

2-7-08 Pacific Sun

A push for energy independence

If CCA proponents have their way, Marin could turn the lights out on PG&E

By Peter Seidman

If advocates of creating a joint powers authority to broker green power for the county succeed, Marin could make a great leap toward meeting greenhouse-gas reduction targets.

But first, advocates will have to brace for some tough debate sessions in front of city and town councils across the county, and the prospect is good that energy giant PG&E will make an appearance in Marin in an attempt to convince residents that a plan for energy independence will not meet expectations.

The stakes are high as Marin enters the next phase in its road to possibly becoming a "community choice aggregator." That road actually started in 2001, when the Legislature passed AB 117, a bill sponsored by then-Assemblywoman and current state Senator Carole Migden. The bill allows local governments to purchase power wherever they choose for customers in their communities instead of having to purchase whatever Pacific Gas & Electric puts on the energy plate. Using AB 117, Marin would form a joint powers authority and act as a power aggregator. The new agency then would have the authority to purchase as much power as possible from green sources.

Supervisors Charles McGlashan and Hal Brown have been nudging the county along the community choice aggregation (CCA) route for a few years now. The county hired Navigant Consulting to conduct a study to determine if forming a CCA agency made sense for the county. The county also formed a task force, comprising representatives from cities and towns as well as the county, to take the temperature of Marin residents. A poll showed that 74 percent of county residents liked the CCA idea in general, especially if it could cap or even reduce consumer energy costs. Fifty-eight percent of the respondents in the poll said they would be willing to pay 10 percent more for energy from green and renewable sources.

Navigant has developed a business plan for a Marin CCA, and it's on schedule for approval at the March 6 meeting of the county energy task force, according to McGlashan. After approval, the plan will go to every city and town council in the county, as well as to the county board of supervisors. That's when the debate

really begins. To start the process rolling, cities and towns can hold their own workshops anytime after the task force approves the business plan. McGlashan wants to hold a workshop on the part of the county in April, the first of perhaps three county workshops before the board of supervisors votes on the CCA proposal in the fall.

"I've asked the county administrator to do one final peer review of the assumptions in the business plan between now and the first time it comes to my colleagues at the board for a workshop," says McGlashan. That sounds good to Barbara George. She's the executive director of women's Energy Matters, a Fairfax-based group that among its other interests has acted as a watchdog over events at the California Public Utilities Commission. George says she welcomes a peer review of the Navigant study because she wants it to "be more useful as an advocacy document." George notes that studies like the one Navigant has delivered to Marin "use the most conservative statistics" and make conservative assumptions based on those statistics. "Unfortunately, that leaves you with statements that kind of pull their punches."

George is not alone in thinking that the outlook for a CCA in Marin is brighter than the conservative assumptions contained in the Navigant business plan. She has been advocating for the county "to tweak" the assumptions so they more accurately reflect a potentially successful outcome. As an example, she adds, she would like to see a reflection in the business plan "of how good this could be for Marin."

Paul Fenn has no trouble making the assumption that a CCA could be a good thing for Marin. He should know. Fenn is one of the founding fathers of community choice aggregation. He says the prospects for CCA creation "are exploding" across the country. Not that sowing the seeds that have grown into power authorities has been an easy task. "It's been a long haul for us," says Fenn, who is the founder and CEO of Local Power, a San Francisco-based "energy service consulting group that helps communities adopt, implement and manage CCA energy networks." Critics and skeptics who say the CCA idea is too new to consider, territory too foreign to venture into, perhaps are unaware that CCA networks already are running successfully. Fenn first worked in Massachusetts and Ohio to form CCA authorities. He also wrote the AB 117, the California law that authorized the CCA concept here,

Two principal reasons lie behind the push to create CCA power-broker arrangements. The first, not surprisingly, is a desire to get a better grip on the costs of energy delivered to residents. The second reason is based on the desire to increase the use of green power and to decrease greenhouse gas emissions. In addition to choosing power sources that will specifically reduce emissions, a CCA power authority also can choose to buy power from sources that generally tread as lightly as possible on the environment. When it comes to keeping a cap on costs, "there is no downside" to a CCA authority, says Fenn.

That goes against the grain of an argument that PG&E uses when it fights the creation of CCA plans in California. "Stick with us," says PG&E, "a CCA cannot deliver on the promise of keeping rates down and also supplying reliable power."

That PG&E argument makes little sense to Fenn, who has led the way for a CCA in San Francisco. That city is in the process of building what promises to be the largest urban solar power-generating system in the world. Solar collectors on rooftops in the city will send their energy to a city utility, part of a CCA plan to provide green energy at a cost no higher than that which PG&E offers.

It could be less expensive, given the history of rate increases at PG&E, says Fenn. "CCA enables you to find a supplier who will commit to structured rates over time. PG&E does not offer that. They cannot offer that. PG&E can offer only one year of structured rates, and normally they only offer six months. Volatility is built in." A properly managed CCA authority, adds Fenn, can put all the risk on the shoulders of the energy suppliers. The CCA law in California mandates specific protections for customers. Residents in Marin, for example, will receive four notices announcing the plan, giving them an opportunity to opt out of the CCA and stick with PG&E.

