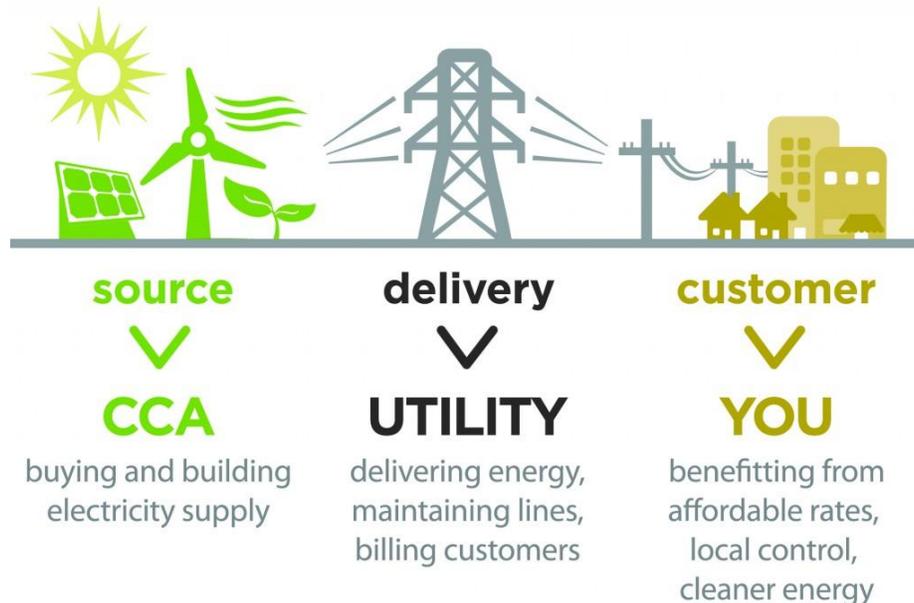


## COMMUNITY CHOICE AGGREGATION

### Market-based, Flexible & Local

Community Choice Aggregation (CCA), also known as Community Choice Energy (CCE), is a program that enables city and county governments to pool (or aggregate) the electricity demand of their communities for the purpose of supplying electricity. A CCA buys and/or develops power on behalf of the residents, business, and government electricity users in its jurisdiction. The electricity continues to be distributed and delivered over the existing electricity lines by the incumbent utility-which is San Diego Gas and Electric (SDG&E) in San Diego County.

### How Local Energy Aggregation Works



### Why Do It?

Through a CCA, local governments and their constituents are achieving a powerful range of objectives:

- Competitive, often significantly lower, electricity rates
- Transition to a cleaner, more efficient energy supply
- Consumer choice, consumer protection, and local control
- Local jobs creation and economic development
- Local delivery channel for new and existing energy programs such as feed-in-tariff, net energy metering, energy efficiency retrofits, PACE, distributed rooftop and community-shared solar, and demand response technologies
- Development of new power projects to augment contracted power

### Why are so many local governments considering CCA?

CCAs provide consumer choice where none currently exists and have also resulted in lower electrical generation rates. In addition, CCAs provide communities with local control over their energy supply, allowing them to increase the amount of electricity procured from renewable sources, such as solar, wind, and geothermal. CCAs can also develop innovative energy programs tailored specifically to their communities and support the development of local renewable energy projects. Finally, CCAs introduce competition into the energy market, which helps drive costs down, stimulate new energy investments,

and diversify power choices. Customers in a CCA jurisdiction can choose to stay with the CCA program or return to SDG&E's generation service at any time; customers always have the power to choose.

### **How are CCAs funded?**

All CCAs, once they are operational, are completely ratepayer funded and are not subsidized by taxpayer dollars. Ratepayer revenues for electrical generation services that currently go to the incumbent utility (SDG&E), are re-directed to the CCA program which becomes the City or County's default provider of electrical generation services. CCA start-up funding can be provided by a municipal government, a local agency, grant, or other source. All start-up funding is recoverable through early program revenues. If implemented in Solana Beach, the start-up funding would be provided by a partner selected through a request for proposal process.

### **What are the economic advantages of CCA?**

In addition to the potential for customer rate savings and the economic value of ratepayer revenues serving our community rather than a utility territory ten times our size, CCAs can accelerate the development of local renewable energy projects and programs and facilitate other energy innovations such as energy efficiency retrofits, home area networks, battery storage and EV charging stations to name a few. This translates into the potential for new local services and consumer benefits as well as significant regional and local jobs creation. It should be noted that renewable energy facilities provide many more jobs per unit of investment than traditional natural gas and coal plants.

### **What are the environmental advantages of CCA?**

CCAs can choose to purchase from and develop electricity sources that are more heavily weighted towards renewable energy and carbon free power resources. The production and burning of traditional energy sources, such as coal and natural gas, generates large amounts of GHG emissions into the atmosphere. These GHG emissions are a leading cause of pollution, climate change and unhealthy air quality. By substantially changing what is put on the grid on behalf of its customers, CCAs are making a significant and rapid impact on lowering greenhouse gasses and improving environmental quality.

### **If the power goes out, will SDG&E still fix a CCA customer's outage problem?**

Yes, SDG&E continues to provide the same delivery, line maintenance, and customer services regardless of whether that home or business is part of the CCA program.

### **Has this been done in other areas and what are the results?**

There are four CCA programs up and running in California: Marin Clean Energy (MCE) in Marin County, Sonoma Clean Power (SCP) in Sonoma County, Lancaster Choice Energy (LCE) in the City of Lancaster and Clean Power SF in San Francisco. All of these CCAs are offering their customers 20-50% more renewable energy than the incumbent utility at prices that are competitive and currently lower than the utility's rates. MCE and SCP are also procuring and co-developing in-state and local renewable resources and offering specialized energy programs designed for their local service areas. There are many local governments in California currently investigating CCA's potential for their communities.

### **How does a CCA procure electricity?**

A CCA must submit a plan to the California Public Utilities Commission (CPUC) that specifies how it will meet and purchase estimated electricity demand for its service area. Once the plan is approved, CCAs negotiate the purchase of electricity on the open energy market by entering in power purchase agreements (PPAs) with energy providers. These PPAs can be long or short term, depending on the needs of the CCA and type of energy being provided. A CCA can also sponsor a bidding process whereby project developers can bid to build new electricity sources solely for CCA customers. Through a utility service agreement, the power a CCA procures is transmitted over SDG&E's power lines.

### **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. The electrical grid is analogous; if you consume 500 kilowatt-hours in a month, the CCA must supply 500 kWh 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 SDG&E is putting on the grid.

### **What are the risks?**

As with any enterprise, there are some risks. The good news is that the key risk factors have been well mitigated and continue to receive close monitoring and management. Risks associated with CCA generally fall into four categories: energy market and price risk, customer opt-out risk, regulatory and legislative risk, and political risk.

### **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 is 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 SDG&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.