

Community Choice Aggregation in California

Operational Models and Best Practices

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Community Choice Aggregation (CCA) gives residents and businesses an opportunity to purchase electricity from local government agencies, and gives local governments the authority to manage energy resources on behalf of their communities and customers. CCAs can provide many environmental, consumer, and economic benefits to California communities. Central to the concept of CCA is *local choice*. CCA allows customers to choose between energy providers and service options, such as renewable energy products. It gives communities the authority to make choices about energy resource portfolios and investments, both within and from outside their local service area.

Learning From One Another

New CCAs can mitigate risk and ensure best practices by learning from the experiences of operational CCA programs and organizations. Communities investigating whether to create a CCA may be able to avoid problems and identify opportunities by understanding the business strategies, lessons learned, and best practices of Marin Clean Energy, Sonoma Clean Power, Lancaster Energy Choice, as well as other jurisdictions in the early stages of CCA formation.

Best Practices of Existing CCAs in California:

- Serve community goals and local policy objectives, including greenhouse gas reductions and increased renewable energy supply
- Control and safeguard customer revenues to ensure long-term financial viability and local government ownership, even when power supply costs fluctuate
- Offer competitive rates and choice in customer electricity services
- Plan for long-term financial viability through integrated resource planning, in-house fiscal management, transparent rate setting, and policies that build program reserves
- Maintain a firewall between the assets and liabilities of the CCA program and those of municipal general funds
- Pursue long-term power procurement strategies and local power ownership that hedge market risk and incorporate diversity of energy suppliers, technologies and products
- Implement effective risk management practices
- Adhere to all applicable statutory and regulatory compliance requirements
- Engage meaningfully with the community and provide responsive service
- Ensure transparency and accountability to the local community and oversight agencies
- Offer complementary programs that serve community interests such as energy efficiency, demand response, community solar, EV charging and battery storage

Operational Models for CCAs:

There are currently three operational models available in California. To date, two have been successfully implemented and a third has more recently been proposed.

Joint Powers Authority (Existing) – A JPA is an independent, public agency that operates the CCA on behalf its member municipalities. JPAs are a common legal structure in California for the administration of cooperative multi-jurisdictional programs. Marin Clean Energy and Sonoma Clean Power have successfully implemented CCA under this model.

Single Jurisdiction (Existing) – A city or county individually establishes and operates a CCA as an enterprise fund within the municipality. This model has the same benefits of the JPA model, but differs in that the City (or County) retains full program autonomy and all revenue. Lancaster Energy Choice is the first to launch this model in California.

Commercial Vendor Package (Proposed in some Communities) – A private company manages the CCA on behalf of local government(s). This model is new in California and has limited publicly available operational details or vetted risks and benefits. Under the commercial model, the local government will need to exercise strong operational involvement and control customer revenues to allow local transparency, public engagement and long-term success.

Communities exploring various CCA models should consider...

- Responsiveness to local environmental and economic goals
- Control and allocation of ratepayer revenues and building program reserves
- Level of autonomy and operational decision-making
- Impact of the chosen structure on public transparency and accountability
- Long-term costs and benefits of each approach
- Opportunities for long-term procurement to balance/hedge short-term procurement
- Funding opportunities for local energy programs and new power generation
- Jobs, GHG impacts, and local renewable development in the community
- The risk profile, management team, and track record of each model



More information on existing CCA programs is available at:

www.mcecleanenergy.org
www.sonomacleanpower.org

www.lancasterchoiceenergy.com
www.leanenergyus.org