

Green, clean energy machine

Marin Clean Energy--it's more than a power play

by Peter Seidman, September 4, 2008 Pacific Sun

The proposed joint powers authority that would constitute to form a Marin Clean Energy local power agency also could assume a role to help guide the county and Marin cities in efforts to cope with critical environmental issues.

"It's likely that this JPA also could be formed to do other things," says Dawn Weisz, county principal planner and project manager for Marin Clean Energy. In addition to its first job in guiding the formation of Marin Clean Energy, the JPA just may extend its interests and guidance to help cities meet state-mandated targets to reduce greenhouse gas emissions and "help cities and towns deal with climate change issues."

If the Marin Clean Energy JPA proceeds on the path Weisz describes, Marin could be on the verge of creating what, in essence, would be a sustainability JPA, a strategy many proponents of the sustainability movement think is long overdue. Embedding a sustainability component as an intrinsic goal in things like water, waste and power issues, is essential to meet the challenge of climate change, they say.

But before a Marin sustainability JPA has a chance to move forward, the primary goal—a Marin Clean Energy JPA—must gain approval of enough city councils to make the Marin Clean Energy strategy work.

Novato and San Rafael and the county would be enough to make a JPA work. The smaller cities can be a significant role if enough of them (and their city councils) decide to join the JPA, especially if a Marin Clean Energy JPA can morph into sustainability JPA.

The idea of creating a JPA that could broaden its interests helped move the county Board of Supervisors a few weeks ago to call for sending a letter to cities in Marin expressing support for the creation of a JPA. Marin Clean Energy has been making the rounds, meeting with community groups and neighborhood associations in an attempt to explain one of the most arcane subjects known to humankind: energy production, purchase and transmission.

In addition to the meetings with the community groups, says the group's communications coordinator, John Corcoran, larger settings have proved effective in getting the word out about the local power proposal. "We realized that if you have a big event, you can have a broader range of speakers. Instead of having just one representative from Marin Clean energy, you can have Marin Clean Energy and PG&E there, so people can hear from both sides." (PG&E has traveled the state presenting an opposition to local power proposals, including the Marin Clean Energy proposal.)

Marin Clean Energy is the child of AB 117, a law sponsored by then Assemblywoman Carole Migden. It passed in 2002 and paved the way for "community choice aggregation," which allows communities to buy power from whatever provider they choose, including providers with renewable power, and then deliver it through the existing power grid, which in this case is the bailiwick of PG&E.

The Board of Supervisors have been investigating the possibilities of AB 117 for Marin since its passage. The first move involved a feasibility study to assess the potential for the county. Following that, a peer review vetted the results of the feasibility study. Then legal issues were the topic of investigation, and after that came a risk assessment of the feasibility study. A local government task force then formed, which included representatives of the county as well as each town and city. The task force was instrumental in creating a business plan, which was the subject of an independent peer review.

The meetings and events currently taking place focus on the results of that process, including the business plan. The proposal is simple in statement: Marin Clean Energy will provide residents with energy that comes from 50 percent renewable sources--at or below the rate PG&E charges. The proposal also envisions a 100 percent renewable option residents can receive that would bump up their bills about 10 to 12 percent.

The proposal creates an almost visceral reaction in many who think that a plan for local power would send Marin into unknown territory, where fat cats with big cigars can play with energy prices and manipulate defenseless Marin. In fact, the Marin Clean Energy proposal is neither a radical proposal nor new territory. A local power plan similar to the one proposed in Marin already serves more than 200,000 customers in Massachusetts. The Northeast Ohio Public Energy Council is the largest community choice aggregator in the country. It serves more than 500,000 customers. Those local power plans were established with a primary goal of saving residents money on their utility bills. "They are currently providing cost savings of between 5 percent and 10 percent," says Weisz.

The move toward community choice aggregation is nothing new, and it's growing, according to Paul Fenn, founder of Local Power and the author of AB 117. "It's been a long haul for us," says Fenn, a Marin resident, who worked first in Massachusetts and Ohio to form community choice power plans in those states. The prospects for creating community choice plans "are exploding" across the country.

Meeting or beating PG&E rates has been a key element in the Marin Clean Energy proposal. No one expects Marin residents to flock toward an energy plan that, even though green, costs more than current rates. Fenn and other local-power advocates agree that charging above the going utility rate to get to 100 percent renewable energy is a laudable goal, but it's not a practical one. A 50 percent renewable plan offers the best opportunity to attract as many people as possible into the green arena.

That "meet or beat PG&E rate" also obviates the charge from anti-tax and anti-social-spending advocates that no one should be asked to spend any extra money on anything, including protecting the planet from climate change. There may come a time, in the distant future unfortunately, when a

majority come to understand that spending money on environmental protection is neither frivolous nor inefficient, and every drop counts. (But that time is not now.)

