



QUESTIONS & ANSWERS FOR THE SOLAR INDUSTRY IN MARIN COUNTY

The Marin Clean Energy joint powers authority currently being considered by Marin's local governments is intended, in part, to promote increased development of local clean distributed generation.

This document provides information on Marin Clean Energy specific to local solar companies and answers questions raised by local solar companies about the Marin Clean Energy business plan. For an overview, more general and comprehensive information on Marin Clean Energy, please visit the website at

www.marincleanenergy.info. For additional questions you may have, please email:

Dawn Weisz at dweisz@co.marin.ca.us or call (415) 507-2706

The following questions are addressed:

1. What is Marin Clean Energy?
2. How will MCE work?
3. How will MCE help promote local solar companies?
4. Does the customer's relationship with Pacific Gas & Electric (PG&E) change?
5. Will an MCE customer still be able to obtain rebates from PG&E for energy efficiency and solar electric systems?
6. Will an MCE customer still be able to obtain net metering for qualified solar electric and other distributed generation systems?
7. Why will customers install solar if they can purchase 100% green power from MCE?
8. Will potential customers wait to install solar until MCE is available? Why install solar now?
9. How will MCE affect customers who have already installed solar? Will customers be able to sell excess power back to MCE?
10. How will a potential "exit fee" affect customers with solar if they later choose to opt out of MCE?

1. What is Marin Clean Energy?

Marin Clean Energy (MCE) is a plan authorized under state law¹ to create a new green power agency in Marin County to provide electricity generation to Marin's homes and businesses while PG&E would continue to be responsible for the transmission lines,

¹ AB117 – Community Choice Aggregation

billing and other services. MCE would allow Marin's homes and businesses to choose non-polluting renewable energy, lower our greenhouse gas emissions, reduce our dependence on imported fossil fuel, foster development of local clean distributed power such as solar, and protect our homes and businesses from volatile fossil fuel prices.

Marin Clean Energy would reduce Marin's greenhouse gas emissions by initially providing twice as much renewable power as we receive now. MCE would also increase price stability over the long term by decreasing our reliance on imported fossil fuels to generate our power. MCE will also promote locally based businesses. In addition, MCE would enable local decision-making over what kinds of power Marin utilizes.

2. How will MCE work?

A Marin Clean Energy Joint Powers Agency (JPA) would be formed by Marin's cities and the County. The JPA would be responsible for procuring energy for Marin's homes and businesses that choose to participate. MCE would initially contract with a qualified energy service provider (ESP) for all our power needs at fixed prices in the near term. Working with public and private power industry partners, MCE would build and own new renewable generation facilities such as wind, geothermal, biomass and solar. Owning renewable generation would provide long-term price stability without the risk of fossil fuel shortages and price volatility.

Under MCE, the existing power lines, services, repairs and billing would continue to be provided by PG&E and all MCE customers will remain PG&E distribution customers for these services. If you receive an electricity bill from PG&E, you would continue to receive your bill from PG&E. Only the line item on the bill related to generation will change.

3. How would MCE help promote local solar companies?

Unlike the investor-owned utilities, MCE would be a public agency owned locally. This means that policies and rates would be under local control and focused on local needs. MCE's mission as defined in the business plan is to move Marin toward 100% renewable generation as is technically and economically feasible, and over time procure as much as possible of that generation locally. In order to achieve these goals, a governance committee comprised of representatives of local cities and towns determined that the most effective means would be to design a governing JPA board which has the power and flexibility to implement its mission. The goal was to create a JPA Board with powers that are sufficiently flexible to enable the Board to carry out its mission while providing a careful system of checks and balances. With this mission in mind, MCE can support and promote local solar in the following ways:

3.1 MCE could buy excess power that solar panel owners now lose under current net metering rules. In addition, if legislation passes to allow customers to sell excess

energy, MCE could pay these local producers higher rates than those established by the CPUC².

3.2 When real-time “smart meters” are installed over the next few years permitting new opportunities for demand response and real-time peak pricing for customers, MCE could develop tariffs to pay customers with solar for the actual value of that power to the marketplace³.

3.3 MCE could develop a local renewable energy credits (RECs) market. MCE plans to offer a 100% green tariff at a premium to customers that would initially use a small percentage of RECs to achieve 100% green. The RECs could be provided by investing the REC funds in local renewable generation that would otherwise not have been economically feasible to develop (such as on low-income housing).

3.4 Similar to the SMUD model, MCE can become a municipal solar utility by installing and owning solar projects on the premises of customers and selling the power to the customer. This might be similar to power purchase agreements offered by private companies but could be a more universal program offering participation to all local companies and providing the consumer assurance of a public agency behind it.

3.5 The solar industry is currently dependent and greatly affected by constantly changing and uncertain public policies on the state and federal levels. MCE can explore ways to counter the adverse impacts through financial programs designed to fill gaps in state and federal policy and help maintain a viable local marketplace as long as such incentives are needed.

3.6 MCE can establish a local renewable industry stakeholders committee to advise MCE staff and governing board on programs and initiatives. MCE provides the means to participate and lobby regulatory and legislative bodies on behalf of Marin customers and the local renewable industry. The MCE business plan already has staff positions planned that will be focused on local energy efficiency and renewable energy initiatives.

4. Does the customer’s relationship with PG&E change?

The relationship between the customer and PG&E is virtually unchanged. MCE customers remain retail distribution customers of PG&E. PG&E would still own and maintain the power lines, and provide customer service and billing. The charge for electricity generation, which currently accounts for about half of the electric bill (and

² AB 1920 (Huffman) Renewable Energy Incentives - Net Metering. Enables residents who produce renewable energy for their homes, small businesses or farms to get paid a fair wholesale price by their utility company for any excess electricity they produce that goes back on the grid.

