver power generated by the HHWP Project directly to San Francisco;
- b. Improve, or at a minimum do not diminish, the reliability of the electric transmission system;
- c. Maximize the use of existing HHWP rights-of-way to avoid environmental effects of new transmission projects that would otherwise be built to meet Bay Area needs;
- d. Maximize the asset value of HHWP transmission system; and
- e. Provide economic benefits to the City.

In addition, the SFPUC's objectives in considering third party involvement in its transmission projects and new transmission business arrangements are to:

- f. Continue to meet its regulatory and operating obligations;
- g. Maximize operating efficiency;
- h. Minimize the net overall and annual costs of its transmission assets and services; and
- i. Maximize the overall value of its future transmission assets.

Attachment 2: Fundamental Energy Service Obligations



Whether the SFPUC proceeds with new transmission projects and business arrangements on its own or with one or more partners, certain regulatory and operational obligations must be met, including:

- a. Delivery of energy from HHWP Project and other sources to the SFPUC's loads;
- b. Compliance with the Raker Act; and
- c. Compliance with requirements of the North American Electric Reliability Corporation (NERC) Reliability Standards and Western Electricity Coordinating Council (WECC) Regional Criteria.

**Attachment 3:
Background and Current SFPUC Transmission System**

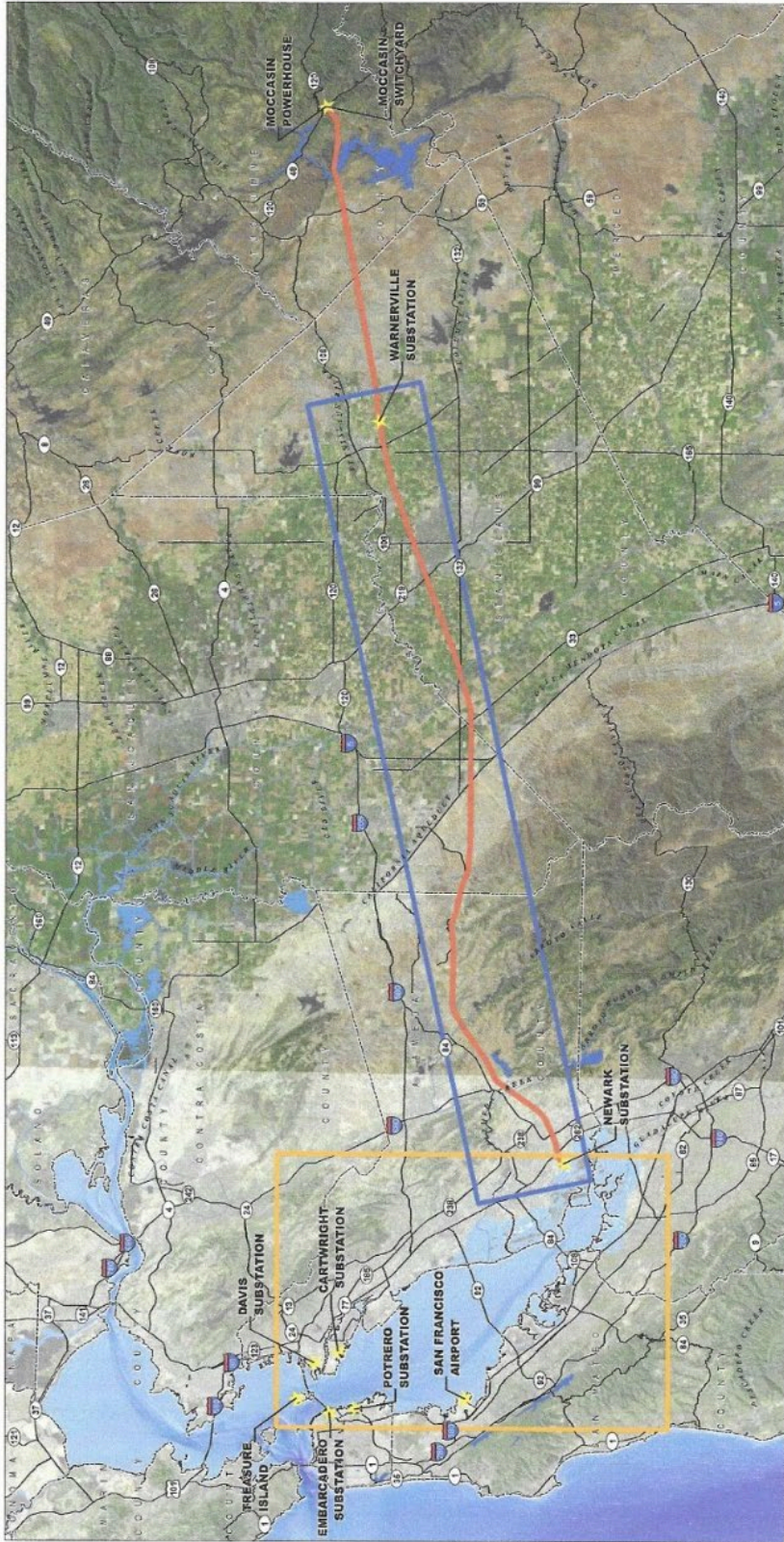
The Raker Act of 1913 established the rights and obligations of the City to develop electric generation, transmission, and other facilities on the lands where they exist today.

The SFPUC's loads are served through one of two programs. Hetch Hetchy Power is the City's full-service electric utility and CleanPowerSF is San Francisco's Community Choice Aggregation program. Together, these retail electric service programs provide over 70% of the electricity consumed in San Francisco.

	
<ul style="list-style-type: none"> • 1 million MWh annual sales (150 MW) • Over 5,400 customer accounts and growing • Ownership in 385 MW hydro generation, 9 MW solar, 3 MW biogas • Default product 100% Greenhouse Gas (GHG)-free • "Premium" 100% California RPS renewable • 160+ miles of transmission and distribution lines, 7 substations 	<ul style="list-style-type: none"> • 3 million MWh annual sales (550 MW) • Over 384,000 customer accounts, relatively stable • Diverse portfolio of short, medium, and long-term power, storage, and resource adequacy contracts • Default "Green" product at least 50% RPS renewable and nearly 100% GHG-free • "SuperGreen" and "SuperGreen Saver" 100% California RPS renewable

The HHWP Division of the SFPUC maintains and operates transmission facilities that primarily deliver HHWP electrical generation to the SFPUC's loads in San Francisco, summarized above, and to the Modesto and Turlock Irrigation Districts. The CAISO tariff provides relief from certain congestion costs for deliveries of HHWP generation serving SFPUC's loads using HHWP transmission. HHWP is registered with the North American Electric Reliability Corporation ("NERC") as the Transmission Owner ("TO") and Transmission Operator ("TOP") for the transmission facilities owned by the City and is also a registered Generator Owner ("GO"), Generator Operator ("GOP") and Transmission Planner ("TP").

The SFPUC transmission system is shown in the map below.



- Substation/Powerhouse
- SFPUC Reservoir
- SFPUC Power Transmission Lines 3 & 4
- Newark to San Francisco Study Area
- Upcountry Study Area (Existing Lines 3 & 4)
- County Boundary



Source: Imagery: ©2018 Visual Earth, 2024
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