

Bay Area communities gearing up to create their own power systems

By Tracy Seipel

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From Silicon Valley to the East Bay to the Central Coast, a "people's power" movement is sweeping through California that will give local residents a choice to ditch PG&E and buy cleaner -- and possibly cheaper -- energy from the cities and counties where they live.

To its proponents, the idea is a no-brainer. But to its critics, it's just a lot of hype -- a feel-good solution that will lead to unstable prices, empty promises and -- at least for the time being -- no additional green energy.

Overseen by a team of energy experts and a board of elected officials, new community-run utilities are buying power from the grid, procuring a higher percentage of renewable energy -- think solar and wind, as well as methane from dairy cows -- than PG&E, while aiming for a price around or even below the giant utility's rates. The new power systems also are charged with developing more local renewable energy.

Palo Alto's utility control center monitors electricity service to city residents. (2001 file photograph)

Elected officials in Silicon Valley -- representing an alliance of Santa Clara County and most of its cities -- are poised to decide in March whether to take the key steps necessary to develop a new electricity system that they say could be lighting homes by early 2017. And San Jose, the region's largest city, is considering creating its own system.

Similar alliances are moving forward in San Mateo, Alameda, Contra Costa, Santa Cruz and Monterey counties. San Francisco's power system is set to launch next year.



Whenever these plans are adopted, customers in the cities and counties are automatically enrolled, though they can opt out of the program at any time.

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California's pioneer of "community choice" utilities was Marin County, which launched Marin Clean Energy in 2010. Sonoma County followed in 2014. The only other system now operating in California is in Lancaster, in Los Angeles County.

From 2010-13, Marin Clean Energy claims, its customers reduced cumulative greenhouse gas by 63,482 metric tons, equivalent to removing 13,365 cars from the roads each year. And the system says it will save customers an estimated \$10 million in 2015. Sonoma Clean Power has reported similar results.

"It's the single most significant thing that cities can do in order to reduce carbon emissions," said Rick Kitson, a spokesman for the city of Cupertino.

Critics, however, say the figures are misleading because the new companies are simply buying power from the

grid that would have been purchased by giant utilities like PG&E anyway. And until the new utilities begin generating their own power, critics say, "community choice" power is essentially a paper transaction.

The groundwork for the California movement began two decades ago, largely related to the failure of energy deregulation that led to rolling blackouts several years later. That prompted the 2002 passage of state legislation, Assembly Bill 117, directing California's Public Utilities Commission to facilitate the creation of "community choice" power.

California's landmark 2006 climate legislation -- which requires utilities to buy 33 percent of their electricity from renewable sources by 2020 -- further spurred the trend. That led to cities and counties developing "climate action plans," which included exploring "community choice" systems.

This year, the Legislature dialed up the number with Senate Bill 350, which requires utilities to buy 50 percent of their electricity from renewable energy resources by 2030.

Today, 27 percent of PG&E's power comes from renewable energy. By comparison, Marin Clean Energy's renewable energy portfolio is at least 50 percent, and Sonoma's is 36 percent.

Even with the creation of the new utilities, PG&E continues to deliver the electricity, maintain power lines, send bills and provide customer services. But since these new local utilities are able to buy electricity now -- with wholesale energy prices historically low -- they are able to sell it to their customers at lower rates than PG&E, which locked up its energy contracts years ago when prices were higher.

That's why PG&E also gets to charge customers who bolt a monthly exit fee, which helps PG&E make up for the energy contracts it purchased years ago to cover areas such as Marin and Sonoma that now have their own power systems.

While energy experts say the exit fee will disappear over time, until that happens the cost of the fee will fluctuate, reflecting the difference between the market price of energy when PG&E signed its contracts compared with the price of energy today.

After Marin Clean Energy went live five years ago, its 175,000 residential and business accounts have watched their exit fee bounce up and down -- though customers this year still paid 3 percent less for their energy than PG&E's rates, said company spokeswoman Jamie Tuckey.

But in January, she said, they will see the highest exit fee spike so far: from \$6.70 per month now to around \$13. That means Marin customers for the first time will pay a higher monthly rate for electricity than they would to PG&E.

"It's outrageous," said Shawn Marshall, co-founder and executive director of Local Energy Aggregation Network U.S., a Mill Valley-based nonprofit that supports expanding these systems around the country.

"You don't have this level of exit fee anywhere else in the country," said Marshall, whose group is working with Silicon Valley and other parts of the Bay Area to establish more.

PG&E maintains that it is neutral about the new systems.

"We respect the energy choices that are available to our customers and work cooperatively with those communities that are interested in exploring" this option, PG&E spokeswoman Nicole Liebelt said.

But in 2010, the same year Marin Clean Energy was preparing to launch, the San Francisco-based utility spent \$46 million trying to pass Proposition 16, which would have limited the ability of local governments to enter the electricity business and compete with investor-owned utilities such as PG&E. Voters soundly rejected the measure. Last year, PG&E also failed to weaken AB 117 through a legislative maneuver.

Experts say that unless more renewable energy sources are developed, the competition for those sources will increase as utilities strive to achieve their 50 percent goal by 2030.

Marin Clean Energy is making a start by committing to invest \$516 million in new projects, including \$24 million to build a 10.5-megawatt solar project in Richmond. And Sonoma Clean Power has contracted to develop 86 megawatts of new solar power.

"We don't think there is an advantage to simply competing on the open market for a limited amount of renewable energy," said Mark Toney, executive director of The Utility Reform Network, a San Francisco-based consumer advocacy group. "The net benefit is developing new renewable energy sources."

UPCOMING COMMUNITY MEETINGS

NOVEMBER

Cupertino Monday, 6 p.m. to 8 p.m., at the Cupertino Senior Center, 21251 Stevens Creek Blvd.

DECEMBER

Morgan Hill Dec. 7, 6 p.m. to 8 p.m., in the council chamber at City Hall, 17555 Peak Ave.
Sunnyvale

Dec. 9, 7 p.m. to 8:30 p.m. at the Sunnyvale Community Center, 550 E. Remington Drive
Mountain View

Dec. 10, 6 p.m. to 8 p.m., in the council chamber at City Hall, 500 Castro St.

Santa Clara County

Dec. 14, 6 p.m. to 8 p.m., at Alum Rock Branch Library, 3090 Alum Rock Ave., San Jose

JANUARY

Los Altos Jan. 13, 6 p.m. to 8 p.m., Los Altos Youth Center, 1 N. San Antonio Road.

Source: Silicon Valley CCE Partnership

'COMMUNITY CHOICE' SYSTEMS IN BAY AREA Marin Clean Energy launched in 2010 in unincorporated Marin County and the cities of Belvedere, Corte Madera, Fairfax, Larkspur, Mill Valley, Novato, Ross, San Anselmo, San Rafael, Sausalito and Tiburon. It later added unincorporated Napa County, Solano County city of Benicia and the Contra Costa County cities of El Cerrito, San Pablo and Richmond.

Sonoma Clean Power launched in 2014 in unincorporated Sonoma County and the cities of Cloverdale, Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, Sonoma and Windsor. Healdsburg runs its own municipal electricity system.

Alameda, Contra Costa, Santa Clara, San Mateo, Santa Cruz and Monterey counties and many of their cities are currently studying "community choice" energy systems.

Source: Marin Clean Energy, Sonoma Clean Power, Bay Area News Group reporting

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