

Marin Clean Energy goes to towns for vote

By Kelly Dunleavy, December 2, 2009 Ross Valley Report

The Marin Energy Authority (MEA), a joint powers authority formed last year, held a well-attended public workshop Nov. 23 to explain its pending effort to buy “green” electricity for Marin residents from companies other than current power supplier PG&E.

MEA recently approved a final draft energy-purchasing contract Nov. 5, which began a 90-day period for member cities to commit to the program or leave the JPA. Both Fairfax and San Anselmo are both members cities and will have to vote on the contract.

The meeting was one of two MEA held during that period of consideration.

At the meeting, attended by county Supervisor Charles McGlashan, an MEA board member, MEA Executive Director Dawn Weisz explained her organization’s plans while former state Assemblyman Joe Nation now a PG&E representative, challenged the MEA’s claims regarding its guarantee that rates will be at or below PG&E’s, and that the energy purchase won’t put cities or ratepayers at financial risk should MEA fail. Other speakers included representatives from the Sacramento Municipal Utility District (SMUD) and from the City of Palo Alto Utilities Department.

The MEA was formed in November of last year to coordinate with Marin cities to negotiate energy purchase contracts with energy companies that would supply a higher percentage of renewable electricity for residents. Over time, it is supposed to buy its own renewable power-generating assets. If MEA’s final five-year draft contract is executed in early 2010, residents of member cities will be automatically switched to MEA’s service unless they opt out before August. If executed, MEA’s contract will likely go to Shell Energy North America, a subsidiary of Royal Dutch Shell.

On Monday night, McGlashan described MEA as an opportunity to use solar, geothermal energy and biomass to bring jobs to the county, all for no additional rate hikes. Weisz said the program would allow Marin to meet two-thirds of the carbon-emission reductions required by AB32 while keeping rates low through its nonprofit structure. She also said MEA’s customers would benefit from competition between energy providers bidding for contracts, and enjoy better representation because of the JPA’s status as a local government entity.

Weisz said that if MEA’s contract was approved, its energy mix would produce less CO2 by next year than electricity supplied by PG&E.

Nation, however, called many of MEA’s claims into question. For example, MEA intends to sell two energy products to residents, “dark green” and “light green” power. The dark green would be 100 percent renewable, and would be available for 8 percent to 10 percent more than PG&E’s rates. Light green would be 25 percent renewable, and is not to exceed PG&E’s rates.

Nation said that MEA’s contract represented an unprecedented expansion of local government, and noted the \$475 million bond needed to finance the program’s start. He repeated PG&E’s demand that the matter go to a vote. “This is half a billion dollars they’re going to borrow. The county and cities will be on the hook, and people ought to have a vote on it,” Nation said.

PG&E is sponsoring a statewide ballot initiative that would require a two-thirds approval of similar programs in the future.

Nation also attempted to cast doubt on many of MEA's key claims. He said that MEA had estimated that up to 20 percent of its customers would purchase the dark green product. By comparison, a similar program of SMUD has only 3 percent. Nation said the 20 percent projection was unrealistic, and inflated the amount of carbon-free energy the JPA projected it would sell.

Nation criticized the absence of prices in MEA's final draft contract. MEA has promised not to execute the contract unless it can secure the same prices initially bid by its potential suppliers, which would allow it to offer light green at or below PG&E's rates. But Nation said MEA would face challenges matching PG&E's prices, claiming it had doubled what PG&E's actual rate increases would be in its projections.

He also said PG&E already provides 51 percent carbon-free power, which includes nonrenewable sources, such as nuclear power.

MEA received some support for its claims from a report by MRW and Associates, which was commissioned to study MEA's contract to assess financial risks to member cities, which PG&E has long maintained are significant. William Monsen, who presented the findings, stated that MEA's final draft contract contained "no serious flaws." However, the report did say that residents were at risk of potentially high PG&E exit fees, depending on energy prices at the time customers are switched to MEA.

Bitter rivals

The fight between PG&E and MEA has been ongoing for well over a year. Weeks ago, PG&E filed an appeal against MEA for declaring elements of its final draft contract exempt from California Environmental Quality Act review, a move Weisz called premature, as the JPA hadn't yet made the declaration.

Weisz also blamed PG&E's influence for harsh comments MEA's plan received from attendees of a Nov. 16 meeting held by the Marin Peace and Justice Coalition.

"There was a comment about solar companies not supporting us made by Sue Kateley, who works for a Sacramento organization that may not be in sync with our local solar companies, the California Solar Energy Industries Association," Weisz said. "They have connections to PG&E, as do the labor unions. The solar industry depends on rebates that are administered in part through PG&E, so having good relations with PG&E is important to them."

Despite its portrayal of PG&E as an unaccountable monopoly, MEA has been stung by anti-corporate sentiment for its choice of Shell as a preferred bidder. In a recent op-ed, MEA board members Shawn Marshall, Damon Connolly and Lew Tremaine sought to explain the decision to favor the subsidiary of Royal Dutch Shell, which has come under recent fire for alleged human-rights violations.

"There have been a number of articles lately focused on the Marin Energy Authority's (MEA) potential selection of Shell Energy North America as its initial supplier for MEA's Marin Clean Energy program," the opinion piece reads. "Unfortunately, the conversation has been reduced to the 'lesser of two evils' in the world of fossil-based energy — PG&E versus Shell."

According to the board members, that “misses the larger point and diverts our attention from MEA’s ultimate goal of providing local clean-energy options.”

The opinion piece further states: “The contract allows MEA to substitute MEA-owned renewable supply for energy delivered by Shell. Discussions are beginning now to explore local solar, wind and biomass opportunities. The goal is to be Shell-free and using local renewable supply within five years.”

Weisz said PG&E also faced allegations of ethical misconduct. “There’s plenty of dirt on PG&E,” she said.

The antagonistic relationship has even led McGlashan to talk about the possibility of coordinating with San Francisco’s Local Agency Formation Commission, or LAFCo, that city’s own attempt at green power purchasing.

“Supervisor Ross Mirkarimi is supervising San Francisco’s energy program,” McGlashan said in a recent interview, “and we had lunch the other day to talk about working together to help each other move forward and fight off the PG&E ballot measure, which would require a two-thirds public vote to approve energy programs like ours, and PG&E’s frivolous lawsuits.”

Moving forward

Despite the row, MEA board member and San Rafael City Councilman Damon Connolly said he was confident the JPA would prevail. “There’s no question that PG&E is opposed to the program. They want to protect their monopoly position. But I think there is support for it. You know, my perspective is that we are hitting our benchmarks; we’re reaching out vigorously to the community. I believe we’re in a good position right now.”

But, even among the largely friendly audience at Monday’s meeting, skeptical voices questioned of MEA’s efforts. While Nation was challenged by questioners about whether PG&E would use corporate dollars to sink MEA if a public referendum were held, one question, Bob Figari of Woodacre, summed up many people’s concerns in a down economy.

“I keep hearing about reducing CO2 emissions,” said Figari, who also said that he believed the more important issue was reducing the cost of energy for cash-strapped households. “If the choice is green versus low-cost, which way will you go?”

McGlashan’s indicated that for MEA to succeed, residents must be willing to put their money where their mouths are when it comes to going green.

“If push comes to shove, climate goals are going to win,” he said.

http://www.marinscope.com/articles/2009/12/02/ross_valley_reporter/news/doc4b16dc0cb5822489023668.txt