

Sonoma Clean Power Frequently Asked Questions

March 2013

What is the Sonoma Clean Power Authority?

The Sonoma Clean Power Authority (SCPA), established in December 2012 in a Joint Powers Agreement, is a representative body made up of the cities that choose to participate and the County of Sonoma.

Why a Joint Powers Agreement?

A Joint Powers Agreement allows multiple governmental entities to participate as voting members of the program and eliminates risk to members' general funds.

What is Sonoma Clean Power?

Sonoma Clean Power (SCP), is the local program that buys and generates electricity for residents and businesses that the SCPA was established to launch.

What is the legal authority for SCP?

SCP is a Community Choice Aggregation program (CCA). CCA was established in California by state law, Assembly Bill 117 in 2002.

Why should the cities in Sonoma County join the Sonoma Clean Power Authority?

By joining the Sonoma Clean Power Authority, cities offer their constituents a choice about where they get their electricity. Currently, unless a resident or business can afford solar panels, they have no choice about where their power comes from.

What will the rates be?

The SCPA has a policy of offering rates that are competitive with the rates currently paid in Sonoma County. The SCPA is in the process of receiving estimates from energy service providers. Exact rates will not be known until the program launches.

How do I join SCP?

SCP is designed by state law as an opt-out program, meaning that ratepayers are enrolled automatically unless they opt-out. By opting out, the customer remains with their investor owned utility.

Why is SCP an opt-out program?

The opt-out structure is mandated by state law, AB 117 (Migden, 2002). In order to launch a program like Sonoma Clean Power, it is necessary to have a known "critical mass" of customers at the start of the program. Further, SCP is designed as an opt-out so that there is a more of a "level field" for new competitors in what has been for many decades a monopoly-dominated sector.

How will I as a customer be impacted if we switch to Sonoma Clean Power?

Most customers will not notice any change. The only difference will be when you flip your light switch or plug into your wall outlets, you'll receive electricity from cleaner sources. And you'll have the satisfaction of knowing you're doing the right thing for our local economy and the environment.

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Will SCP be a big government project with a new bureaucracy?

As envisioned, the SCPA governing board will be made up of existing elected officials, and staffing levels will be very low. Similar agencies in Ohio and Massachusetts that serve several hundred thousand customers each have fewer than five employees.

Has this been done successfully before?

Yes. There are many examples in the US. The closest to us is Marin Clean Energy which began in 2010 and is already far surpassing PG&E in providing renewable energy. About 80 percent of customers in the program have opted to keep getting renewable power from Marin Clean Energy even though they have the choice of switching to PG&E. Others have been operating successfully in Massachusetts and Ohio since the late 1990s.

Will my taxes go up?

No. There are no taxes that are part of SCP. Sonoma Clean Power will not impact county or city taxes. SCP will operate on the existing revenue of the money we already are paying in our electricity bills for the electric generation portion of our bills

Is buying and selling electric power all SCP can do?

SCP will also have the ability to finance renewable energy projects using ratepayer revenue to build and generate cleaner power from sources such as wind, solar, biomass and geothermal. SCP also has the ability to elect to administer energy efficiency programs funded by existing fees on our electric bills.

Who will maintain the wires and poles that transmit electricity?

PG&E will continue to maintain the transmission and distribution power lines and handle billing and customer service. SCP is involved only with the power generation side of electricity.

What are the benefits of Sonoma Clean Power?

The number one benefit is that electricity consumers will have a choice. Other benefits include local control, more clean energy in the power mix, local jobs and economic activity, greater accountability, energy independence, energy security, electrical grid system reliability and resilience, and increased private enterprise opportunity.

What are the risks of Sonoma Clean Power?

The ultimate risk is that Sonoma Clean Power would fail. Contingencies for that unlikely event are established in the original 2002 CCA law and further California Public Utilities Commission regulations that allow for a smooth transition back to full service from PG&E without a disruption of service.

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Energy

What is clean energy?

Clean energy comes from sources such as solar, wind, geothermal and biomass. These energy sources produce fewer greenhouse gas emissions than fossil fuel sources such as natural (fossil) gas. California has established clear definitions for what qualifies as renewable energy.

Where do we currently get our electrical power?

