

Community Choice Aggregation In California

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ABSTRACT

Community Choice Aggregation allows cities and counties, or collections of cities and counties, to combine the electricity demand of customers in their jurisdictions and procure electricity for these customers through their own generation or through the market. Benefits of aggregation include increased local control over electricity rates, possible savings to the customer, and the option to use more renewable energy. In this paper I briefly discuss the history of California's energy market and the history of Community Choice Aggregation in California. Then I examine Marin County's and San Joaquin Valley's efforts to create CCA programs to determine whether or not community choice aggregation can be successful in California. Finally, I compare California's aggregation programs to Ohio's aggregation programs. There is currently a proposition to require approval from two-thirds of the voters before creating a community choice aggregation program entitled the "New Two-Thirds Vote Requirement for Local Public Electricity Providers" initiative. I found that community choice aggregation can be successful in California, but that there are many obstacles facing a community attempting to aggregate.

KEY WORDS

Community Choice Aggregation, Marin Energy Authority, Marin Clean Energy
renewable energy, electricity

INTRODUCTION

Most California residents receive electricity from either investor owned utilities (e.g. PG&E, SCE) or publicly owned utilities (e.g. SMUD, CPAU), but some communities are considering switching to community choice aggregation. In 2002 the California Legislature passed Assembly Bill 117, which provided a middle ground between Investor Owned Utilities and Publicly Owned Utilities. The new option, called Community Choice Aggregation, allows cities and counties, or collections of cities and counties, to combine the electricity demand of customers in their jurisdictions and procure electricity through their own generation or through the market (Migden 2002). CCA allows communities to set rates for their customers and choose the form of energy generation, enabling communities to choose renewable energy sources rather than the local utility's mix of energy sources. Although a community choice aggregator (CCA-also used to denote community choice aggregation) purchases the electricity commodity, the local Investor Owned Utility still owns and maintains the transmission and delivery systems. When a CCA is formed, customers can opt out of the CCA if they wish to stay with their current provider (Local Government Commission 2009).

Several communities outside of California, including Cape Light Compact, Northeast Ohio Public Energy Counsel, and Boston Buying Power, have established CCAs (Marin Clean Energy 2009) and many communities within California have explored the possibility of forming one. A pilot project studied 12 California communities and found that communities could reduce energy costs 1-10%, and could chose to use more than the state mandated 20% of renewable energy without negatively impacting rates (Local Government Commission 2009). The San Joaquin Valley Power Authority was the first CCA certified by the California Public Utilities Commission (San Joaquin Valley Power Authority 2009). However, the board members of the San Joaquin Power Authority voted in June 2009 to suspend the program because of market conditions (Dillard 2009). The cities of Berkeley, Oakland and Emeryville have explored creating a CCA together, but suspended their efforts in 2008 (City of Berkeley 2009). San Francisco has taken steps to form a CCA, including creating a business plan and a Request for Proposals. (San Francisco Public Utilities Commission 2007). Marin County and Marin seven cities formed a community choice aggregator called Marin Clean

Energy, which began supplying electricity on May 7, 2010. (Marin Energy Authority 2010).

The literature on community choice aggregation in California is limited mostly to news publications or the documents released by the communities pursuing community choice aggregation. Littlechild (2008) provides a review of municipal aggregation in Ohio, but only briefly discusses California. Because of this gap, a case study of a developing California community choice aggregator is useful. I examine the process of creating a CCA in California. I follow the progress of Marin County as they attempt to establish a CCA, known as Marin Clean Energy. I examine the steps of creating a CCA, the challenges communities encounter, and the stakeholders involved. This paper also explores the reasons why community choice aggregation has not been successful in some California communities. My research questions are: can community choice aggregation be successful in California? What factors would make a community choice aggregator successful in a community? What factors would make a community choice aggregator not successful?

METHODS

In order to determine whether or not community choice aggregation could be successful in California, I use the Marin Energy Authority (MEA) as a case study by following their attempts to supply electricity to their residents. MEA is a joint powers authority that was established in 2008 to develop and manage energy and energy related climate change programs (Marin Energy Authority 2009). The members of MEA are the City of Belvedere, the Town of Fairfax, the City of Mill Valley, the Town of San Anselmo, City of San Rafael, the City of Sausalito, the Town of Tiburon, and the County of Marin (Halstead 2010). The first program under consideration by the MEA is a community choice aggregation program known as Marin Clean Energy (Marin Energy Authority 2009).

