

# Introduction to Community Choice Aggregation



*Natural Resources and Culture Committee*

*City of San Diego*

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# I. What is a Community Choice Aggregation (CCA) Program? How Does It Work?

- Community Choice Aggregation uses the group purchasing power of residents and businesses to enable cities and counties to negotiate competitive prices for electricity and potentially cleaner energy sources.
- A city or county must pass an ordinance to authorize a CCA Program.
- In California, CCA programs are administered by Joint Powers Authorities, although that is not required. Each participating jurisdiction has a seat at the table.
- Participation is optional: Residents and businesses are free to purchase energy either from the CCA program or from the utility.
- Utility continues to bill CCA participants for delivery, i.e., transmission and distribution, as well as other incurred expenses.
- CCA programs are gaining popularity across the country and have been authorized in Illinois, Ohio, Massachusetts, Rhode Island, New Jersey and California.

# **State Law Authorizes CCA Programs and Protects Participants**

## **Assembly Bill 117 (2002) Permits Cities and Counties to “Aggregate” the Electrical Load of Residents and Businesses.**

- Authorizes cities and counties to form a CCA program and purchase electricity from independent suppliers or utilities.
- Establishes procedures for formation and customer participation.
- Requires that customer participation in CCA programs be optional.

## **Senate Bill 790 (2011) Established a Code of Conduct for Utilities.**

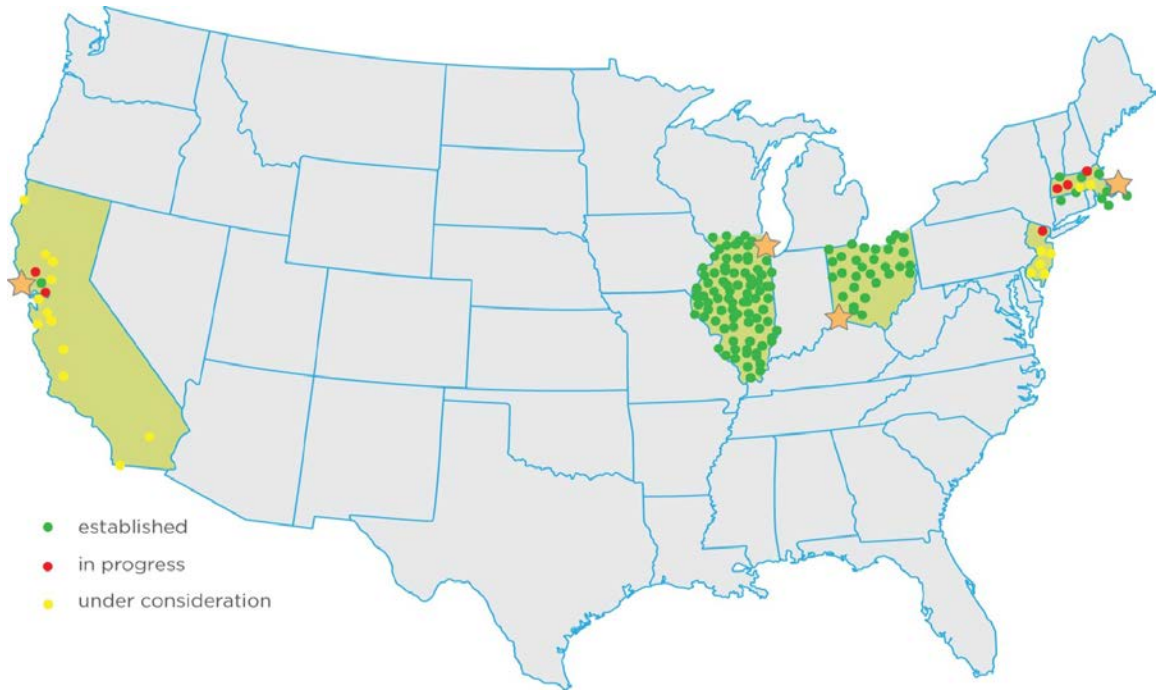
- Provided that the purpose of the bill was to “foster fair competition” in the energy industry. (Pub. Util. Code § 707(a)(4)(A).)
- Utilities must cooperate fully with cities and counties that investigate, pursue or implement CCA programs.
- Utilities may not market or lobby against a CCA program, except through an independent marketing division funded by shareholders.

