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How Illinois Communities Unleashed Renewable Energy

WWF

World Wildlife Fund is one of the world's largest and most experienced conservation organizations, working in 100 countries and supported by 1.2 million members in the U.S. and close to 5 million globally.

WWF's unique way of working combines global reach with a foundation in science, involves action at every level from local to global. WWF's vision is to build a future in which people live in harmony with nature.

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Sierra Club is one of the nation's largest and most influential grassroots environmental organizations, with more than two million members and supporters nationwide.

The Illinois Chapter began as the Great Lakes Chapter around 1959 and is now one of 68 Chapters that comprise the Sierra Club.

GW Solar Institute

The GW Solar Institute at George Washington University is a unique research and information center focused on identifying, developing, and sharing pragmatic and politically attuned solutions to the policy barriers preventing the adoption and scale of solar energy.

Go Clean Go Local Coalition

More than 75% of Illinois communities have voted to allow their municipality to negotiate electricity contracts for their residents and small commercial businesses.

The Go Clean Go Local Coalition, comprised of ELPC, ISEA, Sierra Club & WWF, are working together to encourage and assist those municipalities in choosing power sources that are clean and local.

ELPC

The Environmental Law & Policy Center is one of the Midwest's leading public interest environmental legal advocacy and eco-business innovation organizations.

ELPC's vision embraces both smart, persuasive advocacy and sustainable development principles to win the most important environmental cases and create positive solutions to protect the environment.

ISEA

The Illinois Solar Energy Association was founded in 1975 and incorporated in the State of Illinois in 1979. ISEA is the Illinois chapter of the American Solar Energy Society (ASES) and represents over 400 members, including more than 100 businesses, statewide.

ISEA's mission is to educate and advocate for the widespread application of solar, wind and other forms of renewable energy technologies to the people of Illinois.

LEAN Energy U.S.

LEAN Energy U.S. (Local Energy Aggregation Network) is a non-profit, membership organization dedicated to the accelerated expansion and competitive success of clean energy CCA nationwide.

LEAN works in partnership with a range of organizations to actively support the formation and success of new CCAs around the country.

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On the Cover

Wind farm in Southern Illinois

Contents

Introduction	1
Community Choice Aggregation Definition.....	2
Renewable Energy Credits.....	3
Spread of Community Choice Aggregation (CCA) in Illinois	4
Map: Spread of Towns with 100% Renewable Electricity in Illinois.....	5
Map: Illinois Towns Using CCA for 100% Renewable Electricity.....	6
List of 91 Illinois Town Using CCA to Transition to 100% Renewable Electricity via RECs.....	7
Case Study: Oak Park.....	8
Case Study: Chicago.....	9
CCA in Other States	11
Map: Community Choice Aggregation Legislation by State.....	12
Recommendations	13
Four Ways Cities Can Utilize CCA to Green their Energy Supply.....	13
Best Practices When Developing a CCA Program.....	16
Ways State and Federal Governments Can Expand CCA.....	17
Methodology	18
Appendix	19
1. Illinois CCA Legislation	19
2. Example Ordinance to Establish CCA program.....	27
3. Sample Request for Proposal (RFP).....	29
4. Federal CCA Enabling Legislation Bill.....	38
5. Additional CCA Resources.....	47

**“[Electricity] is a market, and
when you ask a market for
something, they can provide it.”**

Karen Weigert, Chief Sustainability
Officer, Chicago



Introduction

The vast majority of Americans support the use of renewable energy, with solar and wind enjoying strong support across the political spectrum and in every region of the country.^{1, 2, 3} Yet even with renewables now competitively priced, most cities and counties lack access to clean energy options and still cannot choose to buy clean energy. Without access to the energy market, most cities cannot meet their greenhouse gas reduction targets and sustainability goals in a timely and cost-efficient manner.

Cities in Illinois, however, have harnessed a little-known local energy model called Community Choice Aggregation (CCA; also known as municipal aggregation) to switch to clean power and save their ratepayers millions of dollars. In fact, since 2013 over 90 Illinois towns, representing 1.7 million people, transitioned to 100% renewable electricity by using Renewable Energy Credits (RECs).

Their freedom of choice increased demand for energy sources like wind and solar by over 6 terawatt hours (TWh)—reducing pollution levels equivalent to taking more than 1 million cars off the road or 250,000 homes off the grid.

Passed in Illinois in 2009, CCA works by empowering local communities to pool the electric purchasing power of their residents and small businesses. This enables municipalities to choose an electricity supplier that fits their needs and aspirations, directs the content of their power supply, and drives down electricity rates by buying energy in bulk.

Cities no longer need to own and operate a municipal utility to procure renewable energy. While this report focuses on lessons learned from CCA efforts in Illinois, cities in five other states are also using this tool to boost renewable energy use, advance energy efficiency, reduce air pollution and meet their climate change goals.

¹ Leiserowitz, A., et al. (2013) *Global Warming's Six Americas, September 2012*. Yale University and George Mason University. New Haven, CT: Yale Project on Climate Change Communication. <http://environment.yale.edu/climate/publications/Six-Americas-September-2012>

² Maibach, Edward, et al. *A National Survey of Republicans and Republican-Leaning Independents on Energy and Climate Change*. April 2013. Yale University and George Mason University: Yale Project on Climate Change Communication. <http://environment.yale.edu/climate-communication/article/republican-views-on-climate-change#sthash.mWzTxHO7.dpuf>

³ Jacobs, Dennis. "Americans Want More Emphasis on Solar, Wind, Natural Gas." Gallup Politics. 27 March 2013. <http://www.gallup.com/poll/161519/americans-emphasis-solar-wind-natural-gas.aspx>

What is **Community Choice Aggregation**?
(also known as municipal aggregation)

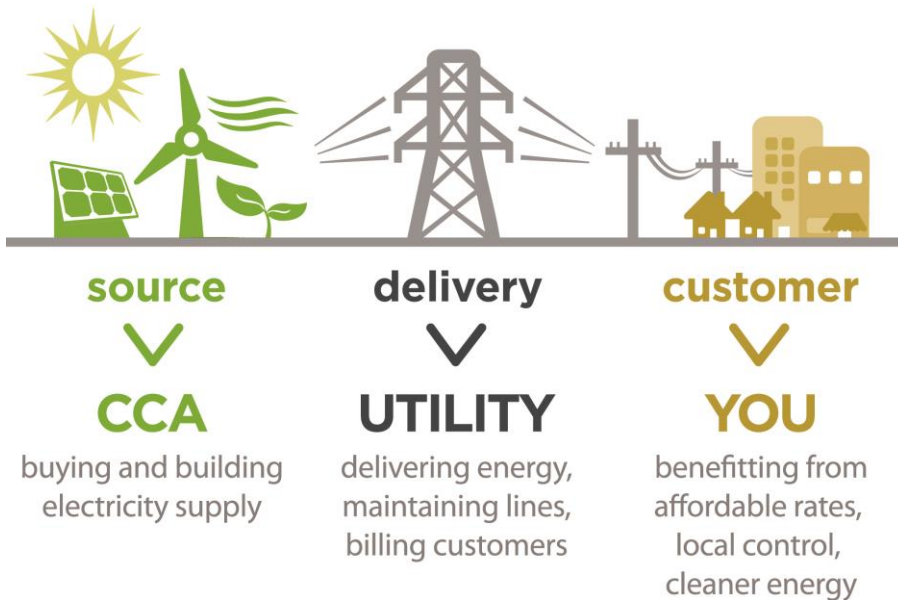
A **COMMUNITY** authorizes its municipal government to procure electric supply services on its behalf.

The municipality then makes its **CHOICE** of electric providers, based on the rates it is able to negotiate with these suppliers and how the electricity is generated.

Cost savings and cleaner energy choices can be achieved through the **AGGREGATION** of customer demand, allowing the municipality to negotiate bulk purchasing rates and energy sources.

Source: The Solar Foundation (see Appendix 5) & Go Clean, Go Local Coalition

How Local Energy Aggregation Works



Source: LEAN Energy U.S.

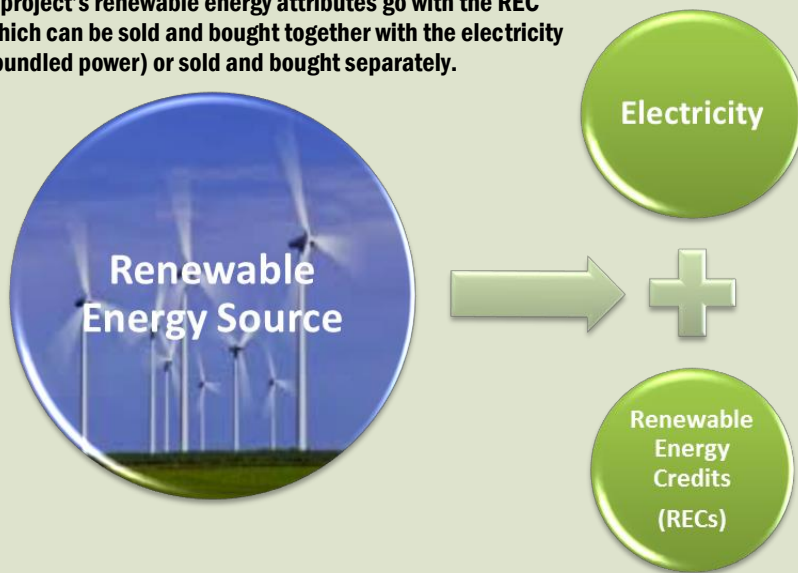
Renewable Energy Credits

Renewable Energy Credits or RECs are an accounting mechanism used to monetize the green attributes of a particular electricity source, which can then be bought and sold separately from the electricity (see figure below).

