**Community Choice Aggregation (CCA)**

Community Choice Aggregation, abbreviated CCA, is a system adopted into law in California, which allows cities, counties, and some special districts, to aggregate the buying power of individual customers within a defined jurisdiction in order to secure alternative energy supply contracts on a community-wide basis, but allowing consumers not wishing to participate to opt out.

CCAs are local, not-for-profit, public agencies that take on the decision-making role about sources of energy for electricity generation. Once established, CCAs become the default service provider for the power mix delivered to customers. In a CCA service territory, the incumbent utility continues to own and maintain the transmission and distribution infrastructure, metering, and billing. In some states, CCAs aggregate regional energy demand and negotiate with competitive suppliers and developers, rather than the traditional utility business model based on monopolizing energy supply. In California, CCAs are by legal definition, not utilities, and are legally defined in California law as electric service providers.

CCAs in California focus on the rapid transition to highly renewable and/or greenhouse gas-free sources of electricity generation while keeping rates at or below what investor-owned utilities charge.  California’s focus on the environmental benefits that CCAs can deliver distinguishes it from other states where a focus on lower rates has been the primary driver of the growth of CCAs.

**HISTORY**

The state electricity market is now regulated. For residents and almost all businesses, CCAs (where they exist) are the only alternative to buying electricity from the local IOU.  (CCAs are not offered in cities that operate municipal electric utilities, such as Los Angeles, Sacramento, Riverside and more than a dozen others.)

CCAs are opt-out programs and are established by a local ordinance voted on by the governing body of a county, city or special district (e.g. local water agency or public utility district).  No public vote or referendum is required.

CCAs are set up either by a single jurisdiction (as in the cities of Lancaster and San Francisco) or by two or more jurisdictions that create a [Joint Powers Authority](https://en.wikipedia.org/wiki/Joint_powers_authority) (JPA) to operate the CCA on their behalf.  When a JPA is used, each jurisdiction, regardless of its population, usually gets one seat on the JPA’s Board of Directors.  Directors are usually elected officials of participating jurisdictions, e.g., a city council member of county supervisor.  Directors are appointed by the jurisdiction’s governing body.

The JPA approach is favored because it creates a legal firewall between the potential future liabilities of the JPA and the assets of its member cities and towns, although member cities may be required to provide loans or loan guarantees to enable the JPA to secure bank loans for its initial working capital.

Once a CCA has operated successfully for a period of time it is possible for it to expand geographically and add customers in contiguous or even non-contiguous parts of the state, as both [Marin Clean Energy](http://www.mcecleanenergy.org/) and [Sonoma Clean Power](http://sonomacleanpower.org/) have done.

Initial power supply contracts for new CCAs are typically for 5 years or less, but 15-25 year power purchase agreements (PPAs) for solar, wind and geothermal generation are common for more established CCAs.  Development of local renewable energy projects is often a core goal.  Most CCAs in California also offer solar net energy metering tariffs that are slightly more generous (e.g., 1 cent per kWh) than those offered by IOUs.  Many also offer feed-in-tariff incentives for medium and large-scale local solar projects, energy efficiency programs, and demand response programs.

**CURRENT & EMERGING ISSUES**

The rapid growth in the load served by CCAs and the expected continuation of this growth pose serious challenges to the viability of the state’s three IOUs, especially San Diego Gas & Electric (SDG&E).  If the City of San Diego forms a CCA it will reduce the need for more than half of SDG&E’s generation contracts, but there is no obvious way for these contracts to be terminated or transferred to the new CCA without causing serious legal or operational issues.  Similar problems, though less severe, affect Pacific Gas & Electric (PG&E) and Southern California Edison (SCE).

There is not yet agreement among the various parties about which charges related to legacy IOU generation contracts and the operation of the transmission and distribution system should be “passed through” to CCA customers.  For example, a non-profit organization called [The Clean Coalition](http://www.clean-coalition.org/) is working to reduce [transmission access charges](http://www.clean-coalition.org/our-work/tac/) that it believes unfairly burden distributed generation (DG) resources such as solar PV that don’t actually use California’s transmission infrastructure but still have to help pay for it.

Another area of great concern to CCAs and their customers, as well as to the IOUs, is the “exit fees” charged to CCA and DA customers.  The official name of the fee is Power Charge Indifference Adjustment (PCIA).  Those desiring more information should search the web for more recent articles about the PCIA or contact the Government Affairs Manager at one of these CCAs.

