

**Marin County–PG&E, Renewable Energy Program Response**  
(8/25/08)

*Note: Responses to the proposal are included below. Responses have been developed by a technical advisor to the County of Marin and are provided here for reference.*

The following are key elements of a potential “Marin County-PG&E Renewable Energy Program” to be sponsored by Marin County, PG&E and interested local Marin governments, under which PG&E would supply renewable energy to retail electricity customers in Marin County who choose to buy renewable energy at a higher percentage than currently offered as part of PG&E’s traditional utility service.

- PG&E Commitment to Supply Renewable Energy in Marin County. Under the Marin County–PG&E Renewable Energy Program, PG&E would provide renewable energy products to retail electricity customers in Marin County under terms and conditions comparable to renewable energy supply agreements available in the marketplace.

*Comment: This is a vague statement that appears to simply duplicate what is already available in the marketplace. It is not clear whether this includes onsite solar, which might compete with the local solar industry, and “greening” the power delivered, which many companies already do through renewable energy certificates. Due to California Public Utilities Commission regulations, PG&E could not offer a 100% green or any “green” tariff to Marin customers that would not be offered to all PG&E customers except on a short-term pilot basis.*

- Local Renewable Energy Facilities, Including Solar. As part of the Marin County–PG&E Renewable Energy Program and upon the request of Marin County or any other Marin County local government, PG&E would finance, procure, construct, operate and maintain solar energy photovoltaic (PV) facilities or other desirable renewable energy facilities at sites provided by Marin County or Marin County local governments, and would sell the output to retail customers in Marin County who voluntarily choose to have their electricity supply come from these local, community-based renewable energy facilities.

*Comment: What is being proposed here is unclear. It appears that the local governments would provide the land or buildings on which PG&E would build and own PV systems and would sell power to any Marin customer, rather than providing power to the customer “behind the meter”. This raises many legal and regulatory issues, and would have to overcome barriers that PG&E has been unwilling to resolve for 3<sup>rd</sup> party solar providers. It is also unclear how this could be done in the competitive manner beyond what customers can already do onsite, and it could adversely impact the local solar industry.*

- Solar and Renewable Energy Job Training. As part of the solar energy PV and renewable energy program, PG&E and Marin County would apply for federal, state and non-profit job training grants to enable the hiring and training of low-income Marin County workers to perform construction, installation and maintenance for PV and other renewable energy facilities.

*Comment: Marin organizations such as College of Marin and Marin City Community Development Corporation are already doing this. PG&E appears not to know what activities are already going on in Marin in this area. It is not clear what value PG&E would be adding here because they aren't committing funds, but simply helping apply for grants that Marin is already receiving. In addition, PG&E can't apply for grants that are earmarked for public agencies and non-profit organizations.*

- Priority for Marin County Public Services. Marin County and Marin County local governments would have first call on the output from the local renewable energy facilities to serve their jurisdictions' energy needs.

*Comment: This statement appears to relate to the second bullet above in which PG&E would "finance, procure, construct, operate and maintain" renewable generation facilities on public property and sell the power to public agencies. Marin public agencies are already installing significant amounts of solar on their own facilities. Marin public agencies applied for and received allocations for \$47 million in Clean Renewable Energy Bonds (CREBs) that provide zero interest bonds for solar projects. About 2 MW of solar are expected to be installed on public facilities in the next six months with much more to follow. The solar projects will be owned by the public agencies offsetting the full retail cost of electricity and providing a significant hedge against future rate increase from PG&E. PG&E's proposal would not provide this benefit.*

- Continued Reliable and Safe PG&E Utility Service in Marin County. PG&E would continue to provide the same overall electric and gas utility services to Marin customers without regard to whether they choose traditional electric service from PG&E or the Marin County-PG&E Renewable Energy Program. In other words, there would be no change in the retail electricity provider serving Marin customers or the services received by those customers.

