
COMMUNITY CHOICE AGGREGATION CONSUMER CHOICE IN THE WEST

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Presented by:

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EES Consulting, Inc.

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ORGANIZATION OF PRESENTATION

- **EES Background**
- **How Does a CCA Operate**
- **Changing Landscape of the Industry**
- **CCA Structures**
- **Supply Side Perspective**
- **Could Further Deregulation Work in the West?**
- **Summary/Wrap-Up**
- **Questions/Answers**

ABOUT EES CONSULTING, INC.

- **Registered Professional Engineering and Management Consulting Firm**
- **Formed in 1978**
- **Client Base Most Utilities plus Some are Industrial/Institutional Clients**
- **Serviced Over 400 Utilities Over 40-Year History**
- **Offices in Kirkland, WA; Portland, OR; Spokane, WA and La Quinta, CA**

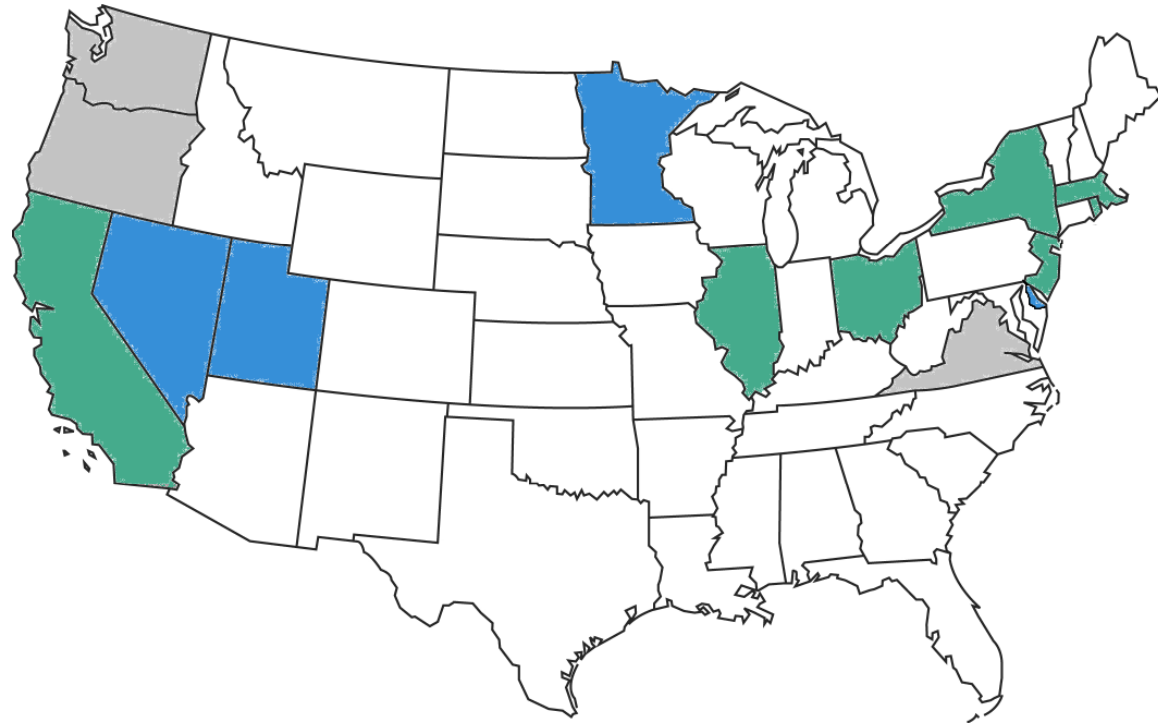
Engineering Design/Construction Management	Rates/Cost of Service
Integrated Resource Planning	Conservation Potential Assessments
Project Feasibility	Mergers and Acquisitions
Financial Analysis	Regulatory Affairs/Expert Testimony
Educational Services	

HOW DOES A CCA OPERATE?

- Cities/Counties Join Together Under Joint Powers Authority or Separate Department
- Formed to Provide Power Supply Services/Governed by Board of Directors
- Voluntary Opt-Out – Only Serve Customers of IOUs
- Function



CCA ACTIVITY



CCA Legal Framework
CCA Under Consideration
CCA Interest??

NEVADA VOTES NO

Framed as the battle of the billionaires. Berkshire Hathaway Energy, owns NV Energy while casino mogul Sheldon Adelson heads Las Vegas Sands, owner of the Venetian and Palazzo resorts on the Las Vegas Strip.

Deregulation and free choice vs. opt-in/opt-out legislation. Texas model or California model.



Historically, electric cooperatives have been exempt from competition under deregulation. Even though Nevada voters rejected the initiative, an ever louder call for choice could weaken this longstanding pact in other states.

WHAT IS COMMUNITY CHOICE ENERGY (CCE OR CCA) AND WHERE ARE CCAs BEING FORMED?

