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PG&E spending millions to block local utilities

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PG&E is spending millions of dollars on a statewide initiative that would make it tougher for you to get your power from anyone else.

The initiative, one of several appearing on the June 8 ballot, would require two-thirds approval from local voters before cities or counties could choose an alternate energy provider.

PG&E says it merely wants to guarantee that taxpayers have a voice if their local governments decide to spend public dollars to get into the power business. But critics say the San Francisco-based utility is trying to sabotage communities eager to buy more power from renewable energy sources like wind and solar.

"There are a lot of risks associated with being an energy provider," said PG&E spokesman Andrew Souvall. "Taxpayers should have a voice in determining if their cities should take that risk."

But Paul Fenn, CEO of Local Power, which helps communities develop clean-energy infrastructures, says PG&E's true motive is to protect its market share.

"PG&E thinks they can still play energy cowboy and bully everyone into doing what they want," Fenn said. "But communities have figured out that they can buy twice the amount of green power for the same price. "

At stake is "community choice aggregation," known as CCA. Established by the Legislature in 2002, CCA gives cities and counties the authority to buy electricity on the wholesale market on behalf of customers within their jurisdictions.

The PG&E-backed initiative would also affect existing local utilities like Palo Alto and Silicon Valley Power in Santa Clara because voter approval would be required to expand their service areas. The Palo Alto City Council is expected to consider a resolution opposing the ballot initiative today.

Communities that want to buy their own power are often motivated by environmental factors. California requires utilities to purchase 20 percent of their power from renewable sources by 2010. PG&E has not yet met that goal: In 2009, according to the California Public Utilities Commission, only about 12 percent of the energy PG&E delivered to customers came from renewable sources. PG&E says it has enough signed contracts in place to meet the 20

percent goal by 2013.

But the recently formed Marin Energy Authority, which includes the county of Marin and seven cities, plans to buy at least 25 percent of its power from renewable resources immediately. It hopes to begin providing electric service to customers in June.

PG&E is countering the local power push in Marin through intense lobbying, glossy mailers and an opposition Web site called Common Sense Marin.

"They are playing all sorts of games trying to convince people that this is a risky scheme," said Marin County Supervisor Charles McGlashan, who represents the Mill Valley and Sausalito areas and chairs the Marin Energy Authority. "I find their behavior to be completely revolting. It's the most crass, self-serving behavior from a company that I've seen in a long time."

Some state legislators also are irate.

"It is unacceptable for a company that is falling behind in meeting state-adopted goals for clean energy to impede the efforts of others who would attain those goals through innovative means," Senate President Pro Tem Darrell Steinberg said in a letter to the utility. "We strongly urge PG&E to carefully consider our concerns and refrain from pursuing this initiative."

PG&E provides natural gas and electricity service to about 15 million customers from Eureka to Bakersfield. The utility says the initiative, which it refers to as the "Taxpayers Right to Vote Act," will ensure that voters have a final say on big energy decisions.

But in an October earnings call with analysts, PG&E executives made it clear they are eager to retain market share. "We value our customers very much and we are going to stand up and resist efforts to take over our customers," said Chairman Peter Darbee.

PG&E has so far spent \$6.5 million on the initiative, according to documents on the California secretary of state's Web site, and has signaled it is prepared to spend millions more. It says money spent on the campaign comes from shareholder dollars, but critics charge that customers are essentially footing the bill.

"There is not a nickel that passes through PG&E's books that doesn't ultimately derive from its customers," said John Geesman, a former California energy commissioner who is closely following the initiative on his "Green Energy War" blog.

Southern California Edison and San Diego Gas & Electric, the state's other

investor-owned utilities, have not taken a position on the ballot initiative.

"Neither SCE or San Diego has put a dime into this," said Mark Toney, executive director of the consumer advocacy group TURN, The Utility Reform Network. "PG&E is out on a limb even among their utility peers."

The ballot initiative has outraged some customers, even in cities that are not trying to buy their own power.

"The ... money that PG&E is spending on this is our money that they have collected over the years," said Barbara Oaks of San Jose. "Why don't they help people in need? It's ludicrous. I plan to tell everyone I know about this."