

Response to PG&E November 2008 proposals

Response prepared by consultants and staff working on the Marin CCA project: Posted November 2008

A proposal has been submitted to Marin towns and cities and to the County of Marin outlining potential areas where PG&E could assist in green energy projects. This proposal follows years of dialogue between local government representatives and PG&E representatives regarding strategies to green Marin's energy supply. The proposal represents a possible addition to, or alternative to the 'Marin Clean Energy' strategy.

This response outlines areas where additional information, clarification, and corrections are needed to allow for a clear and accurate understanding of the proposal and an "apples-to-apples" comparison of Marin's green energy options. Before reviewing the body of the proposal some overarching questions need to be addressed:

1. Because California Public Utilities Commission (CPUC) approval would be required to launch such a program, the detailed application/filing material, a filing timeline, and an expected approval date are needed. Also, it is not clear what backup plan would be in place if the CPUC does not approve the plan or delays the review.
2. The CPUC regulations preclude a special program being offered to Marin, and not being offered throughout PG&E's territory except on a temporary, pilot basis of 2-3 years. An explanation of how this program could be continued after the 2-3 year pilot phase is needed.
3. Basic information about the proposal and the model used to analyze its impact is needed including:
 - The model and assumptions used to develop the program.
 - The projected customer cost and participation level for each aspect of the program.
 - The projected outcomes in the near term (5 years) and long term (15 years).
 - The source of funding for the proposed program.

Analysis of the Body of the Proposal:

The proposal states that, “as early as January 1, 2010” stakeholders would meet to set clear timelines and milestones, and identify specific programs. However, the setting of clear timelines and milestones is needed before the program can be evaluated, not after.

Clarifying Assumptions

Figure 1 is used to compare two programs. However, the two programs described do not reflect the MCE program and may or may not reflect the PG&E partnership program. Clarification and/or corrections are needed as follows:

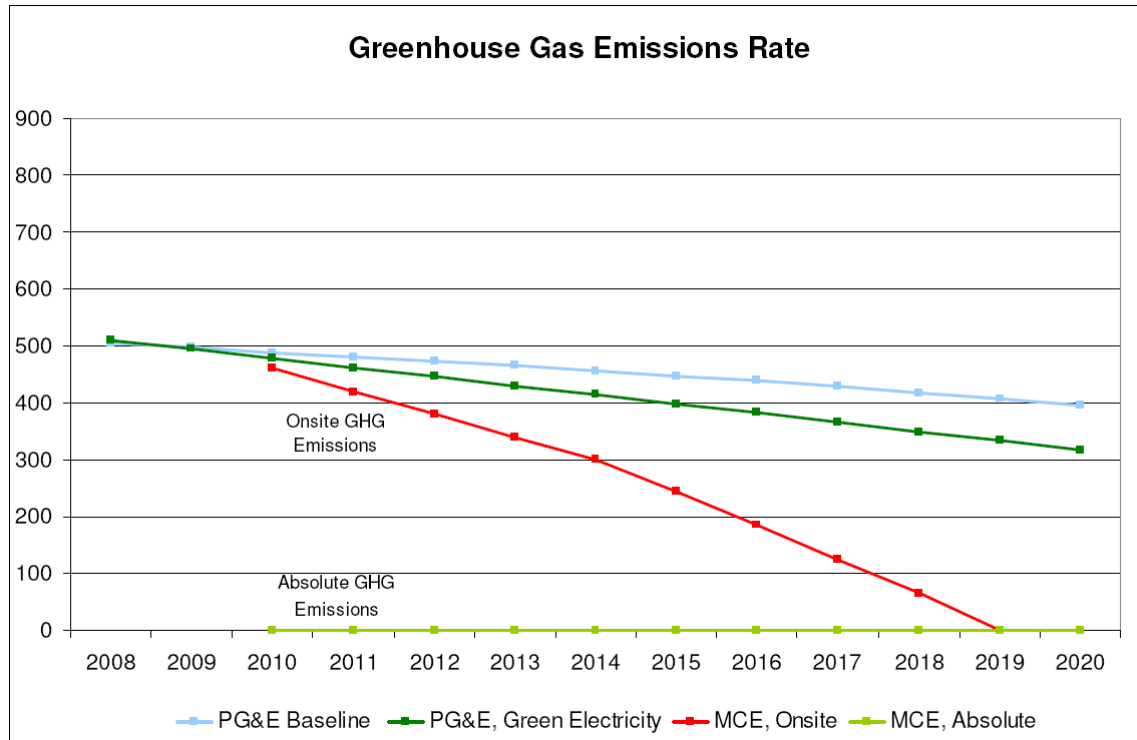
- The line referred to in the legend as “MCE, Green Electricity” describes a program which begins at 25% renewable energy and increases renewable energy content at the same rate as PG&E. The actual MCE program, based on the Business Plan, begins with a 56% renewable power supply in 2010. MCE's renewable content increases thereafter, reaching more than 80% in 2014 and 100% by 2020. This needs to be corrected to allow for an actual comparison of the two programs.
- The line referred to in the legend as “PG&E, Green Electricity program” is referenced as, “based on CPUC-Energy Commission AB 32 Reference Case, Renewables Aggressive Case.” It is unclear how the “PG&E partnership” relates to the “CPUC-Energy Commission AB 32 Reference Case.” The data inputs need to be provided to allow for an actual comparison of the two programs.
- The “PG&E, Green Electricity” program is described as, “Subject to removal of obstacles to renewable development.” Obstacles need to be defined and their potential impacts need to be explained and quantified.

