

COMMUNITY CHOICE AGGREGATION

Question: Explain why LMI has special terms?

Answer: The Public Service Commission has ordered that energy services companies (ESCOs) must guarantee that the participants in utility low-income assistance programs (APPs) will pay no more than the APP would have paid as a full service utility customer. If CCAs intend to serve APPs, they must ensure that those customers are enrolled in a product that provides guaranteed savings by the ESCO or ESCOs that it selects to serve its customers.

Question: Does CCA require that the rate be as good or better than the prior 12-month average?

What information can we share with municipalities to address their concern that CCAs will result in increased costs for their constituents?

Answer: Even though Community Choice Aggregation programs are well positioned to achieve lower, fixed-rate electricity prices for participating consumers, savings are not guaranteed unless a CCA negotiates a guaranteed savings contract with an ESCO. That being said, the program may be designed so that it will not go forward unless the supplier's price is less than last year's utility price. However, there is no guarantee that the utility price will be higher than the Community Choice Aggregation price for the entire term of the Community Choice Aggregation's supply contract.

Question: Has any municipality specified that their CCA must be 100% renewable in their enabling legislation? Or has this only been done through the MOU with the CCA administrator?

Answer: Not that we are aware of but there is nothing stopping a municipality from including that as a requirement in their enabling legislation. Template legislation is available in [NYSERDA's CCA Toolkit](#) which may be used as a resource by municipalities in developing their own authorization for participation in a CCA program.

Question: What are the ways municipalities can band together to aggregate their CCA purchasing across municipalities, other than by forming a 501(c)(3) like Sustainable Westchester?

Answer: Forming a 501(c)(3) like Sustainable Westchester is not required for communities to create a CCA. Cities, towns, and villages may wish to join together by each entering into a Memorandum of Understanding (MOU) or other agreement with the CCA Administrator which would commit the municipalities to participate in the program subject to certain terms and conditions. Templates for MOUs and Inter-Municipal Agreements are included in [NYSERDA's CCA Toolkit](#). These documents are not required, but may be useful.

Question: Is there any anti-trust type concern if multiple municipalities decide together to go with the same CCA administrator and go to market at the same time?

Answer: No. This is a bulk purchasing arrangement which is a common practice. Energy suppliers should be selected through a competitive procurement process, using an energy procurement request for proposals or bids. Each municipality participating in CCA should designate a liaison who will review the draft request for proposals and provide input to the CCA Administrator prior to publication.

Question: Are there Demand Response programs being aggregated; using smart meters?

Answer: There are no CCA-related demand response programs in place at this time, but this is certainly an opportunity that could become part of a CCA in the future.

Questions: How much sales tax revenue did the municipalities lose?

Is the loss of sales tax revenue a stumbling block for municipalities?

What information can we share with municipalities to address their concern that CCAs will reduce sales tax and/or franchise tax revenue for them?

Answer: Local sales and use taxes on residential energy sources and services vary from place to place. Counties and cities that impose a local sales and use tax may choose to either tax or exempt the residential energy sources. Also, certain school districts are authorized to impose a sales and use tax on residential energy. The sales tax exemption for ESCO customers would impact those local governments or school districts that impose a local sales and use tax on residential energy. The local governments and school districts charging sales tax on utility service, and their tax rates, are listed in New York State Department of Tax and Finance Publication 718-R *Local Sales and Use Tax Rates on Residential Energy*. Local governments or school districts listed in this publication and

communities within listed counties that impose a local sales and use tax on residential energy sources and services and could potentially experience some loss of revenue.

It does not appear to be a stumbling block, but each municipality should evaluate the potential loss of sale tax revenue in their consideration of CCA.

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Question: CCAs provide a large benefit to ESCOs by greatly reducing customer acquisition costs, so why are CCAs not providing greater savings to CCA customers?

Answer: For the ESCO, the acquisition cost of CCA customers is less than customers acquired organically. However, structural differences in the way utility rates and CCA rates are constructed have much more to do with the ability of assuring savings than any embedded acquisition cost recovery premiums ESCOs are including. It is not possible to predict what utility supply prices are going to be in the future. A rate procured by a CCA is typically a fully fixed price where the ESCO goes out and purchases power in the forward market to guarantee the rate for a given period. To some degree comparing the two products (the utility supply rate and a forward looking fixed rate) is akin to comparing the rate of a 30 year fixed mortgage to the rate of an adjustable rate mortgage. While it's appropriate to compare how the two perform over time, customers and stakeholders should also acknowledge the risks and benefits related to each product i.e. a fixed price protects customers from variability they would have experienced if they were on the utility supply rate.

Question: Why are CCAs more prevalent in California? Are there changes to state policy that would improve the uptake of CCAs?

Answer: CCAs in California serve more than an estimated 2.5 million customers in 2018. One of the reasons CCA are more prevalent in California is because CCA was first established there in 2002.

California is a partially-regulated market, and therefore, residential customers do not have an option to select an alternate energy provider; their only supply option prior to CCA was utility supply. Given the limited options for energy supply providers in California, CCAs serve as load-serving entities (LSEs), which create opportunities for CCAs to directly procure energy and to own energy generation. Therefore, CCAs are able

to provide robust programmatic offerings. However, they are also required to assume significant administrative responsibilities.

Most CCAs in California are also currently able to provide cost savings for renewable energy because the cost of renewable energy has come down since the utilities entered their existing fixed rate supply contracts to meet the renewable portfolio standards (RPS). Given the cost savings that CCAs in California are able to provide, they are more likely to be able to collect revenue to cover administrative costs.

To date, the Public Service Commission (PSC) has only allowed CCA Administrators, Distributed Energy Resources (DER) providers, or ESCOs working with a CCA Administrator to bill a customer that elects, on an opt-in basis, to participate in a DER program or purchase a DER product separately. However, the PSC has stated that they would consider a CCA's proposal to bill customers for such services on an opt-out basis in the event that the CCA is able to work with a utility to develop a form of consolidated billing for those services. To facilitate the integration of CCA and DER, some stakeholders believe that the PSC should enable CCAs to enroll participants in Community Solar on an opt-out basis, rather than requiring customers to individually opt-in to CDG. This arrangement has potential to lower the energy costs of mass-market utility customers, including low-to-moderate-income households, by connecting them, at scale, with cost-efficient solar and other renewable energy projects.

Question: Under current state policy, what could/should CCAs do to implement customer-facing programs (i.e., demand response) that help meet state clean energy goals?

Answer: With CCA, communities can develop partnerships to connect customers with the cost advantages of clean energy and distributed energy resources (DER). By offering a range of clean energy initiatives, the CCA builds a strong foundation with multiple value streams to not only increase the benefits and impact of CCA, but also to ensure a diverse and resilient CCA that is sustainable well into the future. Emerging market opportunities relate to energy efficiency, smart thermostats, energy management, energy storage, electric vehicles, and behavioral engagement.

Question: Assuming that CCAs become more common in New York, should they be required to implement Integrated Resource Plans (IRPs) as investor-owned utilities are required to do?

Answer: As investor-owned utilities in New York do not own generation, their IRPs are primarily focused on distribution system upgrades, as well as programs to reduce and manage load growth such as energy efficiency, demand response, and non-wires alternatives.

Since CCAs will not own local distribution systems, this sort of IRP is not needed. In addition, because CCA customers continue to pay the System Benefits Charge and utility delivery charges, an increase in CCA customers will not result in any reduction in clean energy funding in New York. CCA Administrators are required to describe their plans to support, facilitate, or otherwise engage with DER development in their Implementation Plans. As the CCA market becomes more mature in New York, such engagement is likely to increase.