³ Marin’s electric demand peaks in the winter rather than the summer because of the low cooling needs and smaller commercial/industrial sector. Currently, Marin ratepayers help subsidize the higher cost summer peak demand of customers throughout the utility service territory.

which is a current line item on the PG&E bill), would remain in place. If Marin establishes MCE, customers in the community will automatically become an MCE customer for the generation component unless they opt to stay with PG&E. The only difference between an MCE and non-MCE customer will be the sources of and rates for their electricity.

5. Will an MCE customer still be able to obtain rebates from PG&E for energy efficiency and solar electric systems?

Yes. The California Public Utilities Commission authorizes PG&E and the other investor-owned utilities to collect from all ratepayers fees known as “public good charges” to fund energy efficiency and renewable energy incentive programs. PG&E will still collect these fees and MCE customers will remain eligible for these incentives and services.

6. Will an MCE customer still be able to obtain net metering for qualified solar electric and other distributed generation systems?

Yes. Net metering allows a customer to turn their meter backwards and receive a credit at times when their solar system generates more power than is used on site and is taken back at times when more power is used than the system produces. The credits and use are netted out after 12 months. The CPUC requires PG&E to treat MCE generation customers the same as PG&E generation customers. MCE will provide any generation credits and PG&E will continue to provide credits for transmission, distribution and all other charges.

7. Why will customers install solar if they can purchase 100% green power from MCE?

MCE is responsible only for the generation component of the electric bill, about half the retail charge. The fees for transmission, distribution, public goods charge (that fund solar rebates) and other service charges are still collected by PG&E and represent about half the retail rate. Solar installed on the customer’s side of the meter offsets the full retail cost and with time-of-use pricing can often provide even greater savings. While MCE expects to be able to deliver lower rates for generation in the long term, generation rates will still rise and PG&E’s rates for transmission and distribution will continue to rise. Solar will remain a good financial investment and hedge against future price increases. The expected reduction in costs of solar technology in the future will also serve to keep solar a cost-effective financial investment.

While some may argue that the green attributes are a critical factor in a customer’s decision to purchase solar, how that value is perceived is also critical. For those customers that can afford it, being able to point to the solar system and knowing that you are directly generating the power you need are attributes that an MCE green tariff cannot replace. For many homes and businesses that cannot afford solar today or practically install solar (ex: structural, space, solar access constraints, rent not own) MCE provides a

means to green their homes and businesses and control costs that they have no other way to do.

MCE plans to offer two tariffs: a “light green” tariff that will cost about the same or less than the PG&E tariffs but likely begins with about 25 percent renewable content rising to about 50 percent in 5 years; and a “dark green” tariff with 100 percent renewable content that is expected to cost more than the “light green” tariff for several years. Because of the premium for 100 percent renewable power, onsite solar will still be favored for those who can afford it.

The County Sustainability Team has identified the technical potential for about 200 MW of solar on homes and businesses in Marin County. Marin’s current electric load peaks at about 240 MW. Marin is also a winter-peaking system because of the low saturation of air-conditioning and relatively small large commercial and industrial loads. This combined with other local opportunities for generation from wind and waste, aggressive energy efficiency and demand response programs means Marin could ultimately become a net exporter of solar power during California’s critical summer peaks. These factors make the promotion and development of local distributed solar generation a desirable long-term objective of MCE.

8. Will potential customers wait to install solar until MCE is available? Why install solar now?

Announcements and press reports on potential future financing and incentive programs such as the Berkeley First Program can cool consumer demand for solar in the short term. While no one can completely control this effect, MCE is committed to working with the local solar industry to make clear the value of installing solar now rather than waiting for future new programs that may or may not get implemented. In addition, the incentives offered to local customers with solar would apply to existing and future installations equally so there is not a reason for customers to wait. As previously described, MCE will be focused on removing barriers and expanding the opportunity for local solar to a larger market than solar companies currently have.

9. How will MCE affect customers who have already installed solar? Will customers be able to sell excess power back to MCE?

As previously described, customers remain retail distribution customers of PG&E and all rules and incentives (such as net metering) apply. By state law, any changes to the rules will apply to utility generation and MCE customers equally. The distribution utility (PG&E) cannot set different rules or otherwise discriminate between MCE or utility generation customers. However, MCE can add benefit to customers beyond the distribution utility such as setting its own tariff to buy any excess generation that customers now lose under current net metering rules.

If MCE generation rates drop below PG&E’s generation rates in the long term, customers may save a little less than they might have projected. However, the value of near-term

savings greatly outweighs a decrease in the inflation rate of energy prices in the long-term.

10. How will a potential “exit fee” affect customers with solar if they later choose to opt out of MCE?

Customers who install solar will not be charged an exit fee. Exit fees are used for customers switching providers after the initial opt-out period. Beyond the initial opt-out period, MCE is permitted to establish exit fees to ensure that customers opting out don't saddle remaining customers with an unfair financial burden for long-term power commitments made on behalf of the exiting customers. The same is true for exiting customers of PG&E who later choose to opt in to MCE. While the conditions under which exit fees might be imposed in the future are rare and any fee is likely to be small for the average customer, such fee would have little impact on customers with solar. Since an exit fee would be based on the customer's proportional share of load and customers with solar have very low or even zero loads, the potential exit fee, if any, would be trivial.