But Marin Clean Energy might be able to provide more than 50 percent of its energy from renewable sources and still meet or beat the PG&E rate. Navigant Consulting, which helped develop the Marin Clean Energy proposal, suggests that the costs of green energy will be on a competitive field, ready to play with PG&E. The utility company disputes the assumption and says Marin Clean Energy will be unable to meet the goals set out in the business plan.

Weisz says, "About one-quarter of all energy customers already are served by a municipal utility, and a municipal utility goes a step further" than a local power plan like Marin Clean Energy. A municipal utility owns its transmission system, while Marin Clean Energy would continue to use PG&E's transmission and billing systems. That makes Marin Clean Energy less risky than the municipal systems, which, adds Weisz, are doing quite well in California.

Creating the JPA is the first step toward learning who is right, PG&E or Navigant. The learning process will cost the county virtually no money and carry no risk. Between now and the end of the year, city and town councils will be considering the Marin Clean Energy proposal and are expected to vote by the end of the year on whether their jurisdictions will become members of a Marin Clean Energy JPA. Voting to join the JPA carries no risk and doesn't obligate a town or city to participate in a local power plan.

If enough councils join the county and make a local power plan practical, the newly formed JPA will send out a request for proposals to find an energy service provider to supply electricity to Marin Clean Energy. (It's the energy providers and energy professionals working for Marin Clean Energy who will navigate the complex waters of the energy market. Contrary to one argument, Marin will not be jumping into the deep water without trained professionals watching over it.)

After choosing a service provider, Marin Clean Energy will negotiate a contract, subject to a 90-day review. Each member of the JPA will have a chance to vote on whether to proceed with the contract. If approved, Marin Clean Energy would sign a final agreement with an energy provider in mid- to late-2009. Marin Clean Energy would then be an official local power entity.

At each stage in that process, the prospective members can take what's being called "an off ramp." Especially important, say backers of the process, is for city councils and residents to understand that joining the JPA carries no risk or obligation. It could, however, create a starting point for a new countywide strategy for dealing with climate change and energy matters.

Technically, the city and town councils across the county are under no obligation to hold an election on whether to join the JPA; neither is the county. Some Marinites think the county and the cities should let voters decide whether to participate. But that costs cash-strapped cities and the county money, and it's an unnecessary expense, say backers of the local power plan.

Ultimately, all residents will have a chance to vote with their wallets. Before any Marin Clean Energy electricity flows, residents will have the opportunity to opt out of the local power plan and stay with PG&E. the state requires at least four notices to customers.

Some critics, however, say that the opt-out method ensures a higher participation than an opt-in method. While that generally may be true, the argument includes an assumption that Marin residents are either too stupid or lazy to read their bills or too uninterested in the price of electricity and its generation to consider the options.

Even if residents fail to consider their options and become Marin Clean Energy customers by default, they still can opt out of the program, and during the first year, opt-out (exit-fee) penalties probably will be negligible or non-existent, according to Weisz. (That's one of the tasks the JPA will tackle once it's formed.) Residents who decide to become Marin Clean Energy customers after the initial notification procedure might have to pay a surcharge of \$10 to \$12 over a year.

The costs of energy, dirty and clean, are not always obvious. In the case of Marin Clean Energy, providing 50 percent of its power from renewable sources means that Marin County governments could have the single biggest stick to hit the AB 32 ball out of the park.

AB 32, signed into law in 2006, is a state mandate that requires the California Air Resources Board to develop regulations that will reduce greenhouse gas emissions to 1990 levels by 2020. That could have a profound effect on local governments, which must meet the reduction target. It will cost time, money and a healthy dose of creativity. The implications for local government coffers could be significant.

In a staff report to the Board of Supervisors, Alex Hinds, director of the county's Community Development Agency, estimates that an overall reduction of 30 percent "may be needed to meet the state mandate. Countywide, this is the equivalent to a reduction of 955,500 tons of CO₂." No other single strategy can help meet that mandate like Marin Clean Energy, not even an improved transportation system with less emissions.

To put that tonnage of CO₂ and its cost in perspective, a look at a cap and trade proposal is helpful. Instead of reducing emissions, the county and its cities and towns could buy offsets, credits from other entities that reduce emissions more than required. In his report, Hinds says, "The cost of offsetting carbon on the Chicago Climate Exchange is \$4 per ton." Marin needs to slice away at a reduction of 955,500 tons.

And meeting that reduction goal without breaking the public bank isn't the only financial benefit Marin Clean Energy could bring to the county, says Weisz. Local investment in clean energy that could supply local power holds the promise of sparking a green-energy economy boom in Marin.

ADDENDUM:

Fairfax is the first Marin town and the Tamalpais Community Services District is the first non-city entity to vote to join the JPA. Other cities, towns and the county are scheduling meetings and setting dates to vote on the JPA issue by the end of the year. Mill Valley will hold a sustainability meeting on Sept. 11, during which Marin Clean Energy will be on the agenda. For more information, contact cmisseldine@cityofmillvalley.org or 415/388-4033.