

# Community Choice Aggregation

**A Local Energy Model  
to Improve Air Quality, Boost the Economy,  
Create Competition and Offer Consumer Choice**

October 15, 2014



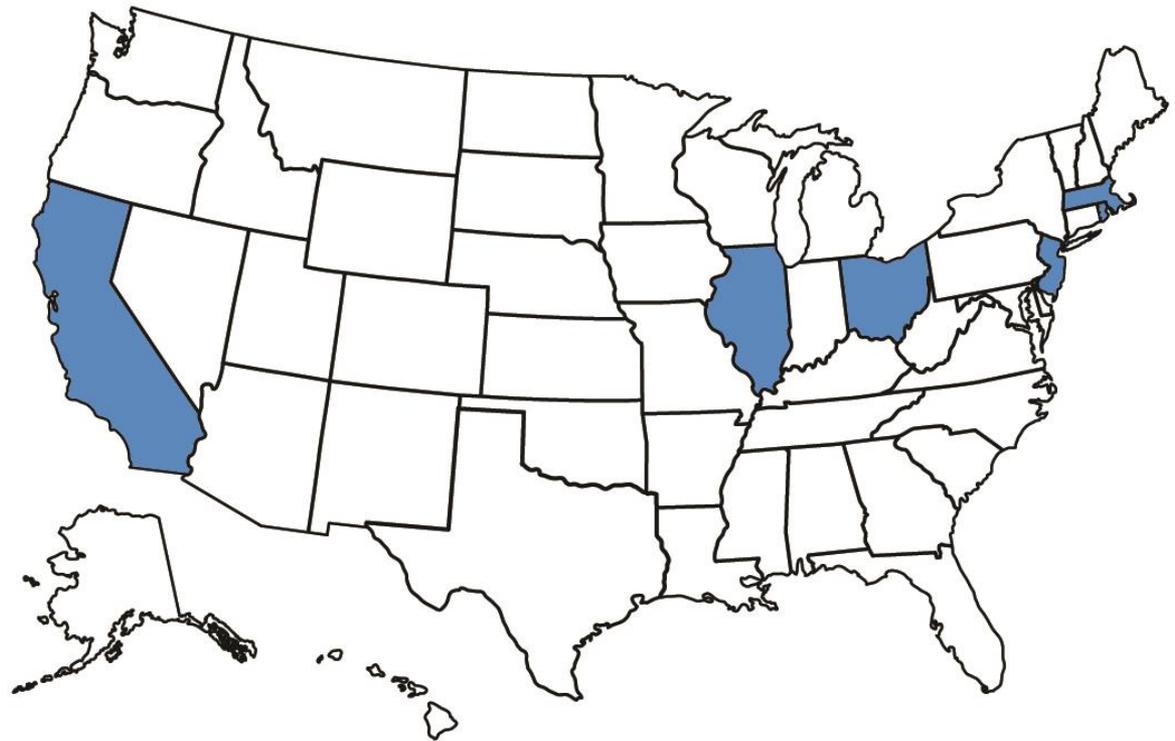
# CCA In Context

**Basic Definition:** CCA allows communities to pool the electricity demand of their residents, businesses and municipal accounts in order to purchase and develop power their behalf.

