

**NEXTGREEN**



**PACIFIC GAS & ELECTRIC** proudly calls itself the “greenest big utility in America.” The California company has relatively low emissions, thanks to a mix of hydro and nuclear power. “We’re investing in renewables like crazy,” says Robert Parkhurst, PG&E’s earnest, bespectacled environmental-policy manager. “We’re trying to walk the talk here.” But PG&E has struggled to meet a state target of 20% certified renewable energy—wind, geothermal, solar, biomass—by 2010; it’s currently delivering just 12%. Meanwhile, it’s ramping up investments in natural gas, and when Californians flick the switch at home, chances are it’s still linked to a fossil-fueled power plant.

Activist-turned-entrepreneur Paul Fenn wants to rewire that circuit. Fenn



**POWER PLAY**

Activist-turned-entrepreneur Paul Fenn’s effort to bring affordable sustainable energy to California could be revolutionary—and electricity giant PG&E isn’t happy about it at all. By Anya Kamenetz

**RABBLE-ROUSER**

Fenn, who rioted with anarchists in Germany in the 1980s, is fighting to transform the business of power.



## NEXTGREEN

has spent his career fighting to green our energy supply by transforming the industry's structure, creating Community Choice Aggregation, or CCA, which lets a locality take over the sourcing of its own power. CCA may be reaching a tipping point in California: More than 50 communities, representing 20% of the state's privately provided electric load, are in the process of implementing the program, aiming to deliver 100% renewable electricity in Marin County, for instance, and 51% in San Francisco. "The whole point is to prove that a major city can go to 51% green in a very short period of time without any increase in rates," Fenn says. "If we can, this should spread virally."

Fenn has dreamed of restructuring the industry since his PhD days at the University of Chicago. He was frustrated by the sector's economics, which discourage big power companies from devising greener alternatives. The

typical utility is the only game in town, owning pipelines, power lines, and fossil-fuel plants that represent billions in sunk costs. New technology would cut the existing assets' earning power.

As a wunderkind 28-year-old aide to a Massachusetts state senator, Fenn wrote the nation's first CCA bill, in 1994. CCA allows a community or region to secede from a local monopoly utility and award long-term contracts to small "merchant" power plants. The utility retains control over poles and wires. The city doesn't buy plants, so it's not wedded to a particular source of juice or means of distribution. And with the purchasing power of an entire population and the stability of a long-term contract, the city can move toward renewables more affordably.

As a journeyman policy expert and activist—he was arrested during riots at the fall of the Berlin Wall—Fenn also helped pass CCA legislation in Ohio and New Jersey. When the Enron

deregulation crisis hit Fenn's home state of California in 2001, "prices tripled overnight," he recalls. "There was panic in San Diego. I was in hearings where the state senator was crying. I had this bill that I'd written, and I said, This is a real opportunity."

California's CCA law, passed in 2002, has more potential environmental impact than those elsewhere. "In each state, I learned something new," says Fenn. The California law allows city contracts to require rising percentages of renewables and provides for bond financing for renewable-energy projects—a low-cost source of capital. That's how San Francisco plans to finance a \$2 billion system: 360 megawatts of rooftop solar and wind power as well as efficiency measures, representing half the city's current usage.

In June, Fenn's nonprofit turned for-profit, Local Power, won a \$1 million contract to consult on San Francisco's CCA program. According

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—PAUL FENN

to a plan passed last year by the San Francisco City Council, the city must move to a 51% renewable mix by 2017 while meeting or beating PG&E's existing rates, and Local Power's job is to make that happen. Fenn and a team of about 25 consultants from firms including Nixon Peabody and Booz Allen Hamilton will handle all the technical issues involved in awarding the city's \$7 billion, 20-year energy contract to wholesale power suppliers and renewable-energy producers. PG&E will keep control of the poles, wires, and billing, and customers will have the option to stick with PG&E.

Tyson Slocum, an energy-policy expert with the consumer-advocacy

group Public Citizen, is skeptical that CCA can really avoid cost increases. "The success of community choice depends upon access to a competitive wholesale market," he says, and the market today is "dysfunctional." But he supports the public financing: "Any time that the government is taking the lead on generating its own energy, that means consumers are going to be less dependent upon other power producers."

America's greenest utility isn't happy about all this. PG&E reps have publicly and repeatedly called CCA a "hostile takeover." (Fenn might agree with the "hostile" part; he calls the traditional power companies "Neanderthals" and

"gorillas" that are "ruthless" and "medieval.") And California's attorney general is reportedly investigating whether PG&E has lobbied against CCA in violation of antitrust prohibitions. But PG&E spokeswoman Darlene Chiu refuses to confirm that the firm opposes CCA and the 51%-renewable mandate. "We question that it can be achieved," she says. "The biggest obstacle is finding the amount of renewable energy at prices that are affordable for the customers in San Francisco."

"What they're really saying is that it's not affordable for PG&E," Fenn says. He believes San Francisco will become the nation's premier showcase for cost-effective green power. Savings from efficiency and "smart grid" innovations—"even cheaper than coal," he says—will pay for pricier renewables, while the scale of citywide demand will make new technologies more affordable. "We're like vegan power," he says. "Local and green is greener than green." **EC**

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## Power Play

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