In this case study I describe the history of community choice aggregation in California. I outline the steps Marin has taken to form a CCA and discuss the roles played by key stakeholders in the formation of Marin Clean Energy, including the Marin Energy Authority, the County of Marin, the customers of Marin, PG&E, Shell North

America, Navigant Consulting, and the towns and cities of Marin County. I compare the efforts of Marin Energy Authority to those of San Joaquin Valley in California and to NOPEC in Ohio by outlining the process of establishing each program, and how each aggregator is structured. I follow the obstacles communities wishing to form CCAs have faced by analyzing documents released by Marin Energy Authority and other CCA programs (e.g. business plans, feasibility studies, meeting minutes, etc), related legislation, and newspaper articles.

This paper is set up as a case study because there are few communities in California close to establishing a working CCA that will purchase electricity for their customers. I chose Marin Energy Authority because in February 2010 the MEA board approved a five-year contract with Shell Energy North America to supply Electricity to Marin (Marin Energy Authority 2010). I examine steps taken by MEA to form a CCA, such as conducting feasibility studies, making a business plan, establishing a Joint Powers Authority, releasing a Request for Proposals, and negotiating a contract.

RESULTS AND DISCUSSION

Deregulation and the California energy crisis

Changes in California's energy market over the last century have shaped today's market and are important for explaining why community choice aggregation (CCA) is now an option in California. One development still relevant today was the creation of the California Public Utilities Commission (CPUC) in 1911 to monitor California's three large investor-owned utilities: Pacific Gas and Electric, Southern California Edison Company ("Edison") and San Diego Gas and Electric Company (Duane 2002). CPUC also plays a role in the formation of a CCA program, by approving implementation plans for CCA programs. While the majority of California residents are served by investor-owned utilities, several communities are served by public utilities such as Los Angeles Department of Water and Power and Sacramento Municipal Utility District. (Duane 2002).

This system of public and private utilities was complicated by the passage of the Public Utility Regulation Policies Act of 1978 (PURPA), which contained rate reform

and allowed for the creation of “qualifying facilities.” Qualifying facilities are independently developed energy generators that use either renewable energy or co-generation and were created to challenge the regulated utilities’ monopolies (Jurewitz 2002). By 1991, a third of California’s electrical energy was supplied by non-utility companies. This institutional condition was an important factor in the following energy crisis, because it made deregulation possible. (Duane 2002).

The passage of PURPA preceded the more extensive deregulation that took place with the passage of AB 1890 in 1996. AB 1890 separated power generation from transmission, which was made possible by the previous creation of qualifying facilities (Duane 2002). In the early 1990s, prices in California were 50 percent more than the national average. AB 1890 created a transparent market, known as the California Power Exchange (“PX”), through which all electricity sales and purchases were required to pass. The PX dealt with market transactions as a “day ahead market.” The Independent System Operator (“ISO”) was created to run the transmission system for the utilities and ensure that the system had enough power by purchasing electricity each day. This system meant that the ISO would pay higher prices than the PX if there were urgent conditions because it had to keep the grid operating, which gave sellers a lot of power during conditions of scarcity. This market structure limited long-term contracts, which meant that most purchases took place through the spot market (Duane 2002).

AB 1890 also enabled utilities to charge higher rates during the four-year transition period from 1998 to 2002, in order to recover “stranded costs” that resulted from past investments. But in order to see the immediate benefits of AB 1890, rates for residential and small commercial customers were frozen at 10% below the rates when AB 1890 was put into practice, which was thought to be enough to allow utilities to pay for electricity and pay off stranded costs. This worked for the first two years, until wholesale prices rose rather than falling, as had been predicted. AB 1890 also required that utilities had to sell half of their oil and gas-fired facilities. The utilities were able to sell at a higher than book value, and they ended up selling off 41% of total utility-owned capacity (Duane 2002).