Under the CCA plan, PG&E still will provide the wires and the power that goes into Marin homes and businesses, whether that power is generated by PG&E or comes from sources the CCA chooses. PG&E still will read meters and do the billing chores. But customers in the CCA will get their power generated at sources the CCA chooses. That power then is delivered over the energy grid. The goal for the Marin CCA plan is to keep as green as possible. "The default will be 100-percent green," says McGlashan. That might cost a bit more than PG&E power. An average household, for example, might see a \$6-per-month increase to receive all-green power. Residents who choose not to go the all-green route will be able to opt down to a 50-percent green energy stream at a cost no higher than the PG&E rate.

The utility giant is playing hardball as communities across the state contemplating going their own CCA ways. In Southern California, the state's first public energy cooperative, the San Joaquin Valley Power Authority, came under attack from PG&E, which challenged the formation of the authority using full-page newspaper ads and lobbying at city and county meetings. PG&E representatives warned residents that if they chose to pull the plug on the utility giant's energy supply, they would face rates higher than the authority was contemplating for them. PG&E pushed hard enough for Tulare County and the city of Fresno to withdraw from the cooperative. Twelve members remain. The San Joaquin Valley Power Authority says PG&E has overstepped its bounds and has used customer funds to fight the CCA. The authority filed a complaint with the state PUC, which is expected to consider the complaint this year.

Marin can expect to see that kind of aggressive opposition from PG&E. The workshops that McGlashan wants to hold are one of the ways he and other CCA proponents hope to combat misinformation that they expect may cloud the debate during the campaign to sign up Marin cities and other customers. A Marin CCA needs about 60 percent of Marin residents to make the plan feasible. If Novato and San Rafael join, the deal virtually is ensured. If the Marin Municipal Water District joins a Marin CCA, its entry also could provide a huge boost for a CCA Plan. MMWD is the largest single energy customer in the county.

In addition to the workshops that McGlashan will hold, each city and town in the county will host a de facto CCA debate when city and town councils consider the CCA plan. George of Women's Energy Matters agrees with McGlashan that a full-fledged education campaign will be essential to rational and reasoned debates, especially considering that PG&E is likely to embark on an anti-CCA campaign in Marin similar to the one in Southern California. The county has received a grant from the Bay Area Air Quality Management District to help educate city managers prior to meetings in their jurisdictions. In addition, the county will "hire the Marin Climate Protection Campaign to provide basic education to environmental groups, business groups and general community stakeholders, so they can testify appropriately in front of city councils when the time comes," says McGlashan.

Part of the education effort likely will focus on the ancillary benefits of local control over power generation. The benefits to local business, for example, can be impressive. McGlashan and others estimate a three-to-one benefit ratio of money spent and economic stimulus returned is not out of the question. CCA could spark a technology boom similar to the one in Silicon Valley, say proponents. Local CCA authorities, which could join to form consortiums, have the capability to move quickly into new areas in a manner much more adroit than a huge company like PG&E. And a CCA has no shareholders to which it has to pay a return on their investment. All available funds can go toward the local energy system. (Customers in a CCA are the shareholders, and they can have considerable power. As Fenn notes, customers can choose to opt out of the system, so a CCA must maintain competitive rates while providing the clean energy residents desire. It's a built-in safeguard, he says.)

In addition to becoming an economic engine, a Marin CCA get a boost by capturing a share of the "public goods charge" that gets added to customer bills in California. The charge goes toward the state's effort to fund energy efficiency programs. In 2005, the public goods charge collected \$289 million from state energy ratepayers. (An additional \$135 million from other sources went into the state energy efficiency coffers in 2005.) For the 2006-2208 state energy planning cycle, the state expects to see \$2 billion collected from utility customer's payments.

Currently all the state's energy efficiency money goes right to the utility companies in an attempt to entice them into reducing the amount of energy they need to power the state. The idea is that by reducing the amount of energy needed through energy efficiency, the state will require fewer power plants to satisfy state energy requirements. But George, Fenn and others say allowing PG&E to use the energy efficiency funds with relatively little oversight is a waste of ratepayers' money. PG&E's most widely publicized program is a compact fluorescent bulb give-away. The bulbs do use less energy than incandescent bulbs, but funds collected from the public goods charge could go toward much more sophisticated programs that could yield much more efficiency, say critics.

As Fenn notes, energy efficiency amounts to "skypeing the system." It's the same dynamic that Skype introduced into the telecommunications field when it offered free phone calls over broadband. Essentially free energy saved through efficiency programs should be considered a resource, he adds. And when that resource is considered as a part of the state's energy supply, no matter where the efficiency comes from, the need for more power generation gets reduced. "That's strategically threatening to the utilities. Energy efficiency eats into revenue." A bad proposition in a for-profit utility company.

Because a CCA is a nonprofit public entity, that threat is relatively nonexistent. Especially when a CCA can stimulate local businesses to provide direct and ancillary energy generating infrastructure. In the current energy efficiency scheme, PG&E can spend energy efficiency money wherever it wants. That means the money Marin customers pay on their bills could go anywhere. Exactly where is an unanswered question, because PG&E doesn't disclose that specific information.

"Keeping that economic multiplier inside the county is important in pursuing this program," says McGlashan, "and that manifests in both generating local energy and investing in local efficiency programs. Either way, the local business community will benefit."

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