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# Forming a National Community Choice Aggregation Network: Feasibility, Findings and Recommendations

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PREPARED BY

Shawn E. Marshall, project consultant and Vice Chair, Marin Energy Authority

December 2010



With support from the



**GALVIN  
ELECTRICITY  
INITIATIVE**

*Sponsored by The Galvin Project, Inc.*

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## TABLE OF CONTENTS

<b>1 Executive Summary .....</b>	<b>1</b>
<b>2 Introduction and Background.....</b>	<b>3</b>
2.1 CCA in Brief	
2.2 CCA in Six States Leads to Network Project	
2.3 Project Methodology	
<b>3 Project Findings .....</b>	<b>6</b>
3.1 CCA Market Conditions: Opportunities and Challenges	
3.2 Proposed CCA Network: Feedback and Suggestions	
<b>4 Project Recommendations and Next Steps .....</b>	<b>18</b>
4.1 Recommendations	
4.2 Open Questions/Issues for Next Phase	
4.3 Proposed Next Steps	
<b>5 Conclusion .....</b>	<b>21</b>
<b>Attachments:</b>	
A. Interview Questions/Discussion Guide	
B. CCA Regulatory and Policy Issues	
C. CCA Program Matrix: Comparison by State	
D. Project Participants and Contributors	

## 1. EXECUTIVE SUMMARY

Community choice aggregation (CCA) is an energy procurement model that allows local governments to pool, or aggregate, the electric load of their residents, businesses and institutions in order to purchase electricity on their behalf. The reasons to pursue CCA vary by community, but chief among them are lower electricity costs, cleaner energy supply, greenhouse gas reduction benefits and the development of local generation assets to boost economic development in the region.

To date, the handful of CCAs that exist have developed through local grassroots and political advocacy, effective technical support and the goodwill of CCA predecessors who have shared their experiences on an ad-hoc basis. As these CCAs mature and new ones come on-line, there exists an opportunity to create a coordinated network of CCAs that could build powerful advocacy and regulatory alliances, share knowledge, encourage innovation and facilitate start-up funding to incentivize CCA expansion.

Preparation of this report began in June 2010 to test the concept for a coordinated CCA network serving the organizations, agencies and individuals involved in the energy aggregation field. It expanded to include several ideas and best practices from around the country and a set of recommendations for the expansion of CCA in emergent states. This paper is not a technical comparison or evaluation of CCA in each state. Rather, it is written as an *organizing catalyst* with suggestions for further research and action steps as a CCA network develops.

The core of this report is a set of findings and recommendations that emerged during a three-month period of research, meetings and interviews with key CCA stakeholders and energy experts. Interviews focused primarily in California, but also included CCA experts from Illinois, Ohio and Massachusetts. The report details 16 findings and nine recommendations. Highlights include:

- 1) There is unanimous support for the creation of a coordinated CCA network focused on policy and advocacy, regulatory support, CCA expansion to new communities and networking for knowledge-exchange and innovation.
- 2) CCA has great potential to expand the market for localized, competitively priced renewable power generation; the resultant greenhouse gas reduction benefits are tremendous as well.
- 3) The greatest barriers to CCA expansion are a lack of start-up funding for planning and feasibility, lack of understanding of CCA's business structure and local benefits, and uneven political leadership. Obstructionist utilities and ill-defined regulations in some states have been significant barriers as well.
- 4) Project participants envision a well-funded, membership-based "hub and spoke" network that is professional and facilitative in nature — one that is responsive to high-leverage opportunities that advance the CCA movement in the U.S.

- 5) The most important projects for a CCA network in the near term are to fund a seed capital or revolving loan fund to support local CCA planning efforts, reach out to strategically selected communities to get started with CCA, craft a policy and regulatory agenda and meet with high-level legislators in key CCA states.

Reaching market scale for CCAs served by renewable resources is the vision of the community choice and local power movements. Successful CCA programs and continued “proof of concept” will ultimately reap the greatest benefits toward the institutionalization of CCA as an effective business model and a cost-effective tool for the procurement of local, clean and affordable energy.

## 2. INTRODUCTION AND BACKGROUND

Community choice aggregation, or CCA as it is commonly called, is a local power tool that allows local governments to pool (or aggregate) the energy needs of their constituents to procure an electricity supply portfolio that meets the needs of their community. Reasons to pursue CCA can include lower electricity costs, cleaner energy supply and the development of local generation assets as a way to boost economic and workforce development.

CCA has demonstrated great potential to dramatically reduce greenhouse gas (GHG) emissions by increasing the use of renewable sources in the power supply mix of participating jurisdictions. The Marin Energy Authority's (MEA) Marin Clean Energy program, for example, stands to reduce Marin County's GHG emissions by 175,000 tons annually by providing a minimum 25 percent renewable power in the electricity mix they provide to their residential and commercial customers. A 100 percent renewable option is also available to MEA customers. This compares to just 14 percent renewable power currently provided by Pacific Gas and Electric (PG&E), the incumbent utility in northern California. Moreover, it appears that existing CCA programs are cost competitive, often providing electricity that is both greener and less expensive than other energy providers.

The good news is that it's not necessary to wait for federal action to accrue the economic and carbon reduction benefits of CCA. Local governments can move forward with power procurement through CCA if they live in one of six states that have adopted the requisite enabling legislation. However, the vast majority of local governments in these states have not yet begun the process of investigating CCA due primarily to the complexity of the issue, costs of start-up, and lack of information on how to proceed.

### CCA IN SIX STATES

- CALIFORNIA
- ILLINOIS
- OHIO
- MASSACHUSETTS
- NEW JERSEY
- RHODE ISLAND

To date, the handful of CCAs that exist have developed through local grassroots and political advocacy, effective technical support and the goodwill of CCA predecessors who have shared their experiences on an ad-hoc basis. However, as these CCAs mature and new ones come on-line, there is a need for a coordinated network of CCAs that could build powerful advocacy and regulatory alliances, share knowledge, encourage innovation and facilitate start-up funding to incentivize CCA expansion.

The purpose of this report is to benchmark some CCA best practices from around the country; test the concept of forming a professional network for the organizations, agencies and individuals involved in CCA; and to offer some recommendations for the creation of such a network. The analysis is the result of a three-month research and information-gathering effort and includes information from CCA experts in California, Illinois, New Jersey, Ohio and Massachusetts.

While this report does not provide an exhaustive analysis of CCA programs in each state, it is intended to provide a current snapshot of CCA and to gauge support of the network concept. The following section provides a brief overview of community choice aggregation and how the launch of CCA programs in multiple states provided the impetus for this project. A summary of key findings, recommendations and proposed next steps follows in sections three and four. Attachments A through D offer relevant background and supplementary information.

## 2.1 CCA In Brief

CCA is an energy procurement model first utilized in the late 1990s in the states of Massachusetts and Ohio. In deregulated or partially deregulated states, CCA allows local governments or groups of local governments to aggregate the electric load of their residents, businesses and institutions in order to purchase electricity on their behalf.<sup>1</sup> CCA is often described as a hybrid model because it does not require full municipalization (i.e., public power) to access the wholesale energy market. Rather, CCA focuses on the generation and procurement side of the energy business and partners with existing utilities to provide transmission and distribution of the electricity produced or procured through the local CCA program.