Most people in Sonoma County get their power from PG&E. PG&E's power mix is available for review at their website. As of early 2013 the power mix is about 40% natural gas, 20 percent nuclear, 20 percent large hydroelectric, and about 20 percent certified renewable.

What is the Renewable Portfolio Standard?

The RPS is the state law that requires a certain percentage of qualified renewable energy to make up the power mix of power service providers.

Where will Sonoma Clean Power get its electricity?

SCP will procure electricity from the wholesale electrical market as well as develop its own resources in Sonoma County. In both cases, the aim is to secure a higher proportion of cleaner renewable energy from sources such as solar, wind, geothermal, and biomass. There is great potential for a more diverse mix of local renewable sources with less dependence on fossil sources and no nuclear power.

How much electric power do we consume in Sonoma County?

On average about 300 megawatts at any given time. Sonoma County's peak consumption is about 550 megawatts during the hottest days of summer. The amount used annually is about 2,800 million kilowatt-hours. See below for further explanation in "Acronyms & Definitions."

Will I be able to sell surplus power to SCP if I have or plan to install a solar power system on my roof?

SCP is likely to establish its own net-metering and feed-in tariff policies that will pay better rates for surplus power than currently offered.

Rates

How will Sonoma Clean Power's rates compare to PG&E's?

Rates are projected to be competitive with PG&E. Programs similar to Sonoma Clean Power in other parts of the country have offered consistently lower rates than their local investor-owned utility competitors like PG&E.

Isn't renewable power more expensive than regular electricity? Won't SCP's rates be higher because of that?

The rate trend over the past thirty years for the main fossil source used by PG&E, natural gas, is up. The rate trend over that same time period for renewable energy is down. In addition,

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once the capital investment is made, the fuel in most renewable technologies, like wind and solar, is free. Therefore, the investment improves over time.

But renewable power is still more expensive right now. How can Sonoma Clean Power offer it competitively?

There are two advantages:

- 1. Sonoma Clean Power is a not-for-profit entity and does not need to pay shareholder dividends or excessive executive salaries.*
- 2. SCP has access to low-cost financing – in fact about half as costly as that available to PG&E – it can use to develop renewable power.*

How will Sonoma Clean Power set its rates?

Rates will be set in open public meetings by the SCPA, made up of local elected officials.

How do I know that Sonoma Clean Power will not raise its rates?

There is no way to ensure electricity rates will not go up whether a ratepayer is a customer of SCP or PG&E. What is known for sure is that in the current situation there is no option other than PG&E and it is likely that PG&E rates will go up, as they have consistently each year over the past 30 years.

Can the current investor-owned utility (PG&E) raise transmission rates on SCP customers above those of non-SCP customers?

No. PG&E must provide the same rates for all customers in their service territory whether or not they receive electricity from SCP or another third party energy service provider.

Economy

I agree that green electricity is important, but shouldn't we be focusing on the economy right now?

The two are both important and are not mutually exclusive. SCP will actually stimulate the economy by redirecting much more of an existing revenue stream of ~\$200 million from our utility bills into Sonoma County.

If SCP is just procuring its power on the open market like PG&E, how is it greener than PG&E? Isn't it a zero-sum-game?

When SCP procures electricity generation – unlike PG&E – it will seek to purchase more clean power. Every time clean power is contracted, the need for fossil power is diminished and a market signal is sent to clean tech developers that there is a market for clean power. Over time, the more clean power that is procured, the more fossil power is displaced. Eventually we will see natural gas and nuclear power plants closing down for lack of customers. More importantly, SCP plans to do more than just buy power on the open market; SCP plans to actually build renewable power generation assets in partnership with the private sector.

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I keep hearing that the government is out of money. Who will pay for this program?

No general funds are used to pay for the ongoing program. Start-up costs range from several hundred thousand to about \$2 million, and SCP can pay those costs back once it begins receiving revenue. All operating costs come from ratepayer revenue that currently leaves the county and goes to PG&E. This revenue is on the order of \$200M per year. We have the potential to keep more of this money local and provide a boost for Sonoma County's economy.

Service

Government can't do anything right, why should we trust them to run an electricity program well?

About 25% of the population in California is served by government-run electricity programs. Healdsburg and Sacramento Municipal Utility District are two examples. Government run power utilities across the U.S. reliably provide power that is about 20% less than private utilities. The public utilities that choose to pursue renewable power do so at rates lower than privately owned utilities.