*Comment: PG&E is currently required by law to provide reliable and safe utility service regardless of the retail electricity provider. Many commercial and industrial customers in Marin continue to receive electricity through Direct Access providers rather than PG&E and get the same reliable and safe service. All customers, whether generation customers of PG&E 3<sup>rd</sup> party Direct Access providers or a Community Choice Aggregation, remain customers of PG&E for transmission, distribution and all other services and cannot be discriminated against by PG&E. The "Marin County-PG&E Renewable Energy Program" has not been defined in this or any other document provided so it is unclear what*

*PG&E is referring to or why this “continued reliable and safe” statement is an issue.*

- Financing by PG&E, Not Marin, Unless Marin Wishes to Support Financing. PG&E would finance and recover the costs of the Marin County-PG&E Renewable Energy Program directly from customers signing up for the program and under direct regulatory review by the California Public Utilities Commission. No debt or financing would be required from Marin County or Marin County local governments, either directly or indirectly, unless the County wishes to support the financing.

*Comment: This statement appears to imply that PG&E will ratebase the cost of the renewable energy projects and receive a guaranteed rate of return. Since these projects are only selling generation, about half the retail bill, and not offsetting the full retail cost, the power from these projects would likely cost substantially more than what customers pay now and eliminate the significant financial benefits to customers owning their own systems. Since PG&E and other regulated utilities must offer the same tariffs to all customers in their service territories, it is unclear how this program could be offered on anything other than a pilot basis. Contrary to what is implied in the statement above, no debt or financing is required by Marin local governments under a Marin Clean Energy JPA.*

- Protection Against Financial Risks. The program commitments of participating customers, including Marin County and local governments, would be of sufficient duration so that the capital and financing costs of the facilities would be recovered without risk of stranded costs or debt being incurred by either PG&E or the County as a result of customers choosing other electricity providers at some future date.

*Comment: This statement suggests that PG&E is offering a power purchase agreement (PPA) much like what already is available in the marketplace. Under a typical PPA, the customer signs a contract committing to purchase the power from the solar PV system for 15 to 20 years. The customer has the liability to pay per the terms of the agreement regardless of whether the costs is higher or lower than PG&E or a 3<sup>rd</sup> party provider’s rates in the future. Since this type of contract is already competitively available in the marketplace, and it would be difficult for PG&E to offer a competitive product under CPUC regulation, it is unclear what benefit this program would provide.*

- Customer Choice. Customer participation in the Marin County-PG&E Renewable Energy Program would be strictly voluntary. No customers would be automatically enrolled into the program without their affirmative, up-front, written consent.

*Comment: This is not different from what customers can get in the marketplace today.*

- PG&E Would Be Responsible for Supplying Renewable Energy, Not an Unregulated Third Party Energy Supplier. PG&E would be solely responsible for supplying renewable energy to Marin County customers under regulations established by the California Public Utilities Commission and would use its bulk power purchasing ability and energy procurement expertise to maximize the customer benefits of the Marin County-PG&E Renewable Energy Program. There would be no reliance by customers on unregulated third party electricity suppliers, generators, energy marketers or traders.

*Comment: Customers installing solar PV, whether under ownership or a PPA agreement, are not relying on “3<sup>rd</sup> party energy suppliers” because the generation is onsite. Currently more than 50% of PG&E power is purchased from “unregulated 3<sup>rd</sup> party energy suppliers”, the risks of which are passed through to ratepayers. Many of those “unregulated” suppliers are much larger than PG&E and are, in fact, other utilities who have regulated subsidiaries just like PG&E.*

- Other “Green” Services Available to Marin County Under Program. As part of the Marin County-PG&E Renewable Energy Program and at the request of Marin County or Marin customers, PG&E would continue to provide other related and innovative “green” services, including home and commercial energy audits; flexible and time-of-use pricing options; advanced electric meters; building energy design services; customer energy efficiency rebates and incentives; demand response programs; employer and commuter transportation programs; and assistance and job training to “green energy” vendors and developers.

*Comment: These “green” services are already required by California state mandate and are paid for by ratepayers, regardless of who supplies the power to the customer.*

- Marin County-PG&E Renewable Energy Program Fully Operating by January 1, 2010. The Marin County-PG&E Renewable Energy Program would be submitted to the California Public Utilities Commission for approval no later than January 1, 2009, and would begin operation no later than January 1, 2010, if approved by the CPUC. In order to ensure the effectiveness of the program, the program would be designed to be modified, extended, or terminated upon the request of either Marin County or PG&E after an initial “pilot” phase.

*Comment: Given the lack of clarity in this proposal, and what appear to be significant legal and regulatory hurdles, the timing proposed appears unrealistic.*