In 2000, growing energy demand in California met with decreasing electricity surpluses, and increased in natural gas prices led to higher electricity prices in the

deregulated market. Selective physical withholding of power added to these conditions of scarcity, which permitted strategic bidding that increased wholesale prices. This physical withholding was an important factor in the rolling blackouts of 2001, when generating facilities were unavailable at four to five times the historic or industry averages (Duane 2002). There were black outs in the summer of 2000, as well as January, March, and May of 2001 (Halstead 2010).

The state had to purchase electricity because the two largest Investor Owned Utilities were on the brink of bankruptcy. PG&E filed for bankruptcy in April 2001, with \$12 billion in debt (Halstead 2010). In the end, less than 3% of customers changed electricity suppliers during California's attempt at deregulation. This is partly because customers had to navigate the market themselves (Dalessi and Stoner 2009). In the end, direct access was suspended and customers could no longer choose their electricity service provider (Dalessi and Stoner 2009).

Community choice aggregation in California

After California's first attempt at deregulation failed, the legislature passed AB 117 to once again allow for some choice in electrical service provider. CCA has some important differences from California's previous attempt to allow for more choice. CCA allows consumers to opt-out rather than opt-in, which means that it should be easier to garner customers because they are automatically enrolled in a CCA program (Dalessi and Stoner 2009).¹

AB 117 was approved in September 2002 and changed sections in the Public Utilities Code to permit the creation of community choice aggregators. The bill authorized customers to aggregate their electrical load through community choice aggregators. The bill also outlined some of the steps that a community would have to take to implement a CCA program (Migden 2002). California aggregators must file an

¹ There is some contention over whether PG&E has cooperated fully with the budding CCA programs in California.

implementation plan with the Public Utilities Commission so that the commission can establish a cost-recovery mechanism placed upon the aggregator to ensure that costs are not shifted to the customers of the incumbent utility (Migden 2002).

A community choice aggregator can consist of any city, county, or city and county whose governing board elects to aggregate the electrical loads of their residents, businesses, and municipal facilities. It can also be a group of cities, counties, or cities and counties that form a joint powers agency. Under this program, customers can choose to opt-out, meaning that they can choose to stay with their existing electrical corporation. This means that there is no need for positive written declaration from customers to participate, but they must be notified of their right to opt-out. A CCA program cannot aggregate the electrical load of customers already served by a local publicly owned utility (Migden 2002).

The bill requires that electrical corporations (including incumbent utilities) cooperate fully with CCA programs. This means supplying the relevant billing and electrical load data. The incumbent utilities continue to provide metering, billing, collection, and customer service to customers of CCA programs (Migden 2002).¹ At the time the AB 117, PG&E did not object to the bill (Halstead 2010).

History of CCA in Marin

Marin is a Northern California county with a population of about 250,000 (US Census Bureau 2008). In 2004 the County of Marin and eleven Marin cities began to explore Community Choice Aggregation as a way to provide retail electric services to customers (Community Choice Aggregation Business Plan 2008). In 2005 a feasibility study prepared by Navigant Consulting, Inc was released, for Marin County and the cities within the County. The report found that a Community Choice Aggregation program could achieve electricity cost savings, increase the use of renewable energy, and provide a higher level of rate stability (Navigant Consulting, Inc 2005). There was also a peer review of the feasibility study (MRW & Associates 2005) and a CCA risk analysis. A Local Government Task Force was created in 2006 so that the cities and County of Marin could jointly explore the possibility of a CCA (Marin Clean Energy). A final business plan released in 2008 put forth a proposal for a Marin CCA program, which included how

the program would be organized, funded and operated (Community Choice Aggregation Business Plan 2008).

A joint powers authority, called Marin Energy Authority, was legally established in 2008 to develop and manage energy and energy-related climate change programs, including the CCA program (Marin Energy Authority Operating Rules and Regulations 2009). The parties included in the Authority were the City of Belvedere, the Town of Corte Madera, the Town of Fairfax, the City of Mill Valley, the Town of Ross, the Town of San Anselmo, the City of San Rafael, the City of Sausalito, the Town of Tiburon, and the County of Marin (Marin Energy Authority 2009). The Cities of Novato and Corte Madera and the Town of Larkspur, declined to join the Marin Energy Authority (Upshaw, 2009).

