



**The City of San Diego**  
**M E M O R A N D U M**

DATE: March 13, 2018  
TO: Warren Ruis, Director, Regional Public Affairs, San Diego Gas & Electric  
FROM: Cody Hooven, Chief Sustainability Officer  
SUBJECT: February 7, 2017 meeting follow up

---

The City of San Diego (City) has adopted a Climate Action Plan that includes a 100% renewable energy goal, and corresponding greenhouse gas reductions, by 2035. The City has issued a request for information and qualifications to gather information about alternative programs to reach this goal. Most recently, the City issued a request for proposals to San Diego Gas & Electric (SDG&E) identifying specific information needed in a proposal in order to consider an alternative program to reaching the City's goal. SDG&E's response provided a concept for the City to consider but did not provide a fully described program proposal. Thus, the City and SDG&E have begun regular meetings to negotiate additional details needed by the City for this conceptual program to be a viable option.

The purpose of this memo is to respond to input and additional questions posed by SDG&E to the City in the most recent meeting (3/7/2018) regarding the SDG&E's 100% renewable energy proposal. Below are responses and additional information from the City to help SDG&E further develop their proposal.

1. The City's desired level of authority in procurement decisions is to set procurement criteria details in collaboration with SDG&E. SDG&E will then be responsible for procurement decisions during implementation of the proposed program. Those criteria and other program parameters would need to be formalized in an overarching agreement between the City and SDG&E. (See below for an outline of the overarching agreement).
2. The City will not be financially or legally liable for any procurement contracts resulting from this program. SDG&E should propose alternative risk management strategies for their proposed program if they are unable to accept any additional financial risk or impacts resulting from the program.
3. The City would prefer operational involvement in procurement contracts ranging from minimal involvement (e.g., post-procurement review) to more extensive involvement (e.g., non-voting observer in contract selection, or pre-selection comment period).
4. City administrative procurement requirements would not apply as the ultimate procurement would be between SDG&E and energy providers for power to serve ratepayers/customers of SDG&E.
5. SDG&E should suggest off-ramps for the City to retain future flexibility. These could include legislative changes, performance issues, etc.

6. The City expects to appropriately staff this effort. These resources would include technical support, project management and administration, legal, etc. Additional staffing support could evolve over term of the program.
7. The primary goal of a marketing strategy, should the City choose to pursue this program, is to maximize participation which is key to overall program success, recognizing that cost to customers is a key factor in any program's success. Additional goals have been previously described by the City in various documents and include economic development benefits, achieving 100% renewable energy by 2035, development of energy efficiency and other ancillary programs, and service for disadvantaged communities.
8. Until the City reaches a decision on a pathway to 100% renewable energy in 2018, SDG&E may choose to continue to conduct education and outreach on the program they are proposing to the City. SDG&E should continue to provide any updated outreach materials or information to the City that are presented or shared with external groups.

Considerations for criteria the City would need to be included in an overarching agreement that would govern the proposed program:

- Demonstrated pathway to 100% renewable energy (electricity) by 2035 for program participants
- Maximized program participation overall and for any offering to reach 100% renewable energy with anticipated opt out rate
- Regular quarterly and annual reporting and third party audits
- Transparent, consistent, and timely data sharing
- Cost control mechanisms
- Option to adjust the agreement regularly to account for new technologies, goals, or other external factors affecting program function
- Options for revenue sharing or additional/expanded ratepayer programs
- Incentives for performance and remedies for nonperformance
- Clearly defined financial responsibilities and assignment of risk
- Clearly defined consideration by both the City and SDG&E

This information is provided in response to the February 7<sup>th</sup> discussion and questions posed to the City by SDG&E at that meeting. This information can help inform additional discussions and proposed program development, the next meeting of which is scheduled for March 15, 2018. Please contact Cody Hooven, 619-236-6563 or [chooven@sandiego.gov](mailto:chooven@sandiego.gov) if you have any questions prior to the 15<sup>th</sup>.