To clarify the assumptions in the MCE Business Plan the renewable and greenhouse gas-free content of the energy supply is detailed in the chart below:

Marin Clean Energy RPS Requirements and Program Renewable Energy Targets (MWh) 2010 to 2019										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Retail Sales (MWh)	261,264	1,222,384	1,219,080	1,219,581	1,223,812	1,228,073	1,232,365	1,238,339	1,242,859	1,249,170
Annual RPS Target (Minimum MWh)	-	52,253	244,477	243,816	243,916	244,762	245,615	246,473	247,668	248,572
Program Target (% of Retail Sales)	56%	70%	70%	70%	81%	81%	81%	81%	81%	81%
Program Renewable Target (MWh)	145,048	857,657	855,339	855,691	985,245	988,676	992,131	996,940	1,000,579	1,005,660
Surplus In Excess of RPS (MWh)	145,048	805,404	610,862	611,875	741,329	743,914	746,517	750,467	752,911	757,088
Annual Increase (MWh)	145,048	712,609	(2,318)	352	129,555	3,431	3,456	4,809	3,639	5,081

Note: The RPS program target for years 2015 – 2019 is based on minimum reporting projections. Based on policy discussions, projected cost savings for years 2015-2019 will be used to increase renewable content from 81% to 100% by 2019. This is described on page 44 of the Business Plan.

An accurate analysis of the MCE projected GHG emissions is reflected in the chart below, overlaid on Figure 1 from PG&E’s proposal. Because the “PG&E Green Electricity” program did not include values to associate with data points, those lines have been left as proposed, pending data submittal from PG&E.



In Figure 2 the GHG reductions listed for the Marin Clean Energy program differ substantially from the actual MCE program. Based on the Final Business Plan, GHG reductions from the MCE program are projected to be 350,000 tons in the year 2019, and higher than 350,000 tons in the year 2020. Figure 2 in the PG&E proposal shows only a 51,000 tons reduction in 2020 from the MCE program. This data needs to be corrected to allow for accurate evaluation.

An assumption is made that the partnership proposal would, “...reduce the rate of greenhouse gas emissions from electricity in the County by nearly 40% by 2020...” Because electricity use contributes about 1/3 of Marin’s GHG emissions, this 40% reduction would lead to a 13% overall GHG reduction in Marin. However, this 13% reduction has not been tied to any input data such as cost of the program, specific program components, number of participants in the program, or strategy for achieving greenhouse gas (GHG) reductions based on participation in each program component. This input data needs to be available to clarify actual projected GHG reductions using an apples-to-apples comparison.

Clarifying Program Components

The proposed program components listed on pages 3 - 10 describe many projects that are already underway in the community and programs that are currently mandated by the State California Energy Commission or other state or federal agencies. Proposed actions for each component listed are not quantified or measurable and it is unclear how a partnership would impact existing activities.

For example, the list includes community renewable energy projects, energy efficiency projects and job training. One section describes *“technical support”* but does not define further. Providing number of hours of support over what time period and with what outcomes would help the community evaluate the impact these program would have. Overall, quantifiable information is needed for the community to understand the impact that could be made in each area.

Green Tariff Program

In a November, 2008 presentation PG&E representatives described a *“green tariff”* program which would be offered as part of the proposal to customers at a 20% cost premium above the standard rate. It is not clear if the 20% premium would go directly to fund Marin programs, and if so, what programs it would fund. It is also not clear if these funds would go to purchase direct supply of renewable energy or renewable energy credits, or to cover some other green programs.

Also in the presentation the expected participation level in the *PG&E-Marine program* was projected to be 20% based on the City of Palo Alto green program participation level. Given that the City of Palo Alto operates a municipal utility, and has rates historically 30% lower than PG&E rates, it is not a useful comparator for participation levels. As a point of reference, participation rates in PG&E’s Climate Smart program is less than 1% while the cost for Climate Smart is substantially lower than the proposed 20% premium. A reference point that carries the projected 20% premium is needed to allow for accurate participation projections.

Next steps:

As new information becomes available to clarify, correct and provide specific information on PG&E’s partnership proposal it will be reviewed and incorporated into future discussions.