Marin Energy Authority released a request for proposals for electric power supply services on May 11, 2009, asking the potential energy suppliers to provide approximately 900 GWh of electricity a year to 80,000 customers in Marin County (Marin Energy Authority, 2009). After a dozen companies put in bids to supply electricity to Marin (Halstead, 2009), the Marin Energy Authority board chose to continue negotiations with Constellation Energy Commodities Group, Macquarie-Cook Power, and Shell Energy North America, a subsidiary of Royal Dutch Shell, (Halstead, 2009). On November 04, 2009 the Marin Energy Authority Board approved a five-year draft contract.

The CPUC approved the MEA Implementation Plan for Marin Clean Energy on Feb. 2, 2010 and a final vote on the contract took place on Feb.4, 2010. The board voted to approve the Master Power Purchase and Sale Agreement between Shell Energy North America and Marin Energy Authority. This vote also authorized the chair to execute the contract, dependent on final pricing (Marin Energy Authority, 2010). MEA is charging the same price for its 25% renewable energy option that PG&E is charging. MEA will pay an average price of 7.6 cents per kilowatt-hour for 25% renewable energy and 8.3 centers per kilowatt-hour for 100% renewable energy (Halstead 2010).

The Marin Energy Authority is initiating its community choice aggregation program in two phases. During the first phase, it began supplying about 6,000 customers in May 2010 (Baker 2010). It will begin supplying energy to another 70,000 customers in late 2010 or early 2011. Marin Energy Authority sent opt-out notices to 7,500 phase 1

customers beginning in February, and then again in March. These customers will get two additional notices in May and June. Around 18 percent of these customers have opted out. The authority expanded the customers to be included in Phase 1 by 2,700 customers, in order to ensure that MEA had adequate operating revenue (Halstead 2010).

78 percent of the electricity from Marin Clean Energy in 2010 will come from carbon free sources, while PG&E's electricity comes from estimated 53 percent carbon free sources. State law does not recognize nuclear or large hydroelectric plants as sources of renewable energy, but by including these sources PG&E reaches over 50 percent greenhouse gas free. As a part of MEA contract with Shell, Shell has a six-month commitment to supply at least 53 percent carbon-neutral energy, so that MEA can match PG&E's carbon-neutral energy production. Shell is will also supply energy to MEA that matches that PG&E's carbon-neutral energy production for the remaining five years of the contract, but any added costs will be paid by the authority (Halstead 2010).

Marin Clean Energy will receive its renewable energy from a variety of sources. 37 percent of MCE's carbon-neutral energy will come from hydropower provided by the Tri-Dam Power Authority in San Joaquin County, 9 percent will come from landfill gas in Oregon, another 9 percent will come from wind power from Washington, and 5 percent will be supplied from biomass in Washington. Smaller energy sources that are certified renewable or eligible to be so will make up another 9 percent. The rest will be from the state power system (Halstead 2010).

Sausalito has opted not to buy electricity from Marin Clean Energy for its city buildings, but it is still a member of the Marin Energy Authority. City residents are still able to purchase electricity through the aggregator. Belvedere and Fairfax have both selected the deep green option, which is 100 percent renewable electricity. San Anselmo and San Rafael are both opting for light green (Halstead 2010).

There is concern over spending public money on community choice aggregation programs, but the amount spent is likely far less then what PG&E spent on their campaign against MCE. Marin County paid \$18,000 to be a part of a 2004 feasibility study with along with 12 other communities. The Board of Supervisors authorized another \$297,000 for continued study in 2006. The Marin Board of Supervisors voted to loan Marin Energy authority \$950,000 in 2010 for start up capital. Three Marin residents

have guaranteed a \$750,000 loan for MEA. There were some difficulties securing loans for the Marin Clean Energy project. The Marin Municipal Water District called off plans to co-sign a \$1.7 million loan after a threatened lawsuit from PG&E (Halstead, 2010).

A debate between Marin County Supervisor Charles McGlashan and Joe Nation, a form Assemblyman and current PG&E consultant, highlighted some of the arguments for and against Marin Energy Authority. Nation claimed that MEA “is not well thought out” and that the rates that MEA is paying for electricity “are not sustainable long term” because Shell is likely taking a loss in order to enter the market. But McGlashan claims the authority will be able to build its own generation projects with the money it will make. He also pointed out that if MEA’s prices become higher than PG&E’s customers would be able to return to PG&E, after paying a small fee. Nation argues that the cost to leave the authority could go up if large numbers of customers decide to leave at the same time (Halstead 2010).

