

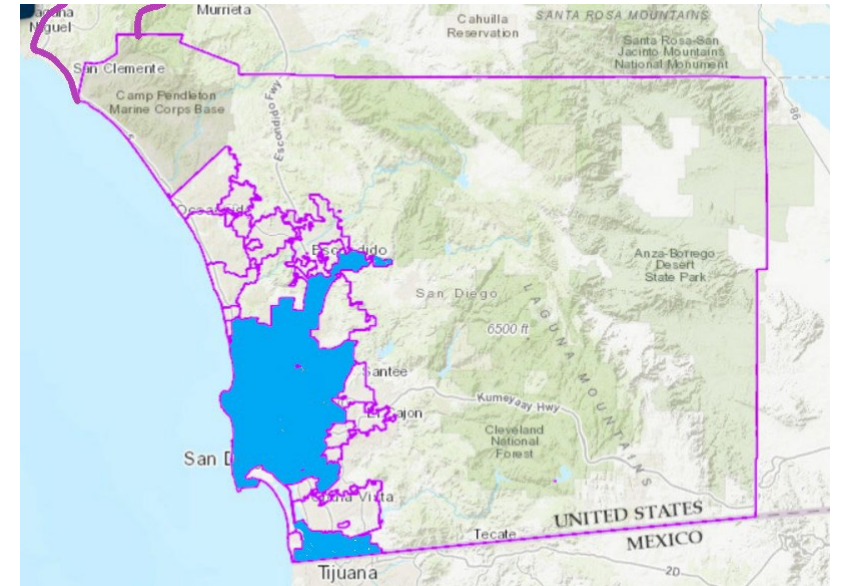
City of San Diego  
Compliance Review Committee

Item 5: SDG&E Gas and Electric  
Franchises Review

Franchise Compliance Review Committee  
March 22, 2024

- **History**
- **Compliance Review Committee Oversight**
- **Administrative MOU**
- **Undergrounding MOU**
- **Energy Cooperations Agreement**

- **1970: 50-year SDG&E Franchise expires June 2020**
  - Undergrounding program added in 2001
  - Extended 1-year to finalize bid terms and negotiations
- **The Gas and Electric Franchise awarded to San Diego Gas & Electric (SDG&E) came into effect July 8, 2021**
  - 10 + 10 year term
  - Revenue: 3% Gross Receipts annually + \$10M in 2021-25, 2030-31
  - Compliance Review Committee
  - Admin MOU
  - Undergrounding MOU
  - Energy Cooperation Agreement



## Franchise (Section 6.b):

- “The City shall use a competitive process to retain a qualified, independent, third-party auditor (independent auditor) every two (2) years. The independent auditor shall perform an audit of Grantee’s conformance and compliance with all conditions of the Franchise and produce a written report documenting the work performed and the conclusions reached. The audit shall address Grantee’s fulfillment of financial, operational, documentary, and cooperative requirements under the Franchise.” [O-21328]
- “The Review Committee shall review the independent auditor’s report and shall provide the auditor’s report and its own written report and recommendations to the City Council within one hundred eighty (180) calendar days of the end of each two-year period of the Franchise term. The Review Committee shall provide a recommendation to the City Council on the question of the automatic renewal for the secondary term of the Franchise, based on compliance with the Franchise and the Energy Cooperation Agreement.” [O-21328]

## Franchise

### Administrative MOU

- \* Defines administrative practices and timelines for execution of work in the Public Right-of-Way (PROW) under the Franchise
- \* Establishes project guidance and criteria for expedited permitting for certain SDG&E projects
- \* Details data-sharing expectations for SDG&E projects and facilities
- \* Outlines procedures and responsibilities on coordination of city infrastructure projects with SDG&E assets and projects
- \* 2-year review/amend/execute cycle

### Undergrounding (UUP) MOU

- \* Establishes processes, requirements, and responsibilities for Undergrounding Program
- \* Design & construction by SDG&E
  - \* Reimbursement to SDG&E
- \* Design & construction by City ("Joint projects")