Will Sonoma Clean Power replace Pacific Gas & Electric?

No. You will still receive your electric bill from PG&E. The only change will be the "generation" line in the bill. PG&E will continue to maintain the transmission and distribution lines and handle service requests.

When will Sonoma Clean Power begin serving customers?

The current timeline is for Sonoma Clean Power to launch in early 2014.

Who will be in the SCP Service area?

The answer depends on which entities – County and Cities – decide to participate. Ideally all eligible Cities will join in. The one exception is Healdsburg, which has its own municipal utility so will not be a part of SCP. The service area as planned does not extend beyond Sonoma County's borders.

Will I be able to participate in Sonoma Clean Power if I am not in the service area?

No, but once SCP is up and running, there is the potential for cities and counties outside Sonoma County to request to join SCP. However, if you are a resident of Healdsburg, there will be no option to participate in SCP.

Will Sonoma Clean Power customers still be eligible to obtain rebates from PG&E for energy efficiency and solar electric systems?

Yes.

Will Sonoma Clean Power bill me separately?

No. You will still receive one bill from PG&E. The portion of the bill marked "generation" is the portion of your bill that will be paid to SCP.

Will my bill include electric charges from PG&E and Sonoma Clean Power?

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There are two main aspects to providing electrical power to you, generation, and transmission/ distribution (the wires). PG&E will continue to bill for the wires, while the generation line item goes to SCP.

Is the Sonoma Clean Power charge an additional charge? Will I get charged twice for electricity?

No. The SCP charge replaces what was previously a line item that went to PG&E.

Who do I call with questions about my bill?

PG&E will still handle most service and billing questions. SCP may establish its own program to augment these services providing more information for customers with questions regarding transmission/distribution.

How will I know when my service begins?

After you have received two opt-out notices, if you do not opt out, you do not need to do anything else, you will automatically be enrolled in the program. You will know that service has begun when you receive your first PG&E bill that includes "Sonoma Clean Power" in the line item for "generation." If you decide to opt out later, you can do that. A small fee may be applied after the initial program launch period is over.

Opt-in, Opt-out

Do I have to participate in Sonoma Clean Power if I am in the service area?

No. Prior to the SCP "launch" date you will receive two "opt-out" notices during a sixty-day period at which time you can opt out of the program. In addition, there is a sixty-day period after the start of the program during which you can opt out at no cost. After that, you can still opt out but a nominal fee may be imposed.

What are the methods I can use to opt-out?

You will be able to opt out by responding to the opt-out notice that you will receive in your PG&E bill either online, over the phone, or by U.S. mail.

Acronyms & Definitions

AB 117

California legislation passed in 2002 that established Community Choice Aggregation. Sonoma Clean Power will be a Community Choice Aggregation program, enabled by AB 117.

California Energy Commission (CEC)

The CEC is California's primary energy policy and planning agency. Created in 1974 and headquartered in Sacramento, the Commission has responsibility for activities that include forecasting future energy needs, promoting energy efficiency through appliance and building standards, and supporting renewable energy technologies.

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California Public Utilities Commission (CPUC)

The CPUC is the entity that regulates privately owned utilities (like PG&E) in the state of California, including electric power, telecommunications, natural gas and water companies.

Community Choice Aggregation (CCA)

Community Choice Aggregation is a process by which local governments can legally procure electricity and sell it to customers within their jurisdictions.

Investor Owned Utility (IOU)

Investor Owned Utility refers to an electric utility provider that is a private company, owned by shareholders (e.g. Pacific Gas & Electric or PG&E).

Kilowatt (kW)

A common unit measurement for electricity capacity or demand. (1 kW=1000 watts)

Kilowatt-hour (kWh)

A kilowatt-hour is a unit of energy equivalent to one thousand watts of power expended for one hour of time.

Example: A 100-watt light bulb left on for 10 hours consumes one kilowatt-hour of power

Megawatt (MW)

One-megawatt equals one million watts or 1,000 kilowatts, roughly enough electricity for the instantaneous demand of 750 homes at once.

Please send additional questions or comments to the Climate Protection Campaign

www.climateprotection.org

707-525-1665