

Community Choice Aggregation (CCA)



Genesee/Finger Lakes
Regional Planning Council





Genesee/Finger Lakes Regional Leader

- We have always been a region open to innovation, risk, entrepreneurship, and diversification of industry (agriculture, tech, health, education, manufacturing, tourism, and now energy).
 - Town of Pittsford is a designated Clean Energy Community by the State of New York through NYSERDA's local government energy program.
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- **High Level Concept**

- Puts control of choosing energy supply into local hands in place of utility defaults
- By pooling demand, communities build clout and purchase power to negotiate rates and terms
- Opt-out important
- Models really designed for electricity benefits. Gas can be included in bid, but savings just haven't been seen in other State aggregations.

- **Legal Framework**

- Deregulation (RG&E in 2001 offered retail choice for first time through ESCOs)
- Public Service Commission in 2016
- 3 Approved Plans in NY as of April 2018

- **State Energy Goals**

- 40% by 2030 (Emissions)
- 50% by 2030 (Renewables)
- Clean Energy Standard/Renewable Portfolio Standard. Utilities have to integrate and supply

- **Motivation**

- Pathway to meet the above energy goals
- Increase product offerings and deliver value to customers
- ESCOs were not delivering
- State recognizes local governments effective at engaging and empowering citizens (tonight is a perfect example)
- Pocketbooks!

- **How does it actually work?**
 - Communities pass non-binding legislation that “opens up” their community to CCA potential (over 50 communities in NY have this based on Department of State data).
 - Communities in same load zone (RGE, National Grid) or across zones select administrator (Joule, MEGA, Good Energy) to aggregate and submit RFP to retail supply markets based on requirements (source, price)
 - If terms of RFP met, community signs individual Electric Supply Agreements and enter into 1-2 year contract (in energy world, this is long).

- **How does it actually work?**
 - Once agreement formed, residents in community have a window to opt out, and would receive information from administrators on different ways to do so. Would then remain with existing utility offerings at same price/rate. Data exchange between utility and ESCO occurs, with protections in place based on Data Protection transfers monitored by PSC.
 - Contract starts and the supply of energy to homes will come from the selected Energy Supply Company at agreed upon fixed rate from desired sources (default product mix, 100% renewable from State-generated renewable electricity RECs or local CDG).
 - Implementation plans vary, but some allow for opt-out at any time with opt-in at contract renewal.

CCA Pros and Cons

- **Pros**

- Energy Literacy
- Expanded choice for consumers
- Lower energy bills for communities as whole
- Opportunities to integrate “green” energy into community power supply by opting up and providing customers to developers, which is high barrier to renewable projects
- Opt-out at any time
- Potential to develop Community Distributed Generation projects on landfills/brownfields/unproductive lands, creating local jobs and economic benefits
- Possibility for demand response owners to be aggregated as sellers of electricity on the grid. Joule’s plan authorizes this, others may soon.

CCA Pros and Cons

- **Cons**

- Requires fixed rate and contract
- If electricity gets cheaper, which is unlikely but possible, bills could rise (carbon fee and dividend coupled with static supply suggest this won't happen)
- Currently, bottleneck of renewable projects in line for interconnection to grid, could take years to develop capacity. CDG is currently opt-in, not opt-out, but PSC is open to the evolution of this in iterations of plans.
- Duck curve in solar, need to figure out storage. Benefits will take time to deliver
- In some states, when CCA is not done in concert with renewables, there is the possibility for a paradoxical effect on emissions

CCA Snap Shot

Pilot project in 2016

- 20 communities in downstate New York participated in pilot before PSC authorized aggregator plans.
- Current staff of Joule and Good Energy managed the pilot through an aggregation called Sustainable Westchester that aggregated 100,000 homes.
- 14/20 chose a 100% renewable default, 6 chose standard mix.
- \$10 million in 2017 in savings based on annual report. The savings between product mixes were almost negligible.
- Average bill savings was between 3-8%
- Average monthly electricity bill in New York State as of today is \$106.00 (so savings averages annually would be \$36-\$101 dependent on terms, home consumption and behavior, variables. Spread out over 10,000+ households that were reported in the Pittsford town census, that number could be on the low-end \$350,000, \$1,000,000 on high-end

Important CCA Takeaways

- Residents still get 1 bill (caveat will be if community goes with a Community Solar project, customers that opt up to that package would get 2 bills, for now).
- Utility has legal obligation to delivery same standard of service, respond to issues, repair lines, upgrade the grid. RGE currently cannot make profit of off supply, and currently charges a Merchant Function Charge to residential customers for admin fee of getting your supply. This is the same structure of CCA admin fees. Utilities aren't going to "lose" customers.
- Contract period would only ever be at most 2 years, so this isn't something communities commit to in perpetuity.
- "Green Energy" is not created equal.
Renewable Energy Certificates vs local electrons.

Important CCA Takeaways

- CCA is evolving: the potential to deliver savings to Low-Moderate income households, fund EE technologies in households like smart thermostats, and develop localized renewable projects that support market economics.
- Customers will always have choice: either standard mix at fixed price, or renewable mix at fixed price. Current projects offer lower bills in both scenarios. This is simply expanded choice with an intentional strategy to harness negotiation power.
- 6 other States have been doing CCA for many years with no documented negative externalities or unintended consequences to non-CCA customers or other segments of society.
- Our region can continue to set the bar in energy resiliency and be leaders as we always have. Other sections of the State are watching us....

If you are going to remember 1 thing..

Moving forward on CCA simply gives a local government the ability to seek lower electrical rates with a greater percentage of renewable generated power with absolutely no risk or cost. If the bids ultimately comes in at a cost more than the current default supplier, a community can then choose not be proceed.

The PSC order **would not allow** a municipality to join into a CCA with a cost increase.

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