Each REC represents one megawatt hour (MWh) of electricity generated from a qualified renewable energy resource. Every REC also contains a set of information—type of renewable energy generated, facility location, age of the facility, and date of the power generation.

RECs can be traded, but their green attributes must be retired after they are claimed on behalf of a community or set of customers. When used properly, RECs provide valuable market incentives to stimulate new renewable energy project development across the country.

A project's renewable energy attributes go with the REC which can be sold and bought together with the electricity (bundled power) or sold and bought separately.



The cities listed on page 7 of this report negotiated a single price/kWh for both electrical energy and the RECs to cover the electricity use of their residents and small businesses. This means that the communities can claim the renewable attributes of those RECs toward greenhouse gas reduction and clean energy compliance goals.

While there is some variation in what qualifies as a REC based on the policy or market in which they are used, the cities on page 7 used CCA to procure RECs that are in compliance with the Illinois Renewable Portfolio Standard (IL RPS) and/or are Green-e certified RECs. The IL RPS requires RECS to be generated during the compliance year, though they can be banked for an additional 12 months.

While purchasing RECs does represent a procurement of renewable energy, it does not necessarily mean that local renewable energy projects were built as a result of the purchase.

The recommendations section of this report contains information about how communities can (and in some cases have) used CCAs not only to purchase RECs but also invest in new, locally generated renewable energy projects that create jobs and concentrate the resulting social and environmental benefits in the local community.

Spread of CCA in Illinois

In 1997, Illinois passed a utility restructuring law that started the process of allowing customers to choose their own electric suppliers.⁴ By 2007, residential and small commercial customers had the ability to shop for their own power, but very few utilized the opportunity. That shifted in 2009 when the law was changed to enable the “aggregation of electric load by municipalities and counties.”⁵

Ultimately, this allowed municipalities to shop for one electricity supplier and negotiate energy rates on behalf of their residents and small businesses. An important aspect of the 2009 law is that it enabled ‘opt out’ programs after passage of a voter referendum. Experience has shown that opt-out programs are far more effective than opt-in programs because a much larger percentage of the population participates and market scale can be achieved. Once the CCA legislation passed, regulations were issued to ensure residents could continue receiving a single consolidated bill from their utility.

With the regulations in place, the widespread adoption of CCA and renewable electricity procurement occurred quickly in Illinois, driven by opportunities for significant electricity bill reductions, successful community outreach, and supportive utilities and power suppliers.

Community outreach for CCA proved critical because in order to implement the program in Illinois, communities must first pass a public referendum granting a municipality permission to purchase electricity on residents’ behalf. By 2011, hundreds of Illinois towns passed referenda with the following statutory language:

“Shall the City (or County) of _____ have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such a program?”

⁴ Electric Service Customer Choice and Rate Relief Law of 1997. Public Utilities Act (220 ILCS 5/16-101). <http://www.ilga.gov/legislation/ilcs/ilcs4.asp?ActID=1277&ChapterID=23&SeqStart=35800000&SeqEnd=40900000>

⁵ The Illinois Power Agency Act Amendment. Public Act 097-0338 (20 ILCS 3855/1-92). <http://www.ilga.gov/legislation/publicacts/97/PDF/097-0338.pdf>

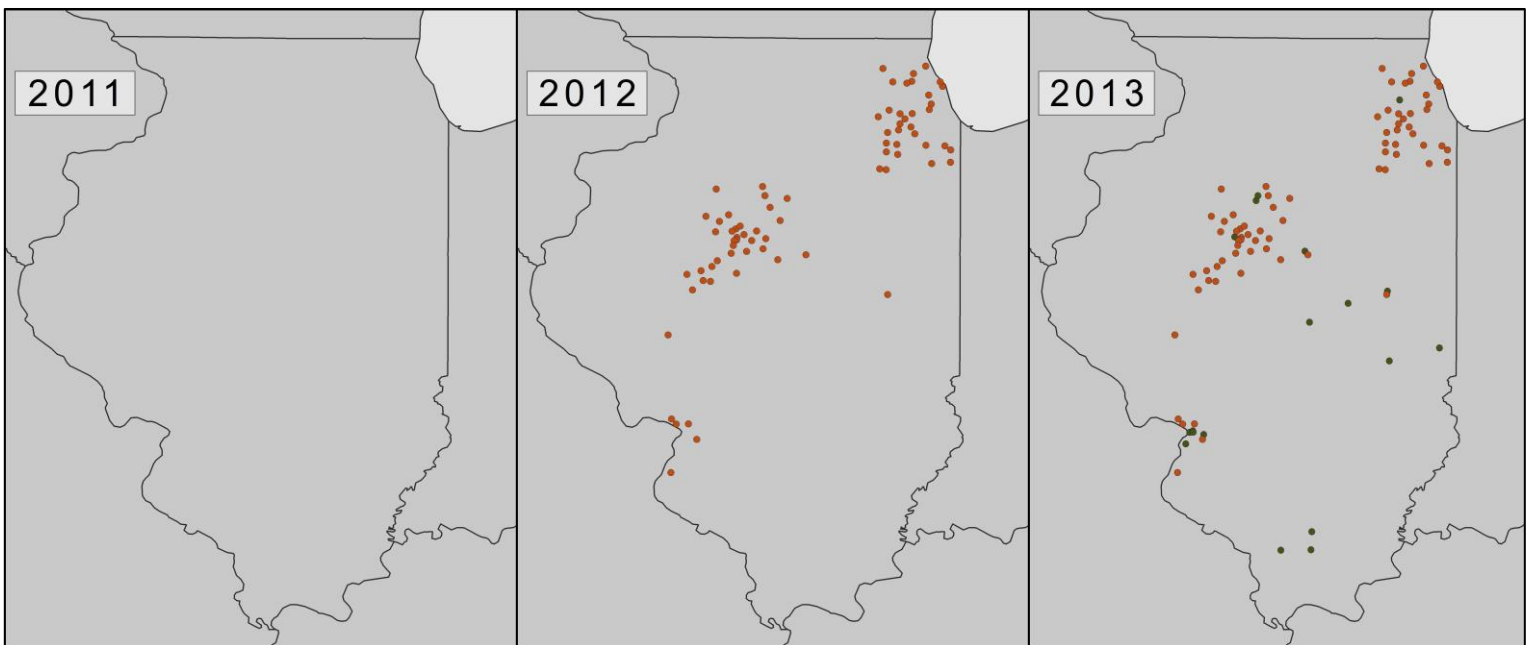
By 2013, more than 75% of Illinois towns had passed referenda and taken these additional steps required under state law to implement CCA:

- (1) passed a local ordinance establishing a CCA program (see Appendix 2);
- (2) developed a **plan of operations and governance** after two public hearings; and
- (3) **implemented the program**, including ample public education and opt-out notifications.

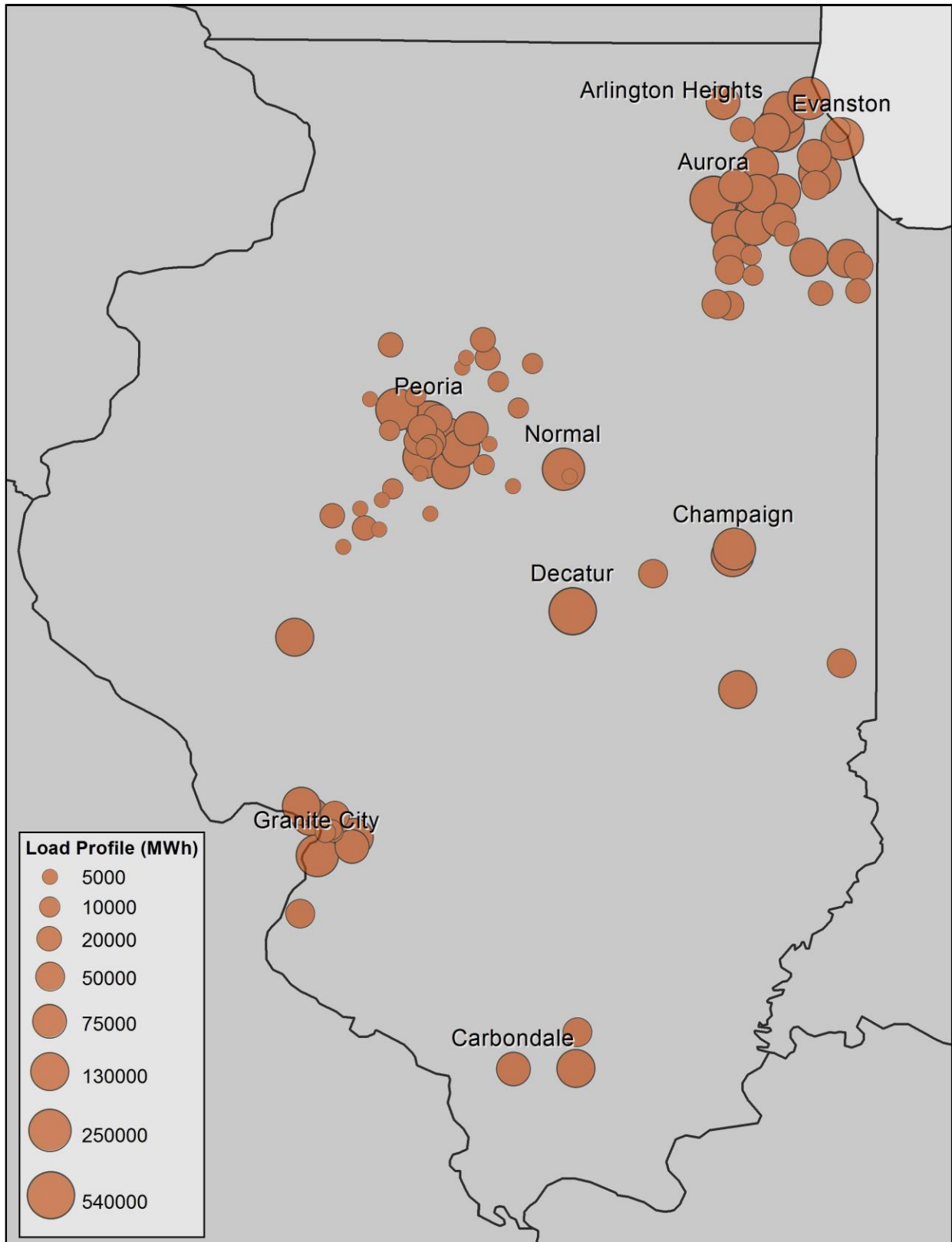
Of the more than 600 towns in Illinois that aggregated their electricity procurement for residents and small businesses, 91 of those—a vastly larger number than anywhere else in the country—decided to purchase 100% renewable electricity through RECs.

