contract starts with a whopping 7.8¢/kwhr fee to ratepayers and could go up to 30¢ or even higher at the end of 30 years. The 7.8¢ is more than Rancho Seco's cost after being closed down for 2 years and nearly helped get it shut down. The final cost to ratepayers will be $52-60 billion during its life, slightly less expensive than the Vietnam war or sending a man to the moon (about $100 billion).

What makes this proposed deal look like more than just another sellout is the fact that a study by the PUC staff just before the proposal contract came out, indicated that it would be cheaper to shut down Diablo for a few years until energy costs go up more. Another reason PG&E is now willing to accept this contract is that in May they failed to make the 1981 blueprint fiasco legally go away, which should have meant that they would have to eat most of the $3.4 billion they spent to get the reactors turned on.

This dramatic change in the course of the hearings will mean that the PUC will have to open the hearings up to the public for comment in the very near future. We are urging you to go to those hearings when they occur, besides writing letters protesting this sellout to the PUC Commissioners who orchestrated this deal: Stanley Hullet and particularly Commissioner Donald Vial and PUC staff director William Ahearne at 505 Van Ness Ave. S.F. CA. 94102. Groups will be organizing protests at the hearings when a date is set. If you are interested in participating give us a call at (415)861-0592.

Back to bad, old oil-dependent days

PG&E is trying to restrict competition in energy marketplace

By Donald W. Schoenbeck and Michael Alcantar

ACCORDING to the Department of Energy, America is once again becoming increasingly dependent on imported crude oil. Are we ready to get back in a gas line? If not, we had better wake up to the threat that's being posed to our energy independence by Northern California's major utility.

Pacific Gas and Electric, seeking to protect its own economic interests, is throwing up a smoke screen around a successful alternative energy program that has helped lessen our dependence on foreign oil. This program uses advanced technology and has tremendous potential — if we manage it correctly.

Ten years ago, to help reduce our need for imported oil, the federal government set out to develop new methods of energy generation.

A key step was the 1978 Public Utility Regulatory Policies Act (PURPA), to encourage energy conservation through the development of alternative energy sources such as solar, wind, geothermal, cogeneration and waste-fuel projects. To accomplish this end, the law set up a process through which independent energy producers, assisted by regulatory agencies, could work out fair contracts with utility companies and compete in the energy marketplace.

A decade later, we are seeing results. The number of independent energy producers has grown markedly. Some are making a significant contribution to our energy requirements.

But just as alternative energy projects are beginning to make a difference, the naysayers are pushing to curtail them. PG&E would restrict competition by disparaging the value and costs of alternative energy sources. Its primary target is cogeneration — a technology that has proven to be a reliable, fuel-efficient, cost-competitive means of generating electricity to meet consumer demand.

Why is PG&E trying to block alternative energy providers? It is stuck with the uneconomical Diablo Canyon nuclear facility. After spending $5.5 billion on construction, cost overruns and delays, PG&E hopes to recoup its tremendous expense by passing the costs on to ratepayers.

In order to recover those costs, PG&E has to be able to include the nuclear plant in its rate base. Undermining its strategy of passing along this very expensive power is the availability of lower-priced electricity provided by cogenerators, which PG&E is required to buy at a fair market rate under PURPA.

If ratepayers are forced to pay for the full cost of Diablo Canyon, they will be buying electricity with a fully allocated cost of as much as 12 cents per kilowatt — when cogenerators could provide the electricity at half that price.

In the face of the economic imperative of Diablo Canyon, PG&E is spearheading efforts to do away with PURPA, and to eliminate the requirement that utilities purchase energy from independent power producers, including cogenerators. Its actions place all of us in economic jeopardy.

For, although the stabilization of crude oil prices makes burning more oil to generate electricity a temporarily attractive option to some, there is no guarantee that prices will stay low or that supplies will remain available. To the contrary, escalating tensions in the Middle East flash a warning that we should be diligent in guarding the incentives and protections provided to alternative energy producers.

The reasons for encouraging cogeneration are clear and compelling. First and foremost is fuel efficiency. From the burning of a single fuel source — primarily clean-burning natural gas — cogeneration produces two useful energy products, usually electricity and steam.

The traditional utility electric plant produces only electricity, losing nearly 70 percent of the energy from its primary fuel source as waste heat. By capturing that waste, and converting it to steam, however, a cogeneration facility can utilize as much as 62 percent of the energy produced by its fuel.

For instance, at the Omar Hill and Sycamore cogeneration plants outside Bakersfield, the combined electricity output of these natural-gas plants is 600 megawatts each year — enough to serve the needs of up to 500,000 households.

The electricity is bought and distributed to customers by Southern California Edison. In addition to electricity, the two plants generate 3.6 million pounds of steam per hour, used by oil producers to recover precious crude from wells in the Kern River oil field. An additional bonus is the elimination of tons of air pollutants in the process.

The 1980s have ushered in a new era in energy generation. We may move into the 1990s striving to be energy self-sufficient, utilizing a variety of generation alternatives, or returning to the dependency and gas lines of the 1970s. Don't be fooled by those who would turn back the clock — we must support an increased role for alternative energy in the nation's future.

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