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California utility PG&E to open wallet for solar

Posted by [Martin LaMonica](#)

INDIAN WELLS, Calif.--Pacific Gas & Electric, one of the country's largest and most progressive utilities, will invest directly in solar power plants and solar panels distributed in different California communities.

CEO Peter Darbee said the move represents the first time that PG&E--already a large purchaser of solar and other renewable energy technologies--will build and own solar installations. Right now, the utility purchases clean energy from third parties.

Darbee mentioned the solar initiative during a discussion on Wednesday here at the Clean-tech Investor Summit.



Peter Darbee (left), the CEO of Pacific Gas & Electric is interviewed by venture capitalists Ira Ehrenpreis at Clean-tech Investor Summit.
(Credit: Martin LaMonica/CNET Networks)

He declined to specify how much the investment would be but said that it would be "significant." After his talk, he acknowledged it would be comparable in size to Southern California Edison's program to spend \$850 million over five years to put [solar panels on commercial rooftops](#).

California utilities are some of the most important purchasers of clean technologies and vital customers for a raft of energy technology developers. The state mandates that utilities get 33 percent of their electricity from renewable sources by 2020.

PG&E has already signed deals to purchase renewable energy from a handful of solar power start-ups. These companies, such as [BrightSource](#) and Ausra, build and own power plants, using solar panels or solar thermal technology. PG&E or other utilities purchase the electricity they generate.

But the financial environment and the structure of the solar subsidy has made building these solar facilities more tenuous.

"We will do a filing (with regulators) in the next quarter to make an equity investment in renewable energy," Darbee said. "We are going to move to an equity investment because we have a tax appetite whereas so many other entities do not."

Investors for renewable energy projects get a 30 percent tax credit but with corporate profits slipping, fewer companies are willing to put money into these deals.

Darbee said that the renewable energy investment will include central solar power plants as well as distributed solar projects in municipalities that want to push clean energy in their communities, such as the California county of Marin.

With distributed solar, PG&E could own and operate the panels installed on the rooftops of commercial buildings and homes. This sort of model, being pursued by Duke Energy and Southern California Edison as well, suits utilities well because the solar panels generate the most electricity during peak times of the day.