### Energy Cooperation Agreement

- \* Commitments by SDG&E on items on areas of policy or operational importance outside the PROW
  - \* Alignment with Climate Action Plan
- \* Cooperation with San Diego Community Power (SDCP)
- \* Coordination and data sharing with SDFD and OES on wildfire safety and emergency operations
- \* Equity programs for rooftop solar, affordable housing, workforce development, energy efficiency
- \* Regular meetings / presentations to Council/Committees, City staff, and Compliance Review Committee

# Administrative MOU

## Purpose

Franchise (9.a): “Grantee’s exercise of rights to install, maintain, and operate its facilities in the Streets of the City shall at all times be subject to obtaining and maintaining in force an Administrative MOU.” [O-21328]

- Establish a better working relationship between SDG&E and the City
- Utilizing enhanced communication and data-sharing technology to develop streamlined operational pathways where it is effective, safe, and to the benefit of the residents and businesses of San Diego
- Establish categories of work for which no specific permit is required and outline the conditions and restrictions on the authority of the MOU

## Key Areas of MOU

1. Project Criteria for MOU Permit
2. Construction Standards and Requirements
3. Coordination with City CIP Projects
4. Data Sharing



## 1. Project Criteria for MOU Permit

MOU Permit applies for Category 1 projects that meet all criteria:

- a) Like-kind replacements
- b) No permanent impact or alteration to any City infrastructure.
- c) No work in ROW under moratorium.
- d) SDG&E facilities are not being installed in a manner that would restrict sidewalk clearance to less than 48" or within 10' of a pedestrian ramp/curb return.
- e) Work will not take place in any sensitive archeological or paleontological areas.
- f) Work does not create major disturbances of City landscaping.

Projects are entered into the DSD permitting system as "no review" plans.

## 2. Construction Standards & Requirements

MOU reinforces commitments in the Franchise agreements

- Emergency Projects
  - Immediate notification of emergency work
  - Temporary work standards and ongoing inspections
  - Immediate response on notification of safety hazard of temporary measures
  - Retroactive permit timelines
- Construction Impacts to City Infrastructure
  - Restoration of all city assets impacted by construction
  - City infrastructure brought to current accessibility standards if out of compliance

## 3. Coordination with City CIP Projects

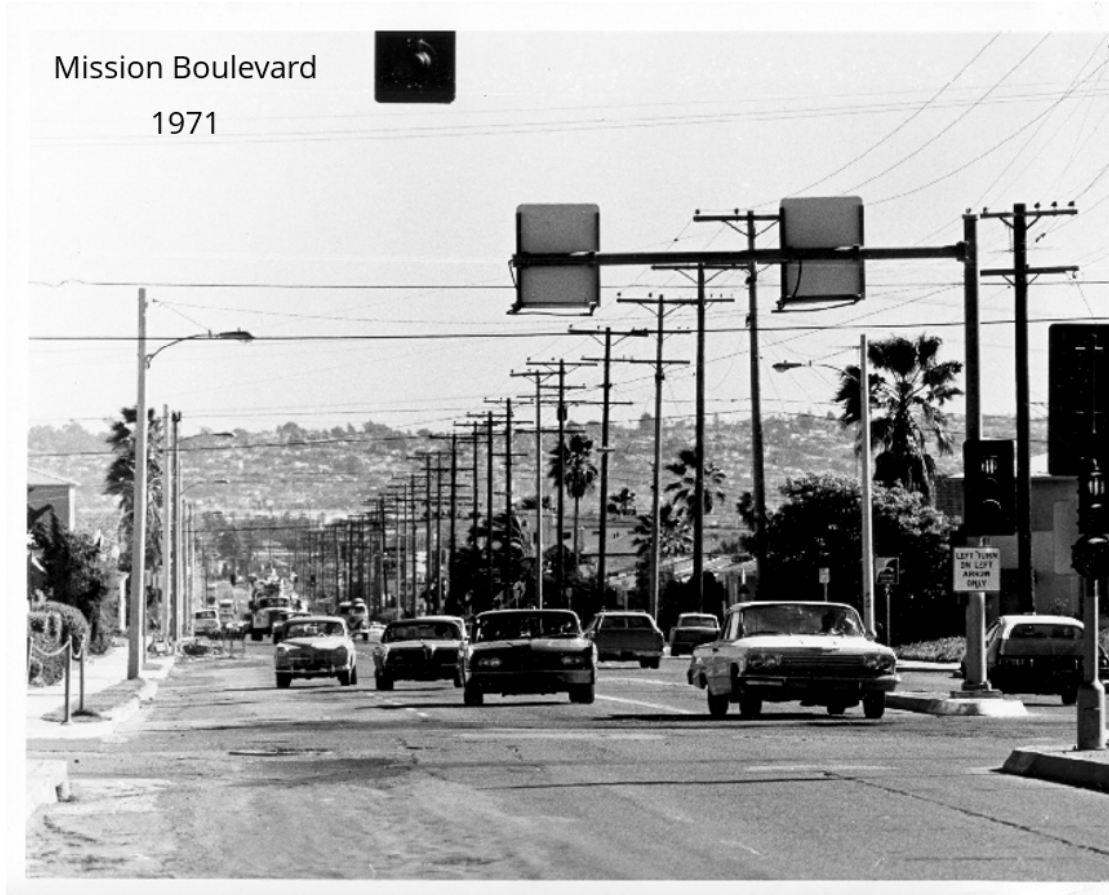
- Both City and SDG&E will exchange project schedule information.
- SDG&E will conduct preliminary conflict checks for City CIP projects.
- Where feasible, Traffic Control for City CIP projects will be utilized for SDG&E relocation projects.