## II. Benefits of CCA Programs

- **Competition:** Foster competition in an industry dominated by monopolies.
- **Customer Choice:** Provide consumers with another option for energy needs.
- **Local Control:** Actively manage energy costs and resources according to community priorities.
- **Economic Development:** Generate local energy investment and job creation.
- **Renewable Energy:** Work toward AB 32 compliance with added renewable content.

# III. Adoption of CCA Programs

## CCA Programs Have Been Widely Adopted



### CCA Programs by the Numbers (2013):

- Illinois – 600+
- Ohio – 300+
- Rhode Island – 37
- Massachusetts – 6
- California – 2+
- New Jersey – 2

Source: <http://www.leanenergyus.org/cc-by-state/>

## City of Chicago's Municipal Aggregation Program is the Largest in the Country



- Chicago is the largest aggregation program in the United States with one million participating customers.
- Voters approved a referendum in 2012, authorizing the City to seek lower electricity rates for residential and small business ratepayers.
- After receiving prices and service qualifications from retail electric suppliers, the City negotiated an agreement with Integrys Energy Services, Inc.
- Lower monthly electricity bills for residents and small businesses.

Source: [http://www.cityofchicago.org/city/en/progs/electricity\\_aggregation.html](http://www.cityofchicago.org/city/en/progs/electricity_aggregation.html)

# IV. Electricity Rates

## Marin Clean Energy:

### E-1 / RES-1 (Basic Residential Service)

Residential: E-1 / RES-1	PG&E	MCE Light Green (50% Renewable)	MCE Deep Green (100% Renewable)
Generation Rate (\$/kWh)	\$0.07884	\$0.07400	\$0.08400
PG&E Delivery Rate (\$/kWh)	\$0.12251	\$0.12251	\$0.12251
PG&E PCIA/FF (\$/kWh)	n/a	\$0.00664	\$0.00664
Total Electricity Cost (\$/kWh)	\$0.20135	\$0.20315	\$0.21315
Average Monthly Bill (\$)	<b>\$102.26</b>	<b>\$103.17</b>	<b>\$108.25</b>

Monthly usage: 508 kWh

Rates are current as of June 15, 2013.

Source: <https://mcecleanenergy.com/rates>

## Marin Clean Energy:

### A-1 / COM-1 (Small Commercial)

Commercial: A-1 / COM-1	PG&E	MCE Light Green (50% Renewable)	MCE Deep Green (100% Renewable)
Generation Rate (\$/kWh)	\$0.08366	\$0.07405	\$0.08366
PG&E Delivery Rate (\$/kWh)	\$0.11006	\$0.11006	\$0.11006
PG&E PCIA/FF (\$/kWh)	n/a	\$0.00547	\$0.00547
Total Electricity Cost (\$/kWh)	\$0.19372	\$0.18958	\$0.19958
Average Monthly Bill (\$)	<b>\$229.06</b>	<b>\$224.17</b>	<b>\$235.99</b>

Monthly usage: 1,182 kWh

Rates are current as of June 15, 2013.

Source: <https://mcecleanenergy.com/rates>



# V. Formation Process

## CCA Programs Follow the Typical Formation Process for a Joint Powers Authority

### **Step 1 – Study the Issue**

A city or county interested in forming a CCA program must study the issue.

### **Step 2 – Design the Program**

CCA is a flexible model. Based on the results of the feasibility study and other research, a program must be designed based on public input, business plan development, and organizational structure.

### **Step 3 – Approve the Program and Enter into a Joint Powers Authority**

A city or county must pass an ordinance authorizing a CCA program and, if desired, approving a Joint Powers Authority agreement

### **Step 4 – Develop and Submit an Implementation Plan**

A fairly simple implementation plan must be submitted to the California Public Utilities Commission.

### **Step 5 – Recruit Staff and Launch**

Once these steps have been completed, a CCA program can hire staff and begin procuring energy on behalf of residents and businesses.

## Local Interest in CCA Programs is Strong

- The San Diego Union-Tribune recently endorsed CCA programs at the county level.
- San Diego County is investigating CCA programs as part of its Renewable Energy Plan.
- As a “direct access” customer, San Diego County has already saved millions of dollars by purchasing energy from alternative sources.
- Elected officials from cities all over San Diego County have contacted us and attended our CCA conference last year.
- Many individuals and local businesses have expressed interest in renewable energy and other alternatives.

# VI. Recommendations

- Explore the possibility of starting a CCA program in San Diego.
- Refer the matter to a task force or stakeholder group for further study.
- Reserve funds in the 2014-2015 budget to conduct a feasibility study.
- Contact elected officials in other jurisdictions about CCA programs to learn about their experiences.