This partnership approach underscores both the elegance and pragmatism of the CCA model. CCA allows community control and choice over energy supply and electricity rates without assuming the substantial operational costs of a full “wire and pole” infrastructure. The utilities are protected by customer exit fees and continue to profit from the transmission, distribution and customer support services they provide to residential, commercial and municipal customers.

CCA diversifies and democratizes the retail energy marketplace. It does this through the provision of energy choice, competitive and stable rates, local decision-making and accountability, energy reliability and a higher percentage of renewable resources within the power supply mix. Through CCA, residential, small commercial and small municipal customers are able to access the wholesale marketplace and purchase electricity that aligns with their community’s economic development, environmental and renewable power goals.

For a technical description of CCA, how it works and a detailed discussion of the program’s benefits and risks, please refer to the CCA pilot project guidebook, authored by Navigant Consulting Inc., and the Local Government Commission on behalf of the California Energy Commission’s Public Interest Energy Research (PIER) Program. It is available at <http://energy.ca.gov/2009publications/CEC-500-2009-003>.

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<sup>1</sup> CCA legislation varies by state re: the ability of municipal governments to buy power directly from the marketplace. In California, for example, a joint powers authority of CCA member governments is formed to buy power on behalf of local customers. In New Jersey, however, municipal governments are prohibited from contracting directly for power, so the benefit of aggregation is in amassing a customer base and vetting/approving a third party energy supplier who meets stated requirements and who then contracts directly with residents and business customers.

## 2.2 CCA in Six States Leads to Network Concept

The CCA model has been successfully operating in the states of Ohio and Massachusetts since the late 1990s. Approximately 2.2 million customers are being served by CCAs in these two states alone. Four additional states — California, Rhode Island, New Jersey and Illinois — have passed CCA enabling legislation over the last 10 years.

In May 2010, the Marin Energy Authority launched Marin Clean Energy (MCE), the first CCA program to operate in California. At full capacity, MCE is expected to serve 80,000 business and residential customers. Also in California, the City and County of San Francisco, the City of San Luis Obispo and the County of Sonoma are in active development phases, with San Francisco on the verge of signing a power contract to launch their “Clean Power SF” program. The City of Arcata (Humboldt County, Calif.) recently stated its desire to join MEA’s program, and communities in Illinois and New Jersey are in the feasibility phases of their first programs. The states of New Mexico and Colorado have expressed interest in CCA as they seek to expand local energy choice and renewable power supply.

In sum, there is growing interest in CCA, especially as existing CCAs are successful and proof of concept builds. But most efforts are still in early stages and could greatly benefit from a focused network that facilitates timely and relevant information exchange, innovation and expansion of CCA programs, and policy/regulatory support. These and other possible functions of a CCA network are presented later in this document.

## 2.3 Project Methodology

The CCA network project emerged from discussions among various CCA stakeholders and interested funders as to how to “institutionalize” CCA as a local energy tool, support its nascent success in California and encourage its replication in additional states and communities. While an informal group of CCA leaders already exists in California, the concept needed more focused and systematic study regarding its potential value, feasibility, costs and challenges.

Information about the feasibility of a CCA network was gathered through CCA stakeholder interviews, document review and small-group meetings. The interviews and meetings included a representative sample of key CCA leaders in a variety of stakeholder categories including CCA executive directors and board members, energy/environmental advocates, technical and regulatory consultants, wholesale and third-party suppliers, non-profit energy and local power organizations and an energy attorney.

Because most of the current CCA activity is in California, research and interviews focused there. Much of the anecdotal information in this report comes from the author’s first-hand experience with the Marin Energy Authority. However, interviews also were conducted in Massachusetts, Illinois, New Jersey and Ohio. Further outreach is needed in Rhode Island.

Please refer to Attachment A for a list of the interview questions and Attachment D for interview participants.

### 3. FINDINGS

This section presents the collective findings and feedback that emerged from the CCA stakeholder interviews, document review and a California CCA strategy session in September 2010. Findings are presented in two sections: 1) CCA Market Conditions: Opportunities and Challenges, and 2) Proposed CCA Network: Feedback and Suggestions.

#### 3.1 CCA Market Conditions: Opportunities and Challenges

**Finding #1: CCA laws, degree of deregulation and regulatory requirements vary from state to state. This condition represents both barriers and opportunities for a national CCA network.**

The differences in utility structures, energy markets and regulatory issues in each state initially seemed like a barrier for the establishment of a national CCA network. Indeed, these differences do make an apples-to-apples comparison of CCA programs more difficult.

*“CCA has worked here because we can usually deliver cost savings and we run the best energy efficiency programs. But that’s no longer the flavor of the month. CLC is very curious to know where the rest of the country has gone with CCA and what we can learn to add new programs.”*

**MAGGIE DOWNEY, Executive Director, Cape Light Compact, MA**

However, the diversity of experiences, business models, ancillary programs and regulatory challenges actually reveals a rich opportunity for knowledge exchange and “idea incubation” across states.

In Ohio, for example, energy aggregation programs are run by both public organizations and private-sector companies. With more than 350 programs and 2 million aggregated customers in Ohio (of a total population of 11.5 million), certain aspects of their business models may be worth exploring in other states. At Cape Light Compact (CLC) in Massachusetts, their focus has been on energy

efficiency programs. They may have some great ideas to share with emergent CCAs in other states that are looking to add or integrate local energy efficiency programs. Conversely, as CLC seeks to expand, there is keen interest in learning about what others are considering or doing that could be replicated in Massachusetts.

**Finding #2: Awareness of CCA as a flexible energy procurement model is growing, especially as new programs achieve success. In states with emergent CCAs, both stakeholders and suppliers feel that greater support is needed to encourage expansion, build capacity and reach economies of scale.**

A growing number of energy professionals and suppliers see the CCA model as a flexible tool that gives local communities the opportunity to compete in the energy market, pursue local and green power goals, reap significant economic benefits and in some states, improve energy reliability. As highlighted in the quote below, the reasons for pursuing CCA differ from community to community and depend on local market conditions and goals.

Regardless of the specific local reasons, CCA is seen as a nascent but promising model — one that could move from leading-edge to commonplace as energy policies and regulations and financial resources come into alignment.

*“There are several companies in NJ offering low-price energy contracts that are confusing and potentially harmful to consumers. So, in addition to all the other benefits of energy aggregation, I see it as a tool for consumer protection. With CCA, residential customers are offered an energy product that has been properly vetted and does not put them at risk.”*

**STEFANO CREMA, Ph.D., Executive Director, Cooling America Thru Local Leadership (CALL)**

The key now is to bring local governments into the fold. Elected leaders and their staff must be shown the way with proof of concept, solid technical support, understanding of CCA’s benefits and challenges, and importantly, financial incentives to augment the initial capital requirements of the early planning and development phase.

