February 21, 2020

Attn: Mr. Lee Friedman, Strategic Energy Initiatives Manager, Smart and Sustainable Communities Branch
City of San Diego
202 C Street,
San Diego, CA 92101

RE: Key Provisions for Better Energy Franchise Agreements

Dear Mr. Friedman,

Thank you for extending the RFEI opportunity to community stakeholders who have a direct and vested interest in securing the best deal on the City's energy franchise agreements.

I am writing on behalf of a number of organizations working in coalition to promote a transparent process to achieve the best use of our public right of way for a strong, equitable and resilient energy future.

The expiration of these agreements is a major opportunity to align the obligations of the new franchisee(s) with the City's ambitious renewable energy target. We need franchisees working in concert with the City to achieve its energy goals. Many California cities are even evaluating proposals to convert the power lines into a public asset in order to improve grid reliability and develop local clean energy infrastructure.

We believe Franchise Agreements that include the following provisions will better position us to secure our clean energy future and a climate resilient grid. The City's new Franchise Agreements must:

- **Facilitate equitable access to local solar power for all City residents and businesses.** It is vital for the future franchisee(s) to work with the City and community to incentivize the proliferation of a decentralized clean energy system centered on solar and storage. The community deserves a willing partner to help reach local and state clean energy mandates, and advance a 21st century energy grid.

- **Include specific provisions to meet or exceed current worker protections, standards and wages, and the right to unionize.** The new franchisee's workforce deserves the same benefits, protections, and rights to organize and the utility's workforce does today. Specific provisions should be codified in any Franchise Agreement to ensure this.
- **Limit the term to no more than five years to allow for regular performance evaluation and updates to incorporate evolving technology opportunities.** Since 1970, franchise agreement terms have shortened significantly, with 46 jurisdictions including Lexington, KY, Salt Lake City, UT, and Los Angeles County, CA signing off on five year agreements. San Diego should not limit its opportunity to adapt and innovate its energy system with a long term agreement, especially as new regulations and technologies develop, and climate change unfolds.
- **Require shareholders, not customers, to pay for the use of the public right of way.** Currently, San Diego residents and businesses pay for SDG&E's access to profit off of our public right of way. This must end. Shareholders who profit must pay the expense for this privilege, not the public.
- **Mandate a "cooperation requirement" for City prior review and approval of franchisee's legislative or regulatory proposals that could impact the City's energy system.** As the City works to achieve its landmark clean energy and climate action goals, it must have a proactive and positive partnership with its utility franchisee(s). The City should not be battling to secure its energy future, be it at City Hall, the state legislature, or the CPUC.
- **Mandate a daily penalty fee, paid by shareholders, if franchisee violates agreement terms.** As exemplified by SDG&E's actions with Pure Water, the current agreements have no mechanisms for real accountability. A daily penalty for violation would discourage Pure Water incidents from happening again.

The terms of the new franchise agreements, whether with SDG&E or another provider, will have a major impact on achieving the reliable, local, and affordable clean energy that City residents demand. We urge you to incorporate these provisions in the upcoming invitations to bid (ITB) to secure our clean energy future.

Sincerely,
Coalition for Better Franchise Agreements

Matthew Vasilakis,
Co-Director of Policy,
Climate Action Campaign
matthew@climateactioncampaign.org