## 4. Data Sharing

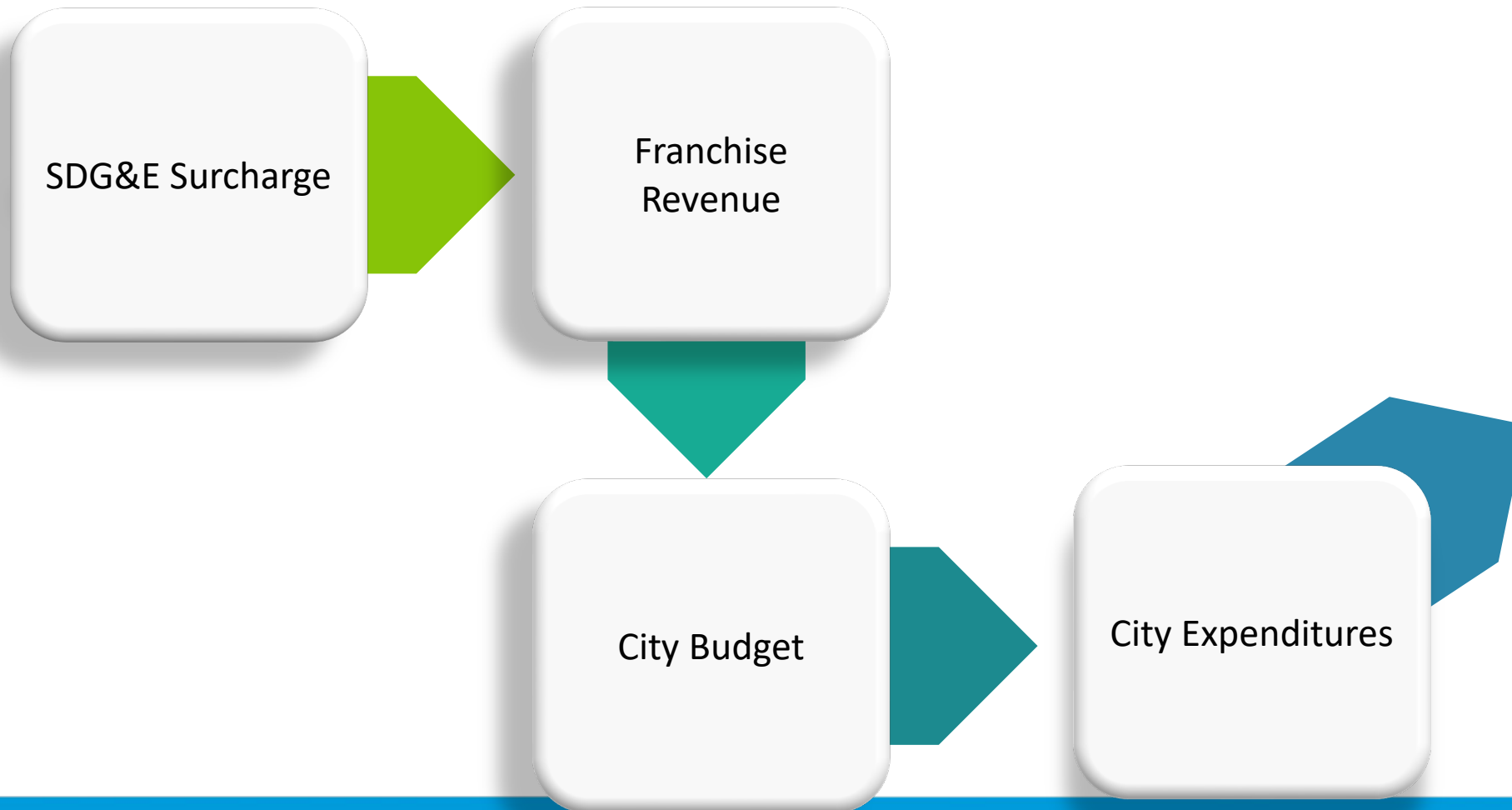
- Development of a shared-data portal for real-time project information
- SDG&E will make available as-built data of their assets in the ROW
  - Shared through ArcGIS layer
  - Both gas and electric assets
- Ongoing coordination to develop an additional Project Data ArcGIS site to identify all ongoing SDG&E projects to be used in conjunction with City CIP project GIS data for coordination, deconfliction, and tracking.