**Finding #3: CCA is an especially viable model in regulated and partially deregulated energy states, where small commercial and residential customers do not have access to the energy market. By diversifying consumer choice and power supply options, CCA is also well suited to assist in the expansion of renewable power generation.**

CCA is a model that aggregates individual ratepayers at the local level, thus providing a new customer base and access to the wholesale energy market that is currently only available to large municipalities, large commercial customers like hospitals, industrial centers and universities.

In California, large commercial customers are served by Direct Access. In Illinois, large commercial customers are served by “alternative retail energy suppliers.” In both cases, small commercial and residential customers remain with their incumbent, default energy providers. CCA takes a step toward retail competition and consumer choice for consumer categories that currently do not have access to retail or wholesale electricity markets.

For a CCA to work, it must have the authority to procure electricity in competitive Independent System Operator or Regional Authority markets. This authority may not exist in states with only vertically integrated utilities (i.e. full regulation). And, in states like Texas, where most small commercial and residential customers are already served by a variety of retail energy suppliers, the CCA model is less likely to add value in their communities.

Most state-legislated CCA programs include a customer opt-out provision that requires all residents be opted into the program with a choice to opt-out.<sup>2</sup> This provision allows the CCA to quickly and effectively amass a sizeable ratepayer base. Thus, the CCA organization representing those energy customers becomes a new buyer in town. This stimulates retail electricity price competition, which is good for consumers, but it also expands the number of power purchasers that buy from power generators.

In California, there has been some concern that existing utilities have cornered the market and contracted for most of the available and affordable power supply in the state. This has proven false. There are scores of small to mid-size renewable and distributive generation suppliers that are eager to do business with the new buyers in town, especially those with a stable customer base and knowledgeable energy brokers at the table.

A growing number of consumers and community leaders are demanding clean power that is affordable, reliable and locally generated. Basic economics tells us that as demand grows, technology and production expands; over time, prices come down. With a core focus on clean power, CCAs are uniquely suited to reduce environmental impacts and increase renewable generation. Access to tax exempt financing puts CCA in a great position to purchase and invest in new, clean power sources.

*“Congratulations on your recognition by the Environmental Protection Agency (EPA) for MEA’s production of renewable energy. Being named to EPA’s Top 20 list as one of the nation’s top purchasers of renewable energy is an accomplishment for which you should be very proud.”*

**Letter from CA State Senator  
MARK LENO to Marin County  
Supervisor and MEA Chairman,  
CHARLES MCGLASHAN**

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<sup>2</sup> With the opt-out feature, customers are automatically enrolled in the aggregated buying pool unless they specifically opt-out of the program. Noticing of a customer’s right to opt-out is required as part of CCA legislation.

**Finding #4: CCA is a high-impact tool for environmental compliance and carbon reduction in programs that procure a minimum 25 to 30 percent qualified renewables in their power supply mix.**

A growing number of consumers and communities are pursuing strategies to lower their carbon footprint (e.g., Cool Cities and local climate action plans). This has motivated state and local governments to take legislated, near-term action on greenhouse gas reduction. Examples include the Green Communities Acts in Massachusetts and New Jersey and California's Global Warming Solutions Act.

In studies done by Navigant Consulting on behalf of the Marin Energy Authority, CCA is credited with eliminating 175,000 tons of GHG emissions per year from the environment — the equivalent of taking

22,000 cars off local roads in a

county of only 100,000 households. That emissions reduction grows to 534,000 tons as MEA's portfolio of renewable energy increases from its baseline of 25 percent to 100 percent over the next 10 years. No other sector, other than a massive overhaul of our fossil-based transportation system, can yield that kind of immediate impact on GHG reduction at the local level.

*"The MEA accomplished these greenhouse gas reductions in a state that has an electricity carbon footprint of about 600 lbs/MWh. Imagine how much more carbon can be reduced in states currently served entirely by coal generation with a carbon footprint of 2,400 lbs/MWh."*

**JOHN KELLY, Deputy Director,  
Galvin Electricity Initiative, IL**  
(data source: EPA 2007 eGRID database)

*"CCA is an energy business model, supported by existing ratepayer funds, that gives local governments the ability to meet their environmental mandates without affecting local general funds. It's a win/win situation for us."*

**BARBARA THORNTON, Mayor,  
San Anselmo, CA and Board  
member, Marin Energy  
Authority (MEA)**

**Finding #5: Given energy market conditions and an increased awareness of the CCA model, California and a few other states are most poised to expand.**

Although "critical mass" has not yet been reached in any CCA state, it is safe to say that Ohio has the most established CCA market in the country. With the recent launch of MEA, the defeat of Proposition 16 and several new CCA programs in planning phases, California is queuing up to be next in line. Although CCA in California faces significant hurdles, including access to capital and at least one obstructionist utility, there is momentum in three communities with several others watching the CCA playing field. From 2003 to 2007, 12 California communities participated in a joint feasibility study of CCA; one has launched and

a few others are pressing ahead. The remaining cities, along with others known for active sustainability programs, are worth pursuing in the near term.

As of this writing, a group of communities in the Chicago area is entering the feasibility phase of CCA and exploring the formation of an energy authority, and a New Jersey community is securing political support to get started soon. Massachusetts communities may now consider CCA expansion due to lower natural gas prices, while Cape Light Compact is actively moving into renewable generation and expansion of their ancillary energy programs. The status of community choice in Rhode Island is unknown.

*“The Sierra Club California sees CCA as one of the chief tools to quickly ramp up renewable power and energy efficiency in the State of California. We look forward to supporting its expansion.”*

**ED MAINLAND, Co-Chair, Energy Committee, Sierra Club CA**

In addition, the states of New Mexico and Colorado have expressed interest in the CCA model. Those states do not yet have enabling legislation in place, but a CCA network could facilitate information and knowledge exchange should those states decide to pursue CCA legislation.

**Finding #6: As proof of concept and business maturation increases, CCA operations and performance standards will emerge. Successful CCA expansion also will help with earlier access to credit, greater regulatory influence and more efficient navigation of a complex energy market.**

*“At times, it’s difficult to accommodate the unique goals and requirements of CCA programs across states and in different communities. Help with the coherence of state CCA policies, business operations and performance standards would be great.”*

**LINDA HAMILTON, General Manager, Shell Energy North America**

As with any new business, it takes time and experience to work through everyday wrinkles and complex challenges. The CCA model is no exception, although as each new program comes on-line, the learning curve and time from planning to implementation is greatly reduced.

One of the unique qualities of CCA is its ability to be tailored to the goals of a community while at the same time retaining certain business and operational aspects that are common from program to program. Local rate setting and customer opt-out features are two such examples. With greater critical mass and an organized network to facilitate knowledge-exchange

and consistent regulations, it is likely that standard operating procedures and performance benchmarks will emerge over time. This will build market credibility and creditworthiness, reduce perceived political risk, and institutionalize the various phases of a CCA’s business lifecycle, all of which draw on different types of financing and technical expertise.

