

The Pros and Cons of PCE accepting PG&E's offer of electricity generated by its Diablo Canyon Nuclear Power Plant*

Compiled by Michael Closson, May 18, 2020

Arguments in favor of accepting PG&E's Offer

- Nuclear power is GHG-free electricity 24/7.
- Accepting nuclear power from PG&E would save PCE several million dollars.
- That money saved could be used to fund innovative energy-saving and GHG reduction projects that would help PCE's customers transition away from gas and to electricity.
- Those innovative projects could also create more jobs in San Mateo County.
- The Diablo Canyon Nuclear Power Plant is slated for closure in 2024-2025, so this is just a short-term energy allocation — initially limited to the year 2020 — not a long-term commitment.
- Accepting PG&E's nuclear power would decrease the volume of GHG-free energy PCE would need to procure in 2020 to meet our 95% GHG-free target.
- Accepting PG&E's offer would not affect the amount of nuclear power on the grid generated by Diablo Canyon.
- Accepting PG&E's offer would not be a "bail out" of PG&E because it could also sell the nuclear power on the grid.
- The PCIA fee paid by PCE already includes paying for nuclear power produced by Diablo Canyon for PG&E.
- Accepting PG&E's offer would have no impact on PCE's PCIA payments.

Arguments against accepting PG&E's offer

- Nuclear power is not safe, not renewable, not carbon-free and not clean.
- At the time PCE was founded, it was understood by community advocates and local officials that PCE would not use nuclear energy to power our county.
- Adding nuclear energy to PCE's power mix is controversial and would damage PCE's reputation in our customer base.
- PG&E's nuclear offer is not "free" — it would be provided to PCE at the price of fossil fuel energy on the California energy market.

- PCE is already paying to some degree for PG&E's nuclear power through the PCIA.
- Nuclear power, a centralized energy source, does not advance PCE's local renewable energy goals and may compete with them.
- PCE should not bail out PG&E by providing the utility with a market for its excess nuclear power production.
- Accepting PG&E's offer will not solve the PCIA threat facing PCE and other CCAs.
- Although there would be some monetary savings from accepting PG&E's nuclear power allocation, PCE has sufficient resources for procuring GHG-free resources without accepting this nuclear allocation.
- Diablo Canyon is scheduled to shut down in 2024-2025 but accepting this allocation could send a market signal that the output from the plant is still valued and the shutdown should be delayed.
- Because of the COVID-19 pandemic, PCE's load forecast has been significantly reduced and thus we have a reduced need for additional GHG-free energy.
- Due to the delay at the CPUC, if accepted PG&E's allocation of the nuclear energy will cover only the months of July through December 2020.
- The financial savings that would accrue to PCE from this plan have been significantly reduced due to the delay and PCE's reduced load.
- For these and similar reasons, East Bay Community Energy, Marin Clean Energy, Sonoma Clean Power, Clean Power SF, and Valley Clean Energy have decided against accepting PG&E's nuclear energy offer.

*Some of these arguments have been adopted from the East Bay Clean Power Alliance's fact sheet "Keep our East Bay Community Energy Program Nuclear-free!" Others are taken from Jan Pepper's memos to PCE's board on January 17 and May 6, 2020. Still others have been suggested by James Tuleya.