**CCA FAST FACTS**

* Unlike the process in many other states, communities in California do not have to hold a referendum to start or join a CCA. Local elected officials authorize participation in a CCA by a simple majority vote.
* Large hydro-electric dams and nuclear power plants are not classified as [eligible renewable energy technologies](http://programs.dsireusa.org/system/program/detail/840) in California, but the electricity they produce is considered to be greenhouse gas free.
* Every CCA offers both a basic (default) electricity offering (typically 35% to 75% renewable) and also a 100% renewable option for a one to two cents more per kWh.
* Unbundled Renewable Energy Credits (RECs) are not widely used by California CCAs, though they are sometimes used during the first year or two of a new CCA’s operation before new solar or wind farms can be built to serve the CCA’s customers.
* When it begins delivering electricity in April 2017, Silicon Valley Clean Energy will be the first California CCA whose default offering will be 100% GHG-free.
* Peninsula Clean Energy in San Mateo County is a Joint Powers Authority with 21 member agencies. Twenty cities each have a seat on the Board of Directors and the county has two seats.  The proposed Los Angeles County CCA may have four times as many directors because more than 80 cities are interested in joining!

**LEGISLATION (Partial List)**

* [AB 117](http://www.leginfo.ca.gov/pub/01-02/bill/asm/ab_0101-0150/ab_117_bill_20020924_chaptered.html) (2002) established Community Choice in California
* [SB 790](http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0751-0800/sb_790_bill_20111008_chaptered.html) (2011) was passed in response to efforts by Pacific Gas & Electric, in particular [2010’s Proposition 16](https://en.wikipedia.org/wiki/California_Proposition_16_(2010)), to stop the growth of CCAs. It created a code of conduct that utilities must adhere to.  In essence, it prohibited utilities from marketing against CCAs except through a separate marketing division separated by a “firewall” from the other operations of the utility.  The first such [marketing entity](https://www.documentcloud.org/documents/3227615-Clean-Energy-Advisors-Fact-Sheet.html) was established in late 2016 by Sempra Energy, the corporate parent of San Diego Gas and Electric.
* [AB 1110](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160AB1110) (2016) established a framework for disclosing GHG emissions that will apply to CCAs.

**Placer County CCE (mpower)**

At a meeting July 12, 2016 Placer County

1.       Adopted [Ordinance 5826-B](http://www.placer.ca.gov/upload/bos/cob/documents/sumarchv/2016/160712A/5826-B.pdf), introduced on June 21, 2016, authorizing the implementation of a CCE program in Placer County and development of a draft joint powers authority agreement.

2.       Approved a budget revision for the Mpower Program enterprise fund in the amount of $1,391,526 based on the financing plan approved at the June 21, 2016 Board meeting.

**Placer county background**

CCE programs allow local governments to provide electricity based on the pooled energy use of ratepayers within their jurisdictions and in the territories of investor owned utilities (IOSs) such as PG&E and Liberty Energy. The CCE program will purchase and provide the electricity and will work with PG&E to provide seamless delivery over its transmission lines and infrastructure. PG&E will continue to be responsible for maintaining the electric distribution system, metering and billing, and will continue providing most public benefit programs.

An analysis of electricity usage, for all ratepayers in the Placer County, showed that a CCE program is financially feasible using conservative estimates. The analysis included the energy load (use), existing rate structures, and the Power Charge Indifference Adjustment fee (PCIA), also known as the PG&E exit fee. The results of the analysis indicated that a CCE program is viable and sustainable under a range of market conditions and various energy portfolio compositions. The analysis also indicated that local resources provide additional economic and environmental benefits. The energy cost portion of utility bills is estimated to be about 5% less. Currently, the energy cost, and the transmission and delivery costs are not broken out on PG&E utility bills.

In her presentation, Treasurer-Tax Collector Jenine Windeshausen indicated that a CCE provides economic and environmental benefits, local control of electricity rates and rebates and incentives, and provides ratepayers a choice of electricity providers, and energy sources.

"Placer County is uniquely positioned with our resources," said Windeshausen. "We have not been able to find another location in the state with the variety of resources we have here in Placer County." These resources include hydropower and biomass, and the potential for development of other resources such as waste-to-energy and solar. Windeshausen noted that while power purchases from local sources would be at market rates, there are likely to be efficiencies in procuring and managing a portfolio that includes local resources.

The initial financing request is for $325,000 for the assessment and development phase, and $1.2 million to initiate implementation of the CCE. The financing will be provided by the County Treasury and repaid from revenues once the CCE goes into operations. Windeshausen noted that there are off-ramps in the event of unforeseen circumstances or should the County decide to abandon the effort in the future. Additionally, the final implementation plan that is required to be submitted to the California Public Utilities Commission will include an exit plan should the program be terminated at any point in the future.