## Figure 1: THE CCA BUSINESS LIFECYCLE — From Pragmatic to Visionary

(October 2010; National GridWeek Conference)

Phase	Time Frame	Financing
<b>START-UP</b>	1-5 years	
Solidify operations and customer base		Grants, private loans, term loans, working capital
Energy wholesaler/data management		Working capital, ratepayer revenue
Launch local energy programs		Ratepayer revenue
<b>MID-TERM</b>	5-7 years	
Market/customer expansion		Operations revenue
PPAs and co-investments		Tax exempt project bonds
<b>LONG-TERM</b>	7+ years	
DBO local energy projects		Operations reserves, ratepayer revenue, tax exempt bonds, term loans
Sell excess power		Additional revenues back to CCA

Functional standardization and performance benchmarks also will attract new market entrants both large and small, as well as increased private investment. As more cities engage in CCA, other new companies will enter the market. These new market entrants will invest in clean energy resources that compete with existing generation owned by market incumbents. Over time, this will lead to the development of local clean energy resources. Existing utilities and suppliers are already being compelled to sell the current oversupply of coal and natural gas generation they already own. The electricity industry is currently awash in stranded coal and natural gas generation that is currently idled.<sup>3</sup>

### **Finding #7: The single greatest impediment to CCA expansion is access to start-up capital and term financing.**

A senior staffer at the Marin Energy Authority recently said, “There are three legs to the CCA stool — political, technical and financial — and the greatest of these is financial.” That’s because CCAs don’t begin generating ratepayer funds until power contracts have been approved and customers have been transferred from the incumbent utility. Once these steps occur, CCAs can be immediately cash-flow positive and can begin to generate income for investment into local generation (see lifecycle table above).

*“The fact that State and local governments are in budget crisis makes the possibility of moving ahead with CCA much more difficult. We need to articulate the prudent investment and tremendous local economic benefits more clearly and more often.”*

**DAVE ROOM, Director  
Local Clean Energy Alliance**

<sup>3</sup> 2010 Annual Energy Outlook, Tables A8 and A9

In California, however, it takes several years of implementation planning, political consensus and technical work to get to the “go live” phase. Estimates currently put the start-up costs of a new CCA in California at about \$2 million, which includes planning, feasibility, joint powers formation, and the working capital needed to cover operations between the time of contracting for power and receipt of ratepayer income. In states that do not require joint powers authority, a public referendum, or whose CCAs have a different structure and scope, that start-up figure is far lower, generally in the \$300,000 to \$500,000 range.

While \$300,000 to \$2,000,000 is not a large investment in the context of a multi-million dollar CCA program, the current economy has wreaked havoc on local government budgets. As such, the availability of general fund monies to invest or loan to a CCA program is severely limited; a tight credit and bond market exacerbates the problem. This situation is reflective of the economic times and is not insurmountable, but it will take a greater measure of financial creativity, expertise, and a broad network of public and private-sector capital to bring new CCAs to fruition.

**Finding #8: In some areas, local legislative support for CCA is growing. However, there exists a dearth of political leadership to support CCA expansion. Current economic conditions are an influencing factor, but lack of awareness of the CCA model, its local benefits and how the program works are also barriers.**

It is human nature to shy away from things we don’t understand, especially if it involves something new and complex. In nearly every story of the early days of a CCA, some aspect of fear and perceived risk had to be overcome. Because the power of CCA as a local energy tool has yet to reach market maturation and because local legislators are not typically energy savvy, political champions for CCA have been slow to emerge. Powerful incumbent utilities that oppose CCA make the exploration and investment in CCA politically stressful and difficult.

It should be noted, however, that Ohio appears to have turned this corner with CCAs serving more than 2 million energy customers in the state. The fact that CCA has existed there since the late 1990s, is cost competitive and is partially privatized may be a few of the reasons for CCA’s political support in Ohio. It is the only state that has a privatized CCA model which mitigates the need for a separate CCA agency. Regulatory differences notwithstanding, Ohio may have some interesting business models and lessons to share with other CCA states.

*“There is real value in establishing an organization that would educate and encourage State and local governments to take this perceived risk. The irony is that CCA was created as a lower-risk alternative to full municipalization, but with all the advantages of lower GHG emissions, competitive energy costs and local economic benefits.”*

**PAUL FENN, President  
Local Power, Inc.**

Because local government is the primary gateway for CCA, a critical component of a program's success is finding a political leader or group of leaders with the courage and knowledge to lead CCA through ballot initiatives, tough utility opposition and local Council votes. Ideally, those political champions also will have the support of local voters and their state legislators. Legislative backing for CCA at the highest levels of state government is critical and can have significant bearing on the disposition of state regulatory commissions, state energy agencies and the voting public.

**Finding #9: The success of a CCA program is greatly influenced by consistent and progressive energy policies, incumbent utilities that are at least neutral and regulatory commissions that have clear rules, timely dispute resolution and tough financial penalties for non-compliance.**

*"We need to look at how CCAs are incentivized in each state. What are the legislative and market drivers? In states with difficult utilities, perhaps there are ways to provide incentives to support CCA."*

**JOHN DALESSI, Principal, Dalessi Management Consulting, LLC**

The response of incumbent utilities to CCA varies by state and largely depends on the degree to which deregulation and energy restructuring has occurred. Interviews with CCA stakeholders in Ohio and Massachusetts revealed significant utility opposition at the outset of their programs. A decade later, the utilities have come to accept CCA as a viable generation and procurement model. In some cases, the utilities have left the generation side of the business altogether, thus removing any opposition or perceived competition. In Illinois, most small commercial and residential customers

are served by a state power agency that has pledged its support of CCA. The disposition of the utilities is yet unknown in Illinois but thought to be at least neutral.

In California, where investor-owned utilities control upward of 75 percent of the customer base (the other 25 percent are municipal utility and Direct Access customers), CCA has struggled mightily to emerge. "Full cooperation" provisions in California's CCA law have not been adequately defined or enforced, and regulatory loopholes have been difficult to overcome.

But there is progress. The June 2010 defeat of PG&E-sponsored Proposition 16 leaves the door open for CCA, and there is slow but steady progress on key regulatory issues as well. Please see *Attachment B* for a summary list of regulatory and policy issues by state.

There is plenty to do at the federal and state policy levels with respect to CCA — energy market restructuring that

*"Energy policy that would support CCA includes attractive financing for renewable project development, better tax incentives for personal installation of generation capacity and more consistent and aggressive carbon fees."*

**CHARLES McGLASHAN, Marin County Supervisor and Chair, Marin Energy Authority (MEA)**

supports CCA, renewable generation incentives and climate change policy to name a few. The network will need to carefully decide what meets the CCA “nexus test” and identify specific actions and key partners to meet its most important policy goals.

### 3.2 Proposed CCA Network: Feedback and Suggestions

**Finding #10: There is unanimous support for a coordinated CCA network that will serve existing and emergent CCA programs, build awareness of the CCA model and aid in its expansion to new markets.**

The interest in an organized CCA network is tremendous, especially in states/regions with emergent programs and states without other CCAs to connect to. Project participants cited the need for a coordinated, professional network that would help build CCA market presence and capacity. Others cited the need for a strong, consistent voice at the legislative and regulatory levels. And all saw the value in establishing a hub for information-sharing, innovation and CCA advocacy. Operational efficiencies and cost-sharing opportunities were also mentioned as potential benefits.

