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Community Choice Aggregation (CCA) Frequently Asked Questions

The answers to the following questions are based on the New York State Public Service Commission's (NYSPSC) Community Choice Aggregation (CCA) Order of April 21, 2016 and Department of Public Service staff guidance.

Q. What size or type community is eligible to participate in CCA? Can there be aggregations of multiple smaller communities and do they have to be adjacent? Who can participate in CCA?

A. Any size village, town, or city can authorize a CCA Program for its residents except county governments, per the NYSPSC's Order. Municipalities are encouraged to work together to increase the size of the aggregation, and counties are encouraged to facilitate such inter-municipal cooperation. The only limitation is that communities must be in the same utility territory and the same New York State Independent System Operator load zone. Bigger aggregations augment consumers' market power and help drive down the energy cost \$/kWh for electricity or \$/therm for natural gas.

Q. What types of energy consumers are eligible to participate and on what terms?

A. Most residential and small commercial (non-demand) electric and natural gas customers would be aggregated on an "opt-out" basis unless they are currently receiving supply from a third party energy services company (ESCO). That is, utility supply customers are automatically included unless they choose to opt-out. Larger commercial accounts may join on an "opt-in" basis, depending on the parameters of the CCA.

Q. How does the "opt-out" process work?

A. Once an ESCO is selected and pricing for the aggregation is agreed to, every utility supply customer in the aggregation will receive a letter on municipal letterhead/envelope. The letter will provide details on the CCA Program, pricing and opt-out process including a prepaid card residents can return if they want to opt-out. Along with outreach and educational efforts, the CCA Administrator will maintain a call desk to field questions from customers. Customers will have at least 30 days to make a decision whether to opt-out.

Q. How will the residents in my community benefit from CCA?

A. First, we expect to reduce bad energy offers from door-to-door, direct mail or telephone solicitations. Second, energy pricing will be transparent and will compare favorably to utility rates. The exact \$/kWh or \$/therm will be different for each aggregation. Prices are affected by market conditions, size of the aggregation, region in the state, and additional energy related value-added products or services desired (such as renewable power). Unlike supply charges from the utility, supply from a CCA's selected energy services

company will protect consumers from price volatility that can occur during times of peak demand. Both of these benefits will be the result of an open and transparent bid process, sponsored by the municipality and supported by a CCA Administrator, like MEGA. Ultimately, each consumer can consider the aggregation's pricing offer and, if they choose, they can opt-out. 2 Updated 1.26.17

Q. What types of options do we have for supply?

A. There are likely to be multiple options. Determining which option or options may be right for each community is what this program is all about: *community choice and control over supply*. MEGA will write a request for proposal (RFP) that asks suppliers for the appropriate product, based on community desires, and market and regulatory conditions. Knowing that some choices (e.g. 100% locally-sourced clean energy) might be more expensive than current utility supply, we will ask the suppliers to provide pricing on multiple options, including options with different lengths of term.

Q. Do CCA Programs have opportunities for energy efficiency and renewable energy?

A. Yes! Energy related value-added products and services, including energy efficiency, renewable distributed generation sources, microgrid applications, energy storage or other options may be procured in the near future. These measures could assist communities by enhancing grid resiliency to avert outages from storms or other causes. Planning for such enhancements is a natural outgrowth of a CCA Program, and MEGA will be pleased to assist. NYSPSC and other agencies, such as the New York State Energy Research and Development Authority, have a number of programs that can provide expertise or even financial support.

Q. How does MEGA get paid?

A. No taxpayer or municipal funds are required to set up or operate a CCA Program. The NYSPSC's Order authorizes CCA Administrators, such as MEGA, to receive a reasonable administrative fee from an energy services company supplying the aggregation. This fee will support MEGA's costs of setting up and administering the program, and is included in the CCA energy supply agreements. The amount of the fee is set at the time of procurement and disclosed publicly to both municipal and other customers.

Q. Why should we partner with MEGA to develop a CCA Program?

A. MEGA is ideally suited, given our aggregation experience and expertise, to support CCA Programs. MEGA has worked with and for local government since MEGA's beginning in 1998, and our consulting partners have experience administering CCA Programs in Illinois. MEGA brings that experience to our participants.

Q. What is the impact of people leaving or joining the aggregation (e.g. a large rental market)?

A. Suppliers expect and accept change and churn. New residents will automatically be added into the aggregation and will also have the ability to opt-out. The experience in Illinois is that 75% of residents participate, and we would expect similar results in New York State.

Q. How long is the contract for?

A. Generally, eighteen months to 3 years. Once a community has passed a local law authorizing the CCA Program, it can continue and re-bid as long as the governing body chooses.

Q. Why do CCA now?

A. CCA Programs are expected to provide better rates for residents in your community. Since residents will have significant time to learn about CCA, and will have the choice to opt-out --- there is minimal consumer risk associated with CCA Programs. CCA can also lead to adoption of renewable energy supply opportunities and other energy related value-added products and services.

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