

Lily Hawkins

Food & Water Action Maryland Organizer

lhawkins@fwwatch.org

Committee: Senate Finance

Testimony on: HB0768 - Montgomery County - Community Choice Energy

Position: Favorable

Hearing Date: March 23, 2021

Food & Water Watch is a national nonprofit advocacy organization with thousands of supporters in Maryland. We are pleased to support Delegate Charkoudian's bill allowing a Community Choice Energy **pilot** program in Montgomery County.

The prospect of CCE in Maryland is being met with strong public support from a broad coalition of groups and local governments. (Please see attached letter of support signed by 40 groups from Maryland.) And what these groups have in common is that they want to make energy more affordable while also moving towards clean, safe energy options that will allow residents to breathe clean air, and help stave off the worst impacts of climate change.

An important aspect of community choice energy is the ability of the program to increase access to energy that is renewable AND clean - for everyone. We need to move quickly off of fossil fuels and onto clean renewable energy, we also need to ensure that the transition happens in a way that is equitable and doesn't increase the burden on families that may already be struggling.

When we look at the 9 states where Community Choice aggregation is already allowed - we see affordable, reliable, and cleaner energy being provided to communities.

The Montgomery County Council and Executive have prioritized Community Choice Energy as a way to meet the ambitious climate goals that have been set for the county. Additionally, a successful CCE pilot in Montgomery County will pave the way for other local governments to implement their own programs in the future (if they choose) when CCE has proven to be successful.

For these reasons we request that you provide a favorable report on HB 768 and allow Montgomery County to establish a pilot CCE program here in Maryland.

Support a Community Choice Energy Pilot for Montgomery County

March 19th, 2021

Dear Senators and Delegates:

On behalf of our members and a broad coalition of organizations and supporters across Montgomery County, we are writing to you today to urge you to pass legislation authorizing a Community Choice Energy (CCE) pilot program in Montgomery County (HB0768).

In 2017, Montgomery County declared a Climate Emergency and committed to achieving a 80% reduction in its greenhouse gas emissions by 2027 and 100% reduction by 2035. CCE is a powerful tool in achieving this ambitious goal. CCE allows communities to both rapidly transition to renewable energy and decrease energy costs for consumers; costs which disproportionately affect Montgomery County's most vulnerable communities.

With CCE, Montgomery County will be empowered to purchase electricity on behalf of all consumers and businesses within its jurisdiction. CCE will allow the County to negotiate the source of energy generation, and use the power of bulk buying to save consumers money. Community Choice Energy is entirely voluntary, and residents or businesses who do not wish not to participate can opt-out. Further, CCE can help Montgomery County protect its low-income and elderly residents who are often targeted by unscrupulous third-party energy suppliers that charge higher than standard offer service rates.

At present 9 other states have authorized Community Choice Energy. We urge you to prioritize the passage of this important legislation and allow Montgomery County to pave the way for the rest of Maryland.

Signed,

350 MoCo

Biodiversity for a Livable Climate, DC Chapter

Chesapeake Climate Action Network

City of Takoma Park

Clean Water Action

The Climate Mobilization Montgomery County Chapter (TCM MoCo)

Climate Change Working Group of Frederick County

Climate Law & Policy Project

Climate XChange Maryland

Do the Most Good

Emmanuel United Methodist Church, Laurel

Environmental Justice Ministry Cedar Lane Unitarian Universalist Church

Environment Maryland

Food & Water Action

Glen Echo Heights Mobilization

Greenbelt Climate Action Network
Howard County Climate Action
Indivisible Howard County
Interfaith Power & Light (DC.MD.NoVA)
Institute for Energy and Environmental Research
Maryland Campaign for Environmental Human Rights
Maryland Legislative Coalition
Maryland PIRG
Maryland Sierra Club
MoCoWoMen
MOM's Organic Market
Mont Co Faith Alliance for Climate Solutions
Montgomery Countryside Alliance
Montgomery County Food Council
Nuclear Information and Resource Service
Prince George's Sierra Club
Rachel Carson Council
Safe Healthy Playing Fields Inc
Safe Skies Maryland
Solar United Neighbors
Sugarloaf Citizens' Association
Takoma Park Mobilization Environment Committee
Takoma Park Youth City Council
Unitarian Universalist Legislative Ministry of Maryland
WISE