Several others offered 50% renewable electricity and still others offered a voluntary “opt-in” clean energy option for a slight price premium. All of these towns achieved clean energy procurement with short-term contracts of two years or less.

Spread of Towns with 100% Renewable Electricity in Illinois



Illinois Towns Using CCA for 100% Renewable Electricity



91 Illinois Towns Using CCA to Achieve 100% Renewable Electricity via RECs

Alton	Easton	Manito	Rolling Meadows
Arlington Heights	Edwardsville	Marion	Romeoville
Aurora	Elwood	Marquette Heights	Roxana
Bartonville	Evanston	Marshall County	San Jose
Beecher	Forest City	Mason County	Shorewood
Bethalto	Frankfort	McLean	South Barrington
Bolingbrook	Glen Carbon	Monticello	South Pekin
Braidwood	Glendale Heights	Morton	South Roxana
Brimfield	Godfrey	Normal	Sparland
Buffalo Grove	Granite City	Norridge	Stanford
Carbondale	Hanna City	North Pekin	Stark County
Cary	Hartford	Oak Park	Tazewell County
Champaign County	Havana	Paris	Toluca
Channahon	Henry	Park Forest	Topeka
Charleston	Homer Glen	Pekin	Urbana
Coal City	Hopewell	Peoria	Warrenville
Columbia	Jacksonville	Peoria County	Washburn
Crete	Kenilworth	Peoria Heights	Washington
Creve Coeur	Kilbourne	Peotone	West Frankfort
Decatur	Lake Forest	Plainfield	West Peoria
Deer Creek	Lemont	Riverside	Westmont
Dunlap	Lisle	Roanoke	Woodridge
East Peoria	Mackinaw	Rockdale	

Case Study

Village of Oak Park

Oak Park, a suburb of Chicago, is a town with a long history of innovation. It's the hometown of Ernest Hemingway and Frank Lloyd Wright who are famous for pushing the boundaries of their respective fields. In more recent years, the town has attracted attention for its innovative response to climate change and energy procurement.

How they did it: In 2010, following years of scorching heat waves and flooding from severe storms, Oak Park began implementing measures to protect its residents from increasingly extreme weather events. As part of this process and to address the pollution causing the problem, the city became the first American city to secure 100% renewable electricity for its residents through CCA.

"We saw [municipal] aggregation as not just being about the best price, but about responding to the idea of preparing for climate change and a smart community future," says K.C. Doyle, Oak Park's Sustainability Manager. *"In the process, it went from being a dialogue about devastation to a conversation about hope."*

Resulting Benefits: Oak Park's pioneering efforts were soon followed by over 90 cities across Illinois. But Oak Park was also turning heads beyond the borders of Illinois. *"While Cincinnati was the first major city to use aggregation to deliver a 100% green energy product, we were not the first to come up with the idea,"* states Larry Falkin, director of Cincinnati's Office of Environment & Sustainability. *"We modeled our program on Oak Park's."*

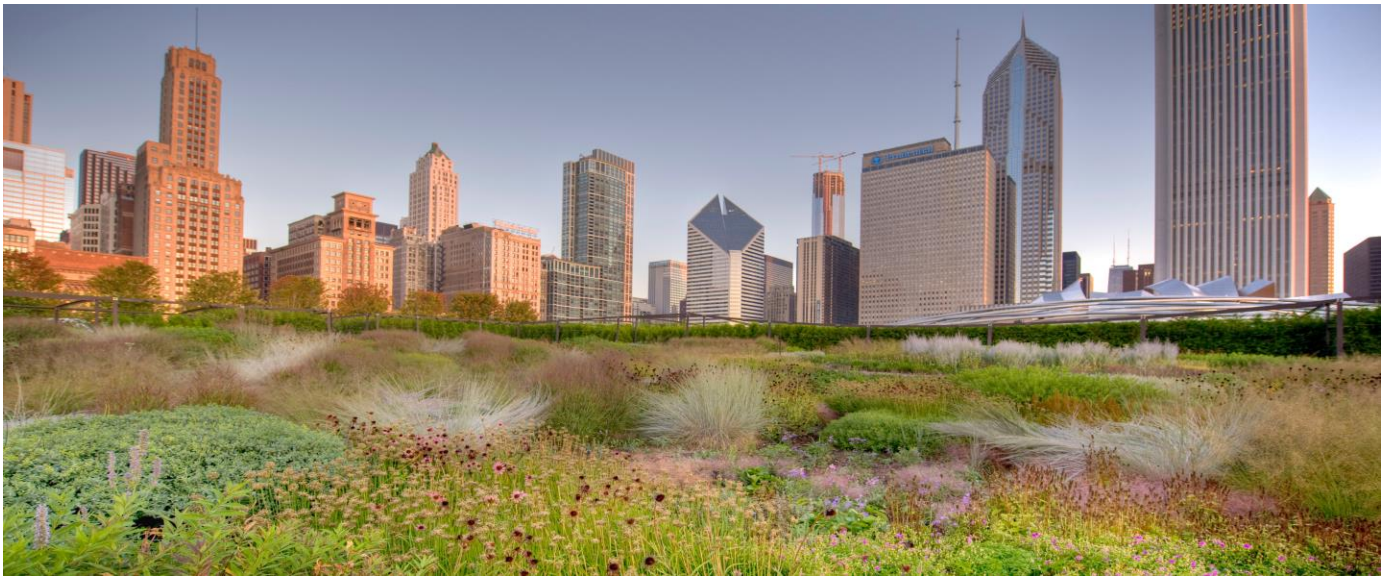
Oak Park's actions earned them national recognition and awards from institutions like the U.S. Environmental Protection Agency and U.S. Conference of Mayors.

"We saw [municipal] aggregation as not just being about the best price, but about responding to the idea of preparing for climate change and a smart community future,"

K.C. Doyle, Sustainability Manager, Oak Park



Joe Kreml, Village of Oak Park



Case Study

City of Chicago

In 2012, Chicago became the largest city in the U.S. to utilize CCA. Before switching to CCA, coal accounted for over 40% of Chicago’s energy mix. After the city aggregated, Chicago’s carbon footprint dropped 16%—primarily the result of cutting energy use by 28% as well as redirecting the city’s energy supply away from coal to natural gas and in-state wind power purchases that cover 5% of its demand.

How they did it: In November of 2012, Chicago issued a request for qualifications to all bidders interested in providing electricity to the city’s residential and small commercial customers. Among other information, potential bidders were asked for “Power Content Labeling”—specifics about power sources that would be put into the grid to meet the city’s power demand. Additionally, respondents were asked to offer proposals for energy efficiency, distributed generation, and demand-response programs. In Chicago’s subsequent request for proposal (RFP), they specified energy mixes that were coal-free and included in-state wind power.

Ronnie Cardwell from Integrys Energy Services (an alternative retail energy supplier) recalled, *“When they first asked us if they could buy the product with no coal, our immediate reaction was, ‘You can’t do that. It doesn’t work that way.’* But with the potential of 900,000 aggregated customers, Integrys went back to the drawing board and came up with a path forward that structured the energy supply to exclude coal, shift to natural gas and add 5% wind. Integrys ultimately won the bid.

