



**Redwood Coast  
Energy Authority**



# **Community Choice Aggregation Introduction and Overview**

**Presented to the RCEA Board**

**May 21, 2007**



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## **What is Community Choice?**

- **Community Choice was created by the California Legislature in 2002 (AB 117, Migden).**
- **The law was passed in the wake of the energy crisis which had revealed significant flaws in the way that utilities procured electricity for their customers:**
  - **Reliance on volatile, short term markets.**
  - **Inadequate electricity supplies and blackouts.**
  - **Increasing dependence on natural gas fueled generation.**



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## **Community Choice Aggregation:**

- **Provides an opportunity for local government (cities, counties, or combinations) to purchase electricity on behalf of their constituents.**
- **Is only for the purchase of electricity; the delivery, metering, billing, operation and maintenance of wires remains the responsibility of the local utility.**
- **Is voluntary and gives customers a means to control their energy costs and sources through participation in the program.**



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## Community Choice Power System





## **Is Community Choice the same as forming a municipal utility?**

- **No! With Community Choice the local community is just contracting for electrical power supply.**
- **The electricity is delivered to the customer's home or business over the existing wires that are owned, operated and maintained by PG&E.**
- **The customer will see no difference in service between taking power from a CCA program or from PG&E. In fact they will continue receive a single bill for electricity that will be issued by and paid to PG&E.**
- **Forming a municipal utility would include replacing PG&E with a locally-owned utility (either via new construction of wires or condemnation of existing wires).**



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## **Who can participate in a Community Choice program?**

- **All electricity customers within the jurisdictional boundaries of the aggregator (city, county or combination) are allowed to participate in the CCA program.**
- **The customer has the explicit right to opt out of a CCA program if they so choose.**
- **Customers stay in unless they opt out. They can opt out prior to CCA initiation. Once an initial period has passed those that then opt out will be subject to exit fees.**



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## **What are the benefits of Community Choice?**

- **Reduced dependence on fossil fuels.**
- **Increased use of renewable generation.**
- **Reduced greenhouse gas emissions.**
- **Local control of rate setting.**
- **Long-term rate stability.**
- **Potential for lower electricity rates.**
- **Access to low-cost capital for local energy projects.**
- **Economic growth – dollars stay in local economy.**
- **Personal choice.**



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## **What are the risks of Community Choice?**

- **Lack of local experience in negotiating power purchase agreements.**
- **Volatility of energy prices.**
- **Potential for higher rates (especially in early years).**
- **Future regulatory uncertainty.**
- **Subsidy shifts.**
- **Issues unique to Humboldt County – isolation and transmission constraints.**



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## **What other communities are pursuing Community Choice?**

- **Kings County, Fresno & 12 area cities**
- **San Francisco**
- **Oakland**
- **Berkeley**
- **Emeryville**
- **Chula Vista**
- **Marin**
- **Pleasanton**
- **Many others.....**



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## **What are the steps to creating a Community Choice program?**

- **Submit letter of interest to the CPUC (from each potential jurisdiction).**
- **Contract for *Feasibility Study* (Phase I).**
- **If favorable, contract for *Implementation Study* (Phase II).**
- **Form new JPA (if multi-jurisdictional).**



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**Is Community Choice a good fit for  
Humboldt County?**

**What is the role of RCEA in answering this  
question?**