Outlook and Perspectives:
CCA Across the US

InfoCast Community Choice Choice Summit: La Jolla, CA
April 26, 2018
1. Significant growth in the last few years – especially in CA, MA, OH, NY

2. Slower/more volatile in states with an entrenched retail market, that rely on short term contracts, and live or die by cost/kwh (IL and NJ)

3. Clean power integration is on the rise; getting beyond unbundled or older RECs to “Category 1” RECs and integration of EE/local DG - community solar.

4. 2 states (IL and MA) are considering legislation that limits/prohibits supplier access to individual customers due to aggressive tactics, higher-cost contracts and possible misuse of customer data. Looking to municipal aggregation (CCA) as the exception to the rule.

5. Rhode Island’s market is now open for commercial and residential aggregation! Program structure is similar to Massachusetts.

6. On the whole, economic and environmental results from CCA have been very strong and there is a positive story to tell. BUT, the utilities are paying attention and many PUCs are invested in the status quo.
The State of Electric Deregulation

Some states have partial energy choice for some/all customers (e.g. OR)

Some states have limited gas choice but don’t have electric choice (e.g. NV)

Some states have full retail choice (e.g. TX)

In what framework does CCA work best?

Source: American Coalition of Competitive Energy Suppliers (2017)
CCA Authorized in 7 States

Legal in 7 States:
- California
- Illinois
- Massachusetts
- New Jersey
- New York
- Ohio
- Rhode Island

Source: LEAN Energy U.S. April 2018
4 States are Exploring

Legal in 7 States:
- California
- Illinois
- Massachusetts
- New Jersey
- New York
- Ohio
- Rhode Island

Watch List/Potential:
- Colorado
- Nevada
- Oregon
- Virginia
Current Snapshot Across US

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Watch List/Potential:
- Colorado
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Inquiries Received:
- Connecticut
- New Hampshire
- New Mexico
- Washington

Source: LEAN Energy U.S.
April 2018
Period of Expansion in California

**Growth Estimates**
CCAs now serve nearly 2,000,000 customers. CPUC estimates 50% of the State will be served by CCAs by 2020; 85% by 2025.

**Key Drivers**
Environmental goals/RPS, local control and programs, cheaper or competitive rates, new power development/jobs.

**CA Differentiators**
CCAs share customers with utility and take control of program revenues and customer data. CCA 2.0/3.0 model

**Current Issues**
Cost Allocation/Exit Fees, Procurement Autonomy, GHG accounting and reporting.
CPUC has initiated workshops on the future of electric competition in CA
Resurgence in Illinois

**Initial Surge Due to Price Differential**

2012-2013 – Illinois was the fastest growing community choice market in the nation with 20-25% gen rate savings

2014 – Savings narrowed and many CCAs returned to IOU service; aggregation contracts expired

In 2018, 571 communities (out of 745) are back to CCA service

**Legislation To Watch**

House Bill 5101 (Evans, D-Chicago) seeks to open up gas aggregation; would limit electric customer choice to municipal aggregation, eliminating ability of retail energy providers to contract with individual customers.

**LEAN’s Op/Ed**

IL aggregation could benefit from structural improvements to incent longer-term contracting and meaningful integration of clean power resources.
Growth in Massachusetts

Strong Aggregation Activity Throughout State
145 cities & towns now served by CCA

Focus On Greening the Grid
• Green Municipal Aggregation (GMA)
• GMA’s purchase Class I REC’s to provide 5% more green power than required by RPS
• Many municipal aggregators are opting for GMA

Current and Emerging Issues
Rate Spikes in Northeast MA have resulted in higher rates due to an increase in the cost of capacity. Some CCA’s delaying power contracts until market improves

Legislation To Watch For
AG’s Office announced plans to file legislation abolishing residential competitive electric markets, with the exception of municipal aggregation. This is similar in theme to the proposed legislation in IL.
Mixed Results in New Jersey

Rate Caps and Short Contracts

- New Jersey statute prohibits aggregation if the rates aren’t lower than the current default rate charged by the local distribution utility.
- Exception if the program includes a higher percentage of green energy than required by RPS.
- Relatively short contracts leave CCA programs dependent on favorable market conditions at time of contracting.