Community Choice Aggregation: Cleaner, Cheaper Electricity

Community Choice Aggregation (CCA) programs are alternatives to the investor-owned energy supply system and can help the spread of renewable energy. CCAs allow residents in a community to take control of the electricity purchased by their local utility, while leaving ownership of power plants and the grid in the hands of utilities.¹ Originally CCAs were developed to reduce and stabilize electricity rates for their members.² Because the CCA negotiates a bulk purchase on behalf of its members, CCAs tend to receive lower rates.³ But now the driving force behind CCA expansion has shifted to a desire for renewable electricity.⁴ Implementing a CCA is empowering to the community it serves and can help reduce reliance on climate-altering fossil fuels.

Community Choice Aggregation 101

The National Renewable Energy Laboratory describes CCAs as “local governmental entities that procure electricity on behalf of retail electricity customers.”⁵ They are considered a sort of hybrid between an investor-owned utility and a municipal utility.⁶ The investor-owned utility remains responsible for providing the electricity through its transmission and distribution lines and for billing the customers, but it is not in charge of supplying the electricity anymore; the CCA is charged with procuring electricity.⁷ CCAs are operated by either a third party or a city or county government through contractual provisions.⁸ If adopted nationally, they would provide a powerful impetus for the installation of more renewable electricity generation.

Implementing a CCA

How CCA works varies from state to state, but the basic concept is the same. A local community, an entire municipality or county, or a group of local governments



decides to form a CCA. The CCA then acts on behalf of its members to negotiate the purchase of electricity from a provider. To achieve this, a state must have CCA-enabling legislation (see Table 1), and a local jurisdiction needs to hold public hearings and pass legislation approving the CCA.⁹

Take, for example, Massachusetts, the first state to establish a CCA. The first step requires the city council or board of selectman to authorize and vote on the development of a CCA plan at a meeting. An optional second step is to issue a request for proposal (RFP) to hire a broker to help design, implement and monitor the aggregation plan. Then, in coordination with the state's Department of Energy Resources, a plan is drafted; it must meet the Department of Public Utilities' (DPU) requirements and outline the community's goals.¹⁰

The plan is made available to the public for review, and it must be authorized by a board of selectman or city council. The town, and the energy broker (if working with one) then petitions the DPU to officially approve the CCA. Following the initial filing there will be public participation opportunities, with comment periods and opportunities for parties to intervene. If authorized, a formal order will be issued. An RFP is issued to then solicit bids for the CCA contract, and the municipality chooses a supplier and executes a contract.

At this point customers of the CCA are informed by mail at least 30 days prior to the switch that their electricity supply will be transferred to the new supplier with the new rate, and that they have 180 days to opt out of the CCA without any charge. The automatic enrollment begins for customers that do not opt out. Municipalities can also administer energy efficiency programs and adopt an energy plan.¹¹

CCAs in the United States

Currently there are eight states with approved CCA legislation: California, Illinois, Massachusetts, New Jersey, New York, Ohio, Rhode Island and Virginia; five more have introduced legislation: Connecticut, Maryland, New Hampshire, New Mexico and Oregon.¹² Most CCAs, like those in Illinois and Ohio, have been implemented at the town or city level. But communities may decide to implement a CCA at the county or regional level. In California, for example, CCAs operate through intergovernmental agreements that serve larger geographies that can extend to multiple counties.¹³

Cheaper and Cleaner Electricity

CCAs help deliver cheaper and more accessible renewable energy that benefits the environment.¹⁵ One CCA in California, for example, costs 2 to 5 percent less than the investor-owned utility that serves the same location.¹⁶