# Undergrounding MOU

# How It All Began



# One of a Kind Program



Projects

# Progress and Cost Efficiency – New Terms



More formality to agreeing on targets



More reporting required



Increased cost controls



# Project Cost Controls

## Past Terms

- Portion of cost records embedded in internal accounting
- No process to verify market prices for outsourced work

## New Terms

- Separate accounting for Surcharge work [Electrical Franchise Sect. 8(i)]
- City rules apply to SDG&E procurement [Electrical Franchise Sect. 8(g)]
- Pricing proposals with commercially reasonable assurances [Electrical Franchise Sect. 8(g)]
- Access to all books and records [Electrical Franchise Sect. 8(j)]

# Budgetary Controls

## Past Terms

- Agreement contained no specific requirements for SDG&E
- Staff relied on past expenditures for setting budgets
- Staff relied on experience and judgement for mid-year projections

## New Terms

- SDG&E to provide info at key milestone dates
  - Proposed Budget
  - May Revision
  - Mid-Year Projection
  - Year-End Projection

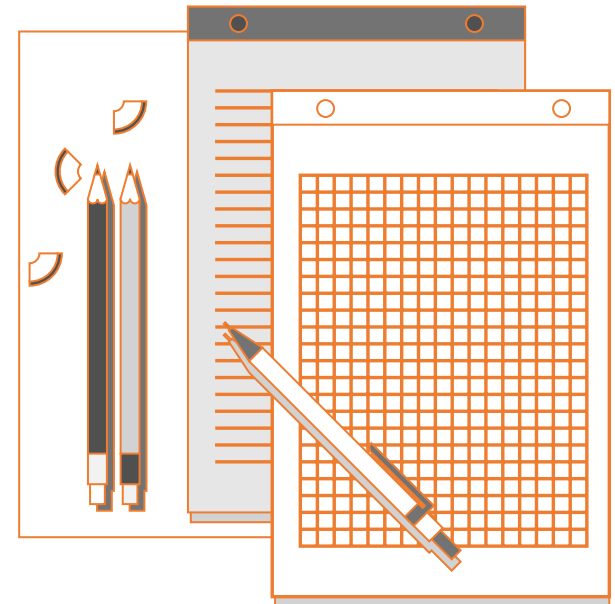
[Undergrounding MOU Sect. 12]