■ Objectives

- Local control of power supply and customer programs
- Give the consumer/member a choice in power supply resources

■ Merits

- Lower rates
- Less greenhouse gas
- Local economic development

■ Desirable Attributes of a CCA

- Customer choice in power supply
- Local control of power supply procurement and programs
- Local decision making
- Local accountability
- Viable alternative to current power supply provider



Map courtesy of Lean Energy: <http://www.leanenergyus.org/cc-by-state/california/>

CCA STRUCTURES



■ CCA Business Model Evolution

1.0 Model

2.0 Model

3.0 Model

■ CCA 1.0 Model

- Full requirements customer; purchasing all services from single supplier

■ CCA 2.0 Model

- Development of core business functions in-house
- Develop partnerships with professional service providers
 - Wholesale Energy Services Provider
 - Customer Services / Development of Customer Programs

■ CCA 3.0 Model

- Coordinated Joint Development of Resources between CCAs/others

AVERAGE STUDY RESULTS FOR A 200K CUSTOMER COUNT CCA

Exhibit ES-1 CCE Key Operating Figures	
First Year Operating Budget	\$82.9 Million
First Year Revenues	\$86.9 Million
First Year Net Income	\$4 Million
First Year Load Served	1,466 GWh
Average Operating Budget (2021-2030)	\$130.5 Million
Average Revenues (2021-2030)	\$141.1 Million
Average Net Revenue (2021-2030)	\$10.6 Million
Average Annual Municipal Cost Savings	\$112,000
Average Load Served (2021-2030)	1,910 GWh
Startup Loan (Including Pre-Startup Costs and Working Capital)	\$10.05 Million
Startup Loan Term	60 Months
Early Repayment of Startup Loan	36 Months
Economic Impacts to the County	85 New Jobs/year \$10 million in output/year
Greenhouse Gas Reductions, tons CO2/year	SCE Equivalent Portfolio: 0 100% Renewable by 2035: 191,000 100% Renewable: 360,000

CCA PARTNERSHIPS

■ CCAs are Partnering with Professional Wholesale Energy Services Providers

- Seeking services from experienced market participants
- Aligned focus on local customers
- Common interest / public agencies



■ Services for CCA Customers

- Scheduling and dispatch services
- Risk management services
- Portfolio management and optimization services
- Operational support services



SUPPLIER SIDE PERSPECTIVE

■ Many CCAs have Established Very Aggressive Renewable/Carbon-Free Policies

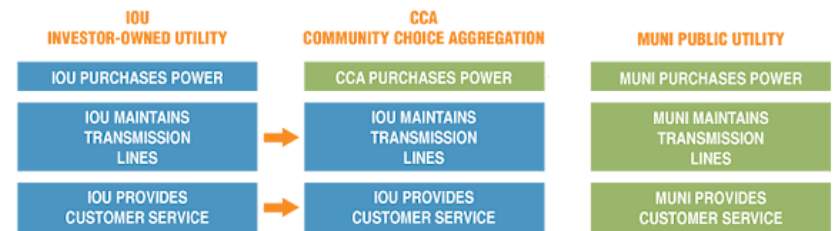
- Short-term impact on market supply (capacity, RPS, carbon-free)
- Long-term impact on resource development / resource mix in California
 - Impact to Integrated Resource Planning among Regulatory Agencies
- Focused on Distributed Generation (DR) and local development

■ Financial Stability of CCAs

- Building portfolios from the ground up
- Lack of credit and access to capital

■ Unique CCA Risks

- CCA customers can opt-out of the program
 - Creates challenge for long term resource development and capital financing
 - Exposure to Power Charge Indifference Adjustment (PCIA)



COULD FURTHER DEREGULATION WORK IN WEST?

- **Power Supply in the West**
 - More resource portfolio standard requirements (RPS)
 - Current load decreasing but new load from data centers, bitcoin operations and electric vehicles
 - Wholesale power market prices stable and low – \$30–35/MWh
 - BPA facing higher costs and less supply – \$35–45/MWh
 - Customer/member base wants transparency, more green, local control and **choice**
- **Where Could CCAs be Formed if Using a California Model?**
 - Wholesale market prices must be less than incumbents – math must work
 - Puget Sound Energy/Avista/PGE/Idaho Power/Pacific Power Service Territories
- **Deregulation Using the Texas Model?**
 - Generation/distribution and retail providers (public power and public generation assets)

COULD FURTHER DEREGULATION WORK IN THE WEST? (CONT'D)

- **Benefits of Deregulation in the West**
 - Competitive rates/competition varies depending on legislative structure
 - Consumer choice
 - Supply pedigree (carb free, sustainable, local)
 - Pricing and time of use
 - Competitive wages
 - Cheap please!
 - Local economic development
 - Local control
 - Option for load over high water mark
 - Option for post-2028 supply
 - Customers crying out for increased ownership in energy supply

COULD FURTHER DEREGULATION WORK IN THE WEST? (CONT'D)

- **Cons of Deregulation in the West**
 - Competition may leave behind standard utility programs
 - Conservation
 - Low income
 - R&D
 - Economic development
 - Unforeseen regulation evolution
 - Learning/risk curve
 - Loss of economies of scale

QUESTIONS/ANSWERS