Table 1: States with CCA Enabling Legislation¹⁴

State	Year Enabling Legislation First Passed	Numbers of CCAs	Notes About CCAs in Respective State
California	2002	18	CCAs in California serve 10% of the state's customers currently, and are projected to serve up to 16% by 2020.
Illinois	2009	490	CCAs are increasing because utility rates are going up in the state.
Massachusetts	1997	190	Most CCAs in the state serve a single town, with two exceptions: the Cape Light Compact covers 21 communities in the Cape Cod area, and Mass CEA comprises 23 eastern Massachusetts towns.
New Jersey	2003	15	These CCAs serve over 50 municipalities. One program in New Brunswick purchases renewable energy with a goal of 100% renewable by 2035.
New York	2014	1	The only CCA in New York is in Westchester County and it serves about 855,000 people.
Ohio	1999	130	The biggest CCA is the Northeast Ohio Public Energy Council, comprising about 220 communities.
Rhode Island	1996	1	The CCA in Rhode Island services 28 municipalities, two school districts and two water supply boards.
Virginia	2018	0	No CCAs have been implemented.



In states with deregulated electricity markets, individual ratepayers can arrange to buy renewable electricity from a provider or a green purchasing program operated by utilities.¹⁷ These “opt-in” programs have somewhat low penetration rates, with about 2 percent participation from ratepayers. A CCA, on the other hand, is generally an “opt-out” program and it tends to have larger penetration rates of more than 80 percent. This means that renewable electricity can be supplied to a majority of a jurisdiction’s citizens.¹⁸

CCAs Can Drive Renewable Expansion

Given the variability that exists between state laws authorizing CCAs and between CCAs themselves, the expansion of CCAs to other states can help to drive renewable expansion if the laws governing them make doing so a priority.

CCAs can help states meet electricity goals set out in their Renewable Portfolio Standard (RPS) programs, which can create power incentives to shift to renewable energy. Unfortunately, most RPS programs have not been robust enough to foster a rapid transition to clean, renewable energy. And almost all states with them have allowed combustion-based energy sources including

wood burning and the burning of waste methane (so-called biogas) to meet RPS goals.¹⁹ States must expel dirty energy sources from their RPSs to shift to genuinely clean, renewable energy production.

Some CCAs that offer renewable energy options utilize existing renewable sources, often using the market for Renewable Energy Credits (RECs).²⁰ Unfortunately, RECs are a pay-to-pollute structure that allows states to purchase credits instead of producing actual renewable energy. Almost all states allow utilities to purchase renewable “credits,” while continuing to generate the same amount of fossil-fueled electricity.²¹ For example, the Cape Light Compact CCA in Massachusetts purchases RECs from a dirty landfill gas facility in Vermont.²² The reliance on RECs to provide “green” electricity for members who demand it undermines a CCA’s potential to expand renewable generation and speed the transition to a 100 percent clean energy future. New CCA laws should limit the allowance of RECs outside of existing RPS programs.

Instead of relying on offsetting dirty electricity through the purchase of RECs, CCAs can foster the growth of new, local renewable electricity production. A CCA could either contract with a company that is looking for a buyer

for a proposed wind or solar installation, or in states that allow CCAs to own their own generation, they could build local wind and solar installations. Either option brings new renewable electricity onto the grid instead of relying on RECs from either existing solar and wind or dirty “renewables” like trash incineration.

Conclusion

In addition to focusing on rate reduction and stabilization, new CCA laws should focus on the expansion of renewable wind and solar electricity generation. CCAs can be required to procure renewable power from new sources, whether these are wind farms, utility-scale solar projects or distributed renewables such as rooftop solar. By crafting the laws allowing CCAs in the right way, states can push the development of renewable energy and make that energy available to all citizens, not just those that can afford to install distributed renewables.

