

COMMUNITY CHOICE ENERGY – BRIEF #1

CCE will likely REDUCE RATEPAYER BILLS and ACCELERATE RENEWABLE ENERGY

DEFINITION OF COMMUNITY CHOICE ENERGY: CCE gives communities or groups of communities that are served by a monopoly investor-owned utility (IOU) the option to procure electricity for their residents and businesses from alternative wholesale suppliers, while the IOU continues to own and operate its distribution system to deliver the electricity. Individual CCE customers can choose to opt out of the CCE and continue purchasing their electricity from the IOU if they wish. CCEs pay an "exit fee" to the IOU to compensate it for stranded costs caused by the departing customers, so that the remaining IOU customers don't experience rate increases caused by the existence of CCE.

CCE is a MARKET-BASED APPROACH to LOWER COSTS and CLEANER ENERGY

The long-term solution to rising utility rates and a slow renewable energy transition is to introduce competition and community-level choice into the wholesale electricity sector.

- **Monopolies on wholesale electricity supply are simply no longer warranted** – the production of wholesale power has been a thriving competitive business for many years.
 - **Xcel sales have been flat since 2003 yet shareholder profits have tripled**, because shareholder interests and ratepayer interests are misaligned. The monopoly cost-of-service business model has a so-called "perverse incentive" to maximize costs ("*the more we spend, the more we earn*").
 - **Competition would drive monopoly behavior and choices to better align with ratepayer interests.** Monopoly IOUs always choose capital-intensive solutions that earn a return for shareholders, while non-profit CCEs are more customer-focused and motivated to keep rates low (to minimize opt-outs).
 - **Our current path:** decarbonize AT ANY COST. **The preferred path:** decarbonize AT LOWEST COST. The high-cost path has equity implications: low-income customers are excessively energy burdened.
 - **Authorizing CCE would benefit everyone, including IOU customers.** The mere EXISTENCE of a CCE option would force IOUs to PROVE to communities that they don't need CCE in order to meet their energy goals and community priorities.
 - **Bottom line:** CCE legislation will require CCEs to meet the same renewable energy and emissions requirements as IOUs, and if CCE rates turn out to be higher than the IOU, communities simply won't adopt CCE. But the evidence below points to lower rates and cleaner energy with CCE.
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EVIDENCE of LOWER COSTS and CLEANER ENERGY with WHOLESale COMPETITION

1. Co-ops & municipal utilities are leaving Xcel & Tri-State for better deals in the wholesale market.

- **Kit Carson & Delta-Montrose co-ops:** left Tri-State, paid exit fee, contracted with Guzman Energy.
 - Benefits: lower costs, flexibility to develop local solar, financing of exit fee folded into contract.
 - Kit Carson paid off exit fee, reduced rates 34%, fixed-price contract thru 2041 ([source](#), [source2](#)).

- **Town of Fountain** (municipal utility): leaving Xcel for Guzman Energy in 2027.
 - Received \$12M payment NOW to reduce rates. Power cost will decrease 25% in 2027 ([source](#)).
- **Yampa Valley and Grand Valley co-ops**: leaving Xcel for Guzman Energy.
 - 15-year fixed-price agreement stabilizes rates, increases renewables, saves millions ([source](#)).
- **CORE (formerly IREA)**: largest Colorado co-op leaving Xcel for Invenergy in 2026 ([source](#)).

SUMMARY: Xcel wholesale customers are leaving for better deals, **BECAUSE THEY CAN. IOU communities **DESERVE SIMILAR ACCESS** to the competitive wholesale market.**

2. Boulder's 2018 Request for Indicative Pricing (RFIP) – intended to gauge the wholesale market.

- 12 wholesale suppliers responded, so no shortage of willing and able suppliers.
- Boulder could have had 89% renewable energy by 2024 at 2/3 the cost of power from Xcel.
- Note: CCE is WAY less of a heavy lift for communities than operating a municipal utility.

3. CCEs in California offer competitive rates for much cleaner energy than the IOU

(despite shortcomings in California's CCE model that are addressed in Colorado's legislation).

From PUC Report: Comparison of TOTAL BILLS (including exit fee) for Marin Clean Energy vs IOU:

- Default MCE rate is 7% lower than the IOU for 61% renewable energy (vs IOU's 33% renewable).
- MCE's optional 100% renewable rate is still 4% cheaper than the IOU's 33% renewable product.
- This is available to MCE customers TODAY, not in 2030 or 2050.

Question: How many Coloradans would choose 100% renewable energy at a lower cost, TODAY?

4. LEAN Energy white paper on CCE and its impact on renewables and emissions ([PDF](#)).

Comparison of renewables and emissions for California CCEs vs state or IOU averages (2021):

- **Renewable energy in the power mix**, excluding large hydro (Fig. 9).
 - state-wide average: **33.6% renewable**
 - CCE average: **63% renewable**
- **GHG emissions intensity** (Fig. 10).
 - IOU average: **456 lbs CO₂e/MWh**
 - CCE average: **281 lbs CO₂e/MWh**
- **CCEs have signed long-term contracts for 11,258 MW of new-build renewables** ([source](#)).

CONCLUSIONS

- **Authorizing CCE in Colorado could reduce ratepayer bills and accelerate renewable energy.**
- **IOU communities DESERVE access to CCE and a competitive wholesale market.**

ADDITIONAL RESOURCES

1. Comments submitted to the Joint Select Committee on Rising Utility Rates. ([PDF](#))
2. PUC Report on CCE ([PDF](#)), and associated "Response" ([PDF](#)).
3. CCE Fact Sheet. ([PDF](#))