

Community Choice Aggregation

What is Community Choice Aggregation?

Community Choice Aggregation (CCA) programs are bulk electricity purchasing arrangements through which municipalities are empowered to negotiate electric supply rates with power providers on behalf of the residents and business owners within their jurisdiction. CCA is a variation on electricity deregulation offered in states that have authorized retail choice, allowing for separation between the generation and transmission and distribution services electricity consumers receive. Under a CCA, communities choose between generators based on cost of service and other factors, but receive this electricity through their existing electric distribution utility. In order for a community to engage in CCA, authorizing legislation must first be passed at the state level. Though the opportunity hasn't been leveraged or fully utilized in every case, CCAs provide consumers a chance to make a switch to renewable electricity while realizing significant savings on the generation portion of their electric bill. Once CCAs have been authorized, municipal or county governments within that state must approve their own programs – typically through a local referendum, council vote, or local ordinance.¹

A **COMMUNITY** authorizes its municipal government to procure electric supply services on its behalf.

The municipality then makes its **CHOICE** of electric providers, based on the rates it is able to negotiate with these suppliers and how the electricity is generated.

Cost savings are achieved through the **AGGREGATION** of customer demand, allowing the municipality to negotiate bulk purchasing rates.

Where is CCA an Option?

As of early 2013, six states have adopted legislation allowing for municipalities within their borders to start a CCA program. Of these, five states have programs that include an option for, or provide by default, electricity generated from renewable sources. Other states (such as Pennsylvania) have pursued CCA legislation that was ultimately rejected, and communities in Utah, New York, and Colorado are currently investigating the suitability of CCA for consumers within their jurisdictions.²

What are the Benefits of CCA?

Potential for Lower Rates and Price Stability

The primary benefit of CCAs implemented thus far is the reduction in electric supply rates achieved by aggregating local consumer demand into a single large load. By negotiating lower supply rates or a fixed percentage discount over non-CCA generation rates, many municipalities have been able to deliver significant cost savings to local consumers. The village of **Campton Hills, IL** was able to negotiate rates of between \$0.044 - \$0.048 per kilowatt-hour (kWh) for its customers, representing between 37% and 50% off the rates offered by the investor-owned utility (IOU) in the area.³ The city of **Cincinnati, OH** took another path to securing savings for its citizens, obtaining not a fixed CCA rate, but a fixed *discount* (of



Community Choice Aggregation: Legislation and Programs by State

23%) on rates offered by the utility. Under this system, the CCA rate will change with the rate offered by the IOU, but with the new rates guaranteed to be 23% lower.⁴

Renewable Sources

Though renewable energy is not a mandatory element of a CCA program, many communities have used aggregation as a mechanism to promote cleaner sources of electric generation. Incorporating green energy into a CCA does not necessarily mean that the electricity delivered to customers is derived from renewable sources; oftentimes, the electric service provider for the CCA obtains electricity from conventional power plants, but purchases a number of renewable energy credits (RECs) equivalent to the amount of electricity delivered to customers through the program. Including renewable energy sometimes comes at the expense of the cost savings achieved through CCAs. For example, two California programs (in **Marin County**⁵ and **San Francisco**⁶), along with the **Cape Light Compact Green**⁷ program in Massachusetts, offer renewable energy to consumers, but at a cost premium. However, many programs in other states have been able to offer renewable energy without sacrificing lower costs:

- **Cincinnati, OH** provides program participants with 100% renewable energy while offering a 23% discount. The city relies on RECs produced from the University of Cincinnati's Central Utility Plant and from the solar canopy installed at the Cincinnati Zoo, along with other credits purchased by the electric service provider, to make this electricity "green".⁸
- **Evanston, IL** offers 100% REC-supported renewable energy at rates 38% lower than those offered by the IOU.⁹
- **Campton Hills, IL** uses RECs to offer between 50% and 100% renewable energy at significantly lower rates, saving customers up to 50% on the electric supply portion of their bills.
- **Oak Park, IL** relies on wind RECs to provide 100% renewable electricity for \$0.0579/kWh (versus \$0.08324/kWh from the IOU).¹⁰
- **Plumsted Township, NJ**, the state's first program since CCAs were authorized in the state in 2003, provides 10% renewable energy while saving program participants 14% off the IOU's generation rate – savings that equate to \$165 per year for each customer.¹¹

Ease of Enrollment

Once legislation is approved on the state level, it is up to communities to decide to start a program through a local referendum, ordinance, or council meeting. In order to ensure there is enough demand to produce the desired cost reductions, most CCAs are structured as "opt-out" programs, in which all citizens within a jurisdiction are automatically enrolled in the program unless they indicate otherwise by a set date. This allows communities to avoid the arduous task of enrolling customers for the program.

Learn More

- The Local Energy Aggregation Network (www.leanenergyus.org) is a non-profit organization focused on promoting the development of new CCAs across the United States. The "Resources" page of this website connects readers to sample program plans, ordinances, requests for proposals and information, guides, and state legislation. Though somewhat dated, LEAN's *National CCA Program Matrix* displays CCA program information by state in a single, useful chart.
- The Massachusetts Department of Energy Resources has produced a *Guide to Municipal Electric Aggregation in Massachusetts* (<http://www.mass.gov/eea/docs/doer/electric-deregulation/agg-guid.pdf>), exploring the benefits of CCA and methods for implementation under the state CCA law.
- The California Energy Commission sponsored the development of the *Community Choice Aggregation Pilot Project Guidebook*, available at : <http://www.energy.ca.gov/2009publications/CEC-500-2009-003/CEC-500-2009-003.PDF>

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¹ www.leanenergyus.org/wp-content/uploads/PDFs/State/CCA%20State_by_State_RightSidebar/CCA_State_by_State_MATRIX%202012-1-11.pdf

² www.leanenergyus.org/cca-by-state/other-states/

³ [https://camptonhillselectricityaggregation.com/\(S\(cewtiglijmrjtg5nzd02emg\)\)/pricing.aspx](https://camptonhillselectricityaggregation.com/(S(cewtiglijmrjtg5nzd02emg))/pricing.aspx)

⁴ http://city-egov.cincinnati-oh.gov/Webtop/ws/fyi/public/fyi_docs/Blob/2891.pdf?rpp=-10&m=1&w=doc_no='2452'

⁵ <https://marincleanenergy.info/rates>

⁶ <http://cleanpowersf.org/rates-programs/>

⁷ www.capelightcompact.org/power-supply/cape-light-compact-green/

⁸ www.leanenergyus.org/wp-content/uploads/2012/11/FES-contract-final-signed.pdf

⁹ www.cityofevanston.org/sustainability/community-choice-aggregation/

¹⁰ www.integrysenergy.com/aggregation/il-oakpark/OakPark-Terms.pdf

¹¹ <http://njcea.org/wp-content/uploads/2012/10/PMUA-Press-Release-October-12-2012-Energy-FINAL.pdf>