In refocusing the goal of CCAs to push the development of renewable electricity, it is not necessary for the CCAs to give up their earlier focus on reduced and stabilized rates as an additional benefit. For example, Oak Park, Illinois, a suburb of Chicago, established a CCA in 2012 that purchased all of its power from wind farms in the state. At the time, the only option it offered to its roughly 20,000 members was 100 percent wind energy, and it did so at rates 25 percent below what members would be paying for electricity from the utility.²³

Continued investments sunk into fossil fuels and dirty “renewable” energy sources like biogas lock us into an energy future that is in defiance of climate science. The way out must be a dramatic shift to zero-emission wind and solar power, accompanied by widespread deployment of energy efficiency. CCAs can play a significant role in the transition off of fossil fuels, while simultaneously benefiting ratepayers.

Endnotes

- 1 Local Power, Inc. Prepared for the San Francisco Public Utilities Commission. “Community Choice: Lessons Learned & Best Practices.” August 15, 2009 at 9; O’Shaughnessy, Eric et al. National Renewable Energy Laboratory (NREL). “Community Choice Aggregation: Challenges, Opportunities, and Impacts of Renewable Energy Markets.” NREL/TP-6A20-72195. February 2019 at 1.
- 2 Local Power, Inc. (2009) at 5.
- 3 Laufer, Joshua et al. Prepared for Metropolitan Area Planning Council. “Community Choice Aggregation: Municipal Bulk Buying of Electricity in Massachusetts.” May 6, 2013 at 1, 9 and 32.
- 4 Local Power, Inc. (2009) at 5.
- 5 O’Shaughnessy et al. (2019) at 1.
- 6 Heeter, Jenny and Joyce McLaren. NREL. “Innovations in Voluntary Renewable Energy Procurement: Methods for Expanding Access and Lowering Cost for Communities, Governments, and Businesses.” September 2012 at 9.
- 7 O’Shaughnessy et al. (2019) at 1.
- 8 *Ibid.* at 1.
- 9 U.S. Environmental Protection Agency. “Community Choice Aggregation.” Available at <https://www.epa.gov/greenpower/community-choice-aggregation>. Accessed August 2019.
- 10 Metropolitan Area Planning Council. “Start a Community Choice Aggregation Program.” April 16, 2014 at 3 to 6.
- 11 *Ibid.*
- 12 LEAN Energy US. “CCA by state.” Available at <https://leanenergyus.org/cca-by-state/>. Accessed August 2019.
- 13 O’Shaughnessy et al. (2019) at 8 and 23.
- 14 *Ibid.* at 39 to 45; New Jersey Legislature — Bills. A2165. Bills 2002-2003. Available at <https://www.njleg.state.nj.us/bills/BillView.asp>. Accessed September 2019; New Brunswick. An Ordinance of the City of New Brunswick, New Jersey Authorizing the Establishment of a Government Energy Aggregation Program that Phases in 100% Preferably Regionally Sources Renewables by 2035. New Brunswick, New Jersey. O-081901. August 1, 2018.
- 15 Heeter and McLaren (2012) at 12.
- 16 Nikolewski, Rob. “CCA 101: How does Community Choice Aggregation work? What you need to know.” *San Diego Union Tribune*. September 9, 2018.
- 17 Roberts, David. “It’s easy to buy ‘green power.’ Making a difference is a little harder.” *Vox*. November 16, 2015.
- 18 Heeter and McLaren (2012) at 12.
- 19 Food & Water Watch (FWW). “Cleanwashing: How States Count Polluting Energy Sources as Renewable.” July 2018 at 2.
- 20 Lichtenstein, Gabrielle R. and Indiana Reid-Shaw. University of New Hampshire Sustainability Institute. “Community Choice Aggregation (CCA) in Massachusetts.” 2017 at 12.
- 21 FWW (2018) at 5.
- 22 Local Power, Inc. (2009) at 30.
- 23 Heeter and McLaren (2012) at 10 to 12.