*“We see CCA as a critical tool along the path of local energy innovation. This is exactly what we want to help accomplish. We are working to get a CCA off the ground in Illinois and then we’ll help the rest of the market develop. Having a CCA network for support, information and new ideas would be great.”*

**JOHN KELLY, Deputy Director,  
Galvin Electricity Initiative, Inc.**

**Finding #11: Participants want a “hub and spoke” network that is professional, organized and also responsive and facilitative in nature.**

Innovation Network for Communities offers this simple differentiation between a network and an organization: “A network has less formal structure and fewer roles than an organization and it is more fluid in nature. The culture is open, reciprocal and adaptive — not bureaucratic.”

Of course, there are many more layers to the science of effective networks, but, for an emergent CCA network that values entrepreneurial spirit and open markets, a less formal, action-oriented and participatory structure makes the most sense.

Consensus emerged for a small staff with strong functional knowledge of CCA and the ability to advocate at high levels. Participants also want leaders with the ability to procure resources and shepherd volunteer efforts. In order to be responsive to evolving priorities, participants suggest using a small corps of expert consultants for technical/regulatory support and drawing on the volunteer skills of its members to lead local grassroots advocacy.

**Finding #12: Project participants want a network that is focused on CCA and its related energy programs (e.g. energy efficiency, demand response, feed-in tariff). All see the value in forming strategic alliances to advance policy and regulatory objectives and to help promote CCA in new regions and communities.**

Although CCA is only one business model along the road to clean public power, project participants cited a clear preference for a network focused on CCA. Many expressed concern that casting the net too wide or organizing under the umbrella of an energy trade group with a broader focus would dilute the network's goals and impact. Such an arrangement also could affect policy positions and the ability to shift gears quickly as the market evolves. However, there was some discussion about the value of fiscal sponsorship and/or network incubation to provide depth and start-up support in the first year. These options should be explored.

*"There is a bottomless pit of related issues and information that a CCA group could take on. So we need to distill, screen and assist local governments in knowing what's available, what's effective and how it translates to CCA and their local policy goals."*

**DAVID ORTH, Director,  
San Joaquin Valley Power Authority  
Kings River Conservation District**

When selected carefully and for specific purposes, alliances with organizations both inside and outside the network could strengthen policy positions and save money through joint efforts. Organizations such as The Utility Reform Network (TURN) in California, state-based municipal utilities associations and the American Public Power Association were mentioned as potential network partners.

In California, collaboration on state PUC filings is already occurring, and the needle is beginning to move as a result. There is also the clean energy/renewable generation sector to engage, and there are likely scores of other organizations throughout the country that can be helpful on a project-specific basis. Finally, organizational alliances can help expand the network's membership base and provide sponsorship opportunities, both of which contribute to the network's financial health.

**Finding #13: Participants envision a broad and inclusive membership that could be organized into membership levels or categories.**

Membership networks are very common. They are an effective way to achieve financial sustainability, foster connections, expand geographic reach and access a diverse set of resources. In general terms, participants envision a network that is open, production-oriented and provides a "large container" for the various direct and indirect players in the CCA field.

For some, the network will be used for its ability to connect and convene; others will seek out policy and regulatory reforms, and CCA practitioners want a space for confidential business discussions. Others see the network as a business development opportunity. Memberships could be individual, nonprofit, government, CCA agencies, vendors and private-sector companies. Establishing membership categories at the outset with reasonable dues structures will help keep things fair and organized as the network grows.

*"We need an organization that includes the advocates, practitioners and suppliers who share the vision of CCA and local, renewable power. But we also need one that allows for the bottom-line business conversations that need to occur on a regular basis."*

**MIKE CAMPBELL, CCA Director,  
SF-PUC, Clean Power SF**

**Finding #14: Participants are most interested in a network that helps overcome political, regulatory and financial barriers. When asked to select among a list of possible functions, four priorities emerged: 1) Regulatory and legal support, 2) Policy and legislative advocacy, 3) Knowledge-exchange and networking, and 4) Education and financial incentives for new CCA programs.**

*"The regulatory, legislative and legal aspects of this network will be invaluable. The pooling of resources and brain power will benefit CCA efforts like ours that don't have the capacity to take on the bigger picture fights that are so crucial to CCA."*

**RENATA BRILLINGER, Program  
Manager, Climate Protection  
Campaign, Sonoma County, CA**

These are broad categories that can lead to a host of possible activities within each area. Selection of key issues and specific actions will require strategic, focused discussion when the network is formed. Availability of resources, identification of specific needs, opportunities and an understanding of "who is already doing what" will have an influence as well. There is no need to supplant current efforts or reinvent any wheels.

Furthermore, it will be very important for the CCA network to articulate its role and objectives within this framework of priorities. As noted in finding #12, the network cannot be all things to all people;

attempts to do so will dilute its effectiveness and damage its credibility. Role clarity also will provide a gauge for performance and impact.

For a list of the various network products and services discussed, please refer to Attachment A, question #13.

**Finding #15: To be successful, the network will need to determine its “highest and best use” in any given policy or program area, provide a value-add to its members and balance the needs of various CCA programs at different levels of operational maturity.**

At the network’s outset when the field is open and every activity is important, it will be a challenge to allocate limited resources and balance the operational and technical requirements of existing CCAs, the learning and information needs of emergent CCAs, and the outreach and education for those yet contemplated. In addition, the network will need to determine resource distribution across national, state and community-based efforts. Key will be starting with two or three of the most pressing needs that offer the greatest impact and building from there.

*“Membership in a CCA network would have to demonstrate value to our bottom line. We’re all for expanding CCA programs and building capacity, but right now the support we need is regulatory and legal in nature.”*

**DAWN WEISZ, Interim Director,  
Marin Energy Authority**

One area for careful navigation is the network’s role in local CCA advocacy and program implementation. It was generally agreed, though not unanimously, that network efforts should focus on the state and regional levels and should work through local organizations to provide support for local grassroots advocacy.

Clearly, the network will need to be clear about what it will and won’t take on. That discussion will be influenced by available resources and what is considered most important at the time. For now, it’s premature to set boundaries or recommend any hard and fast rules on the state/regional versus local issue.

**Finding #16: Participants envision a network that has the financial resources to add real value and impact.**

The network functions identified in Finding 14 carry with them significant funding needs, especially if the network chooses to participate in complex regulatory and legal issues. The network must carefully consider cost/benefit when taking on specific initiatives or projects. Better to do a few impactful things with adequate funding than try to do too much with thin funds. To be sustainable and financially robust over time, network funding must come from a variety of sources including membership dues, sponsorships, foundations, public and private-sector funding and, if appropriate, income from fee-for-service products and consulting services.

Note that the funding discussed here is separate from the recommended seed capital/revolving loan fund to support the planning phase of new CCAs. See recommendation #5 on page 19.

