ALAMEDA COUNTY
Community Development Agency

CCA Community Choice Aggregation

The County welcomes your participation and that of all interested stakeholders. As a stakeholder, you are invited to receive updates and notices about the County's exploration of a Community Choice Aggregation program.

Sign up for this Alameda County list serve at,
www.acgov.org/cda/planning/esubscribe.htm

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Frequently Asked Questions

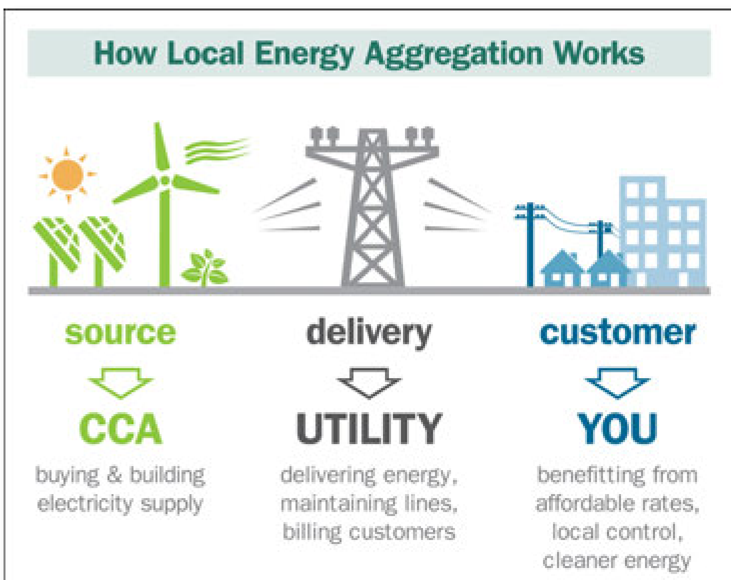
This document is intended to clarify questions about a potential Community Choice Aggregation (CCA) program in Alameda County. County staff is working with stakeholders and local government officials to examine the economic benefits, risks, and feasibility of CCA in Alameda County.

What is Community Choice Aggregation (CCA)?

Community Choice Aggregation enables the County and/or its cities to pool the electricity demand of participating communities' homes, businesses, and municipal facilities to buy and/or develop power on their behalf. The electricity continues to be distributed and delivered over the existing electricity lines by the incumbent utility, which is Pacific Gas and Electric (PG&E) in Alameda County.

How does CCA work?

The CCA operates as a non-profit public agency with a publicly accountable board of directors. Based on the values of participating communities, the CCA can choose what type of electricity to purchase and where the electricity originates (or is produced) geographically. This means that the CCA program can buy renewable, low carbon emission energy and support the State and local economy by purchasing energy produced in the State of California, regionally and locally. It can also offer locally tailored energy programs and attractive financial tools that support energy efficiency programs, ownership of rooftop solar and other renewable technologies and strategies.



Is CCA a market-based approach?

Yes, CCA is a market-based approach enabled through Public-Private Partnerships. Unlike other services such as phone, cable, and internet, owners of homes and businesses do not currently have a choice of electricity supplier. As a regulated monopoly, PG&E does not have any competitors forcing them to provide lower rates, cleaner energy, or innovative services. What makes CCA so powerful is that it supports several levels of market competition: first by providing a choice to consumers and second by sourcing its power through a competitive process whereby private energy companies and project developers compete to provide clean power at the lowest price.

Are CCA programs successful?

Community Choice Aggregation is currently available in seven states including California, Illinois, Massachusetts, New York, Ohio, New Jersey, and Rhode Island. CCA is a flexible tool that is successful in both small rural counties and in large urban cities. In California, Marin Clean Energy was the first CCA program in the state. It started with 14,000 customers three years ago and now has over 165,000 customers. Sonoma County also successfully launched a CCA program in 2014, and the City of Lancaster began its own program in May 2015, and the City and County of San Francisco will launch its program in May 2016.

What other California Counties/Communities are exploring CCA?

Communities throughout California are exploring CCA, including the cities of San Francisco and San Diego, San Mateo County, Monterey County, San Luis Obispo County, Santa Cruz County, San Benito County, Santa Barbara County, Yolo County, and several cities in Silicon Valley.

How will customers be impacted if a CCA is created in Alameda County?

Day-to-day, most customers will not notice any change other than a CCA line item on their utility bill that replaces PG&E electric generation charges with the CCA's electric generation charges. The real difference is that the electricity procured on their behalf is cleaner, with fewer greenhouse gas emissions than what is currently offered by PG&E. In addition, customers will probably notice that their electric generation rates are lower and remain more stable, and that they have access to new energy efficiency and other clean energy programs helping to make their home or business more comfortable and cost effective. They may also notice more clean energy projects going on in their community (e.g., new solar installations on schools or municipal buildings).

How would an Alameda County CCA be funded?

Like any worthwhile investment, CCA formation requires an initial start-up investment and an attractive return. Start-up costs are estimated at about $3.25 million. This small investment establishes a much larger publicly held joint powers agency focused on clean energy and investment of electricity revenues here at home. After operation begins, the CCA is self-funded through ratepayer revenues and the start-up investment provided by the County will be paid back.

Are all cities in the County required to participate?

A CCA does not have the authority to compel any city to participate, and any city can choose to remain with the original utility (in this case, PG&E). A City may also decide to join at some point after CCA program establishment.

Would customers have to participate in a CCA if they are in the service area?