The main premise of CCE is aggregation of energy load and the economic sale created by the combined load of the unincorporated area, and the cities which would be beneficial to the overall energy portfolio management of a CCE in Placer County. If a CCE program is implemented in Placer County, the CCE could include the cities of Rocklin, Lincoln, Loomis, Auburn and Colfax, in addition to the County's unincorporated area. Roseville is precluded by law from participating in a CCE due to its own Roseville Electric utility.

A CCE requires approval by the California Public Utilities Commission. Once it is approved and self-financing (pay off debt to mpower), Grass Valley and Nevada City could pass an ordinance of the city council authorizing the implementation of a community choice aggregation program, approving the Placer County CCE joint powers agreement, and authorizing the city manager to execute the joint powers agreement with Placer County CCE.

**El Cerrito CA**

Sample of El Cerrito ordinance to join the Marin Clean Energy CCA.

Ordinance No. 2015-02 An Ordinance Of The City Council Of The City Of El Cerrito Authorizing The Implementation Of A Community Choice Aggregation Program, Approving The Marin Clean Energy Joint Powers Agreement, And Authorizing The City Manager To Execute The Joint Powers Agreement With Marin Clean Energy

The City Council Of The City Of El Cerrito Does Hereby Ordain As Follows:

Section 1. Findings

On September 24, 2002, the Governor signed into law Assembly Bill 117 (Stat. 2002, Ch.

838; see California Public Utilities Code section 366.2; hereinafter referred to as the “CCA

Act”), which authorizes any California city or county, whose governing body so elects, to

combine the electricity load of its residents and businesses in a community-wide electricity

aggregation program known as Community Choice Aggregation (CCA); and

The CCA Act expressly authorizes participation in a CCA program through a joint

powers agency, and on December 19, 2008, Marin Clean Energy (MCE), formerly known as

Marin Energy Authority, was established as a joint powers authority pursuant to a Joint Powers

Agreement, as amended from time to time (“MCE Joint Powers Agreement”); and

The purpose of MCE is to address climate change by reducing energy related greenhouse

gas emissions and securing energy supply, price stability, energy efficiencies and local economic

and workforce benefits; and

On February 2, 2010, the California Public Utilities Commission certified the

“Implementation Plan” of MCE, confirming MCE’s compliance with the requirements of the

Act; and

The City of El Cerrito adopted a Climate Action Plan on May 21, 2013 with the goal of

reducing greenhouse gas emissions from the El Cerrito community and its own city operations

by 15% below 2005 emissions levels by 2020 and 30% below 2005 levels by 2035; and

The El Cerrito Climate Action Plan contains goals and objectives to reduce reliance on

fossil fuel based energy by increasing renewable energy throughout El Cerrito, including

membership in a CCA, which it identified to be one of the most cost-effective greenhouse gas

emissions reductions strategies available to the City; and

The City Council supports the mission of MCE and its intent to promote the development

and use of a wide range of renewable energy sources and energy efficiency programs, including

solar and wind energy production at competitive rates for customers; and

**Agenda Item No. 5(C)**

In order to become a member of MCE, the Act requires the City to individually adopt an

ordinance electing to implement a Community Choice Aggregation program within its

jurisdiction by and through its participation in Marin Clean Energy; and

This administrative action is exempt from CEQA, pursuant to State CEQA Guidelines

Section 15378, which states there cannot be a project unless the proposed action will result in

“either a direct physical change in the environment or a reasonably foreseeable indirect physical

change in the environment.” State CEQA Guidelines Section 15378(b)(5) states that

“Organization or administrative activities of governments that will not result in direct or indirect

physical changes in the environments” are not projects. Joining a CCA presents no foreseeable

significant adverse impact to the environment because California State regulations such as the

Renewable Portfolio Standard and the Resource Adequacy requirements apply equally to CCAs

as they do the City’s current electricity supplier, PG&E.

SECTION 2. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY

ACT

Pursuant to Title 14 of the California Administrative Code, the City Council finds that

this Ordinance is exempt from the requirements of the California Environmental Quality Act

(CEQA) for the following reasons: (1) Pursuant to State CEQA Guidelines Section 15378, there

cannot be a project unless the proposed action will result in “either a direct physical change in

the environment or a reasonably foreseeable indirect physical change in the environment;” and

(2) State CEQA Guidelines Section 15378(b)(5) states that “organization or administrative

activities of governments that will not result in direct or indirect physical changes in the

environments” are not projects.

