

# Marin Energy Authority approves draft contract

*[Richard Halstead](#), 11/05/2009*

Following a key vote Thursday night, the county of Marin and eight Marin municipalities have 90 days to decide whether to go forward with a plan to compete with Pacific Gas & Electric as a retailer of electricity in order to reduce Marin's greenhouse emissions.

The board of the Marin Energy Authority voted unanimously to approve a five-year draft contract. Shell Energy North America, a subsidiary of Royal Dutch Shell, is the lead bidder for the contract, but the authority still has the option of going with one of two other companies: Baltimore-based Constellation Energy Commodities Group or Houston-based Macquarie-Cook Power.

"This is a big milestone," said Marin County Supervisor Charles McGlashan, the chairman of the authority's board.

The authority, which consists of the county of Marin and all of Marin's cities except Novato, Larkspur and Corte Madera, was formed last year to explore projects to reduce greenhouse gas emissions. Chief among those projects is the Marin Clean Energy initiative, which calls for the authority to compete with PG&E as a retailer of electricity in Marin.

The government entities that make up the authority now have 90 more days to review the contract and decide whether they want to remain a part of the authority. A final vote on the contract is tentatively scheduled for Feb. 4.

"This is what we've always called the exit ramp," said Greg Stepanicich, the authority's attorney.

Only residents living in member jurisdictions will have the opportunity of purchasing their power from the authority. Residents who wish to continue getting their power from PG&E will be allowed to opt out.

The contract will be executed only if the wholesale provider can guarantee Marin customers that at least 25 percent of their electricity will come from renewable sources while at least matching PG&E prices. Customers who are willing to pay a slightly higher premium will also have the option of assuring that 100 percent of their electricity comes from renewable sources.

PG&E expects to fall about 5 percent short of meeting the state-mandated requirement of getting 20 percent of its energy from renewable sources by 2010. Company representatives say transmission is a barrier. Only a handful of people addressed the board prior to the vote. Two of them were representatives of PG&E.

"This \$350 million draft contract is one of the largest expansions of government in Marin in decades," said PG&E spokeswoman Katie Kerns. "We believe you owe it to your constituents, to the voters, to the taxpayers and the electricity consumers of Marin to put this contract and this program to a public vote."

PG&E is backing a ballot measure that would require local governments to obtain the approval of two-thirds of the voters in affected jurisdictions before using public funds, borrowing or issuing bonds to start or expand electric delivery service.

Defending the authority's public process, board member Shawn Marshall, who serves on the Mill Valley City Council, asked Kerns, "Does PG&E negotiate its contracts in public and post them on a public Web site?"

That in turn prompted Christopher Warner, PG&E's chief counsel, to rise to the podium. Warner said PG&E's rates are reviewed by the California Public Utility Commission while the authority's rates would not be.

PG&E representatives, which include former Assemblyman Joe Nation, have challenged one of the key rationales for going forward with the Clean Energy initiative: that it will result in a 17 percent reduction in overall county greenhouse gas emissions, approximately two-thirds of the reduction that state law requires by 2020. McGlashan has estimated the savings in government penalties for the county and Marin municipalities could amount to \$262 million.

Nation, however, estimates the county's greenhouse gas emissions will actually increase if the authority puts its plan into action. His calculations assume that none of the authority's customers will be willing to pay extra for 100 percent renewable energy, the so-called dark green option, and that none of the authority's power will come from hydroelectric sources.

Authority analysts have based their projections on the assumption that 20 percent of the authority's customers will pay extra for the dark green option and that the authority will get 15 percent of its power from hydroelectric sources, said Dawn Weisz, the authority's interim director.

Brant Miller of Novato also criticized the draft contract for not containing any prices for the energy the authority will be buying.

"This distresses me," Miller said.

Weisz said the dozen companies that submitted bids in July all provided "indicative prices," but that those prices change quickly, like mortgage rates. She said new prices would be submitted in January and would be available for review before the final vote in February.

Two public meetings to discuss the draft contracts have already been scheduled. The first, on Nov. 23, will meet in the San Rafael City Council chambers. The second will take place on Dec. 1 at the Mill Valley Community Center.

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