

# San Jose Mercury News

August 14, 2006

## Philanthropy

### Electrifying idea: Allow energy companies to give cash-strapped charities free power

Last year, Calpine, the San Jose-based energy producer, came up with the idea of providing free electricity to a few local charities. It would have been a terrific gift, worth \$62,000 for Second Harvest Food Bank and \$90,000 for EHC LifeBuilders, an emergency housing consortium. Both non-profits have been hit hard by rising utility costs.

But unlike other civic-minded companies with products to give away, Calpine's plan needed the Legislature's OK, because it involves electricity regulation. And PG&E and Southern California Edison, which own the market for selling retail electricity

---

#### THE OPINION OF THE MERCURY NEWS EDITORIAL BOARD

---

and carry a lot of clout in Sacramento, were against it out of self-interest.

After languishing a year, the bill that would permit energy gifts to non-profits is back. Its sponsor, Sen. Joe Simitian, D-Palo Alto, has amended it to answer legitimate questions, and it has passed its first hurdle, an Assembly committee.

The Legislature should pass SB 423 over the objections of PG&E. Electric utilities should no more restrict creative philanthropy than Dell should be able to ban HP from giving away free laptops in schools in which Dell has a computer contract.

Under the bill, a non-profit would be able to count only the energy por-

tion of its bill. It would still have to pay other costs — transmission and distribution charges and taxes — to the local utility. So PG&E and Southern California Edison wouldn't lose money, and rates wouldn't be affected.

Still, the electric utilities oppose the bill on two flimsy grounds. They worry that granting an exception for non-

Calpine is no longer in a position to give away energy, but electricity gifting is still a great idea — one that other non-profit and electricity generators in California could take advantage of in the future.

profits would set a bad precedent leading to further deregulation. This "slippery slope" argument is the standard case against change, no matter how beneficial. They also argue that they have their own relief programs for poor customers. In other words, in addition to electricity, they should be able to corner the market for charity.

Calpine is no longer in a position to give away energy. (The company is in bankruptcy reorganization, and creditors may not look kindly on it.) The company should be in a better shape — and out from under — in a year or two.

But electricity gifting is still a great idea — one that other non-profits and electricity generators in California could take advantage of in the future.

# GILROY DISPATCH

October 4, 2006

## Bill Allows Energy Gifts to Nonprofits

BY SERDAR TUMGOREN

Gilroy – Nonprofit groups can receive free electricity from Calpine and other energy producers under new legislation signed by Governor Arnold Schwarzenegger.

The bill (SB 423) signed into law Friday lifts restrictions on so-called “direct access” contract between energy producers and groups like EHC LifeBuilders, in San Jose. The nonprofit housing provider, which worked on the bill with energy company Calpine and State Senator Joe Simitian (D-Palo Alto), predicts it will save the agency \$90,000 annually.

“It’s not a pretty sell to the donor to say your \$10 will pay for electricity at a particular facility,” said EHC spokeswoman Hilary Barroga, but “it’s a huge amount of money that a lot of times we don’t think about.”

Nonprofits under the new legislation would still be required to pay transmission fees, taxes and other fees for delivering the electricity.

The new legislation does not mean that a utility cable will directly connect nonprofits to energy providers, who will continue to draw power off the energy grid operated by PG&E in Northern California and will continue to pay related transmission fees and taxes.

Instead, the law allows a limited return to the days before California’s energy crisis, when looser regulations allowed energy producers to sell directly to large energy consumers. The bill, which took two years to complete, met some resistance among legislators who feared a return to a system that caused rolling brown-outs in 2001.

The prospect of a gift in the form of energy comes as EHC prepares at once again provide winter shelter to homeless people in San Jose and South County. Last year, the agency scrambled to find cash to extend the shelter season as heavy rains pushed into April. The savings on electricity would have covered the cost of the extended shelter season in Gilroy.