

# Community Choice Energy

## Giving Maryland Communities a Choice in Electricity

*Community Choice Energy (CCE) is a great way for communities to achieve competitive electricity rates AND renewable energy goals. Support CCE legislation for Maryland in 2020!*

### Frequently Asked Questions

**What is Community Choice Energy?** It's just group purchasing of electricity. CCE, also known in some states as "community choice aggregation," allows local governments to pool or aggregate their electricity load in order to purchase electricity on behalf of residents, businesses, and municipal accounts within their service area. It also can include communities developing their own electricity.

**How does it work?** A local government solicits bids and contracts for electric power services on behalf of its residents, businesses, and municipal retail electricity customers. Customers are automatically enrolled, but any customer can opt-out and choose a different electricity provider or rate. CCE works in partnership with the region's existing utility, who continues to deliver electricity, maintain the grid, and provide consolidated billing and other customer services.

**What's the benefit?** CCE allows communities to control their electricity purchases and more rapidly transition to renewable sources, because customers are automatically enrolled. Local governments can negotiate competitive rates, the source of electricity generation (i.e. type of renewable energy), and other elements with energy utilities on behalf of consumers and businesses. Nationwide, electric rate savings for participating communities average between 2 - 20% depending on the market conditions and power resources.

**Do other states have this type of law?** So far, nine states allow CCE – Massachusetts, New Hampshire, Rhode Island, New York, New Jersey, Virginia, Illinois, Ohio, and California. Massachusetts was the first state to allow it, focusing on consumer protection to achieve better rates for customers.

**What about Maryland?** *Right now, Maryland communities are not permitted by law to group purchase electricity. Maryland communities need this tool to more rapidly transition to renewable energy, while getting competitive electricity rates. Delegate Lorig Charkoudian introduced a CCE bill in the 2019 Legislative Session and will work to pass it in 2020.*

- For more information go to <https://leanenergyus.org/>
- To get involved contact Lily Hawkins at Food & Water Watch ([lhawkins@fwwatch.org](mailto:lhawkins@fwwatch.org))

### Quick Facts

**Community Choice Energy (CCE)** allows local governments to purchase electricity as a group on behalf of residents, businesses, and municipal accounts.

**The benefit of CCE** is it allows communities to take control of their electricity purchases, enjoy competitive rates, and promote a more rapid transition to renewable energy.

**Customers are automatically enrolled** in the group electricity purchase, but any customer can opt-out and choose a different electricity provider or rate.

**The utility continues to deliver power,** maintain the grid, provide consolidated billing and other customer services.

**9 states have CCE, but not Maryland.** By law, Maryland communities are not permitted to group purchase electricity. Del. Charkoudian is working to pass a bill in 2020 that would remove this prohibition.

## Highlights of Delegate Charkoudian's CCE Bill

- Any incorporated local government (county or municipality) would be authorized to create a CCE to aggregate the electrical load of consumers within its boundaries; provided that it will not aggregate the electrical load if served by an existing publicly owned utility or electrical cooperative. A local government may establish one by ordinance.
- A CCE may group its residents, businesses, and municipal facilities retail electricity customers to solicit bids, broker, and contract for electric power and energy services. The municipality or municipality group may enter into agreements for services to facilitate the sale and purchase of electric energy and other related services.
- A CCE may own electric generation facilities and will not be prohibited from choosing its preferred generation sources.
- A CCE must meet the minimum requirements of the Renewable Energy Portfolio Standards.
- A local government establishing a CCE must develop a plan, for public review, detailing the process and consequences of aggregation. Any aggregation plan will provide for universal access, reliability, and equitable treatment of all classes of customers and will meet any requirements established by law or the department concerning aggregated service.
- The plan must be filed with the Public Services Commission (PSC), for final review and approval, and must include: a program organizational structure, its operations, and funding; the process of rate setting and other costs to participants; the methods for entering and terminating agreements with other entities; the rights and responsibilities of program participants; and termination of the program.
- Participation by any retail customer in a CCE program will be voluntary; any retail customer will be allowed to opt-out and choose any supplier or provider they wish. Once enrolled, any ratepayer choosing to opt-out within 180 days can do so without penalty. A CCE may not assess any new fees, taxes, or other charges other than those related to the cost of providing the aggregation service.
- The CCE must fully inform participating ratepayers in advance, that they will be automatically enrolled and that they have the right to opt-out without penalty. This disclosure will prominently state all charges and fully disclose the basic service rate, how to access it, and that it is available without penalty. Disclosure also will include a total renewable component, including the specific sources, and a comparison of the total renewable component to the current requirements.
- All electrical corporations must cooperate fully with any CCE and must provide it with appropriate billing and electrical load data, including data detailing electricity needs and patterns of usage, as determined by the PSC.
- Electrical corporations must continue to provide all metering, billing, collection, and customer service to retail customers participating in CCE programs. Bills sent by the electrical corporation to customers must identify the CCE as providing the electrical energy component. The PSC will determine the terms and conditions under which the electrical corporation provides services to CCEs and customers.
- Retail customers with contracts with suppliers will be considered to have opted out until the contracts expire. Customers with retail contracts that automatically renew are considered to have opted out of the CCE until the contract has expired with no automatic renewals. When the retail customer returns to regular service (SOS service), they will instead roll into the CCE, unless they opt out.