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Decision delayed on Calpine's Sutter Energy Center

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The fate of Calpine's Sutter Energy Center will be unclear for at least a few weeks more, after the state Public Utilities Commission deferred voting Thursday on whether to have California's three municipal utilities buy energy from the rural Sutter County plant.

Saying commissioners needed more time to study the issue, PUC president Michael Peevey said at Thursday's meeting in San Francisco the commission wouldn't vote on the matter until March 8.

"Some have suggested Calpine close down this plant, mothball it, and bring it back when it's needed," Peevey said. "That's simply not the way business works."

The Sutter County plant is on South Township Road.

He explained plant owner Calpine Inc. would likely transfer workers elsewhere and sell some plant equipment before then.

Though they didn't vote, all five commissioners discussed the issue, many of them framing it in the larger context of California's energy needs. The plant could be shut because it doesn't have a contract to sell electricity this year, thanks to the economic downturn creating less demand.

Local officials have pushed to keep the plant open, with supervisors in Yuba and Sutter counties, the cities of Live Oak and Yuba City, major employers like SunSweet and even the Sutter County Taxpayers Association all saying the plant is a positive for the region.

Sutter County Supervisor Larry Munger, who spoke at the hearing, said he came away encouraged by the discussion.

"We still have to be diligent, but we're working toward it," he said of what local officials can do before the March 8 meeting.

Property taxes for the natural gas plant bring in about \$2 million annually, with about \$300,000 going toward the county's general fund, according to county officials.

As well, Calpine has contributed about \$2.5 million toward a fund for local flood control since the plant went into operation in the late 1990s.

In addition to Munger, both Yuba City Mayor John Dukes and Yuba-Sutter Economic Development Corporation Executive Director Brynda Stranix attended the meeting.

Stranix said she would emphasized to commissioners not only the local economic benefit from the plant's 30 or so employees, but what its presence means.

"It's important when you're working with manufacturers to know there's a provider for reliable, affordable energy nearby," she said. "For them, it's a huge selling point."

Commissioner Mike Florio, a frequent critic of energy companies, said during the meeting he fears other companies like Calpine coming to the PUC for a similar move because they can't sell their electricity.

"This is a big problem, not a one-off, and it's not going to go away," he said.

He and other commissioners also said they hoped Calpine takes part in upcoming solicitations by the Pacific Gas & Electric Co. for electrical supply for the summer.

"I don't want the plant to shut down, but we have to be fair to everyone," he said.

According to Calpine officials, the vote for municipal contracts by the PUC, or a waiver from the Federal Energy Regulatory Commission to keep the plant operating even without a contract, would keep it running.

Joe Ronan, a senior vice president with Calpine, said after Thursday's meeting he saw reason for optimism in the discussion.

"What it comes down to is, we're going to need three votes," he said of the five-member PUC. "It looks like we have two. Where the third, or fourth one comes from is still to be determined."

He said he was also encouraged commissioners discussed the plan in the greater context of whether the state has too much electricity production now or might face a future without enough.

Calpine has taken part in resource adequacy events like the one PG&E will do next week in the past, and will again, Ronan said.

"We've been trying very hard to get a contract," he said.