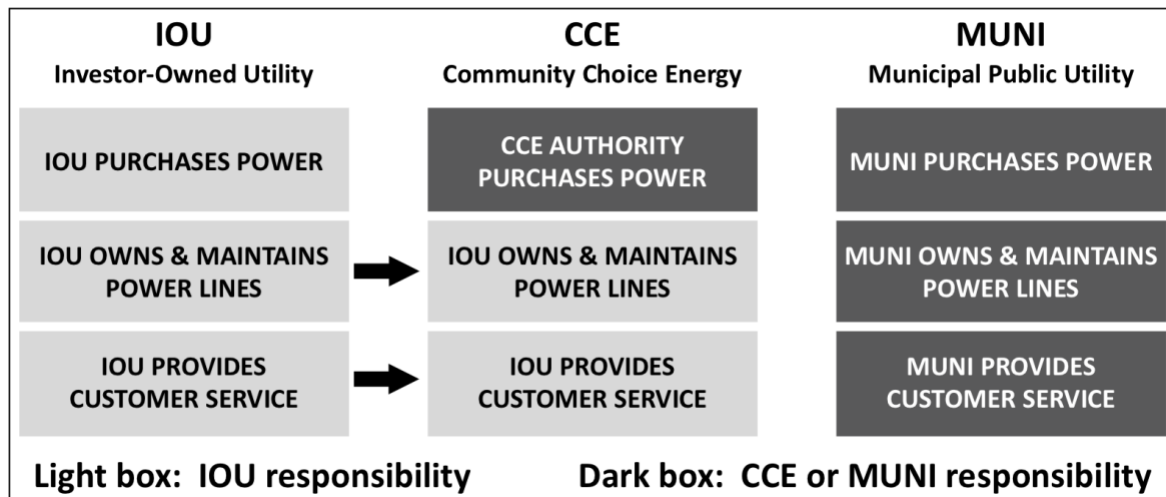


Community Choice Energy (CCE) — A Good Option for Colorado Communities

WHAT IS COMMUNITY CHOICE ENERGY?¹

- CCE would allow cities and counties, or groups of cities and counties, that are served by an investor-owned utility (Xcel or Black Hills), to choose alternative wholesale electricity suppliers on behalf of their residents and businesses.
- Electricity would still be delivered by the utility, which continues to own and operate its power lines. This differs from a municipal-owned utility, which is responsible for all the functions performed by an investor-owned utility, not just the electricity supply like CCE. **See graphic below.**
- Individual customers retain the ability to opt out of the CCE and purchase their electricity from the utility as traditional "bundled service" if they wish. Typical opt-out rates in California are 5-10%.

Functions Performed by an IOU, a CCE Authority, and a Municipal Electric Utility.



With CCE, the community chooses its electricity suppliers but doesn't own or operate power lines.

CURRENT STATUS OF CCE IN COLORADO

- [House Bill 21-1269](#) directed the Public Utilities Commission (PUC) to investigate how CCE would work best if it is authorized in Colorado, including lessons learned from other CCE states.
- The PUC report summarizes the participant comments and expert presentations, and lists "pros" and "cons" of allowing CCE in Colorado ([PDF](#)). A Response to the PUC report addresses the "cons" ([PDF](#)).
- Draft CCE enabling legislation has been written. This bill improves upon prior generations of the CCE model by including ideas and lessons learned from the PUC investigation.
- The CCE legislation has sponsorship in the House, and the bill will be introduced in the 2024 legislative session.

¹ CCE is also known as "Community Choice Aggregation" (CCA) in some states.

KEY FACTS AND COMMON MISCONCEPTIONS

- **CCE has nothing to do with "retail choice" or "deregulation"** as in the 14 states where individuals can shop among many retail electricity providers. Colorado is considering the "wholesale, opt-out" model of CCE, where the choice of electricity supplier is made at the community level. "Retail choice" has several downsides that are not relevant to CCE.
 - **By design, CCE cannot harm low-income or any other customers.** Any customer can opt out of the CCE for any reason and purchase their electricity from the utility as they do now.
 - **Wholesale electricity markets are not needed for CCE to work in Colorado.** Colorado already has 29 municipal electric utilities that procure their electricity using bilateral contracts and federally-guaranteed open-access transmission, and CCEs could do the same.
 - **CCE is for communities of all sizes.** Some large cities may form a CCE that is governed by their City Council, but the norm is for multiple cities and/or counties to join together to share administration and combine their purchasing power, governed by a Board of elected officials from each member jurisdiction.
 - **CCE would likely accelerate the clean energy transition.** CCE legislation will ensure that the same state renewable energy and emissions reduction policies that apply to investor-owned utilities also apply to CCEs. Over the last decade, California CCEs have purchased more than twice as much renewable energy as required by state policies ([source](#)).
 - **CCE can offer electricity that is both cheaper AND cleaner than utility power.** The PUC report highlights Marin Clean Energy and Peninsula Clean Energy, which both offer cleaner energy at lower rates than the utility, including 100% renewable energy in the case of MCE (today, not in 2030 or 2050). Also see the [CCE Brief on Rates and Renewables](#).
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REASONS TO SUPPORT A CCE OPTION FOR COLORADO COMMUNITIES

- **The possible benefits of CCE are substantial:** lower electricity rates; getting cleaner electricity faster; more innovative and locally-relevant energy programs; choice and local control on energy matters; and more energy dollars remaining in the community for economic development and jobs.
- **CCEs are nonprofits**, with no shareholder interests to serve. Savings are passed on to customers.
- **CCE is a proven model** that is implemented in 10 states ([source](#)). It is very successful and growing quickly in California ([source](#)), which is a regulated state with monopoly utilities similar to Colorado.
- **CCEs are laboratories of innovation** that learn from each other and often provide innovative customer programs that utilities aren't inclined to offer beyond legal requirements because they are less profitable, such as energy efficiency, demand-side management, and distributed energy resources programs.
- **Competition benefits everyone**, including customers of the utility. When communities have a choice, it provides pressure that drives utilities to prove that the community doesn't need CCE to reach its energy goals. Competition drives down costs and increases innovation. Competition is the American way.
- **Communities deserve to have a choice.** CCE is a local decision. It might be a good fit for some communities and not for others, but either way, choice is better than choiceless.
- **There are no significant reasons to prevent communities from evaluating their own electricity suppliers.** CCE simply opens up an option that communities can evaluate in terms of their own priorities and goals.