## 4. PROJECT RECOMMENDATIONS AND NEXT STEPS

### 4.1 Recommendations

**Recommendation #1: Create a network that is national in scope but gives priority to CCA states/regions with the highest prospects for success, fewest barriers to entry and the ability to garner support for new CCA programs.**

As of this writing, the CCA markets in California and Illinois are best positioned to expand, and the network should begin with initiatives and activities that support proof of concept in those two states. However, the network should remain open and responsive to opportunities in other CCA states and, as resources allow, provide information and advocacy in non-CCA states like Colorado, Oregon and New Mexico that may pursue enabling legislation in the future.

In addition, it is important to acknowledge the value of cross-state networking and information exchange as CCAs seek to expand and mature. As noted earlier, an organized network can serve as a “convening hub” and facilitate such opportunities for CCA practitioners and related stakeholders in multiple states.

**Recommendation #2: Build on current CCA efforts and the good work of knowledgeable energy professionals. In that spirit, consider the offer to expand on the work of the Community Choice Energy Council (CCEC).**

A small group of CCA practitioners in northern California has been periodically meeting and collaborating on operational and regulatory issues over the last two years. They have worked informally under the name Community Choice Energy Council, and their efforts have been successful, but limited, due to lack of dedicated staff or funding. Their efforts are illustrative of the kind of work the network would continue and build on. Examples include:

- Collaboration on amending a state bill to address unintended negative impacts on CCA
- Joint letter to the Office of the Attorney General of California to protest the proposed title on the PG&E-funded Proposition 16 ballot measure to effectively block CCA implementation
- Meeting with a consultant to the California Energy Commission to explore opportunities to educate the Commission on the potential of CCA to develop community-scale distributed renewable energy generation
- Meeting with lawyers in the office of the Attorney General to outline the methods employed by PG&E to hinder CCA implementation in five communities

In a recent strategy session with several members of this group, it was recommended that a new CCA network could absorb the CCEC and expand its participation and scope. Because no

other CCA network currently exists and the CCEC vision is aligned with the findings and recommendations in this paper, this opportunity makes sense.

**Recommendation #3: Start with an informal “hub and spoke” structure, perhaps with a fiscal sponsor; explore formal 501(c)3 or 501(c)4 designations as needed for fundraising and advocacy work.**

More study is needed to explore the efficacy of network incubation opportunities, fiscal sponsorship and the benefits and limitations of a 501(c)3 or 501(c)4 non-profit designation. Funder requirements and the type and degree of political advocacy will have significant bearing on these options.

**Recommendation #4: Bring diverse, committed and senior-level expertise to the table.**

Identify and recruit a small group of CCA, renewable energy and electricity experts with relevant business experience to champion the network, serve as its steering committee, and advance its goals. Work with this leadership group to determine policy goals, regulatory objectives and near-term education and outreach efforts. This group and other network members with fundraising expertise also can help with outreach to large funders and private investment. Finally, this group should be used as a sounding board for start-up issues like membership, staffing, finances, et al. Regular meetings, in-person and through video conferencing, are recommended to maintain focus and momentum.

**Recommendation #5: Find and organize the money. Identify, create or expand existing funds to incentivize new CCA programs.**

As mentioned several times in this report, access to capital for the early phases of CCA start-up is a major barrier to expansion. Bringing new sources of start-up capital to the table is probably the single most important contribution a CCA network could make at this time. An effective seed capital or revolving loan fund will require several millions of dollars and should be used to augment, not fully pay for, CCA feasibility and planning work at the local level. The CCA network also could be helpful in identifying existing sources, but should move beyond traditional resources such as foundation and government grants and tap private-sector (even venture capital) opportunities to help incentivize the market. Existing CCA vendors, large renewable suppliers and energy wholesalers also should be approached since they have the most to gain from an expanding CCA marketplace.

**Recommendation #6: Cultivate high-leverage, cooperative relationships that facilitate and advance CCA.**

Make it a priority to know and educate key policymakers at the state and local levels, reach out to energy companies large and small, regulatory commissions, industry trade groups and environmental organizations that could support CCA in some fashion. Continue network interviews and strategy meetings to generate interest and understand the opportunities and challenges that exist. Develop strategic alliances for policy work and regulatory efforts. Where possible, find “multiplier” opportunities and work through existing organizations

(such as the League of Cities and the Association of Counties) to reach policymakers and other large audiences of decision-makers.

**Recommendation #7: Revisit existing CCA recommendations from state commissions such as the CA Energy Commission’s 2009 report on CCA and consider some of the ideas offered during the project interview process.<sup>4</sup>**

Examples of some of the innovative ideas and practices that emerged during this project include: possible methods to incentivize investor-owned utilities that support CCA; the privatized model of municipal energy aggregation employed in Ohio; expansion of sponsoring/lead agencies for CCA (such as public water agencies); affinity aggregation that allows for different aggregated groupings (such as schools or hospitals), and the possibility of a regulatory and legal defense fund to help cover these expensive and critical functions.

**Recommendation #8: Expand the network and its impact by bringing national stakeholders together on a regular basis. Also provide educational opportunities on a statewide basis.**

In addition to regular meetings of the steering committee, webinars, workshops and the like will establish new professional connections, stimulate innovation and create opportunities for CCA expansion in new regions. The network should provide a range of content-rich learning and networking opportunities offered virtually and in-person at affordable rates.

**Recommendation #9: In these fiscally difficult times, place greater focus on the economic and workforce development rationale for CCA.**

Provide specific examples of “local dollars staying local” to help legislators and local governments understand how the aggregation of customers and redirection of ratepayer funds can work for their communities. Promote the opportunity CCA provides for economic development in low-income or blighted communities. Large-scale renewable generation projects in the Navajo Nation and solar installations on urban rooftops in poor communities are a few current examples. Provide specific data about how CCA spawns local energy programs, creates jobs and stimulates local investment. Finally, help local governments understand the long-term income generation benefits of CCAs, especially when they own their own supply and can sell excess power on the open market.

## **4.2 Open Questions/Issues for Next Phase**

The following are issues for which there was not full consensus and require further research for clarity and direction.

- 1) National versus statewide network and state/regional versus local focus
- 2) Informal network structure versus need for formal non-profit designation

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<sup>4</sup> To download the CEC’s report, go to <http://www.energy.ca.gov/2008publications/CEC-500-2008-091>.

- 3) Membership categories and dues structure
- 4) Incubated versus stand-alone network — opportunities and challenges
- 5) Strategic alliances — with whom, for what, when
- 6) Opportunities for networking and education — conferences, retreats, webinars, etc.
- 7) The national piece — how and when to bring six states together?

### **4.3 Proposed Next Steps**

The following are near-term steps (i.e., next 6 to 9 months) to advance the CCA network project and bring it to fruition. A budget and staffing plan will be developed to support this next phase of work.

