Community Choice Aggregation:
Frequently Asked Questions

Q: *What is Community Choice Aggregation?*
A: Community Choice Aggregation (CCA), is a program that enables local governments to pool (or aggregate) the electricity demand of their communities in order to increase local control over electric rates. Often called Community Choice Energy, a CCA buys and/or develops power resources on behalf of the electricity customers in its jurisdiction to control costs, offer more renewable energy options and reduce greenhouse gas (GHG) emissions. Southern California Edison would continue to provide all transmission and distribution of electricity in our area, as well as provide system maintenance and customer service. Areas served by an existing publicly owned utility, such as Imperial Irrigation District, are not eligible for CCA programs.

Q: *Why are so many local governments considering CCA?*
A: There are several CCA programs currently operating throughout the state, and dozens of others in developmental stages, each of which is focused on benefits such as these:

- CCAs introduce competition into the energy market, which helps drive costs down, diversify power choices and stimulate new investments in renewable energy.
- CCAs offer local control, providing customers and municipalities a choice regarding their electricity supply.
- Revenues from CCA programs can be invested locally, creating jobs and encouraging energy investments.
- Consumers can increase the amount of electricity from non-polluting renewable sources including wind, solar and geothermal energy. In the Coachella Valley, a CCA offers a way to advance local renewable energy resources and help meet statewide requirements for greenhouse gas reduction.
- Existing CCAs offer a “default” option that is both cleaner and cheaper than the incumbent utility, as well as a voluntary, 100% renewable energy option offered at a rate premium.

Q: *How is a CCA financed?*
A: A CCA is a self-funded, not-for-profit public agency created to ensure that any financial benefits directly serve its community members. Once launched, a CCA is completely funded by program revenues—not taxpayer dollars. Start-up costs may be financed by member agencies, banks or other lenders; these costs are paid back once revenues from the sale of electricity accumulate. Surplus funds generated by the CCA may be reinvested back into the community in the form of lower rates, or new energy projects and programs that serve the entire customer base.

Q: *Who governs and administers the CCA?*
A: There are options for governance. For the Coachella Valley, a new joint powers authority (JPA) has been formed, to be governed by a Board of Directors that is made up of elected representatives from each of the participating jurisdictions. The board will schedule regular meetings that will be open to the public, ensuring transparency and encouraging community involvement. Formation of a CCA through a Joint Powers Authority does not require contributions from participating member agencies. With a JPA, the assets and liabilities of the CCA program remain separate from those of the participating agencies’ general funds.

Q: *How will the CCA set its rates?*
A: The CCA Board of Directors will have the authority to set electric generation rates for our customers, after they are carefully developed, discussed, evaluated and approved at public meetings. To date, existing CCAs in California offer

competitive electricity rates, currently ranging from 3%-6% lower than investor-owned utility (IOU) rates, depending on the customer class and CCA option each customer chooses. CCA rates generally adjust once per year, offering a greater measure of rate stability compared to IOUs. Because publicly managed CCAs are non-profit agencies, they don't pay shareholder dividends, investor returns, high corporate salaries or income taxes like commercial services or investor-owned utilities – further lowering the costs. Initial studies estimate that a CCA program could save ratepayers millions of dollars over the next 20 years.

Q: *What are the options for customers to opt-out and, if they change their minds, opt-in to a CCA at a later date?*
A: Customers have a choice, to stay with the CCA or opt out. A new CCA is required to send a total of four notices to customers: two notices prior to commencement of CCA service, and two notices during the 60-day period following commencement of CCA service. Customers who opt out before or within the first 60 days of CCA service may return at any time. Customers who opt out after the first 60 days of service with a CCA will be prohibited by Southern California Edison from returning for one year, after which they may return to the CCA.

Q: *Will creation of a CCA require setting up a new bureaucracy? Isn't the private sector better at managing the complexity of today's electricity markets than the public sector?*
A: Setting up a CCA program does not require hiring a large staff to manage the tasks of running it. CCA tasks and functions can be handled through contracts with existing public and private sector organizations with significant CCA expertise and experience. The Coachella Valley's CCA would be a public-private partnership that takes advantage of the opportunities offered by both the private and public sectors. Private sector companies with CCA and power purchase expertise will be part of the team, to carry out many of the functions associated with a CCA program.

A CCA is more a matter of public control over critical resources required to sustain our communities and a way to take advantage of unique and cost-effective financial opportunities available only to the public sector based on local input. In fact, public utilities have a long track record of providing power supply services at lower cost than their private-sector counterparts.

