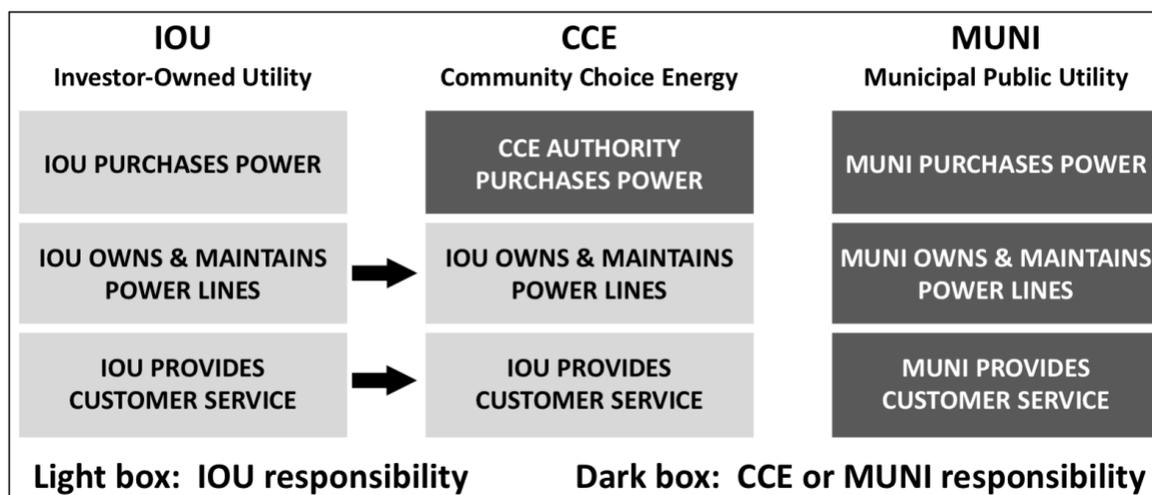


## Community Choice Energy (CCE) — A Good Option for Colorado Communities

### WHAT IS COMMUNITY CHOICE ENERGY?<sup>1</sup>

- CCE would allow cities and counties, or groups of cities and counties, that are served by an investor-owned utility (Xcel or Black Hills), to choose alternative wholesale electricity suppliers on behalf of their residents and businesses.
- Electricity would still be delivered by the utility, which would continue to own and operate its power lines. This differs from a municipal-owned utility, which is responsible for all the functions performed by an investor-owned utility, not just the electricity supply like a CCE. **See graphic below.**
- Individual customers would be able to opt out of the CCE and purchase their electricity from the utility as traditional "bundled service" if they wish. Typical opt-out rates in California are 5-10%.

#### *Functions Performed by an IOU, a CCE, and a Municipal Electric Utility.*



**With CCE, the community chooses electricity suppliers but does not own or operate power lines.**

### CURRENT STATUS OF CCE IN COLORADO

- [House Bill 21-1269](#) directed the Public Utilities Commission (PUC) to investigate how CCE would work best if it is authorized in Colorado, including identifying lessons learned from other CCE states.
- The PUC report on CCE was issued in Dec. 2022 ([PDF](#)). The report summarizes participant comments and expert presentations, and lists "pros" and "cons" of allowing CCE in Colorado. A "Summary and Response" to the PUC report was also filed, which addresses the "cons" ([PDF](#)).
- Draft CCE enabling legislation has been written. This bill improves upon prior generations of the "wholesale, opt-out" model of CCE by including ideas and lessons from the PUC investigation.
- There is currently an identified House sponsor of the CCE enabling legislation. Please stay tuned to see whether this legislation is introduced during the 2023 legislative session.

<sup>1</sup> CCE is also known as "Community Choice Aggregation" (CCA) in some states.

## **A FEW KEY FACTS AND COMMON MISCONCEPTIONS**

- **CCE has nothing to do with "retail choice" or "deregulation"** as in the 14 states where individuals can shop among many retail electricity providers. Rather, Colorado is considering the "wholesale, opt-out" model of CCE, where the choice of electricity supplier is made at the community level. "Retail choice" has several downsides that are not relevant to CCE.
  - **By design, CCE cannot harm low-income or any other customers.** Any customer can opt out of the CCE for any reason and purchase their electricity from the utility as they do now.
  - **Wholesale electricity markets are not needed for CCE to work in Colorado.** Colorado already has 29 municipal electric utilities that procure their electricity using bilateral contracts and federally-guaranteed open-access transmission, and CCEs could do the same.
  - **CCE is for communities of all sizes.** Some large cities may form a CCE that is governed by their City Council, but the norm is for multiple cities and/or counties to join together to share administration and combine their purchasing power, governed by a Board of elected officials from each member jurisdiction.
  - **CCE would likely accelerate the clean energy transition.** CCE enabling legislation will ensure that the same state renewable energy and emissions reduction policies that apply to investor-owned utilities also apply to CCEs. Over the last decade, California CCEs have purchased more than twice as much renewable energy as required by state policies ([source](#)).
  - **CCE can offer electricity that is both cheaper AND cleaner than utility power.** Appendix C of the PUC report highlights Marin Clean Energy and Peninsula Clean Energy, which both offer cleaner energy at lower rates than the utility, 100% renewable energy in the case of MCE (today, not in 2030 or 2050).
  - **Colorado will benefit from the experiences of other CCE states.** Colorado's CCE legislation is the third generation of the "wholesale opt-out" model of CCE, following California's trailblazing model. Oregon's CCE legislation addressed shortcomings in the California model, and Colorado's legislation will improve upon Oregon's by incorporating ideas and lessons learned from the PUC investigation.
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## **REASONS TO SUPPORT ALLOWING A CCE OPTION IN COLORADO**

- **The possible benefits of CCE are substantial:** lower electricity rates; getting cleaner electricity faster; more innovative and locally relevant customer programs; choice and local control on energy matters; and more energy dollars remaining in the community for economic development and jobs.
- **CCEs are nonprofits**, with no shareholder interests to serve. Savings are passed on to customers.
- **CCE is a proven model** that is implemented in 10 states ([source](#)). It is very successful and growing quickly in California ([source](#)), which is a regulated state with monopoly utilities similar to Colorado.
- **CCEs are laboratories of innovation** that learn from each other and often provide innovative customer programs that utilities aren't inclined to offer beyond legal requirements because they are less profitable, such as energy efficiency, demand-side management, and distributed energy resources programs.
- **Competition benefits everyone**, including customers of the utility. When communities have a choice, it provides pressure that drives utilities to prove that the community doesn't need CCE to reach its energy goals. Competition drives down costs and increases innovation. Competition is the American way.
- **Communities deserve to have a choice.** CCE is a local decision. It might be a good fit for some communities and not for others, but either way, choice is better than choiceless.
- **There are no significant reasons to prevent communities from evaluating electricity suppliers.** CCE simply opens up an option that communities can evaluate in terms of their own priorities and goals.