Karen Weigert, Chicago’s chief sustainability officer, recalls the city’s choice to stand by its decision to remove coal from their electricity supply. *“[Electricity] is a market, and when you ask a market for something, they can provide it,”* she says. *“It was a great deal for our residents because you’re getting the dollar savings as well as the environmental impact.”*

Resulting Benefits: Chicago signed a 27-month contract with Integrys Energy Services to provide about 5 million MWh of power for the Chicago area’s residents and small businesses— enough to cover 900,000 customers. The energy mix achieves significant reductions in energy use and harmful pollution by: (1) zeroing-out coal energy; (2) utilizing combined-cycle natural gas power plants, which are much more efficient than traditional natural gas plants; and (3) doubling the use of in-state wind power, which is provided by in-state wind farms, including a purchase of RECs that help the program meet Illinois’ Renewable Portfolio Standard requirements.

According to an analysis by the Perfect Power Institute, the cleaner energy mix required under Chicago’s CCA contract will cut energy use by 28% and avoid a significant amount of pollution that contributes to climate change and Chicago’s high asthma hospitalization rate, including approximately:

- 550,000 metric tons of carbon dioxide (equivalent to keeping 115,000 cars off the road)
- 5,500 metric tons of sulfur dioxide (a 98% improvement or more than the Fisk coal plant’s annual pollution)
- 2,100 metric tons of nitrous oxide (an 85% improvement over the previous energy mix) (see Appendix 5)



CCA in Other States

Illinois was not the first state to utilize Community Choice Aggregation, but its cities have adopted it the fastest. Currently, five additional states—California, Massachusetts, New Jersey, Ohio and Rhode Island—also allow municipal CCA.

In California, Marin County has a well-established CCA program that invests heavily in new, locally built, renewable energy resources. The county's long-term Power Purchasing Agreements (PPA)⁶ have spurred the development of nearly 60 megawatts of new solar, wind, and landfill gas.⁷

More recently, Sonoma County approved its own CCA program that focuses heavily on locally generated renewable energy. California's experience shows that longer-term contracts, typically ten years or more, provide the certainty electricity suppliers need to invest in more local renewable options.

In Massachusetts, the Cape Light Compact is another CCA trail blazer, servicing over 20 towns since 1997 through a combination of its own energy efficiency programs and direct investments in local solar projects. Several more aggregation programs have cropped up in Massachusetts in the last three years, with contract provisions similar to those in Illinois.

In Ohio, both Cleveland and Cincinnati have procured 100% renewable electricity through purchasing RECs. In 2012, Cincinnati was the first major city to transition its residents to 100% renewable electricity through RECs, and they did so with over 20% cost savings.⁸

In New Jersey, cities and towns have just begun to explore how CCA can lower costs for consumers while greening their energy mix. Recovery efforts in the wake of Superstorm Sandy may provide additional opportunities and inspiration for New Jersey localities to follow Illinois' path and become the next green CCA innovator. Sustainable Jersey, a local non-profit organization, is currently developing guidance for how New Jersey cities can leverage CCA and boost sustainable energy use. Sustainable Jersey is engaged with over 400 municipalities in the Garden State, and

⁶ Power Purchase Agreement (PPA) is a contract between two parties (a buyer & seller) for selling and purchasing electricity over a set period of time—typically 5-20 years.

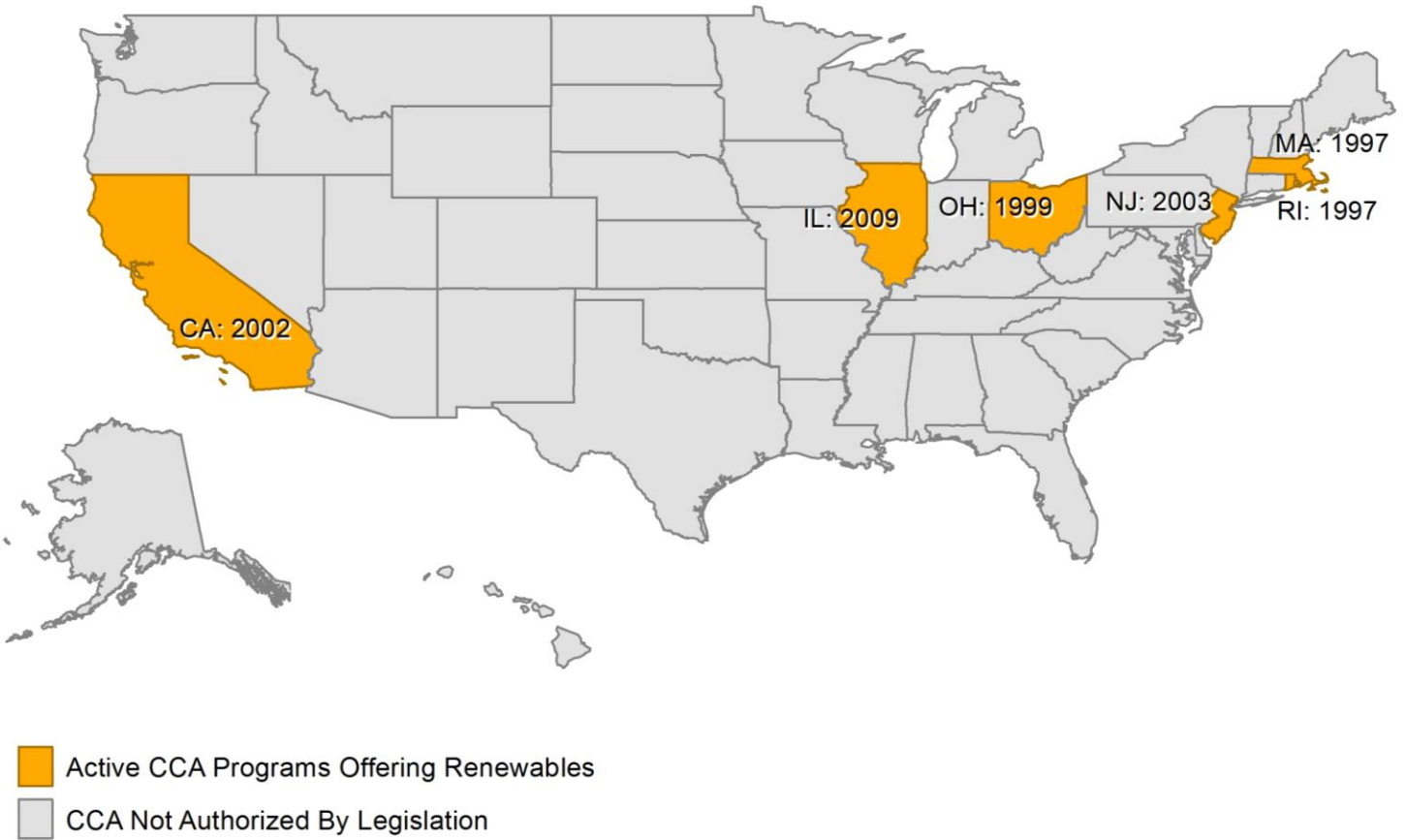
⁷ LEAN Energy U.S. "California CCA." <http://www.leanenergyus.org/cca-by-state/california/>

⁸ City of Cincinnati. "Aggregation Frequently Asked Questions." February 2014. <http://www.cincinnati-oh.gov/cityofcincinnati/news/city-saves-residents-163-on-natural-gas-bills/aggregation-frequently-asked-questions/>

has seen significant new interest in the CCA concept for increasing consumer access to renewable energy.

The success of CCA has also drawn the attention of other states. The New York state legislature introduced a bill to adopt a pilot CCA in 2013 and has done so again in 2014. Legislation is also being explored in Utah and Colorado and there is an effort underway in Minnesota. Though contemplated, there are currently no federal legislative proposals to allow all U.S. communities to choose their own electricity suppliers.

Community Choice Aggregation Legislation by State



Recommendations

The 91 Illinois municipalities that used their collective purchasing power to save money and switch to cleaner energy highlight the transition potential of CCA in the energy policy arena. As municipalities in Illinois and other states gain experience with CCAs, we urge them to move beyond Renewable Energy Credits (RECs) and find ways to procure and develop locally sourced renewable energy in order to retain a much greater share of the benefits within the local community.

The following recommendations are based on an analysis of CCA experiences in Illinois and discussions with Illinois residents, local officials, municipal staffers, and energy suppliers. These are intended to serve as a resource for other municipalities that are considering using their electricity buying power to save residents money, support local clean energy jobs, and improve the environment and health of their communities.

Four Ways Cities Can Utilize CCA to Green Their Energy Supply

1. Request a Local Clean Energy Carve-Out

One method for greening the energy supply while creating new local jobs is asking supply bidders to carve-out a certain amount of existing solar or wind in their bids. For example, the city of Chicago insisted that 5% of its electricity mix come from Illinois wind farms. Another option would be for a city to purchase or own a local clean energy project and ask its supplier to purchase energy, capacity, or RECs from that project as part of the city's contract.

Since renewable energy developers need to sell both RECs and the power generated, a community that purchases renewables should also purchase the associated RECs. Communities that choose to purchase both ensure the project will continue to operate and send a strong signal to the energy market that demand for local renewable energy exists.

To purchase both the RECS and power, the project should be located in an area where the power is deliverable without much line loss, which ultimately means it should be located nearby, not several states away.

2. Invest in New, Local Renewables

The most environmentally beneficial method of using CCA is to build new renewable energy projects. Developing new renewable projects is difficult with short-term energy contracts, but communities that combine their bonding authority (using clean renewable energy bonds) and consider multi-year aggregation contracts may have more options.

