

Marin Energy Authority OKs deal with Shell

Richard Halstead

The Marin Energy Authority board Thursday night unanimously approved a five-year contract with Shell Energy North America, a subsidiary of Royal Dutch Shell, to supply it with the electricity it will need to compete with Pacific Gas & Electric Co. as a retailer of electricity in Marin.

The joint powers authority consists of the county of Marin and seven of Marin's 11 municipalities: San Rafael, Mill Valley, Sausalito, Tiburon, San Anselmo, Fairfax and Belvedere.

Authority managers said that under the Shell contract they will be able to offer customers the opportunity to purchase electricity generated from 25 percent renewable sources for the same price that PG&E is charging.

"Which means Shell's rates are significantly below PG&E's," said Mill Valley Councilwoman Shawn Marshall, an authority board member.

For an additional cost of \$3 to \$6 a month, residential customers will be able to buy electricity generated from 100 percent renewable sources, said John Dalessi, an authority consultant with Navigant Consulting. According to the California Public Utilities Commission, about 12 percent of the energy that PG&E delivered to customers in 2009 came from renewable sources. The utility has said it will fail to meet a state mandate to derive 20 percent of its power from renewable sources by 2010.

The signing of the contract clears the way for the authority to begin sending out notices to some Marin customers of PG&E next week, said Dawn Weisz, the authority's interim director. The notices will inform customers that if they want to remain a customer of the investor-owned utility they must either phone or e-mail PG&E to "opt out." Customers will receive a total of four notices and have about 120 days to make their decision. Customers will also be given the option of "opting-up" to pay extra for 100 percent renewable energy.

Celebrating the key contract's approval, Sausalito Councilman Jonathan Leone said, "This shows that the grassroots can rise up, take a life of their own and solve problems. That is what this authority has done here."

But Belvedere Councilman Tom Cromwell said it is too early to declare mission accomplished. "We still have a long way to go," Cromwell said.

PG&E is continuing to do everything it can to scuttle the effort. The threat of a

lawsuit by PG&E caused the Marin Municipal Water District board to cancel plans to discuss co-signing a \$1.7 million loan that the authority needs to cover expenses until it begins collecting from ratepayers.

Four Marin residents have agreed to loan the authority a total of \$750,000 in return for an unsecured promissory note and interest of 5.75 percent per year.

The authority is in the process of finalizing a loan for another \$950,000, which it will access after it has exhausted the \$750,000. On Tuesday, Marin County supervisors voted 3-2 to co-sign that loan.

Authority managers identified the people providing the loan for the first time Thursday night: Harvey "Skip" Berg, a Sausalito developer and the former owner of Sears Point Raceway, and his wife Brenda Berg; Gwendolyn Grace of Tiburon; and Effie Westervelt of Mill Valley.

Also Thursday, authority managers announced a new provision in the contract with Shell Energy that is designed to respond to another PG&E challenge. Last month, PG&E's chief counsel, Christopher Warner, sent a letter to the Marin Energy Authority's board notifying it that PG&E believes the authority is legally obliged to conduct a study of the environmental implications of its Clean Energy initiative.

PG&E maintains the effort will result in higher greenhouse gas emissions because PG&E gets energy from nuclear plants and large hydroelectric projects that, while they don't qualify as renewable, don't contribute to greenhouse gas emissions.

In response, the authority has negotiated a six-month commitment from Shell to provide it with 53 percent carbon neutral energy, matching PG&E's current carbon neutral energy production. For the remainder of its five-year contract, Shell has pledged to provide energy with a carbon content equal to or less than the carbon content of energy supplied by PG&E. The provision requires the authority to bear the additional cost of supplying the extra carbon neutral energy.

Marin County Supervisor Charles McGlashan, who heads the authority's board, said the provision was added to blunt any possible legal challenge by PG&E, not because the authority buys the argument.

"When you mine, process and ship uranium and then store it for perhaps half a million years, the notion that nuclear power is carbon free is patently absurd," McGlashan said. "But that is the game that PG&E is trying to trap us with."

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