SECTION 3. APPROVAL

The City Council of the City of El Cerrito elects to implement a Community Choice

Aggregation program within the City’s jurisdiction by and through the City’s participation in

MCE. The City Manager is hereby authorized to execute the MCE Joint Powers Agreement.

SECTION 4. NOTICING, POSTING, AND PUBLICATION

This ordinance is adopted pursuant to the procedures established by state law, and all

required notices have been given, and the public hearing has been properly held and conducted.

SECTION 5. EFFECTIVE DATE

This ordinance shall not take effect until thirty days after the second reading, January 6,

2015.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the City

Council on December 16, 2014 and passed by the following vote:

AYES: Councilmembers Abelson, Bridges, Lyman, Quinto and Mayor Friedman

NOES: None

**Marin Clean Energy (MCE)**

Marin Clean Energy (MCE) is a not-for-profit public agency that offers 50 or 100% renewable energy for its customers. MCE’s service area includes Marin & Napa Counties, as well as the cities of Benicia, El Cerrito, Lafayette, Richmond, San Pablo and Walnut Creek.

MCE has provided service to customers since 2010. Customers who choose to opt out or change their participation level in MCE service will need to contact MCE.

Gas services are not provided by MCE, and continue with your regular provider.

For more information regarding MCE, contact 1-888-632-3674 or visit the MCE Clean EnergyOpens in new Window. website.

**Sonoma Clean Power (SCP)**

**Sonoma Clean Power (SCP)** is a not-for-profit public agency, independently run by elected officials from Sonoma County. SCP enrolled its first customers in May 2014 and finished the enrollment process with the towns of Petaluma, Rohnert Park and Cloverdale in May 2015. PG&E customers in these cities were automatically enrolled with SCP.

Customers who choose to opt out can do so by contacting Sonoma Clean Power at [1-855-202-2139](tel:18552022139) or online at [Sonoma Clean PowerOpens in new Window.](http://www.sonomacleanpower.org/).

**CleanPowerSF (CPSF)**

CleanPowerSF (CPSF) is the City and County of San Francisco’s Community Choice Aggregation (CCA) program, which is administered by the San Francisco Public Utilities Commission (SFPUC). Since May 2016, CleanPowerSF has offered both 35% and 100% renewable energy products to all San Francisco residents and businesses. Automatic enrollment by neighborhood is occurring in phases as CleanPowerSF becomes the City’s default electric generation provider; however, all San Francisco electricity customers can sign-up for early enrollment in the next phase.

For more information, to sign-up for early enrollment, upgrade to 100% renewable energy, or to opt out of CleanPowerSF, please call 1-415-554-0773 or visit their website at CleanPowerSFOpens in new Window..

**Peninsula Clean Energy (PCE)**

Peninsula Clean Energy (PCE) is San Mateo County’s official electricity provider beginning October 2016. Peninsula Clean Energy offers lower rates and the added benefit of two electricity options, each with a different percentage of sustainable energy. Customers can choose ECOplus or ECO100 which offer 50% and 100% renewable energy respectively. All commercial and residential customers will be enrolled either in October 2016 or April 2017.

For more information, call 1-866-966-0110 or visit their website at Peninsula Clean EnergyOpens in new Window.

**Silicon Valley Clean Energy (SVCE)**

Silicon Valley Clean Energy (SVCE) is a non-profit public agency formed to source clean, competitively-priced electricity on behalf of residential and commercial customers beginning in April 2017.Participating communities include Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Monte Sereno, Morgan Hill, Mountain View, Saratoga, Sunnyvale and unincorporated Santa Clara County. SVCE is governed by a Board of Directors made up of elected officials from each participating jurisdiction.

Between April and October 2017, customers within SVCE’s service area will be automatically enrolled by neighborhood in SVCE’s GreenStart electric generation service, sourced from 50% renewable and 100% carbon-free energy sources. If they choose, customers may upgrade to GreenPrime, SVCE’s premium 100% renewable energy service, or opt out of SVCE by visiting svcleanenergy.orgOpens in new Window. or calling 1-844-474-7823.

**CCA Issues for Nevada County:**

What will be the source of renewable energy that differs from PG&E’s sources?

Can developer’s lease roof space on commercial buildings to provide solar energy?

Can F&G lease out North Spenceville for solar/wind farms?

Can the BYLT work out easements on lands that include solar/wind farms?