Power Enterprise Update
for Capital Planning Committee

October 26, 2020
New Wholesale Distribution Tariff (WDT3)

• PG&E filed proposed changes to the WDT at FERC on Sept. 15, 2020
  • New formula rate for access to the distribution grid – Costs are expected to increase significantly
  • All new or reconfigured interconnections must be connected at primary voltage
  • No new or reconfigured interconnections allowed on PG&E’s “downtown network”

• CCSF filed a protest at FERC on Oct. 6, 2020
  • PG&E’s proposed changes are unjust and unreasonable
  • Requested that FERC reject PG&E’s application (or at least issue a five-month suspension)

• PG&E’s proposed changes effective January 2021
Implications of Primary Service Requirement

• For the past few years, PG&E has been enforcing this primary service requirement

• Implications for projects include:
  • An additional ~$500k in upfront construction costs
  • Additional space requirements for a primary switchgear
  • For cost and equipment requirement comparison:

<table>
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<th>Secondary Service</th>
<th>Primary Service</th>
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<tbody>
<tr>
<td>Upfront Construction Costs</td>
<td>Transformer (sometimes) Secondary Switchgear ($75K)</td>
<td>Transformer ($20-$50k) Secondary Switchgear ($75k) Primary Switchgear ($500k)</td>
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PG&E Challenges

• PG&E’s continued obstruction and unwillingness to comply with its current Tariff impose unreasonable delays and increased costs on the City

• PG&E currently requires this oversized, expensive equipment that is not required for any regulatory, technical, safety or reliability reasons

• PG&E’s proposed changes to the WDT seek to memorialize its ‘policy’ of unnecessary requirements into the Tariff, in addition to other unjust and unreasonable requirements
Acquisition Efforts

• These circumstance are untenable and further highlight the need for City’s independence from PG&E

• In September of 2019, the City submitted an offer to purchase PG&E’s electric assets in San Francisco – PG&E rejected the offer

• In August 2020 the Mayor sent a letter to PG&E reaffirming the City’s interest in acquiring PG&E’s electric assets – PG&E again rejected the offer despite their precarious financial position

• The City continues to evaluate opportunities to decrease dependence on PG&E
Thank You