Community Choice Energy, and the CCE Study Bill

Subject: A Bill to study Community Choice Energy (CCE) as a means of addressing community renewable energy goals quickly and cost-effectively.

Summary:
This document describes the idea of Community Choice Energy (CCE), and the "CCE Study Bill" that was introduced by Representative Edie Hooton and passed out of the IOU Review Interim Committee as a Committee Bill on Oct. 3, 2019. The bill authorizes two studies that would assess the feasibility of CCE in Colorado and answer key questions that would reveal whether CCE would be beneficial to Colorado communities and the State. The two components of the bill are:

- A Financial and Technical Feasibility Study of CCE conducted by a third party and overseen by the Public Utilities Commission (PUC).
- A PUC docket to study the regulatory implications of CCE, answer key questions posed in the bill, and report conclusions to the legislature.

The purpose of this document is to introduce CCE and to seek support for the CCE Study Bill so that we can all learn whether the promise that CCE holds for addressing community energy goals quickly and cost-effectively has merit.

Overview of CCE:
Community Choice Energy is a policy mechanism that allows cities or counties, or groups of cities and counties, to combine their purchasing power and choose alternative wholesale electricity suppliers on behalf of the residents, businesses, and municipal facilities in the jurisdiction. The electricity is still delivered by the incumbent investor-owned utility (IOU), which continues to own and operate its transmission and distribution system (the "poles and wires"). Individual customers can opt out of the CCE if they wish, and purchase their electricity as traditional "bundled service" from the IOU.

CCE would introduce an element of competition and community-scale choice into our electricity system, likely driving lower rates and cleaner energy, while maintaining the viability and financial strength of our utilities. CCE could also provide communities that have ambitious renewable energy goals with a means to reach those goals quickly and cost-effectively. CCE aligns with the Governor's "Roadmap to 100% Renewable Energy by 2040," which includes the high-level goal: "Support local commitments to 100 percent renewable energy."

Colorado has the advantage of being able to study the experiences of California, a CCE leader, and other CCE states, to identify best practices and lessons learned, and incorporate these learnings from the start.

\[1\] Also widely known as Community Choice Aggregation (CCA).
Background resources about CCE and the CCE Study Bill:

- **CCE Study Bill** (PDF) - The two components of the CCE Study Bill are a feasibility study and a PUC docket. It is the wholesale, opt-out model of CCE that is being proposed, not the retail CCE model in the deregulated (“retail choice”) states.

- **CCE FAQ** (PDF) - Answers to key questions about CCE and the CCE Study Bill.

- **CCE Presentation** (PDF) - Overview of CCE; how it works; why it should be considered in Colorado; rate examples; impact on utilities, etc. Presented by national CCE expert Shawn Marshall of LEAN Energy to the Energy Legislation Review Interim Committee.

- **White paper**, "A Strategy and Six Ways to Address Community Energy Goals" (PDF). The wholesale, opt-out model of CCE is one of the Six Ways (section 3.1).

How CCE would work, if enabled:

- The state passes enabling legislation and develops program regulations.

- Local governments may pass an ordinance to buy electricity from wholesale suppliers and/or generate their own.

- As an opt-out program, the CCE becomes the default electricity provider and handles customer enrollment in any community that chooses to pursue it.

- Customers always have the choice to opt out and return to “bundled” utility service.

- The utility remains responsible for metering and billing, customer service, and power delivery.

- Cities continue to receive franchise fees; CCEs do not affect franchise agreements.

- CCEs are governed locally and managed professionally, similar to other municipal services such as public power, sewer and water.

- CCEs are required to comply with state and local laws, and the Public Utilities Commission continues to play a role in regulation.

Why consider CCE in Colorado?

- More competition and community choice in our electricity system would drive lower rates and cleaner energy.

- Local governments would have more choice and control over their energy sources, energy costs, local generation, and local energy programs.

- Local economic development - creates local jobs, and keeps energy dollars circulating locally.

- Many communities have renewable energy goals that are more aggressive than either Xcel's 100% by 2050 goal or the Governor's 100% by 2040 goal. CCE would provide communities a means to reach their energy goals quickly and cost-effectively.
Why support the CCE Study Bill?
Stakeholders – which include organizations that favor accelerating the clean energy transition, and Colorado communities with ambitious renewable energy and climate goals – need more control over their energy sources, energy costs, and local energy programs, ideally in a way that promotes local jobs and economic development. Community Choice Energy seems to offer all of this, but what is needed before pressing forward with CCE-enabling legislation is a greater understanding of just how CCE would work in Colorado, and that is the purpose of the CCE Study Bill.

To be clear, CCE-enabling legislation would only move forward if the conclusions of the Feasibility Study and the PUC docket indicate that it would be beneficial for Colorado. Getting answers to key questions that are specified in the CCE Study Bill is in everyone's interest, and we ask for your support to move this bill forward. Broad support from legislators, community leaders, organizations, and individual citizens will be needed to overcome likely opposition from vested interests to even studying CCE.

How to support the CCE Study Bill:
Support will be needed throughout the regular legislative process, especially during Committee hearings and just prior to floor votes. But first things first. We (Rep. Edie Hooton and the contacts listed below) are seeking support from such organizations as CC4CA, Sierra Club, individual CC4CA members and "Ready for 100" cities, and many other organizations and interested citizens who think we should know more about the viability, costs and benefits, and opportunities of CCE in Colorado.

Please consider taking the following supportive actions:

• Contact Rep. Edie Hooton or Larry or Dan to indicate your support, and also whether you might be willing to sign onto an endorsement statement.

  Rep. Edie Hooton, ediehooton@gmail.com
  Larry Miloshevich, larry@EnergyFreedomCO.org
  Dan Greenberg, dan@EnergyFreedomCO.org

• Cities – Ask your City Council to pass a resolution in support of the CCE Study Bill, and inform Rep. Hooton of your city’s support.

• Legislators - Please contact Rep. Hooton with any questions about the Bill, or to discuss possible co-sponsorship.

Thank you for your consideration!