Community Choice Energy in Colorado

How CCE Can Accelerate Customer Choice, Economic Development and a Clean Energy Economy in Colorado

Energy Legislation Review Interim Committee
November 4, 2019
Denver, CO
What is Community Choice Energy*?

- CCE creates a functional partnership between local governments and the incumbent utility while offering true choice and market competition.

- It allows cities and counties to aggregate their electric load in order to procure cleaner, cheaper power on the wholesale market on behalf of their residents, businesses and municipal facilities.

- Electricity is still delivered by the utility, which continues to own and operate its transmission and distribution system (i.e. the poles and wires).

- Individual customers always have the choice to opt-out of the local CCE program and return to bundled utility service.

* Also called Community Choice Aggregation (CCA)
Status of CCE Across the Country

**Authorized in 9 States:**
- California
- Illinois
- Massachusetts
- New Hampshire
- New Jersey
- New York
- Ohio
- Rhode Island
- Virginia*

**Actively Investigating:**
- Arizona
- Colorado
- Connecticut
- Maryland
- Oregon

**Watch List/Potential:**
- Washington

*Not yet implemented

Source: LEAN Energy U.S. Sept. 2019
Why Consider CCE for Colorado?

- More competition in the electricity system yields **lower rates, cleaner energy** and **greater market innovation**.

- Local governments and customers have **more control** over their energy sources, rates, local generation opportunities, and local energy programs.

- Communities with **ambitious clean energy goals** can meet those goals quickly and cost-effectively – **without public subsidy**.

- CCE creates **local jobs** and facilitates **distributed energy generation** at the customer and community levels.

- CCE stimulates **statewide economic development** through the introduction of new market participants, new power development, and clean tech innovation.

- CCE aligns with the **Governor’s policy goals** outlined in the *Roadmap to 100% Renewable Energy*. 
CCE is Pro Community and Pro Competition... It is Not Anti-Utility

- CCE is a pro-community energy model that allows local control over power supply and access to the wholesale power market. Utilities are freed up to focus on maintenance/upgrades of their generation and grid assets.

- CCE is a form of public power, but is not full municipalization. The Public Utilities Commission continues to play a role.

- CCEs are non profits that are governed locally and managed professionally. The CCE handles power supply decisions, power contracting, rate setting and some local energy programs.

- The utility handles power transmission and distribution and manages the grid. It continues to provide services such as meter reading and billing, outage support and capital improvements.

- CCEs are self sustaining through electric generation revenues; excess revenues are used for rate discounts/rate stabilization, local power projects and energy programs.

- CCE is designed to be cost neutral to remaining bundled service customers and compensates the utility for customer services (e.g billing) and departing load (through exit fees).
PCE Offers Two Power Options:

1) EcoPLUS -- 50% renewable/90% carbon-free with 5% gen rate savings
2) Eco100 -- 100% renewable product at $0.01/kwh rate premium

Key Points:

1) PCE’s rates have been consistently lower than PG&E’s even with the added PCIA (exit fee)
2) In CA, large hydro does not count as renewable but it is carbon free. This accounts for the difference between PCE’s renewable and carbon-free portfolios.
3) CCEs in CA do not procure nuclear power. The IOUs do which substantially boosts their carbon free portfolios.
4) PCE has set a ‘100% renewable by 2025’ goal for itself.
Rate Example: Clean Power Alliance
(Los Angeles and Ventura Counties)

CPA Offers 3 Power Options:

**Lean Power** - 36% renewable, **Clean Power** - 50% renewable, and **100% Green Power** - 100% renewable.

### Key Points:

1. All rates are less than SCE’s inclusive of the exit fee surcharge.
2. Some CCEs offer a 3rd product that matches the utility’s renewable content but is the lowest cost option.
3. Communities choose which of the three will be their default service; 13 communities have opted for 100% renewable thus far.
4. Customers can opt-up, opt-down or opt-out!