PG&E

PG&E has supported a ballot initiative that would amend California’s constitution and make it more difficult to implement a community choice aggregation program in California. The initiative is entitled “New Two-Thirds Vote Requirement for Local Public Electricity Providers.” If passed in the June 2010 election, this initiative would require approval from two-thirds of the voters for a community choice aggregation program to provide electrical services, if using public funds. It would also require two-thirds approval to expand the territory of electrical service (Attorney General of California 2010). PG&E has contributed about \$30 million to this proposition. PG&E has said it would spend up to \$35 million on this campaign (Baker 2010). A senior Vice President at PG&E says that the initiative “simply gives people the right to vote”. However, the president of the CPUC expressed concern over the fact that initiative would amend the Constitution in California (Baker 2010).

The road to aggregation has been a bumpy one for Marin. The MEA filed a complaint with the CPUC alleging that PG&E is engaging in “hostile marketing, threats, lawsuits and misrepresentations” in an attempt to derail Marin Clean Energy. One tactic

that is undermining MEA is the Coalition for Reliable and Safe Energy, which has sent out mailers warning customers about MEA (Halstead, 2010).

The CPUC approved a resolution that prevents PG&E from contacting MCE's second-phase customers before MCE has provided those customers with an opt-out option. The Marin Energy Authority is initiating its community choice aggregation program in two phases. During the first phase, it will begin supplying about 9,000 customers in May 2010. It will begin supplying energy to another 70,000 customers in late 2010 or early 2011. PG&E has been contacting customers in both phases with ways to opt-out, even though the authority has yet to contact its second phase customers. The decision by the CPUC also prohibits utilities from declining to sell electricity to CCAs just because they are CCAs. Utilities are also not allowed to offer goods, services, or programs to try to persuade local governments not to be a part of CCA (Halstead 2010).

The CPUC instructed PG&E to halt several of the methods it is using to get customers to opt out. These tactics included calling customers to ask them to opt out and then transferring them to a PG&E customer service representative, supplying customers with an opt-out form in a newspaper advertisement, visiting the home of a customer and requesting an oral or written opt-out. The opt-outs generated by these methods are invalid. The CPUC said that customers can only opt-out by following the process outlined in the MEA customer notifications, by either by phone or website.

San Francisco

San Francisco is creating a community choice aggregation program, named CleanPowerSF. The goals of CleanPowerSF are to provide more renewable energy to their customers and to provide San Francisco residents with a choice of electricity providers. CleanPowerSF also plans to eventually build renewable energy generating facilities. They expect to have rates similar to PG&E, San Francisco's incumbent utility (CleanPowerSF 2010).

Efforts in San Francisco began in 2004 when City and County Ordinance 086-04 created a Community Choice Aggregation Program for San Francisco. The ordinance directed the San Francisco Public Utilities Commission write an implementation plan (San Francisco Board of Supervisors 2004). In 2005 the San Francisco Public Utilities

Commission created a draft implementation plan. In 2007 the San Francisco Board of Supervisors approved a CCA governance structure, revenue bond plan and draft implementation plan (San Francisco Board of Supervisors 2007). The Board also requested that the Local Agency Formation Commission (LAFCo) oversee program implementation for a CCA (CleanPowerSF 2010). In 2009 the program assumed the name CleanPowerSF. In that same year CleanPowerSF put out a Request for Proposals for bidders to supply electrical services, also well as design and build generation resources. In 2010 the Board of Supervisors and SFPUC accepted Power Choice LLC as the energy service provider for CleanPowerSF, and CleanPowerSF submitted an Implementation Plan to the CPUC (CleanPowerSF 2010).

The success of Marin Clean Energy will likely have an effect on aggregation efforts in San Francisco and other communities. MCE shows that a CCA can be successful in California, and will likely encourage other communities to proceed with aggregation plans. If the “New Two-Thirds Vote Requirement for Local Public Electricity Providers” initiative passes, it would be a significant obstacle for CleanPowerSF.