Below are just three possibilities of how a community can invest in new, local renewable energy construction.

a) Create a Community Clean Energy Fund

Utilize a CCA contract to finance a clean energy fund to support local solar or energy efficiency projects. This fund can be set up in many different ways. One option is to negotiate a lump-sum contribution from a power supplier, while another option is to roll funds into the electric rate that the supplier offers. This fund can help finance solar or energy efficiency improvements within government-owned buildings, offering the community-wide benefit of reduced energy costs at public facilities.

Example of Community Clean Energy Fund

Let's say the market price for power is \$.05/kWh. The municipality signs a contract with Supplier A for \$.051/kWh for 25,000,000kWh and the extra money (\$25,000) is put aside for a fund, which is held in trust by the supplier, but used to buy down the installation of a solar system at a local school.

They issue a Request for Proposal (RFP) from local installers on a 25kW project and use the \$25,000 to offset development costs. The town then signs a twenty-year Power Purchase Agreement (PPA) with the developer for below-market priced power to finance the rest of the system costs.

The citizens of the municipality win because they pay less for the electricity to run the school for the next 20 years. They will save more in 20 years than they spend this one year to buy down the system cost. Additionally, from that system the city realizes 30 RECs per year and sells them to a supplier for \$200/REC. The \$6000 realized is used to buy down the cost of another 3kW system.

b) Bundle Solar Credits

Ask your supplier to provide a solar REC bundling service to any members of your community planning to purchase rooftop solar power systems. By bundling, local solar projects can gain access to state or regional REC markets and may receive a significantly discounted bulk purchase price. This new revenue stream for existing solar power installations further incentivizes new solar investments.

c) Turn a Brownfield into a Brightfield

Brownfields—land abandoned after prior use by industrial or commercial purposes—may offer great locations for local renewable energy projects. For example, there are new solar racking options that do not need to penetrate the ground and thus avoid disturbing contaminated soils.

The community may be able to facilitate redevelopment of these sites by becoming the purchaser of the power and/or the RECs from the project. In order for a project to move forward, the developer will want a multi-year contract for at least the power and/or the RECs.

The community could become the multi-year purchaser and then require the power to be included in any aggregation contract. There does not need to be upfront investment from the city, just a long-term purchase guarantee.

3. Get Informed with Power Content Labeling & Pursue Low Carbon Options

In many states, including Illinois, energy suppliers disclose information on the types of power they are buying, the location of the power generation, and how different fuel mixes affect price. Power content labeling allows municipalities to request and verify lower carbon energy options such as a coal-free supply that can meet the sustainability and economic needs of the community.

4. Offset a Brown Power Mix with Local RECs

Since buying the RECs associated with a renewable energy project means an entity or community owns the environmental attributes of that project, a community can buy enough RECs to claim that its residents' electricity supply is 100% renewable.

However, it is important to remember that the actual power placed on the grid will still be sourced from fossil fuels, and therefore we encourage communities to go beyond RECs with the recommendations listed above.

If RECs are the only option, communities should consider Green-e certified RECs and prioritize in-state or border-state RECs above others. If RECs are purchased from far away states, the climate change benefits still exist, but the social, economic, and health benefits of those projects stay in the state where the renewable energy is being built.

Municipalities can also include a preference for RECs located within their town's borders, to help local residents, schools, and other solar owners pay off their investments more quickly.

Best Practices When Developing a CCA Program

In order to achieve scale, transparency and cost savings, consider the following best practices.

1. Utilize a Standardized RFP & Certified RECs

The Request for Proposal (RFP) is the most powerful tool a city has to direct the kind of energy it procures on behalf of its community. Appendix 3 contains a sample RFP that includes asking bidders for pricing on RECs and other clean energy options.

If the energy supply contract includes RECs, require proper certification to guarantee quality and legitimacy. We recommend that a community choose whichever certification is strictest between Green-e and the state RPS certification.

2. Consider Combining Procurement with Other Communities

In Illinois, several communities, especially smaller towns, joined forces to pursue CCA under joint contracts and intergovernmental agreements. When neighboring towns make joint aggregation bids, it can yield a larger cost savings as scale increases and administrative costs are shared.

Cities and counties in other CCA states have also utilized this joint approach. Moving forward, these consortiums may be an important way for communities to procure larger amounts of in-state renewable energy.

3. Consider a Longer-Term Procurement Contract

In this first round of Illinois aggregation programs, most cities opted for 12-24 month energy contracts. While short-term contracts are a market reality in retail energy states such as Illinois, communities can negotiate longer-term contracts with periodic terms and condition reviews.

This approach allows for greater program stability and supplier investment as well as the flexibility to “move with the market” as may be needed to remain competitive.

In addition, a long-term contract can spur new renewable energy investments, whether locally or out of state. A long-term commitment to purchasing renewable energy for a group of aggregated customers provides certainty to the developer and sends an economic signal for a lasting demand increase. The customers also win through cost certainty and rate savings over time.

Ways State and Federal Governments Can Expand CCA

1. **Pass State CCA Legislation:** For states that have not yet passed CCA, utilize the examples of the six states with current CCA laws. Passing state CCA legislation is required for local communities to aggregate and direct their energy supply. Please refer to the appendix for more resources.
2. **Develop a National CCA Working Group:** The White House should develop a CCA working group comprised of participating CCA states, as well as representatives from the Department of Energy (DOE), Environmental Protection Agency, Federal Energy Regulatory Commission, and Department of Housing & Urban Development.

As municipal aggregation policies spread, more communities and states will need resources for better CCA implementation. This group should be charged with sharing best practices and developing national CCA recommendations.

3. **Department of Energy Tracking:** The DOE should track the adoption rates and economic and environmental impacts of CCA in the United States. Currently, there is no national mechanism for determining CCA's impact on the U.S. energy mix, climate reduction goals and the economy.
4. **Promote Federal CCA Legislation:** While states currently have the ability to pass CCA legislation, Congress could enable any city in America to utilize it by passing national CCA enabling legislation that is aligned with state regulatory requirements and different market structures.



Methodology

The Illinois state-specific information in this report is derived from local energy supplier contracts. The contracts were accessed through Freedom of Information Act (FOIA) requests made directly to cities and counties.

In some cases renewable energy load profiles (MWh) were unavailable for certain municipalities. To estimate the missing data, the load profiles were determined by using the average MWh/person derived from the corresponding electric utility. Information from the Illinois Commerce Commission also contributed to this report.



Appendix 1: Illinois CCA Legislation

AN ACT concerning State government.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Illinois Power Agency Act is amended by changing Section 1-92 as follows:

(20 ILCS 3855/1-92)

Sec. 1-92. Aggregation of electrical load by municipalities and counties.

(a) The corporate authorities of a municipality or county board of a county may adopt an ordinance under which it may aggregate in accordance with this Section residential and small commercial retail electrical loads located, respectively, within the municipality or the unincorporated areas of the county and, for that purpose, may solicit bids and enter into service agreements to facilitate for those loads the sale and purchase of electricity and related services and equipment.

The corporate authorities or county board may also exercise such authority jointly with any other municipality or county. Two or more municipalities or counties, or a combination of both, may initiate a process jointly to authorize aggregation by a majority vote of each particular municipality or county as required by this Section.

If the corporate authorities or the county board seek to

operate the aggregation program as an opt-out program for residential and small commercial retail customers, then prior to the adoption of an ordinance with respect to aggregation of residential and small commercial retail electric loads, the corporate authorities of a municipality or the county board of a county shall submit a referendum to its residents to determine whether or not the aggregation program shall operate as an opt-out program for residential and small commercial retail customers.

In addition to the notice and conduct requirements of the general election law, notice of the referendum shall state briefly the purpose of the referendum. The question of whether the corporate authorities or the county board shall adopt an opt-out aggregation program for residential and small commercial retail customers shall be submitted to the electors of the municipality or county board at a regular election and approved by a majority of the electors voting on the question. The corporate authorities or county board must certify to the proper election authority, which must submit the question at an election in accordance with the Election Code.

The election authority must submit the question in substantially the following form:

Shall the (municipality or county in which the question is being voted upon) have the authority to arrange for the supply of electricity for its residential and small commercial retail customers who have not opted out of such

Public Act 097-0338

HB3182 Enrolled

LRB097 09326 ASK 49461 b

program?

The election authority must record the votes as "Yes" or "No".

If a majority of the electors voting on the question vote in the affirmative, then the corporate authorities or county board may implement an opt-out aggregation program for residential and small commercial retail customers.

A referendum must pass in each particular municipality or county that is engaged in the aggregation program. If the referendum fails, then the corporate authorities or county board shall operate the aggregation program as an opt-in program for residential and small commercial retail customers.

An ordinance under this Section shall specify whether the aggregation will occur only with the prior consent of each person owning, occupying, controlling, or using an electric load center proposed to be aggregated. Nothing in this Section, however, authorizes the aggregation of electric loads that are served or authorized to be served by an electric cooperative as defined by and pursuant to the Electric Supplier Act or loads served by a municipality that owns and operates its own electric distribution system. No aggregation shall take effect unless approved by a majority of the members of the corporate authority or county board voting upon the ordinance.

A governmental aggregator under this Section is not a public utility or an alternative retail electric supplier.