No. Although the CCA would become the default service provider of electricity for the County and any participating cities, customers always have the choice to purchase their energy from the existing investor-owned utility company. Prior to the beginning of a CCA's operation, all electricity customers will receive at least four "opt-out" notices during a sixty-day period at which time anyone can opt-out of the program at no cost. There is an additional sixty-day period after the start of the program during which any customers can opt out at no cost. After that, customers may still opt-out for a nominal fee. After opting-out, the customer is prohibited from returning to the CCA for a period of one year.

Will taxes increase?

A CCA does not have the ability to tax and has no impact on taxes. A CCA is completely revenue funded, requiring zero tax dollars from customers or participating communities.

What about PG&E? Where do they fit in?

PG&E remains an important partner in an Alameda County CCA program. Under a CCA, PG&E continues to deliver reliable power, maintain the power lines, respond to service outages, and handle customer billing. Customers will still notice PG&E's distinct blue service trucks working in their neighborhood and community. Alameda County is committed to supporting a successful partnership with PG&E. PG&E is an investor-owned utility, operating as a regulated monopoly by the State of California. Under its agreement with the State, PG&E is guaranteed an annual shareholder return to reliably deliver power and to build and maintain power lines. Per statute and codified in the CCA/Utility Service Agreement, PG&E must fully cooperate with any community that wishes to form a CCA program.

Would County or City General Funds be at risk?

Within the joint powers agency structure, there is no risk to local government general funds. A CCA's budget is completely separate from the general funds of participating local governments, protecting both local governments and the CCA. Additionally, pressure on general funds may be alleviated due to an increase in financial and human resources focused on energy and climate goals throughout the region.

How would a CCA's rates compare to current rates?

Studied observation of both forming and operating CCAs in California indicates that rates will be competitive with PG&E and are likely to remain so for the foreseeable future. Though there is no guarantee, Community Choice Aggregation programs in California and other states have frequently offered lower rates than their investor-owned utility competitors.

How would a County / Regional CCA be structured?

A CCA operates as a non-profit public agency with a publicly accountable board of directors made up of elected officials from participating communities. A CCA uses a very common legal structure for municipal public entities called a Joint Powers Authority (JPA). The JPA creates a legal structure that separates participating local governments and the CCA from any transfer of financial risk. Since a CCA operates as a public business, it would strategically maintain a lean staff; operation and administration expenses in both Marin and Sonoma account for only 5-6% of their CCA's overall operating budget.

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How is a CCA program set up?

Local governments must pass an ordinance to join a CCA program, and the CCA agency must draft an Implementation Plan that is approved by the CPUC. This is typically done after an initial technical study to determine the amount of electricity that will be required and to examine a CCA's ability to be cost competitive with PG&E. The Implementation Plan outlines how the CCA will function, how it will set rates, how it will procure electricity, and how it will carry out all other functions required under CPUC regulations.

Isn't renewable power more expensive than regular electricity? Wouldn't a CCA's rates be higher?

The dominant trend over the past thirty years for the classic fossil-fueled source of electricity has been towards increased costs. The dominant trend over that same time period for renewable energy has been towards decreased costs, and this trend continues to accelerate. Once the initial investment is made, the fuel for most renewable technologies, like wind and solar, is free. In many places in the United States, including California, renewable energy is competitive or cheaper than fossil fuels. California has abundant solar, geothermal, wind and (potentially) tidal energy resources that have yet to be tapped. To date, CCAs in California have been able to offer 25-30% cleaner energy at lower costs to the customer than PG&E.

What about natural gas? Isn't it cheap right now?

Yes, compared to historical levels, natural gas is inexpensive right now. Future natural gas prices are uncertain, however, and many experts expect prices to rise in the near future when considering increasing US exports to meet growing demand in developing markets such as China and India. A CCA would strive to achieve the best balance between cost and environmental benefits, which may include a natural gas component. Some CCA programs, however, have made policy decisions to not procure coal or nuclear resources to supply their local power needs.

Do the electrons purchased or generated by the CCA actually go to my house?

No, when we say that the CCA supplies power to customers, we mean that the CCA puts the same amount of electricity onto the grid that its customers use. When the individual electrons from all power resources go onto the grid no one can determine which electrons go where. Think of it as depositing $100 in one ATM and taking out $100 in another. It's not the same $100 bill, but it's still your money. One can think of electricity in the same way. If you consume 500 kilowatt-hours in a month, the CCA must supply 500 kilowatt-hours to the grid on your behalf. The advantage of a CCA is that what's supplied to the grid on your behalf can be both cleaner and less expensive than what PG&E is putting on the grid.

If I installed solar panels on my home or business, would I need a Power Purchase Agreement to sell our excess energy to a CCA?

No. This is called net metering, and the CCA would be able to offer property owners fair market rates for their excess energy production without a Purchase Power Agreement, even if that solar installation took place before the CCA launched. CCAs have been able to offer better net metering rates for customers who generate surplus electricity, and those customers would automatically be enrolled into a CCA's net metering program, unless they choose to opt-out and remain with PG&E. Larger solar projects that are "in front of the meter" can also be facilitated under a CCA's feed-in-tariff program which uses a standard power contract with set prices to buy all the power generated from that facility on behalf of CCA customers.

Are there other websites/resources I can check out?

Yes.

For information about Marin's CCA program, visit:
www.mcecleanenergy.com

For information Sonoma's CCA program, visit:
www.sonomacleanpower.org

For general information about CCA, visit:
www.leanenergyus.org

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