San Joaquin Valley Power Authority

The San Joaquin Valley Power Authority (SJVPA) is a joint powers authority formed to deal with regional energy issues and to create a community choice aggregation program to serve the Greater Fresno Region in the San Joaquin Valley. The authority consists of eight cities in the area and King County. Customers in this area currently receive bundled electric service from PG&E and Southern California Edison Company collectively. SJVPA seeks to stabilize electric rates, increase local generation, influence technologies used (which included “a potential increased utilization of renewable energy”), ensure sufficient resources and energy infrastructure, and bolster the local/regional economy (San Joaquin Valley Power Authority, 2009).

SJVPA was to receive power services from the Kings River Conservation District (KRCD), a resource management agency for the Kings River region. Part of the mission of KRCD, in addition to water related activities, is to develop power resources in the Kings River area for the benefit of the public. KRCD owns and operates the 165 MW

Jeff L. Taylor Pine Flat Power Plant and the 97-MW Malaga Peaking Plant (San Joaquin Valley Power Authority, 2009).

The process of creating a CCA in San Joaquin began with a memorandum of understanding in March 2005 between the Members of the Authority and the KRCD. A feasibility study from September 2006 listed many benefits and some risks of developing a CCA. A peer review study generally agreed with the feasibility study, and a draft implementation plan was created, with each member adopting an ordinance stating its support of the CCA program (San Joaquin Valley Power Authority, 2009). The program was temporarily suspended as of June 2009 (San Joaquin Valley Power Authority, 2009).

The program was suspended because of market conditions, and also the actions PG&E took to discourage community choice aggregation. One of the important differences between the community choice aggregation program in San Joaquin and Marin County are the reasons behind creating these programs. Unlike MEA, using more renewable electricity was not a priority for SJVPA. This ideological difference was possibly an important reason why MEA succeeded and SJVPA did not.

Aggregation in Ohio

In Ohio similar programs called Governmental Aggregation can buy natural gas and/or electricity (Public Utilities Commission Ohio). Ohio has had ups and downs with aggregation over the years, and the success of its aggregation program is debatable. Ohio first made the decision to aggregate in 1999, and a provision for it was included in Senate Bill 3 that allowed for both opt-in and opt-out programs (PUCO website). It also allowed utilities to cover stranded costs. Ohio's deregulation actually commenced in 2001 (Littlechild 2008). Several factors make the situation in Ohio different from that in California.

As a part of the new aggregation provision, incumbent utilities were obligated to file an Electric Transition Plan for a five-year development period to take place from 2001-2005. This plan included a shopping incentive plan, which required that at least 20% of each customer class to change to generation suppliers other than their incumbent utility (Littlechild 2008). This shopping incentive plan has made the relationships between aggregators and incumbent utilities in Ohio different than in California. This

could be one of the reasons that Ohio was able to establish aggregation programs much more quickly than California.

In order for communities to aggregate in Ohio, they must follow several steps. Once a township or county decides to aggregate, the issue must be put to a vote at the next primary or general election. The vote must receive a majority to proceed. No such vote is currently required in California, but could be in the future if a new ballot initiative is passed in June. Then the municipality must develop a plan of operation and governance for aggregation and hold at least two public hearings on the potential aggregation. Customers must be notified about the rates and conditions of aggregation. Participants may opt-out of the aggregation program every two years without paying an exit fee (General Assembly of the State of Ohio, 1999). After these steps, the Public Utilities Commission of Ohio must certify a Governmental Aggregator (PUCO). Then the aggregator requests information from the incumbent utility, which is required to cooperate (General Assembly of the State of Ohio, 1999). Like in California, customers continue to receive bills from the local utilities. The aggregator will set up a database for enrolling customers, and then will execute the power purchase agreement, which has usually already been negotiated (General Assembly of the State of Ohio, 1999).

In the first 3 months of the new open market, 150,000 residential customers had switched suppliers. It has taken much longer for aggregation programs to start in California. In 2003 the Public Utilities commissions stated that “aggregation is the success story in Ohio”, and that Ohio had one of the best experiences out of the any of the states that had adopted electric choice. By December 2004, aggregate programs were supplying 900,000 customers (Littlechild 2008).

