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New Group Seeks to Bring Greener Power to Marin

By KATHARINE MIESZKOWSKI

With holiday lights glowing around Marin County, a debate is heating up from Belvedere to Novato about who should procure the electricity that keeps them lighted.

A newly formed group, the Marin Energy Authority — whose members include the county and eight of its cities and towns — plans to approve its first contract with Shell Energy North America in February and to bring more renewable power to the county.

The Marin group is the leading edge of a movement tailored to this environmentally conscious age and this environmentally conscious region. Through a form of public collective purchasing it plans to provide a greener alternative to the power from the Pacific Gas & Electric Company, Northern California's dominant utility.

The majority of P.G. & E.'s electricity comes from natural gas and nuclear plants; 14 percent comes from renewable sources like solar and wind power. The Marin authority has pledged that 25 percent of its electricity would be derived from renewable sources.

It would use lines built, owned and maintained by P.G. & E., which would also handle the billing.

Unless, that is, P.G. & E., which is investor-owned, stops it. At the moment, it is making every effort to that end, jawboning participants, hinting at legal action and, most importantly, backing a voter referendum to nip such plans anywhere in the state.

For the utility, efforts like Marin's could hinder a long-term strategic plan for sustained revenue growth, said William Marcus, an economist with JBS Energy in West Sacramento who reviewed the group's business plan.

Mr. Marcus said that every local effort to buy power independently or to build local generating capacity eliminated an opportunity for P.G. & E. to make its own investments in new power generation. Getting financial returns from new generating capacity is central to the big utility's financial strategy, he said.

Speaking of the Marin effort, Mr. Marcus said: "If these things can be shown to work and either get cheaper or greener power, then P.G. & E.'s shareholders are in worse position in terms of building new generating plants. They make money by owning things."

For the backers of the Marin proposal, the fight is about how quickly local efforts to address [climate change](#) can take off.

“If successful, these programs will be world leaders in climate action and green-power development,” said Paul Fenn, the chief executive of a San Francisco-based company, Local Power Inc., who wrote the original 2002 legislation that opened the door for local communities to procure their own power.

“We are the tip of an iceberg,” said Dawn Weisz, the interim executive director of the new group, speaking of the larger movement for community-controlled power.

Being small when looking to buy renewable power, Ms. Weisz said, has advantages. “We’re more nimble,” she said. “We’re able to enter into new contracts right now. It’s actually a very good time to buy power, because prices are low.”

Marin, closely followed by San Francisco, is racing to get its program established because a statewide initiative, backed by P.G. & E. and likely to be on the ballot next June could make it much harder to do so.

On the national stage, P.G. & E. has developed and nurtured a reputation for taking a progressive approach to issues involving climate change and reduction of heat-trapping gases. Peter Darbee, the chief executive, publicly applauded the signing of California’s landmark 2006 legislation to curb emissions and has been among the corporate executives pushing for some kind of national cap on emissions.

But that is not the same as supporting a proliferation of small local competitors. In recent years, P.G. & E. has successfully battled local public power initiatives from San Francisco to Sacramento to Yolo County. The utility has 2.9 million customers in the nine Bay Area counties, including 123,405 in Marin. Backers of the Marin authority think they could attract 100,000 of those.

While it is not unusual for investor-owned utilities to fight, case by case, to keep from losing customers to public competitors, California’s initiative system is a bigger battleground.

“This is a very complex business,” said Andrew Souvall, a spokesman for P.G. & E., “and there are a lot of risks associated with being an energy provider. We believe that taxpayers should have a voice in determining whether local governments take on that risk.”

The initiative, known as New Two-Thirds Requirement for Local Public Electricity Providers, would amend the state’s Constitution to require local governments to win the approval of two-thirds of voters before pursuing community choice with any public money or bonds.

It would also require two-thirds of voters to approve a local government’s use of public money or bonds to start or expand municipal electricity services.

Municipal utilities serve about 22 percent of electricity customers in California — including in Sacramento, Los Angeles and Santa Clara — for rates that are, on

average, lower than investor-owned utilities.

Two weeks ago, a Marin County civil grand jury gave P.G. & E. ammunition in its fight against the Marin project by issuing a report entitled “Marin Clean Energy: Pull the Plug.” It argued that the proposal was too risky and should be abandoned. P.G. & E. employees circulated the report by e-mail days before its official release.

On Dec. 15, representatives from the Marin Energy Authority met with officials in the energy division of the California Public Utilities Commission. “We talked with the C.P.U.C. to discuss P.G. & E.’s interference with our power supply contract,” Ms. Weisz said, “and general interference with our process over all.”

A spokeswoman for the utilities commission confirmed that officials were evaluating the energy authority’s claims.

In the meantime, Marin is rushing to get its contract signed and hoping to avoid a legal challenge. But P.G. & E. is arguing that the contract should be reviewed under the California Environmental Quality Act, which could delay it. A lawsuit to force such a review is possible.

The Marin proposal offers power customers a choice. Under it, households and businesses in Marin County — including the cities and towns of Belvedere, Fairfax, Mill Valley, Ross, San Anselmo, San Rafael, Sausalito and Tiburon — would automatically receive electricity procured by the Marin Energy Authority, unless the customers individually opted to stay with P.G. & E.

Novato, Larkspur and Corte Madera are not participating in the Marin Energy Authority, although in Novato local environmental groups and former Mayor Jim Leland held a public forum on Wednesday to persuade the [City Council](#) to reconsider.

Financed with a \$540,000 start-up loan from Marin County, the Marin Energy Authority is trying to raise \$1.6 million from foundations and financial institutions to finance operations from February to July 2010. If the program gets traction, Marin Clean Energy expects to deliver 170 megawatts of electricity, for which ratepayers would be charged about \$94 million. The ultimate goal is to develop renewable resources locally.

The San Francisco Public Utilities Commission has begun a similar program, CleanPowerSF.

The idea that the Marin Energy Authority’s power will be more environmentally friendly than P.G. & E.’s is challenged by the utility, which has a national reputation for progressive attitudes on environmental issues. Speaking of the authority’s proposal, Joe Nation, a P.G. & E. consultant, told the Belvedere City Council last week that “this plan as it is laid out right now actually increases greenhouse gases.”

“That’s utter nonsense,” Supervisor Charles McGlashan, the chairman of the authority, said in a telephone interview. “It’s based on completely flawed analysis.”

Meanwhile, the San Francisco Public Utilities Commission requested proposals from power generators, seeking to buy power — at prices at or below P.G. & E.'s — for 365,000 customers, with the stipulation that 51 percent come from renewable energy and energy-efficiency measures at prices at or below P.G. & E.'s. The deadline for proposals is Dec. 29, and San Francisco hopes customers can start receiving power from the program by June 30.

That assumes that the ballot initiative does not get in the way. Barbara Hale, assistant general manager for the power enterprise division at the San Francisco Public Utilities Commission said, "Depending on the outcome of P.G. & E.'s signature efforts, and any vote that may occur, and where we are in our implementation of the program, it could have a big impact on us."

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