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PG&E: Hanging on to a Ray of Hope

“We’re an energy company. We install solar systems for free, and we sell the electricity at a lower rate than you can buy it from the utility. So given the option of paying more for dirty power or paying less for clean power, what would you take?”¹

—Lyndon Rive
CEO, Solar City

Kent Harvey, senior vice president and chief financial officer for Pacific Gas and Electric (PG&E), was looking for a strategic breakthrough to get his company out of its precarious position. Gazing across the skyline toward the Bay Bridge from PG&E’s Market Street headquarters, Harvey thought about net meteringⁱ and PG&E’s flat-lining stock prices. A 30-year veteran of PG&E, Harvey had faced his fair share of difficult circumstances, but this time it felt different.

The company was facing a direct threat from renewable energy suppliers, especially those in the solar power sector. Solar popularity, state net metering regulations, and a tiered volumetric rate structure for residential power were weighing on revenues, while Harvey had to advise PG&E’s CEO on lobbying efforts for residential solar legislation slated for a vote in the California legislature—legislation that had the potential to disrupt the utility’s business model.

He was, however, determined to carve a path toward a brighter future, despite the stress caused by the growth of rooftop solar. “Who could possibly be against solar power?” he thought. “There must be a way for PG&E to remain relevant through the transition to cleaner energy sources, even if homeowners were increasingly becoming their own power producers.” With just 24 hours left to prepare before his meeting with the CEO, Harvey immediately dove into work on his recommendations.

ⁱ Net metering is a service to an electricity consumer under which electric energy generated by that consumer from an eligible on-site method and delivered to the local distribution facilities may be used to offset electric energy provided by utility to the consumer.

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