<table>
<thead>
<tr>
<th>RESIDENTIAL</th>
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<tbody>
<tr>
<td><strong>DOMESTIC</strong></td>
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<tr>
<td>Generation Rate</td>
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<tr>
<td>SCE Delivery Rate</td>
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<tr>
<td>Surcharges</td>
</tr>
<tr>
<td>Total Costs</td>
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<td>Average Monthly Bill ($)</td>
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Monthly Usage: 554 kWh
Rates are current as of September 9, 2019
This rate comparison represents similar comparisons for D-SDP, D-SDP-O, DE, DE-SDP, DE-SDP-O, DM, DMS-1, DMS-2, DMS-3, DM-CARE
CCE Creates a Path for Local Innovation

CCA 3.0
- Economic Development
- Local Infrastructure
- 3-5 years
- Local DERs and Battery Storage
- Microgrids
- Feed in Tariff
- EV Infrastructure

CCA 2.0
- Customer Programs And Incentives
- 2-3 years
- Net Energy Metering/Solar Incentives
- PACE/On-Bill Financing
- Energy Efficiency/Demand Response
- Electric Vehicle Incentives

CCA 1.0
- Power Purchase Agreements → Resale to Customers
- 1-2 years
- Multiple contracts of varied types/lengths
- Long-term renewable PPAs
- Diversified portfolio/risk mgmt

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Examples of Local CCE Projects

- Airport Microgrid
- Advanced Energy Rebuild
- Electric Bus Fleet Conversion
- Community Solar on Brownfield Site
- EV Rebates and Infrastructure
- Off-Shore Wind
Aggregated Results in California

<table>
<thead>
<tr>
<th>METRIC</th>
<th>RESULT (as of Q2 2019)</th>
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<tbody>
<tr>
<td># CCEs and Accounts</td>
<td>19 CCEs and more in formation 4+ million accounts serving 11 million customers</td>
</tr>
<tr>
<td>Anticipated On-Bill Savings in 2019</td>
<td>&gt; $130 Million</td>
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<tr>
<td>NEW Renewable Generation (since 2016)</td>
<td>2500 MW+</td>
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<tr>
<td></td>
<td>- 1360 MW solar, 741 MW wind, 12 MW biogas, 360 MW storage</td>
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<tr>
<td>Carbon Emissions Reduced</td>
<td>Expected to exceed 2 million metric tons this year</td>
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<tr>
<td>Average % Renewable (2019)</td>
<td>50% (CA IOU average = 38%)</td>
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Data Source: Cal-CCA.org
Common Questions & Answers

1) How are CCEs in CA able to save customers money even with higher renewable content and utility exit fees?
   • Access to the wholesale power market offers enough margin to pay for cost of power, cost of operations including debt service while meeting reserve targets and offering local energy programs.
   • CCEs are non-profit public entities without gold-plate salaries or shareholder profits.
   • CCEs operate in a fully transparent environment. Financials are posted at least quarterly.

2) How are power vendors, developers and creditors responding to CCE?
   • As a “new buyer in town” CCEs have diversified the market resulting in the expansion of energy service providers (ESPs), renewable power developers, and other related vendors doing business in California.
   • Local DER providers work with CCEs to develop projects and incentivize clean power installations in their regions
   • CCEs have developed strong financial/operational reputations among banks and credit agencies; Both Moody’s and Fitch have conferred investment grade credit ratings; CCEs no longer post collateral for long-term PPAs.

3) What ongoing role does the PUC play?
   • Although the CCE assumes responsibility for its energy procurement, rate setting and some local programs regulatory agencies establish the state’s “CCE rules” and maintain oversight of RPS and other statutory compliance, resource adequacy, statewide integrated resource planning, utility exit fees, CCE/utility service agreements, among other issues.
1. **Financial and Technical Feasibility Study**

   - Conducted by independent energy agent.
   - Assess feasibility and risk, rate competitiveness, and exit fee method/cost.
   - Recommendations to the legislature on wholesale markets, fair transmission rules, implications for resource adequacy and reliability.

2. **PUC Investigatory Docket**

   - Study the regulatory and statutory implications of CCE.
   - Presentations by stakeholders, independent experts, regulators from CCE states, and others. Report recommendations to the legislature.
Now is the time to take control of your local energy future...

CCE is the path forward.

For Questions

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