- 1) Identify potential funders and secure grants for a small network staff, first-year workplan and start-up costs; consider incubation and partnership opportunities as they arise.
- 2) Recruit and convene a network steering committee/Board; clarify priorities, first-year objectives and begin the process of knowledge exchange among multi-state CCA leaders.
- 3) Continue outreach and interviews to garner support and awareness of CCA network.
- 4) Develop a capital campaign to fund the seed cap/revolving loan funds for CCA expansion.
- 5) Recruit network members to provide a revenue stream.
- 6) Policy and regulatory work — determine priorities, role and approach.
- 7) Develop a communications strategy that includes near-term opportunities to speak about CCA; train network members to give CCA presentations.
- 8) Create a logo/brand, website, social networks (e.g., Facebook and LinkedIn) and develop collateral materials about CCA and the network.
- 9) Contract for grant-writing, web and materials design and technical support as needed.
- 10) Bring the national CCA stakeholders together; consider co-sponsorship of first Annual CCA meeting in summer 2011.

## **5. CONCLUSION**

There is much to do and we have a lot to learn from one another. The playing field is set for the establishment of a CCA network that provides opportunities for knowledge exchange and innovation, coordination on key policy and regulatory issues, and expansion into new communities.

Given current economic conditions and related political constraints, significant funding will be required on a number of fronts. This includes funding for the formation of a CCA network and its projects. Equally important is the creation of a multi-million dollar seed capital or revolving loan fund to incentivize CCA expansion in new communities. In these cash-

strapped times, local governments will respond to funding that supports their early CCA planning work. Without this resource, program expansion will be far more difficult with much longer lead times than would otherwise be the case.

Reaching market scale for CCAs served by renewable resources is the vision of the community choice and local power movements. Successful CCA programs and continued “proof of concept” will ultimately reap the greatest benefits in terms of supportive legislative policies, effective regulations, and the institutionalization of CCA as a viable business model and cost-effective tool for the provision of local, clean energy.

A national scope with a state focus — perhaps starting with California and Illinois — appears to make sense, while remaining open to opportunities in other CCA states that may have the resources and political capital to get started. One major goal should be to identify emergent CCA cities in each state and help them get off the ground. By focusing on getting new communities in the game, the team will be forced to address each of the issues identified herein, and market scale will be achieved over time.

## ATTACHMENT A

### INTERVIEW QUESTIONS/DISCUSSION GUIDE

#### BACKGROUND/CCA MARKET QUESTIONS:

1. Please tell me about your organization and its role/interest in CCA.
2. What are the key reasons your organization is pursuing, considering or supporting CCA? Why of interest?
3. Who are the energy market players in your state, region that have greatest influence on CCAs? What are the retail energy choices or models currently available in your area?
4. What is your relationship with the incumbent utility and regulatory commission(s)?
5. Aside from the disposition of incumbent utilities, what do you see as additional market conditions (e.g., renewable supply or transmission issues) that either help or hinder the formation/expansion of CCAs in your state? What do you see as key local/regional needs in expanding the CCA concept? What "gaps" need to be filled, if any?
6. Are you aware of any energy policy or legislative activity (state or national) that would affect the viability of CCA in your state? Please explain.
7. What do you see as the best features of the CCA model in your state? What do you see as potential "flaws" or desired "legislative amendments" to the CCA model, if any?
8. Within the context of the CCA you are associated with, what has been working well? What do you see as key strengths or assets that support its long-term viability?
9. What have been the major challenges/hurdles thus far? What do you see as major roadblocks/challenges ahead?
10. Looking back (or imagining the future), what would have been helpful to your effort and what would be of greatest value now?

#### CCA NETWORK — ORGANIZATIONAL QUESTIONS

11. **Value Proposition:** Would a national or statewide CCA network be of value to CCAs in general and to your organization more specifically? How might such a network compliment your business now and in the future? Please be specific.
12. **Scope/Mission:** Should such an organization focus specifically on CCA or include other models of local/public/green power? Should its mission be to support the operation and expansion of existing CCAs *and* the creation of new CCAs? What are your thoughts about potential scope and mission?

13. **Products/Services:** If supportive of concept, what kinds of products or services would you find useful? Possible examples include:

- Information sharing and education: planning and development “best practice” tool boxes, operations support (webinars, retreats, conferences, local CCA briefings)
- Web-based information clearinghouse — legislation, policy and other documents, multi-media and videos, blog, etc.
- State/national policy and legislative advocacy
- Regional/local advocacy support for new program implementation
- Ancillary program information (e.g., EE, PACE/AB811, net metering, smart grid)
- Seed capital for new or expanding CCAs
- Legal, regulatory, communications/PR information (and funding?)
- Referrals for technical support, vendors, finance and grant referrals
- Fee-for-service activities/consulting

What are the current or future service needs/gaps that could be filled by such an organization?

14. **Organizational Structure:** Shall such an organization be housed within an existing non-profit or stand alone? Should this organization have dedicated staff or rely on an informal, volunteer network? Should this organization have a broad national focus, a state focus or combination of national w/ state chapters? Should this organization register as a c3 or c4? Is there a non-profit association model that you think works particularly well? Anything to avoid or not duplicate?

15. **Membership/Stakeholders:** What kinds of organizations or groups should be included in a CCA network? Who might be interested and for what reasons? Should we consider a primary and secondary membership model? In what ways would you like to be “plugged in” as a member of a statewide or national network?

16. **Financial Sustainability:** Would your company/organization be willing to support the ongoing operations and activities of a CCA network through membership fees and/or fees for service? To what level? Would your company be willing to provide some level of financial support for organization’s start-up? Suggestions for other funding sources?

17. **Existing Resources:** Are there other organizations doing similar work to that which is proposed? Are there additional resources/stakeholders to consider as we move forward?

## **ATTACHMENT B**

### **CCA REGULATORY AND POLICY ISSUES**

The following legislative and regulatory issues were identified during stakeholder interviews held June through August 2010. This list is by no means comprehensive, but is a starting point from which to discuss and identify priority regulatory and policy issues that could be pursued by a CCA network.

#### **Federal/State**

- Promote aggressive and consistent energy policy to support renewable market development via attractive financing and tax credits
- Pursue a national PACE program and related federal funding mechanism
- Improve feed-in tariff policies
- Establish national, consistent GHG reduction targets and compliance standards

#### **California**

- Oppose Proposition 23, suspension of AB 32 GHG reduction targets (failed)
- Oppose Proposition 26, 2/3 voter approval for new fees (passed)
- Track AB 722, change in California renewable portfolio standards
- Legislatively amend: definition of full cooperation, three-year hold provision, expansion of qualified CCA agencies (i.e., water districts), requirement that overlapping cities/county separately approve CCA in a single jurisdiction
- Track rate case and oppose flat generation rate and cost shifting to transmission and distribution
- Reassess calculations and process for PCIA/cost recovery surcharge (exit fees)
- Resolve public goods charge/EE funds

#### **Massachusetts**

- Influencing Legislation: Green Communities Act (2008)
- Issues around distribution and "transition charges"
- Virtual net metering (caps and incentives)
- Existing laws do not foster further expansion of CCAs

#### **Illinois**

- CCA law being amended to address utility interface issues
- Residential retail markets just opened up based on enabling rules; first CCA referendum passed
- Continuing market restructuring could happen
- Net metering law in place for systems up to 40KW with rollover provision
- State Renewable Portfolio Standards are weak