## CCAs in 6 States

- California
- Illinois
- Massachusetts
- New Jersey
- Ohio
- Rhode Island

Under  
Consideration:  
New York,  
Delaware,  
Minnesota

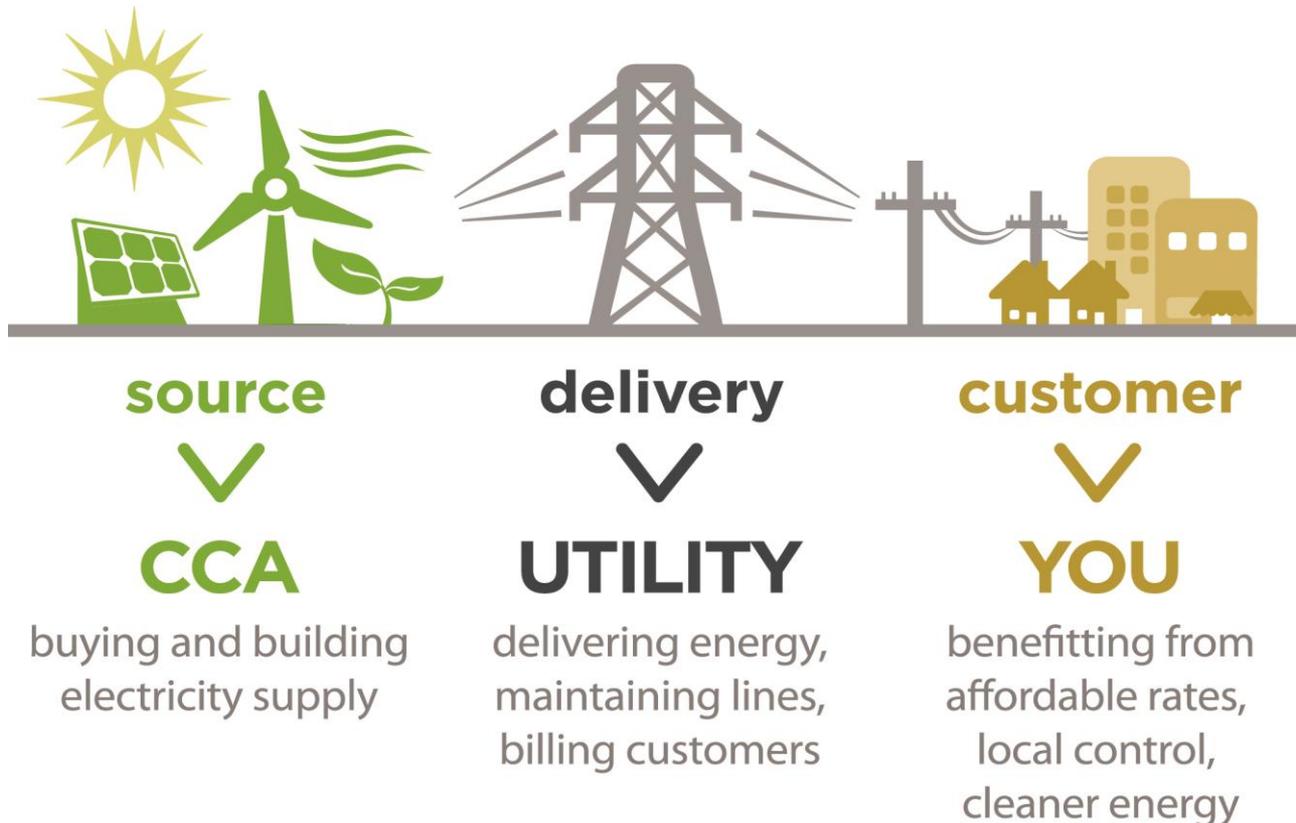


# How Does It Work?



*CCA leverages the market power of group purchasing.* It creates a functional partnership between municipalities and investor-owned utilities and can result in lower electricity rates, new jobs, and cleaner air.

## How Local Energy Aggregation Works



# A Hybrid Approach



Roughly 70% of U.S. electricity is supplied by vertically integrated investor-owned utilities (IOUs), with much of the balance coming from publicly-owned municipal utilities. *CCA offers a third, hybrid option, where the generation and transmission functions are split between a public entity and the IOU.*

## IOU

### Investor-Owned Utility

**IOU Procures  
Electricity**

**IOU Maintains  
Transmission Lines**

**IOU Provides Billing  
& Customer Service**

## CCA

### Community Choice Aggregation

**JPA/Local Govts  
Procure Electricity**

**IOU Maintains  
Transmission Lines**

**IOU Provides Billing  
& Customer Service**

## Municipal/ Public Utility (also Co-ops)

**Muni Procures  
Electricity**

**Muni Maintains  
Transmission Lines**

**Muni Provides Billing  
& Customer Service**

# Why is CCA Worth Considering?



## *CCA Challenges the Energy Status Quo and Produces Significant Results*

- It offers **customer choice** where none currently exists
- It invites **market competition**, spurring innovation and driving consumer costs down
- It uses clean power sources which **improves air quality** and **benefits public health**
- It is **revenue supported**, not taxpayer subsidized
- It is an **economic development tool** ... new clean power production, new local programs = new jobs