North Ohio Public Energy Council (NOPEC) was formed in 2000 to serve almost 400,000 customers in 94 communities. NOPEC is overseen by a general assembly consisting of a representative from each community, and a board of directors made of one member from each of the nine counties (NOPEC 2010). For NOPEC, the utility FirstEnergy funded the start-up costs for legal, public relations and consulting work. This is another difference between the situations in Ohio and California. NOPEC came to an agreement with Green Mountain Energy Co. in 2001. The agreement was for

decreased prices and cleaner energy. In March 2005 the contract between Green Mountain Energy and NOPEC was renewed for three years (Littlechild 2008).

When Electric Transition Plans expired, Rate Stabilization was enacted for the major utilities for the three years from 2006-2008 in order to ease in to the transition to market-based rates. NOPEC warned that these plans could be “fatal” for the Ohio aggregation system. And in October 2005 Green Mountain Energy Co reneged on their contract with NOPEC. This was a crisis that threatened the future of NOPEC, but they were able to negotiate a new contract with FirstEnergy, which is the local distribution utility. This meant that customers actually only received a small generation discount from the regulated utility’s standard service offer (Littlechild 2008).

By 2006, only 266,000 residential customers remained with competing suppliers, which is 6% of the total in Ohio. In 2007 the governor of Ohio stated that “Competitive markets simply have not developed” in Ohio and that deregulation had an uncertain future (Littlechild 2008). In 2009, NOPEC entered into an agreement with FirstEnergy Solutions Corp, a subsidiary of FirstEnergy Corp. to supply energy to NOPEC for nine years. NOPEC currently serves 500,000 electric customers in 126 Northeast Ohio communities. (NOPEC 2010).

Several lessons can be learned from Ohio’s aggregation programs that are relevant to California’s case. Ohio’s case shows that it is possible for aggregation to succeed when a vote is required. But in Ohio communities are only required to get a simple majority, versus the two-thirds majority required that will be required in California if the initiative passes. The different experiences in California and Ohio show the impact the incumbent utility can have on the successful implementation of an aggregation program. Ohio also shows that even if an aggregation program is in operation, it is not necessarily successful in achieving its goals. Ohio could be considered successful in that it offers residents a choice in energy provider. But aggregation in Ohio has failed to promote the development of competitive markets, and aggregation programs have failed to provide significant savings to customers.

Conclusions

Table 1. Comparison of Community Choice Aggregators

	MEA	SJVPA	CleanPowerSF	NOPEC
Goals	Renewable energy	Stabilize electricity rates	Renewable energy and choice	Generation discount
Pricing	At or below incumbent utility prices	Below incumbent utility prices	Comparable to incumbent utility	Small generation discount
Governance	Joint Powers Authority (MEA)	Joint Powers Authority (SJVPA)	SFPUC and LAFCo	General assembly and board of directors
Size	70,000 customers in 7 cities and 1 county	8 cities and 1 county	1 county	500,000 customers in 126 communities
Obstacles	Opposition from incumbent utility, proposition 16	Market conditions, Opposition from incumbent utility, proposition 16	Opposition from incumbent utility, proposition 16	Contracts with electricity generators
Incumbent Utility	Not supportive	Not supportive	Not supportive	Supportive
Status	Supplying electricity to customers	Program suspended	In progress	Supplying electricity to customers

Community choice aggregation can be successful, and a CCA can be successfully created in California. One of the possible factors that made Marin Clean Energy a successful aggregation program is the commitment to using renewable energy. Something that could make it very difficult to create future aggregation programs would be the passage of the New Two-Thirds Vote Requirement for Local Public Electricity Providers initiative. Ohio's case shows that a voting before establishing an aggregation program can work with a majority requirement. The support of the incumbent utility is also very important to the success of an aggregation program, but as the case of Marin Energy Authority shows, it is not necessary. It remains to be seen whether the successful start of Marin Energy Authority as a supplier of green energy will continue.

This study had several limitations. I looked at community choice aggregation in California over only the course of a year, and this study ended just as Marin Clean Energy came online. Future research could revisit Marin County after Marin Energy

Authority had been operating for a while. Future research could also include looking at other communities, like San Francisco, and their efforts to supply electricity to their residents. This study has broader implications because other communities may wish to aggregate in the future. If other communities decide to go down this road, then it would benefit them to look at other communities who have community choice aggregation programs.

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