(b) Upon the applicable requisite authority under this Section, the corporate authorities or the county board, with

assistance from the Illinois Power Agency, shall develop a plan of operation and governance for the aggregation program so authorized. Before adopting a plan under this Section, the corporate authorities or county board shall hold at least 2 public hearings on the plan. Before the first hearing, the corporate authorities or county board shall publish notice of the hearings once a week for 2 consecutive weeks in a newspaper of general circulation in the jurisdiction. The notice shall summarize the plan and state the date, time, and location of each hearing. Any load aggregation plan established pursuant to this Section shall:

(1) provide for universal access to all applicable residential customers and equitable treatment of applicable residential customers;

(2) describe demand management and energy efficiency services to be provided to each class of customers; and

(3) meet any requirements established by law concerning aggregated service offered pursuant to this Section.

(c) The process for soliciting bids for electricity and other related services and awarding proposed agreements for the purchase of electricity and other related services shall be conducted in the following order:

(1) The corporate authorities or county board may solicit bids for electricity and other related services.

(2) Notwithstanding Section 16-122 of the Public

Public Act 097-0338

HB3182 Enrolled

LRB097 09326 ASK 49461 b

Utilities Act and Section 2HH of the Consumer Fraud and Deceptive Business Practices Act, an electric utility that provides residential and small commercial retail electric service in the aggregate area must, upon request of the corporate authorities or the county board in the aggregate area, submit to the requesting party, in an electronic format, those account numbers, names, and addresses of residential and small commercial retail customers in the aggregate area that are reflected in the electric utility's records at the time of the request. Any corporate authority or county board receiving customer information from an electric utility shall be subject to the limitations on the disclosure of the information described in Section 16-122 of the Public Utilities Act and Section 2HH of the Consumer Fraud and Deceptive Business Practices Act, and an electric utility shall not be held liable for any claims arising out of the provision of information pursuant to this item (2).

(d) If the corporate authorities or county board operate under an opt-in program for residential and small commercial retail customers, then the corporate authorities or county board shall comply with all of the following:

(1) Within 60 days after receiving the bids, the corporate authorities or county board shall allow residential and small commercial retail customers to commit to the terms and conditions of a bid that has been selected by the corporate authorities or county board.

(2) If (A) the corporate authorities or county board award proposed agreements for the purchase of electricity and other related services and (B) an agreement is reached between the corporate authorities or county board for those services, then customers committed to the terms and conditions according to item (1) of this subsection (d) shall be committed to the agreement.

(e) If the corporate authorities or county board operate as an opt-out program for residential and small commercial retail customers, then it shall be the duty of the aggregated entity to fully inform residential and small commercial retail customers in advance that they have the right to opt out of the aggregation program. The disclosure shall prominently state all charges to be made and shall include full disclosure of the cost to obtain service pursuant to Section 16-103 of the Public Utilities Act, how to access it, and the fact that it is available to them without penalty, if they are currently receiving service under that Section. The Illinois Power Agency shall furnish, without charge, to any citizen a list of all supply options available to them in a format that allows comparison of prices and products.

The Illinois Power Agency shall provide assistance to municipalities, counties, or associations working with municipalities to help complete the plan and bidding process.

This Section does not prohibit municipalities or counties from entering into an intergovernmental agreement to aggregate

Public Act 097-0338

HB3182 Enrolled

LRB097 09326 ASK 49461 b

residential and small commercial retail electric loads.

(Source: P.A. 96-176, eff. 1-1-10.)

Section 99. Effective date. This Act takes effect upon becoming law.

Appendix 2: Example Ordinance to Establish CCA Program

ORDINANCE NO. 12-_____

AN ORDANANCE APPROVING A CONSULTANT AGREEMENT WITH
_____(CONSULTANT NAME) FOR ELECTRIC AGGREGATION

WHEREAS, the Village of _____(NAME) is a home rule municipal corporation duly organized and operating pursuant to the laws of the State of _____ (STATE) and

WHEREAS, the Village has been authorized by referendum to aggregate residential and small commercial retail electrical loads located within the Village; and

WHEREAS, in order to begin the process of entering into service agreements, the Village finds that the consultant services would assist the Village is choosing the most appropriate providers and services for the Village of _____(NAME); and

WHEREAS, _____(CONSULTANT) is engaged in the business of providing such consulting services and is willing to assist and support the Village in its efforts to implement its municipal aggregation program; and

WHEREAS, _____(CONSULTANT) has agreed that it will be compensated for its services in the form of broker fees paid by the selected electric supplier and not paid directly by the Village; and

WHEREAS, the Village of _____(NAME) Board of Trustees desires to approve this consultant agreement, finding this agreement to be in the best interest of the Village.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and Board of Trustees of the Village of _____(NAME, COUNTY, STATE), as follows:

Section 1: The Consultant Agreement for Municipal Procurement Support between the Village of _____(NAME) and _____(CONSULTANT NAME) a copy of which is attached hereto as Exhibit "A, is hereby approved.

Section 2: The mayor or his designee is authorized and directed to execute this Agreement on behalf of the Village.

Section 3: This ordinance shall be in full force and effect after its passage, approval, and publication as required by law.

PASSED AND APPROVED by the Mayor and Board of Trustees of the Village of _____(NAME, COUNTY, STATE) this _____(DATE).

Name N. Name, Mayor

ATTEST:

Name N. Name, Mayor

Appendix 3: Sample RFP

Request for Proposal

For Municipal Aggregated Electric Supply for
Residential and Small Commercial Retail Customers

Issued By:

XXX

XXX Blank Street

City, State Zip Code

RFP Issue Date	[Month, Day, Year]
RFP Submission Deadline	[Month, Day, Year]
RFP Selection Date	[Month, Day, Year]

The _____XXX (“Name”) invites Certified Retail Electric Suppliers (“Supplier”) to submit proposals for Municipal Aggregated Electric Supply in order to provide electrical related services (“Supply Agreement”) for approximately XXX eligible residents and small commercial retail accounts [under Section 1-92 Chapter 20, Act 3855 of the Illinois Compiled Statutes (Act)] for power to flow beginning approximately _____DATE. All submissions must meet the requirements, terms, and conditions of this Request for Proposal (RFP), although selection of any RFP shall in no way be constructed as being a final purchase order, contract, or offer.

As outlined in the criteria below, the _____XXX is seeking to provide eligible ratepayers with lower electricity prices from cleaner sources of energy. The _____XXX must also provide a turnkey program that includes all the aggregation services needed to meet the requirements of the Illinois Commerce Commission and the Act. Such services shall include but not be limited to the following: Governance Plan development assistance, assistance in applying for certification, administration of the opt-out process, provision for a toll-free call-center to handle customer calls, attendance at public meetings as needed and filing of all required reports. The costs for all these services shall all be included in the pricing offered to the _____XXX.

9.0 – Background

- 9.1 – The _____XXX held a referendum to select an opt-out program pursuant to the Act and the referendum passed on XXXX according to the terms of the Act.
- 9.2 The _____XXX duly passed an Ordinance on XXXX under the Act providing for aggregation of electric loads on an opt-out program as allowed under the terms of the Act.
- 9.3 The _____XXX now has the right to aggregate the electricity usage of its residential and small commercial retail accounts in the _____XXX corporate limits.
- 9.4 The electrical distribution company for the _____XXX is _____.
- 9.5 The _____XXX has not previously entered into a Supply Agreement.

10.0 – Pricing Options

- 10.1 –Pricing should be expressed at a fixed rate per kWh. This pricing should only be available for those residential and small commercial customers who do not opt out of _____’s program.
- 10.2 Pricing should assume to contain a firm commitment for 24 hours, although submissions may include time-of-use or real time pricing options if they are made explicit and are reasonably understandable to typical ratepayers.
- 10.3 Pricing shall assume [2-10] year contracts, although pricing options of additional length may be submitted for consideration.
- 10.4 – The supplier may not elect to limit participation to specific size customers, if not limited by _____ state law, and should use the local utility rate schedules and/or

- 10.5 – All pricing options will include every associated costs including but not limited to generation, capacity, transmission and distribution losses, Renewable Portfolio Standard (RPS) charges, imbalances, load factor adjustments, transmission congestion charges, ancillary services, and applicable taxes.
- 10.6 – Suppliers will be responsible for payment of any customer processing fee (if any) for those who have switched to the supplier. Please provide pricing for the following two scenarios:
- a) Residential – Excluded from this aggregation will be Residential customers on Utility Hourly pricing, those who are being served on 3rd party supply with another RES, as well as municipal accounts under [utility, e.g. ComEd] franchise agreement.
 - b) Small Commercial: Excluded from this aggregation will be Small Commercial customers on Utility Hourly pricing, fixture included lighting, and those who are being served on 3rd party supply with another RES.
- 10.7 – Supplier shall provide pricing for both power and renewable energy in excess of the _____ State RPS, with options for 0%, 25%, 50% and 100% Renewable Energy Credits (RECs). Suppliers shall secure RECs that are Green-e certified. For each supply scenario, the Supplier shall identify the type(s) of renewable energy (wind, solar, etc.), the source of renewable energy (either owned or purchased), the vintage of the RECs, the age of the facility generating the RECs, and the location of the renewable energy generator(s).