# Basic Program Mechanics



## *“CCA: The Biggest Change You’ll Never Notice”*

- Authorized by State statute and implemented by local ordinance
- Local governments can form a CCA individually or collectively through intergovernmental agreements or joint powers agencies
- CCA excludes municipal utilities, and energy co-ops
- In Utah, CCA would likely be more similar to CA’s wholesale model rather than the Midwest or East Coast retail model



# Basic Program Mechanics (cont.)



- CCA is an opt-out program whereby customers are automatically enrolled after robust public marketing and vote of the elected body; customers *always have the choice* to buy their power from the CCA or the incumbent utility
- The utility continues to provide consolidated customer billing, maintain the power lines and handle grid maintenance
- Through exit fees/departing load charges, the utility is “kept whole” and bundled ratepayers are not adversely affected
- Certain regulatory requirements will apply and UPSC should be part of CCA program design and service agreements



# Sample Bill – Marin Clean Energy (MCE)

SAMPLE BILL: PAGE ONE



## ENERGY STATEMENT

[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

Account No: **1234567890-1**  
 Statement Date: 10/01/2013  
 Due Date: **10/22/2013**

### Service For:

MARY SMITH  
 1234 STREET AVENUE  
 SAN RAFAEL, CA  
 94804

### Questions about your bill?

24 hours per day, 7 days per week  
 Phone: 1-866-743-0335  
[www.pge.com/MyEnergy](http://www.pge.com/MyEnergy)

### Local Office Address

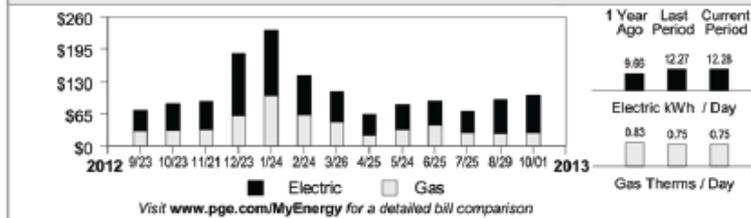
750 LINDARO STREET, STE 160  
 SAN RAFAEL, CA 94901

### Your Account Summary

Amount Due on Previous Statement	82.85
Payments Received Since Last Statement	82.85
Previous Unpaid Balance	\$0.00
Current PG&E Electric Delivery Charges	\$39.32
MCE Electric Generation Charges	\$42.81
Current Gas Charges	\$27.20
Total Amount Due	\$109.33

**Total Amount Due \$109.33**

### Monthly Billing History



### Important Messages

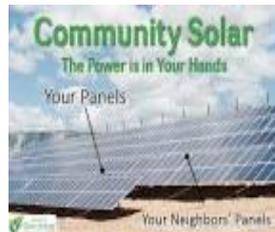
Your charges on this page are separated into delivery charges from PG&E and generation or procurement charges from an energy provider other than PG&E. These two charges are for different services and are not duplicate charges.

**Electric power line safety** PG&E cares about your safety. Be aware of your surroundings and keep yourself, tools, equipment and antennas at least 10 feet away from overhead power lines. If you see an electric power line fall to the ground, keep yourself and others away, call 9-1-1 and then PG&E at 1-800-743-5000.