## **Ohio**

- CCA Governing Legislation found in SB 221
- The Public Utilities Commission has a market monitoring division to track customer switching
- Ohio Consumers' Council is a proponent of government aggregation (CCA)

## **New Jersey**

- Nothing reported during interview

## ATTACHMENT C

### CCA Program Matrix — Comparison by State *(updated as information available: August 2010)*

	Ohio	Massachusetts	Rhode Island	California	Illinois	New Jersey
<b>Opt-In vs. Opt-Out</b>	Opt-Out	Opt-Out	Opt-Out	Opt-Out	Opt-Out after referendum	Opt-Out
<b>Number of Participants as of Summer 2010</b>	2.0 million+/- 350+ Towns/Counties	160,000	None. Law passed and went into effect June 2002.	8,000 in Phase I of MEA's program	None; researching first program; first CCA referendum passed by city in Northern Illinois	None. Possible pilot in 2011.
<b>Average Rate Discounts</b>	6% in First Energy service territory — Northern OH; 30% in Duke Energy service territory — Southwest OH	1-2%	N/A	Competitive/matched pricing with double renewable content	N/A	N/A
<b>Opt-Out Rate</b>	5-8%	1%	N/A	18%	N/A	N/A
<b>Renewable Power? % Non Carbon</b>	89% fossil; 1% Hydro ; 10% Nuclear no appreciable green power	Green Power Option Available	N/A	Minimum 25% with 100% green option available; 78% carbon-free sources in year one	N/A	N/A
<b>Vote required to begin municipal aggregation</b>	Yes. Local government passes ordinance and then residents pass ballot initiative.	Majority vote of town meeting or town council	Adoption of ordinance by municipality and referendum	Majority vote of city or county's governing council	Referendum of majority voters within participating jurisdictions	Adoption of ordinance by city council
<b>Customer Notification</b>	Aggregator must notify all citizens of intent to switch providers if opt-out is not chosen. This task is delegated to the selected supplier.	Aggregator must notify all citizens of intent to switch providers if opt-out is not chosen.	Aggregator must notify all citizens of intent to switch providers if opt-out is not chosen.	Aggregator must notify all citizens four times during opt-out period of intent to switch providers if opt-out is not chosen.	Aggregator must notify all citizens of intent to switch providers if opt-out is not chosen.	Aggregator must notify all citizens of intent to switch providers if opt-out is not chosen.
<b>Law requires aggregate's price to be lower than customer would pay outside aggregate?</b>	No	No	In first year, unless it is shown to be lower in subsequent years or the higher cost is due to the purchase of renewable energy	No		Energy price has to be equivalent or below that supplied by local utility at the time of signature of contract with a third party supplier. Higher prices are possible with higher renewable energy content.

	<b>Ohio</b>	<b>Massachusetts</b>	<b>Rhode Island</b>	<b>California</b>	<b>Illinois</b>	<b>New Jersey</b>
<b>Registration Requirements</b>	Aggregator and marketer must register with the Public Utilities Commission of Ohio and aggregator must provide a plan of operations and governance with all fees and opt-out policy, and have two public hearings to explain the plan	Aggregator must have plan approved by Massachusetts Department of Telecommunications and Industry	Aggregator must have two public meetings about aggregation plan and submit plan to public utilities commission.	Aggregator must register with and provide implementation plan to Public Utilities Commission.		No registration requirements. Aggregator to provide copy of RFP and contract with a TPS for state Board of Public Utilities to comment on. Suggestions do not have to be accepted by aggregator.
<b>Time allowed for “free” opt-out</b>	21 days and every two years	180 Days	30 days and every two years	120 days		30 days
<b>Other aspects of deregulation law that encourage aggregation</b>	Utilities can only recover stranded costs if they lose 20% of customers to competition. Some aggregators are able to take advantage of low-priced, regulated “Market Support Generation” electricity. This was used to jump-start competition during the initial 5-year window.	Aggregators can receive public benefits fund money to run energy efficiency programs.			Partial deregulation; CCA law being amended to address utility interface issues  Net metering law in place for systems up to 40KW with rollover provision	
<b>Major Barriers</b>		Initially, state standard offer price was lower than wholesale price. Third party objections can slow contracting and affect price agreements.		Obstructionist utility tactics  Access to start-up funding		Unwillingness of municipalities to work together  Initial set-up costs
<b>Key CCA Organizations</b>	Northeast Ohio Public Energy Council (NOPEC)  Independent Energy Consultants  Northwest Ohio Aggregation Coalition (NOAC)	Cape Light Compact	RI League of Cities  RI Energy Aggregation Program	Marin Energy Authority  San Joaquin Valley Power Authority  San Francisco Public Utilities Commission	Galvin Electricity Initiative (non-profit sponsor)	Cooling America Thru Local Leadership (CALL) (non-profit sponsor)

	<b>Ohio</b>	<b>Massachusetts</b>	<b>Rhode Island</b>	<b>California</b>	<b>Illinois</b>	<b>New Jersey</b>
<b>Incumbent Utilities and Key Agencies</b>	American Electric Power (AEP) Dayton Power & Light (DP&L) Duke Energy ; First Energy Public Utilities Commission of OH OH Consumers' Council	NSTAR  National Grid (Western MA)	National Grid	Pacific Gas & Electric Co.  Southern CA Edison  San Diego Gas & Electric  California Public Utilities Commission  California Energy Commission	Com Ed, Ameren  Illinois State Power Agency  IL Competitive Energy Association	Public Service Gas & Electric (PSG&E)  Jersey Central Power & Light (JCPL)  Plus two other very small utilities
<b>Third Party Retail Suppliers to Residential Market?</b>	Yes, via direct offers or government aggregation programs (CCA)			No; direct access open to large commercial only; municipal aggregation allows access for residential.	No; alternative retail electricity suppliers serve large commercial customers; residential retail markets just opened up based on CCA enabling rules.	Yes
<b>CCA Enabling Legislation</b>	SB 3 — 7/6/1999 SB 221	HB 5117 — 11/25/1997	H7786, 2002 <a href="http://www.rilin.state.ri.us/BillText/BillText02/HouseText02/H7786Baa.pdf">http://www.rilin.state.ri.us/BillText/BillText02/HouseText02/H7786Baa.pdf</a>	AB117 — 9/24/2002 <a href="http://www.leginfo.ca.gov/pub/bil/asm/ab_0101-0150/ab_117_bill_20020924_chaptered.pdf">http://www.leginfo.ca.gov/pub/bil/asm/ab_0101-0150/ab_117_bill_20020924_chaptered.pdf</a>	Electric Service Customer Choice and Rate Relief of 97 (Customer Choice Law)	P.L. 2003, CH 24
<b>Influencing Laws (e.g., deregulation, GHG reduction targets)</b>	Ohio Revised Code 167 discusses the process to form a Council of Governments	Green Communities Act	RI Energy Restoration Act of 1996	Global Warming Solutions Act of 2006  Renewable Portfolio Standards	Utility Consolidated Billing Act  SB 1250: State RPS Expansion	Deregulation (EDECA 1999)

## **ATTACHMENT D**

### **PROJECT PARTICIPANTS AND CONTRIBUTORS**

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