ALTERNATIVE: The Supplier shall provide pricing for supply that will exceed the renewable energy supply requirements of the _____ State Renewable Portfolio Standard to reach 25%, 50% and 100% of total supply. At least X% shall be met through renewable power purchases backed by RECs, not by RECs alone. The remaining may be met through RECs. For each supply scenario, the Supplier shall identify the type(s) of renewable energy (wind, solar, etc.), the source of renewable energy (either owned or purchased), the vintage of the RECs, the age of the facility generating the RECs, and the location of the renewable energy generator(s). Supplier shall strive to provide renewable energy and RECs from generators located within _____ if available, or within the State of _____.

Table providing information about RECs

Fuel Type	% of renewable energy supply	Owned or purchased	REC vintage (years)	Location of generation (city, state)	Age of Facility (year)
Wind					
Solar					
Biomass					
Other (specify)					
Total					

Bidders are to indicate the remaining specific power supply for 0% coal-fired power supply option, and the indicative price.

0% Coal Option
Price (\$/kWh)

Fuel Type	% of Power Supply Portfolio	% of default grid Power
Nuclear		
Natural Gas		
Biomass		
Hydro		
Solar PV		
Wind		
Other		
Total		

2.8 Supplier shall provide pricing options associated with a community development program that will promote investment in new energy efficiency, renewable energy, distributed generation, and demand response assets. These assets shall be treated as alternative energy supply and capacity options, and shall appear in the final power sourcing arrangements negotiated between the City and the Supplier. Funds to develop these assets can be supplied through rate savings through the City’s aggregated contract, and/or other sources.

2.9 All pricing submissions shall provide a detailed comparison of its proposed prices and the prevailing prices for the _____XXX.

3.0 Other Features

3.1 Supplier shall provide a disclosure of the amount of CO2, SO2, NOX and nuclear waste generated per MWh for the energy to be delivered to the City’s aggregation program, and a comparison to the default grid power.

3.2 Supplier shall also include a description of how local employment, economic activity, energy efficiency and local renewable generation would be increased as a result of the offer.

4.0 Delivery and Reliability

4.1 – Supplier is responsible for fulfilling all requirements necessary to conduct business in the _____ service territory.

- 4.2 Supplier shall guarantee delivery of electricity supply to [utility, e.g. ComEd] system in compliance with [utility, e.g. ComEd] tariff requirements.
- 4.3 Supplier shall provide for the delivery of energy ancillary services up to the Delivery Point designated in [utility, e.g. ComEd] Supplier Service Agreement. Supplier shall bear the risk for all transmission costs and any other costs or charges imposed or associated with the delivery of the electricity up to the Delivery Point and Customer shall bear the risk for any and all [utility, e.g. ComEd] distribution costs, and any other costs or charges associated with the receipt of the electricity at and after the Delivery Point.
- 4.4 Supplier will reimburse the _____XXX for any costs from [utility, e.g. ComEd] to procure and/or refresh load data required for this bid.

5.0 Data Collection

- 5.1 – Following the completion of the opt-out period, the Supplier shall compile and continually update a list of all participating customers in the program for the use of the _____XXXX.
- 5.2 Within 120 days of the end of this agreement, and biannually thereafter, the supplier will make the Program’s load data by rate class available to the Municipality. Load data shall include:
- Historical Usage Data
 - Capacity Peak Load Contribution (PLC) values and effective start and end dates
 - Network Service Peak Load Contribution (PLC) values and effective start and end dates
 - Meter Bill Group Number
 - Rate Code

6.0 Confidentiality and Proprietary Information

- 6.1 Suppliers should treat all information contained in this RFP or provided by _____ as confidential. All information provided by _____ is for proposal purposes only and is not to be disclosed to anyone or used for any other purpose and shall be returned to the _____. Supplier shall take all reasonable precautions in protecting such information. The estimated electric consumption data is attached hereto and made a part hereof by this reference.
- 6.2 Responses to this RFP may include proprietary or confidential information. The company shall clearly mark any information provided to _____ that is to be treated as confidential. _____ will take reasonable precautions in protecting such information provided it is clearly identified as proprietary or confidential on the page on which it appears. In no event shall _____ be responsible for inadvertent disclosure of information in response to this RFP.

7.0 – Additional Terms and Conditions

- 7.1 – The term of this agreement will be for a period determined by the _____XXX/
- 7.2 Supplier shall notify the _____ XXX at least 60 days prior to the end of the term to discuss renewal. At the end of the term of this agreement, if the agreement is not renewed or extended, Supplier agrees to return all residential and small commercial accounts back to [utility, e.g. ComEd] and to cover any associated expenses.
- 7.3 – Suppliers must demonstrate compliance with all legal and regulatory requirements and must be certified and approved by all applicable or required _____ STATE agencies and [utility, e.g. ComEd].
- 7.4 –The _____XXX reserves the right to add or delete accounts during the term of the supply agreement without penalty.
- 7.5 The Supplier shall provide Solar Renewable Energy Credit (“SREC”) bundling services to all eligible residential and small commercial customers. The Supplier shall bundle SRECs from eligible customers, and sell SRECs in state and/or regional SREC markets. The proceeds from these SREC sales shall be returned to eligible customers.
- 7.6 – Any exceptions to the specifications outlined in this RFP, or other considerations requested or required by the electric generation supplier must be submitted in writing describing in detail and submitted as part of the proposal. All Suppliers will be required and expected to meet the specifications in this RFP unless an exception is noted as part of the proposal being submitted.

8.0 – Other Information

- 8.1 - _____ reserves the right to reject any and all proposals, waive any informality in bidding, to negotiate with any and all companies submitting proposals, and to enter into an agreement with any company for any services sought in this RFP.
- 8.2 - _____ reserves the right to later modify any portion of this request for proposals and to request additional specific information and submit additional questions in the discretion of the _____.
- 8.3 – All costs incurred by the Company in preparing a response to this proposal, including any meetings or visits, shall be at the Company’s expense.
- 8.4 – Each company shall be responsible for insuring that all federal, state, and local laws are followed.
- 8.5 - Your response will become the property of the _____ XXX once received.
- 8.6 - All suppliers wishing to provide a bid pursuant to this RFP, must duly complete Attachment 1 providing for the price offer options of one year, two year and three year supply agreements, a duly complete and sign by an authorized agent, and a duly complete and signed by an authorized agent Attachment 2. All bids to be acceptable must include Attachments 1 and 2.

9.0 – Procedures

Please deliver the signed proposal on or before _____ electronically by mail to _____ with copies to _____.

Do not contact the Mayor or Trustees of _____. Question regarding this proposal should be directed to the [City staff name], who will administer the process:

Name
Address
City, State Zip Code
Telephone: (000) 000-0000
Fax: (000) 000-0000
Email: johndoe@.com

9.1 – Selection Process and Award Criteria

The _____ will review the qualifications and proposals, select the Supplier or Suppliers with whom interviews may be requested, based on the rating categories below.

RATING CATEGORY	
A.	Completeness and Format of the RFP Response for Applicant Requirements including all City Forms
B.	Compliance with the Scope of Services (includes non-Price Products and Services)
C.	Company Financial Qualifications / Credit Worthiness
D.	Company History/Experience in the Electric Generation Supply Industry / References
E.	Price / Value

The City will review and evaluate all properly submitted proposals that are received on or before the deadline. The City may decide to pick finalists to meet with for Presentations and Questions regarding individual Products. The City will then select the proposal that is “Most Advantageous” to the City, taking into consideration price and qualitative factors set forth herein. The City reserves the right to reject any and all proposals should it be deemed in the best interest of the City to do so.

The City will review and evaluate a number of non-price factors including, but not limited to:

- Financial soundness and credit rating of the entity
- Experience, expertise and record
- Relative overall CO₂ and other pollutant foot print of supply portfolio
- Impact on local employment, economic activity
- Impact on amount of local renewable generation resources
- Number of other wholesale customers served
- Standing and reputation with Federal, state and local regulators
- Willingness to provide addition value-added services
- Use of industry best practices

- Experience with leveraged funding for energy efficiency or renewable energy revolving loan programs
- Customer Service programs for answering questions and providing information
- Sustainability program that values and assists with energy efficiency and cost saving recommendations
- Litigation that the supplier may be or have been involved in
- Completion of associated RFP forms and compliance with contract terms and conditions

9.2 – Additional information

The City reserves the right to check all references furnished and consider responses received in determining the award.

The City reserves the right to perform investigations as may be deemed necessary by the City to assure that competent persons will be and are utilized in the performance of the Agreement and to verify the accuracy of the contents of proposals.

All proposals are subject to the disclosure provisions of the [Illinois State Records Act, 5 I.L.C.S. 160/1 *et seq.*]

Attachment 1—Fixed Price Cost of Electricity

Residential and Small Commercial(¢/kWh) No
Community Development Program

Additional Renewable	12 Months	24 Months	36 Months
X% power +REC			
Additional RECs to 25%			
Additional RECs to 50%			
Additional RECs to 100%			

Residential and Small Commercial (¢/kWh)
with Community Development Program

Additional Renewable	12 Months	24 Months	36 Months
X% power + REC			
Additional RECs to 25%			
Additional RECs to 50%			
Additional RECs to 100%			

Attachment 2

Bidder agrees that all information presented in its Response to Qualifications for Municipal Aggregated Electricity Supply for Member Communities of the Northern Illinois Municipal Electric Collaborative, dated MONTH DAY, YEAR, are accurate and there have been no material changes to that information. Bidder also agrees to terms and conditions set forth in the Request for Proposal dated MONTH DAY, YEAR. Any exceptions are noted on attached exhibit and made part of this Attachment.