# CCA as an Energy Innovator



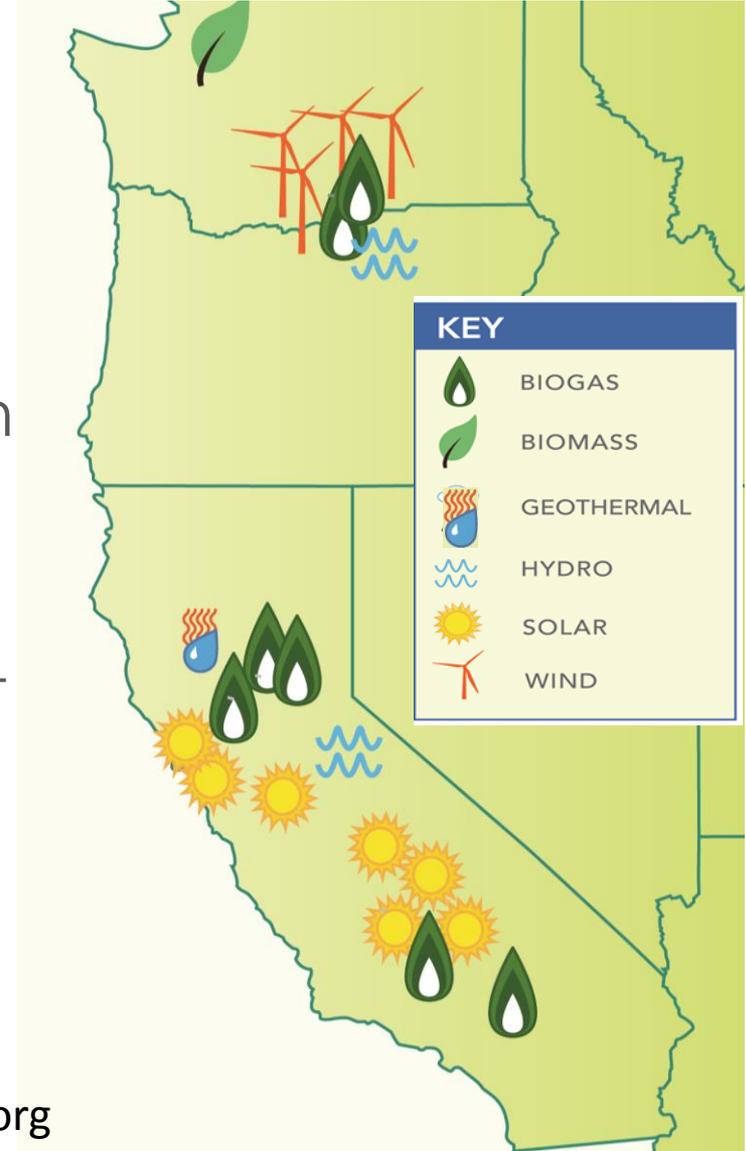
- New Statewide Power Production
- Examples of Public/Private Partnerships
  - Tesla - commercial building battery storage
  - EnXco – community solar project
  - Solar City – municipal building partnership
- Residential Net Energy Metering
- Property Assessed Clean Energy (PACE) for energy upgrades
- Local job training programs



# MCE Power Sources 2010 - 2013

*One example of how CCA results in new clean power production*

- MCE serves 120,000 customers
- 24 power supply contracts with energy suppliers
- So far, 80 MW of **NEW** in-state renewable power is being built for MCE customers.
  - Solar, biogas, hydro, wind



Source: Marin Clean Energy/ [www.marincleanenergy.org](http://www.marincleanenergy.org)

# Can CCA Be Cost Competitive?

*So far, the answer has been yes*



## 1. Diversified portfolio approach to energy supply

- Historic gas lows make current market favorable
- CCA is pushing the competitive market to deliver consumer savings and local benefits
- Balanced energy portfolio of multiple power contracts mitigates price risk

## 2. Public, non-profit status

- Low overhead, no shareholders, no private sector salaries, tax exempt financing (i.e. revenue bonds)

## 3. Self-generation of power through local facilities

- Asset ownership over time is critical to lower/stabilize rates

## 4. Market Research and Data

- CCA is data and market driven; check the market

# What are the Risks...

*And how are they mitigated?*



**Rate Competition:** Market expertise and well crafted power RFP is essential; Diversified supply portfolio; Carefully negotiated exit fees; Watch for utility cost shifting.



**Customer Opt-Out:** Competitive rates are a must; Articulate additional consumer and community benefits; Opt-outs in CA typically in 10%-20% range.



**Political:** Align CCA to policy objectives and determine cost feasibility; Appeal to both sides of the aisle with environmental AND business case; Education and advocacy is key.



**Regulatory/Legislative:** Understand influencing statutes and current regulatory/utility structure; work with UPSC to establish fair rules and tariffs.

# Options & Recommendations

## 1. “Study It” Option

- Consider legislation that authorizes a statewide technical study and preliminary program design (e.g. Minnesota, Delaware)

## 2. “Test It” Option

- Consider legislation that starts with a flagship CCA program (e.g. New York’s Westchester County)

## 3. Research structure and results from other states

- Wholesale vs. retail; best practices and pitfalls

## 4. Work closely with UPSC

- Design a program that is fair and cooperative
- Consider utility code of conduct; pay attention to exit fees

## 5. Approach key market players

- Power developers, large energy users, energy service companies.



Now is the time to take control  
of your local energy future.

*CCA is the path forward.*

***For More Information:***

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