# City's Option to Self Perform – New Terms

- States “design reviews and inspections... shall not be unreasonably withheld or delayed” [Electrical Franchise Sect. 10(f)]
- Extensive use of “Grantee will cooperate” [Undergrounding MOU Sect. 6]
- Clarified roles for easements [Undergrounding MOU Sect. 7.11]
- City choice of which projects to self-perform, but same scope limitations [Undergrounding MOU Sect. 4.1.3 and Sect. 6]

# Written Requirements to Cooperate

- SDG&E to participate in field review of proposed boundary  
[Undergrounding MOU Sect. 4.3.1]
- Promptly notify City if boundary needs modification  
[Undergrounding MOU Sect. 4.3.2]
- Meet and confer on suspended projects  
[Undergrounding MOU Sect. 4.7.3]
- Scheduling of project startup  
[Undergrounding MOU Sect. 7.1]



## Written Requirements to Cooperate (cont'd)

- Shall not remove power to streetlights without permission  
[Undergrounding MOU Sect. 7.10.8]
- City access law and arborist review early coordination  
[Undergrounding MOU Sect. 7.12]
- Comply with MMRP and schedule with City monitor  
[Undergrounding MOU Sect. 7.13]
- Participate in community forum meetings  
[Undergrounding MOU Sect. 7.10.8]

# Energy Cooperation Agreement

## What is the ECA?

- Condition of awarding the Electrical Franchise to SDG&E.
- Agreement between City of San Diego and SDG&E to cooperate and work together toward the shared goals of clean, safe, reliable and equitable energy for San Diego residents and businesses.
- Identifies commitments from SDG&E to support the City's Climate Action Plan goals.
- Living Agreement - ECA contents are to be assessed every 3 years.
  - Cooperation Agreement Summit
  - Changes to ECA are subject to approval by City Council.

## Collaboration Areas

- Clean Energy
- Safe Energy
- Reliable Energy
- Equitable Energy
- Transparency







## Clean Energy Collaboration Opportunities

Clean Energy Collaboration	Safe Energy Collaboration	Reliable Energy Cooperation	Equitable Energy Cooperation	Ensuring Transparency
<ul style="list-style-type: none"><li>• San Diego Community Power</li><li>• Evaluate Energy Efficiency and Demand Response Opportunities with SDCP</li><li>• Enhanced Tree Planting</li><li>• Expand Green Waste Recycling</li><li>• Expand Clean Transportation Efforts</li><li>• Energy Benchmarking</li><li>• Municipal Energy Strategy</li><li>• GHG Reduction Analysis</li></ul>	<ul style="list-style-type: none"><li>• Wildfire Safety</li><li>• Increase Safety and Resiliency through Energy Intelligence</li><li>• Facilitate Development of 100% Virtual EOC and City Outreach</li><li>• Develop Resiliency Review</li></ul>	<ul style="list-style-type: none"><li>• Finalize &amp; Refresh Central Dashboard for Energy Management</li><li>• CCA Cooperation</li></ul>	<ul style="list-style-type: none"><li>• Equity-Focused Solar Expansion</li><li>• Affordable Housing</li><li>• Encourage Diversity in Local Clean Energy Workforce</li><li>• Undergrounding Prioritization</li><li>• Energy Efficiency Campaign within Communities of Concern</li><li>• State &amp; Federal Grants</li></ul>	<ul style="list-style-type: none"><li>• Rate Transparency</li><li>• Major Projects &amp; Undergrounding</li><li>• Supporting Customer Equity</li><li>• Supporting Climate Equity</li><li>• Supporting Municipal Staff &amp; Operations</li><li>• Compliance Review Committee</li></ul>

# Thank You