Creating Economic Opportunity and Addressing Climate Change Through Community Choice Aggregation

AZ-ISA Membership Meeting
September 11, 2018
What is Community Choice Aggregation?

Often called “public power-light” CCA is a shared-service model between local government(s) and the investor-owned utility that allows municipalities to pool their electrical load for the purpose of reducing costs and carbon emissions and boosting local economies and renewables.

How Community Choice Aggregation Works

- **source**: CCA - buying and building electricity supply
- **delivery**: UTILITY - delivering energy, maintaining lines, billing customers
- **customer**: YOU - benefitting from affordable rates, local control, cleaner energy
Current Snapshot Across the US

Authorized in 8 States:
- California
- Illinois
- Massachusetts
- New Jersey
- New York
- Ohio
- Rhode Island
- Virginia

Watch List/Potential:
- Arizona
- Colorado
- Nevada
- Oregon

Inquiries Received:
- Connecticut
- New Hampshire
- New Mexico
- Washington

Source: LEAN Energy U.S. September 2018
1. Period of significant expansion in California
   • Currently 19 operational CCAs representing 2.5 million customers
   • CPUC estimates 50% of California will be served by CCAs by 2020; 85% by 2025
   • Key issues are exit fees, maintaining resource autonomy, allocation of resource adequacy, oversight role of the CPUC

2. State RPS has been key policy driver; CCAs are exceeding RPS and moving beyond unbundled or older RECs to “Category 1” RECs and integration of EE/local DER - community solar, et al.

3. Significant interest in CCA in Nevada and Oregon -- pending ballot initiatives and legislative action
   • Nevada Ballot Question 3 -- *would require State legislature to establish an open, competitive retail market that prohibits the granting of monopolies and exclusive franchises for the generation of electricity by 2023.*
   • Oregon SB 978 Process -- *Required OPUC to establish a public process for investigating electric industry trends, technologies and policy drivers. Final report next week.*
1. **Significant growth in the last few years – especially in Massachusetts and New York**
   - Market in NY is poised for growth. First CCA, Westchester Power, now serving 22 communities with green option and combined savings of $9.9 million for customers.
   - Three additional CCAs approved in 2018 for an additional 40+ communities coming on line this year and next.

2. **CCA is more volatile in states with an entrenched retail market, that rely on short term contracts, and live or die by cost/kwh (IL, OH and NJ).**
   - Resurgence in IL --In 2018, 571 communities (out of 745) are back to CCA service

3. **Two states (IL and MA) considered consumer protection moves in 2018 that would have limited access to individual customers due to aggressive tactics, higher-cost contracts and possible misuse of data. Municipal aggregation (CCA) was exception to the rule.**
   1. HB 5101 in IL

4. **Rhode Island and Virginia are now open for commercial and residential aggregation! In RI, program structure is similar to Massachusetts. VA is TBD.**
Benefits of Community Choice

**Consumer Choice & Protection**
- CCAs are opt-out programs but customers always have the option to return to IOU service
- Offerings based on community and customer priorities
- Competitive, market-based electric prices, often lower due to downward pressure
- Innovative programs and local accountability
- Active risk management taken by market participants

**Economic Development**
- Attract businesses, like RE100 companies who have committed to 100% green power use
- Rate savings circulate back into the local economy; excess revenues stay local
- Local jobs: local energy programs and new renewable power development in state (rather than relying on virtual PPAs where renewable plants are built out of state)

**Environmental Impacts**
- Rapidly achieve State and local environmental goals
- Spur development of small and utility-scale renewable power projects
- Supports local environmental compliance without public subsidy
CCA Doesn’t Stop at PPAs

- **CCA 1.0**: Power Purchase Agreements → Resale to Customers (1-2 years)
- **CCA 2.0**: Customer Programs and Incentives (2-3 years)
- **CCA 3.0**: Economic Development and Local Infrastructure (3-5 years)
Examples of Local CCA Projects

- Airport Microgrid
- Advanced Energy Rebuild
- Electric Bus Fleet Conversion
- Community Solar on Brownfield Site
- EV Rebates Program
### Key Results – CA Statewide

<table>
<thead>
<tr>
<th>METRIC</th>
<th>RESULT</th>
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<tbody>
<tr>
<td># of CA CCA Customer Accounts – 2018</td>
<td>2.5 - 3 Million</td>
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<tr>
<td>On-Bill Customer Savings in 2018</td>
<td>$90.2 Million</td>
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<td>Carbon Emissions Reduced</td>
<td>940,388 Metric Tons in 2016; expected to exceed 2 million MT in 2018</td>
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<tr>
<td>Average minimum RPS Compliance (2018)</td>
<td>42% (IOU average = ~30%)</td>
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Examples of CCA Commercial Accounts

facebook
Pixar Animation Studios
YouTube
Caltrain
Kendall-Jackson
Kaiser Permanente
EO Products
Genentech
University of California, Berkeley
See's Candies
Columbus
Tesla
Guayaki Yerba Mate
Considerations For CCA Expansion

- Market structure/existing law (regulated, partially or fully deregulated?)
- Disposition of state and local elected officials
- Legislative mandates -- environmental, utility and energy-related
- Reputation of incumbent utilities/customer satisfaction
- Electric Rates – Can a CCA meet or beat incumbent utility electric rates?
- Public/business demand for choice and clean power options
- Regulatory constraints or opportunities
- Disposition of the ISO (where applicable)
- Public and private sector support – are there willing advocates?
Issues to Work Through

- POLR - avoid turf issues and over procurement
- Departing load charges/exit fees
- Adjusted roles & responsibilities — PUC, Utilities, LSEs including CCAs
- Resource adequacy/resiliency requirements
- Balance between procurement autonomy and centralized resource planning and oversight
- Access to data/transparency
- Safeguards against cost shifting
- Legislative/regulatory alignment (avoid mismatches)
Now is the time to take control of your local energy future.

CCA is the path forward.

Questions?

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