(Signature)

(Name)

(Title)

(Company)

Date: MONTH DAY, YEAR

Appendix 4: Federal CCA Enabling Bill

HR 2734 IH

106th CONGRESS

1st Session

H. R. 2734

To allow local government entities to serve as nonprofit aggregators of electricity services on behalf of their citizens.

IN THE HOUSE OF REPRESENTATIVES

August 5, 1999

Mr. BROWN of Ohio (for himself, Mr. DELAHUNT, Ms. MCCARTHY of Missouri, Mr. KUCINICH, Ms. KAPTUR, Mrs. JONES of Ohio, and Mr. TIERNEY) introduced the following bill; which was referred to the Committee on Commerce

A BILL

To allow local government entities to serve as nonprofit aggregators of electricity services on behalf of their citizens.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Community Choice for Electricity Act of 1999'.

SEC. 2. DEFINITIONS.

As used in this Act:

(1) The term 'aggregation' means the purchase or acquisition of retail electricity on behalf of two or more consumers.

(2) The term 'electric utility franchise' means rights granted to a utility company by a local government which provide conditions under which the utility conducts its operations and services within the boundaries of the local government.

(3) The term 'municipal electric utility' means a city, county, irrigation district, drainage district, public utility district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of a retail electricity distributor and/or a retail electricity supplier.

(4) The term 'opt-out aggregation plan' means aggregation in which all customers within the jurisdiction of a local government unit are automatically included unless they affirmatively choose a supplier other than the supplier designated by the local government unit.

(5) The term 'retail electric consumer' means any person who purchases or offers to purchase any retail electric supply.

(6) The term 'rural electric cooperative' means an enterprise or organization owned by and operated for the benefit of those receiving retail electricity (usually distribution and supply) and other services from the cooperative.

(7) The term 'State' means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and Indian tribes as defined in section 102(2) of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 479a(2)).

(8) The term 'State regulatory authority' means any State agency which has ratemaking authority with respect to the provision of local electric energy distribution services by any local distribution company.

(9) The term 'supplier' means any person who produces, generates, manufactures, aggregates, markets, brokers, sells, or otherwise supplies electric energy.

SEC. 3. FINDINGS.

Congress finds the following:

- (1) Many States are deregulating retail sales of electricity.
- (2) Deregulation of retail sales of electricity must benefit all customers, including residential and small business customers.
- (3) In States that have deregulated retail sales of electricity, large industrial and commercial customers are winning the best deals, and few choices are yet available to residential and small business consumers.
- (4) It is likely that most residential customers will not actively choose a new electricity supplier and instead will remain customers of their current electricity supplier for years to come;
- (5) All customers, especially residential and small business customers, will often find it difficult and frustrating to find the time and sufficient information to fully evaluate competing offers from electricity suppliers.
- (6) Aggregation into larger buying groups will enable consumers to achieve greater leverage and thus better prices and services in electricity markets.

(7) Community choice is a particular type of aggregation in which a local government negotiates a contract for electric energy on behalf of all citizens within its boundaries. Residents or businesses in the community who prefer to choose their own electricity suppliers would be free to 'opt out'.

(8) All consumers taking part in community choice aggregation can benefit, including large customers, who can still receive price differentiation based on their larger usage.

(9) Local governments are experienced in working with technical consultants to negotiate contracts and deliver services to their citizens.

(10) Local governments are accountable to their constituents through elections, open meetings laws, fair bidding laws, and conflict of interest laws.

(11) Because local governments exercising community choice must include all electricity customers within the jurisdiction who want to participate, all citizens and businesses who so choose can benefit, while other types of retail electricity suppliers will seek to serve the more profitable customers or specific types of customers.

(12) Local governments can provide an electric load that has diversity and may be attractive to electricity suppliers.

(13) In States that have deregulated retail sales of electricity, citizens should be able to use traditional public processes to determine whether their local governments should act as nonprofit aggregators for their communities.

(14) In States in which they hold franchise powers for electricity, local governments should be able to use their franchise to exercise community choice.

SEC. 4. AGGREGATION.

Notwithstanding any other provision of Federal or State law, and subject to legitimate and nondiscriminatory State requirements imposed on retail electric suppliers, a group of customers or any entity, including a unit of State or local government, acting on behalf of such group may acquire retail electric energy on an aggregate basis if the group of customers is served by one or more local distribution companies that are subject to retail competition.

SEC. 5. COMMUNITY CHOICE AGGREGATION.

Title VI of the Public Utility Regulatory Policies Act of 1978 is amended by adding the following new section at the end thereof:

SEC. 609. COMMUNITY CHOICE AGGREGATION.

(a) COMMUNITY CHOICE AGGREGATION OF ELECTRIC LOAD- Any State that permits any group of retail electric consumers to choose among competing suppliers of electric energy shall permit any general purpose local government unit for any political subdivision of the State, or group of such general purpose units of local government acting together, to offer to act as an agent for all purchasers that are within such group of retail electric consumers and that are located within the boundaries of such political subdivision for the purpose of purchasing electric energy on an aggregate basis if such local government, or group of local governments, comply with the requirements of subsection (b).

(b) REQUIREMENTS-

(1) APPROVAL BY VOTE- A local government shall be covered by the provisions of subsection (a) only if such

government has approved the aggregation of electric energy purchases by a vote of its elected governing body or by a vote of its citizens. Two or more local governments shall be covered by the provisions of subsection (a) only if such governments have approved the aggregation of electric energy purchases by a vote of the elected governing body or by a vote of the citizens of each local government.

“(2) PARTICIPATION NOT MANDATORY- A local government shall be covered by the provisions of subsection (a) only if all retail electric consumers permitted to choose among competing suppliers of electric energy that are located within the boundaries of such political subdivision are offered the opportunity to participate in the aggregation of purchases and any such consumer choosing not to participate is permitted to opt out and purchase electric energy from another agent acting as an aggregator or directly from any supplier or other person.

“(3) STATE REGULATORY AUTHORITIES- Each State regulatory authority for a State that permits any group of retail electric consumers to choose among competing suppliers of electric energy shall cooperate with local governments for the purpose of compliance with this subsection. Each such State regulatory authority shall establish guidelines for local governments acting as community choice electricity aggregators. No State regulatory authority may interfere with a local government's existing powers to procure competitive energy services under existing Federal and State law, city charter provisions, or local procurement practices.

“(4) FUNDS FOR RENEWABLE ENERGY OR ENERGY EFFICIENCY- Each State that permits any group of retail electric consumers to choose among competing suppliers and

that also authorizes or mandates the collection of funds for renewable energy or energy efficiency programs shall permit local

governments that serve as community choice aggregators of electric energy purchases to collect and expend such funds in the case of consumers within the aggregated jurisdiction if the local government has prepared and approved a plan for such collection and expenditure at the local level and State regulators have reviewed and approved said plan as consistent with State energy goals and as providing an appropriate contribution to any statewide or regional renewable energy or energy efficiency fund that benefits the aggregated jurisdiction.

`(c) FEDERAL POWER ACT JURISDICTION- No local government that aggregates electric load as described in subsection (a) shall be considered a utility engaging in the wholesale purchase and resale of electricity for purposes of the Federal Power Act. Providing electricity to aggregated customers within the boundaries of a local government as described in subsection (a) shall not be considered a wholesale transaction subject to the jurisdiction of the Federal Energy Regulatory Commission under the Federal Power Act.

`(d) ENFORCEMENT- The Federal Energy Regulatory Commission may bring an action in the appropriate United States District Court against any State to require compliance with the provisions of subsection (a).

`(e) SAVINGS PROVISION- Nothing in this section shall be construed to prohibit the aggregation of electric load by local government units in a different manner under other authority of law.'.

SEC. 6. FRANCHISES.

Any State that has deregulated retail sales of electricity shall permit local governments to exercise local franchise powers. A local government that has granted a franchise to a utility at a prior time may offer such franchise for competitive bidding and contract award, provided such measures are authorized by consumers in a public process.

SEC. 7. EXCLUSIONS.

(a) UTILITIES NOT PARTICIPATING- For municipal electric utilities and rural electric cooperatives that are not participating in retail electric competition, sections 4, 5, and 6 of this Act shall not apply.

(b) AGGREGATION- For States that have adopted retail competition by law or regulation prior to the date of enactment of this Act, sections 4, 5, and 6 of this Act shall not apply to the provisions of a State law or regulation, and any subsequent regulation implementing such State law or regulation as such law or regulation may pertain to an opt-out aggregation plan as it may be undertaken by any general purpose local government unit for any political subdivision of the State including a municipal corporation, county government or township.

SEC. 8. SEPARABILITY.

If any provision of this Act (or the application of that provision to particular persons or circumstances) is held invalid, the remainder of this Act (or the application of that provision to other persons or circumstances) shall not be affected.

Appendix 5: Additional CCA Resources

Go Clean, Go Local <http://gocleangolocal.org/>

WWF Whiteboard Video: What is Community Choice Aggregation?
<https://worldwildlife.org/blogs/on-balance/posts/white-board-video-what-is-community-choice-aggregation>

WWF: Renewable It's Doable Campaign <http://worldwildlife.org/pages/wwf-and-renewable-energy>

LEAN Energy U.S. <http://www.leanenergyus.org/>

Solar Foundation, Community Choice Aggregation
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