Q: *How would a CCA benefit the local economy and our local renewable energy opportunities?*
A: In addition to the potential for customer rate savings and the economic value of ratepayer revenues flowing into our communities rather than to the investor owned utility, CCAs can accelerate the development of local renewable energy projects and facilitate other energy innovations such as community solar, energy efficiency retrofits, battery storage and electric vehicle charging stations, to name just a few. This translates into the potential for new local services and community benefits as well as significant job creation, both locally and regionally. It should be noted that renewable energy facilities provide many more jobs per unit of investment than traditional natural gas and coal plants.

Q: *What are the environmental advantages of CCA?*
A: Under a CCA, Coachella Valley ratepayers can choose to purchase and develop electricity resources that are cleaner and carbon free. The production and burning of traditional energy sources, such as coal and natural gas, generates large amounts of greenhouse gas emissions into the atmosphere. These GHG emissions are a leading cause of pollution, climate change and unhealthy air quality. By substantially changing the type of energy fed into the grid on behalf of their customers, CCAs are already making a substantial and rapid impact on reducing greenhouse gas emissions and improving environmental quality.

Q: *How does a Community Choice Aggregation program affect low-income customers with special rates?*
A: Customers who receive a special rate from Southern California Edison will be transferred to CCA service with no changes to their special or optional rates, in most cases. For example, customers participating in CARE (California Alternate Rates for Energy) will continue to receive the CARE discount when their account is transferred to CCA service. Their account automatically remains with these programs (CARE, Family Electric Rate Assistance (FERA)) and they do not have to do anything.

Q: *If I installed solar panels on my home or business, would I need a Power Purchase Agreement to sell the excess energy to a CCA?*
A: 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. Existing CCAs have been able to offer better (retail) net metering rates and cash payments for customers who generate

surplus electricity. Net Energy Metering customers would automatically be enrolled into a CCA's net metering program unless they choose to opt-out. Several existing CCA agencies also offer feed-in-tariff programs. 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.

Q: *What cities and areas would the Coachella Valley CCA include? Will I be included in the program?*
A: City Councils in Palm Springs, Cathedral City, and Palm Desert have voted to join the Coachella Valley CCA, called *Desert Community Energy*. Desert Hot Springs will consider joining the CCA in November. If you live or own a business in any of those communities, you will be eligible to participate in the program, scheduled for launch in mid-2018.

Q: *Does the launch of a CCA require an interruption in electricity service?*
A: No. The program launch would be seamless to all ratepayers. The only thing customers might notice is a slight reduction in their next electricity billing.

Q: *Will I get two bills for electricity service if I'm a Desert Community Energy customer?*
A: No. You'll still receive a single bill from Southern California Edison, which will include an electricity generation charge from the CCA. SCE will continue charging for delivery, transmission, maintenance and customer service as they always have. There will be no duplicate fees.

Q: *Are there any hidden fees for CCA customers? Is there any risk involved?*
A: There are no hidden costs, and no duplicate costs for CCA customers. When you are enrolled, the electric generation fee you had previously paid to Southern California Edison would instead be charged by the CCA. There is an exit fee levied on each customer by SCE called the "Power Charge Indifference Adjustment" or PCIA, which pays for the stranded costs associated with the power it purchased on your behalf that is no longer needed. That charge, which is identified on your bill, is factored into the CCA's rates so that the overall generation charges are lower than what you currently pay.

Q: *Where would Desert Community Energy get its electricity?*
A: Desert Community Energy has contracted with a non-profit industry specialist called The Energy Authority to negotiate long- and short-term power contracts with energy producers based on the specific power supply goals of the CCA's Board. The Energy Authority has extensive experience in this capacity, having worked with other operational CCAs in the state and public power agencies throughout the U.S. Desert Community Energy is also looking at ways to partner with Imperial Irrigation District.

Q: *Why will I be automatically enrolled in the CCA program?*
A: Community Choice Aggregation programs were signed into law by California Assembly Bill 117, which requires automatic enrollment with an option for customers to opt-out. Customers can stay with the CCA or return to Southern California Edison if they prefer. The choice is up to you.

For additional questions, please contact Katie Barrows (kbarrows@cvag.org) or Benjamin Druyon (bdruyon@cvag.org) at CVAG (760) 346-1127. Much of the information in this FAQ was provided by LEAN Energy U.S. and Green Ideals. For general information about CCA in California and nationally, go to: www.leanenergyus.org.

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