Current Status

- Currently 53 aggregation programs
- Many provide strong savings for customers between 11%-19%, while the others didn’t benefit from market timing and will wait for more favorable market conditions.
Exciting Times in New York

Market in New York Poised for Further Growth

- First CCA, Westchester Power, launched in 2016 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 online this year and next.

4 Administrators

- Westchester Power (self managed), Good Energy, Municipal Electric Gas Alliance, Joule Assets

NY State PSC Plays Active Role

- Recently approved integration of CDG allowing CCA to enroll customers in community DG (community solar) on an opt-out basis; could result in 700MW new power devt. over next 18 months.
Steady Growth in Ohio

Current Stats: 345 communities currently served by CCA

Almost Two Decades of Success for NOPEC
- NOPEC serves over 500,000 customers in 220 communities, covering 15 counties
- NOPEC estimates $260 million in savings since inception
- In addition to EE programs, NOPEC is developing new programs such as preferred pricing for muni accounts, EV charging stations and $6M this year in community grants

Additional Signs of Progress
- SOPEC also adding new communities
- City of Cleveland offers 50% renewable as default with option to opt-up to 100% renewable for a ½ cent premium

Emerging Issue
Net Metering rules may go to State Supreme Court
New Opportunities in Rhode Island

Major Step Forward for CCA In RI

• Passage HB 5536 in late 2017 removed procedural hurdles that previously prevented the full implementation of aggregation in Rhode Island

• Aggregation is no longer limited to municipalities and school districts; can now serve commercial and residential customers

• Law closely aligns with neighboring Massachusetts, under which 136 communities have approved municipal aggregations

• REAP continues to serve municipal and school district aggregations in 34 municipalities
Considerations For CCA Expansion

- Market Structure
- State and Local Politics
- Legislative Mandates -- environmental, energy-related
- Reputation of Incumbent Utilities
- Electric Rates
- Regulatory Constraints or Openings
- Disposition of the ISO
- Public and private sector support
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 requirements and centralized resource planning
- Data Access and Systems
- Legislative Alignment
Western State Efforts

Oregon
- 2017 – Legislature passed SB 978 requiring the OPUC to establish a public process for investigating electric industry trends, technologies and policy drivers.
- Public comment period until July 15 with report back to Legislature in September
- Portland Gas & Electric recently filed to form a Green Tariff program; may be a preemptive strike to discourage CCA in OR
- Some counties and power developers are actively interested in the CCA model

Nevada
- 2016 – Energy Choice Initiative passes; on General Election ballot in November
- 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.
- PUCN just released the final report on Docket 17-10001 on the Energy Choice Initiative. NOT a ringing endorsement but indicates CCA is “worth further study.”

Washington
- 2017 – Interest from energy advocates/environmental groups;
- Consideration of a carbon tax initiative may shift near-term focus
Efforts in Colorado & Virginia

**Colorado**

- CCA option has waxed and waned in CO over the years
- Xcel Energy felt heat of municipalization/CCA in Boulder and cut a deal; maintains considerable clout with Republican leadership
- Independent power producers have been pushing for expanded market
- CO-SEIA considering legislation in 2019 which could include CCA

**Virginia**

- Current statute allows opt-in or opt-out aggregation with approval of State Corp Commission; no municipality has yet attempted
- Political tides are shifting in VA; Democratic leadership combined with growing dissatisfaction with incumbent IOU
- In January, HB 1590 introduced last minute code amendments related to renewable targets and opt-out language; did not proceed but set stage
- CCA group – VA Clean Energy - now forming to “run the ball”; seeking a group of pilot cities which could be in northern VA
Questions?

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