



Community Choice Aggregation

WHAT IS IT?

Community Choice Aggregation (CCA) is the process whereby the citizens of a political subdivision choose to buy electricity from a power generator as a group, rather than as individuals. This is accomplished by cities, counties, townships, and villages creating an electricity purchasing group in their jurisdiction through a ballot issue for citizens to vote upon. Communities in Ohio have had the power to do aggregation for electricity, and natural gas, since 2000. As a result of Ohio's power sector deregulation, each Ohio citizen can select their electrical provider. By banding together, people can use their combined buying power to drive down the overall cost of electricity. The greater the number of people involved in the aggregated pool, the greater the savings that can be obtained.

WHY IS IT IMPORTANT?

Properly structured CCAs can provide stable prices over the term of the contract. Under certain circumstances, CCAs can lower overall prices for residents and small businesses while supporting renewable energy and energy efficiency goals. Cities can go 100% clean energy with a percentage or all of the electricity supply be matched with renewable energy credits (RECs) or have a percentage come from a "sleeved" contract for an aggregation supplier to provide energy from a specific clean energy source in the area or the state of Ohio. Aggregation contracts can also build a small fee into energy rates to provide funding for clean energy priorities, such as building renewable energy projects or creating city-backed energy efficiency programs.

BENEFITS



Can be used to meet clean energy and carbon reduction goals



Can save residents and small businesses money on their electric bills



Can provide a new source of funding for clean energy and/or energy efficiency goals



Provides stable per kilowatt pricing through life of CCA

HOW CAN COMMUNITIES IMPLEMENT THIS POLICY?

Ohio law provides for two types of governmental aggregation: "opt-in" aggregation and "opt-out" aggregation. Opt-in aggregation allows residents to sign up individually for the aggregation program. Opt-out aggregation automatically enrolls all local residents in the aggregation program unless they have affirmatively notified the government that they do not want to participate in the program.

AGGREGATION STEPS

1. The steps to creating a local electric aggregation program differ depending on whether the local government selects an opt-in or opt-out program. Creating an opt-in program has seven basic steps:
2. The local government adopts an ordinance or resolution to create an opt-in aggregation program under ORC 4928.20.
3. The local government develops a plan to address how the opt-in aggregation program will work and how the local government will oversee it.
4. The local government applies for certification with the Public Utilities Commission for authorization to contract with customers and electricity suppliers.
5. The local government shops for electricity rates and other terms and conditions on behalf of future aggregated customers and reaches a contract with a supplier.

6. Residents receive from the local government or the supplier notices of the supplier information, rates, terms and conditions of the aggregation electricity plan.
7. Residents opt-in to the aggregation program, and the new supplier informs the opted-in residents' electric distribution utility. Upon receiving the notification, the utility sends residents a confirmation letter in the mail with details about when the utility will switch the residents to the new supplier and residents' rights to withdraw from the offer.
8. On the next billing cycle, the residents begin to see charges from their new aggregation supplier on their bill. They will continue to receive bills from the electric distribution utility for distribution services, but the electricity charges will be separately identified.

An opt-out program is more complicated and requires the additional step of receiving ballot approval from local residents. There are eight steps:

1. The local government adopts an ordinance or resolution to create an opt-out aggregation program under ORC 4928.20.
2. The local government places on the ballot of a primary or general election the question of whether to approve the opt-out program. A majority of voters must approve the measure.
3. The local government develops a plan to address how the aggregation program will work and how the local government will oversee the aggregation process. The local government must give residents notice and host at least two public hearings for comments on the plan.
4. The local government applies for certification with the Public Utilities Commission for authorization to contract with customers and electricity suppliers.
5. The local government shops for electricity rates and other terms and conditions on behalf of future aggregated customers and reaches a contract with a supplier.
6. Residents receive from the local government or the supplier notices of the supplier information, rates, terms and conditions of the aggregation electricity plan.
7. Residents receive an opt-out notification, which gives them instructions for opting-out of the aggregation program and staying on their current contract. When the enrollment period closes, the utility sends residents a confirmation letter detailing when the utility will switch the residents to the new supplier and residents' rights to withdraw.
8. On the next bill, the residents see charges from their new aggregation supplier. They will continue to receive bills from the electric distribution utility for distribution services, but the electricity charges will be separately identified.

RESOURCES

<https://www.puco.ohio.gov/be-informed/consumer-topics/governmental-energy-aggregation-local-community-buying-power/>
http://www.occ.ohio.gov/sites/default/files/publications/aggregation/The_Basics_of_Governmental_Energy_Aggregation.pdf