

City of San Diego

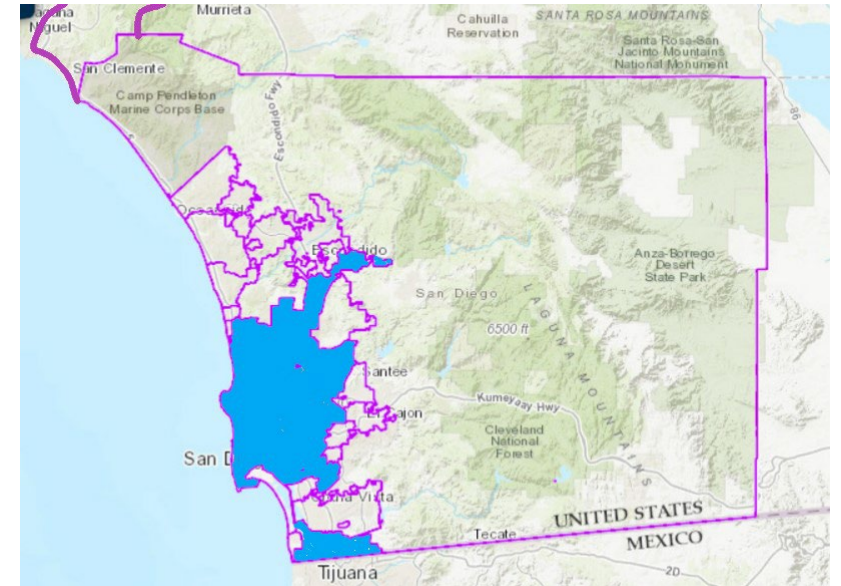
Franchise Compliance Review Committee

Item 4: SDG&E Gas and Electric Franchises Review

Franchise Compliance Review Committee
March 6, 2025



- **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

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
 - * 3-year review/amend/execute cycle

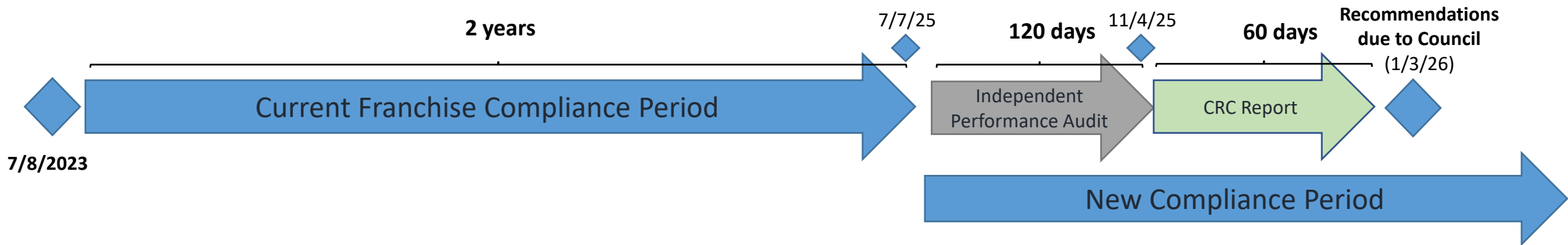
Franchise (Section 6.b):

- “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]



Compliance Review Committee Oversight

Franchise (6.b): “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]





Progress to Date

- First Independent Audit
 - Delivered to City Council on July 15, 2024
- First FCRC Report and Recommendations
 - Delivered to City Council on July 15, 2024
- Admin MOU Renegotiated
 - Version 2 effective as of October 2023
- Energy Cooperation Agreement Summit
 - Version 2 presented to Environment Committee February 13, 2025
 - Expected to be effective Spring 2025



Next Steps and Timeline

Next Steps

- Elect Chair and Vice Chair
- Develop a Work Plan
 - Topics for future meetings
 - Meeting Schedule

Milestones	End Date
Second Franchise Compliance Period End Date	7/7/2025
Independent Audit End Date	11/4/2025
FCRC Report Due Date	1/3/2026

Thank You