

Economic Development and Clean Energy Jobs: Community Choice



Community Choice energy, provided for by AB 117 (2002), allows cities, counties, or groups of cities to pool or “aggregate” electricity customers to form a local electricity agency. Also known as Community Choice Aggregation (CCA), Community Choice energy gives communities themselves the power to purchase renewable energy on the market, build local clean energy generation, provide energy efficiency services, and set rates on behalf of local residential and business customers. A Community Choice program procures electricity, while the existing investor-owned electric utility delivers the power to customers and provides standard services such as line maintenance, meter reading, and billing.

Community Choice is being actively pursued or considered in over a dozen communities in California. While Marin was the first to launch a Community Choice program (Marin Clean Energy) over a year ago, San Francisco, San Jose, Sonoma County, Oakland, Berkeley, Richmond, Yolo County, San Luis Obispo, Monterey County, Santa Cruz County, and others have embarked upon studies or discussions toward establishing a Community Choice program. In response PG&E unsuccessfully sought to block Community Choice programs state-wide through Proposition 16, on the June 2010 ballot. SB 790, passed by the California legislature and awaiting the Governor’s signature, is an effort to curtail obstruction of Community Choice initiatives by investor-owned utilities.

The Significance of Community Choice Energy in Addressing Local Energy and Employment Needs

Community Choice is a key vehicle for local energy resource development, economic growth, and clean energy jobs.

The basic proposition of Community Choice is that a well-designed program can combine new renewable energy generation and demand reduction resources to develop an efficient local decentralized energy system. This system can provide lower electricity costs, higher rate stability, and more and faster reduction in greenhouse gas emissions than what is provided by investor-owned utilities. Furthermore, the development of these local assets involves local investments that bring economic development and clean energy jobs to the community.

The program can invest in locally generated electricity and in energy efficiency upgrade programs (which reduce ratepayer bills). It can develop projects that reduce greenhouse gases, create clean energy jobs, and provide healthier communities. Building local renewable assets provides a revenue stream for sustaining local investment in the community.

The Community Choice program hinges on the establishment of an administrative authority. This authority conducts studies of potential demand-side and renewable generation resources, develops a plan for deploying such resources, and rolls out that plan over time through the appropriate procurement mechanisms. Because energy demand reduction (negawatts) is by far the cheapest resource to procure, it is a crucial aspect of developing new renewable generation resources, especially when combined with the development of demand response and local electricity storage resources.

One of the powerful aspects of a Community Choice program is that it shapes energy development decisions to local conditions. The objective is to match local renewable energy resources (sun, wind, geothermal, biomass, combined heat and power, and so forth), local physical characteristics (residential, industrial, and commercial structures, disturbed land, and other aspects of the built environment), and the local energy demand profile (by geography, by time, and by user classification), to optimize the local development of energy resources.

The Community Choice administrative authority can use a number of mechanisms for procuring new renewable assets, depending on the nature of each particular development project within its deployment plan. These can range from power purchase agreements, to feed-in tariffs, to on-bill financing, to solar shares, to municipal bond or revenue bond financing. These mechanisms are already in place in several California municipal utilities and in communities in other states and countries. These mechanisms can apply to both megawatt and negawatt procurement programs.

Because the Community Choice administrative authority is a local non-profit entity, it does not pull wealth out of the community to pay shareholder dividends or executive salaries. Rather it develops assets that bring wealth to the community and which can dramatically increase the economic and job creation benefits of the program. Community Choice represents the potential for developing to scale the public works program needed to address both the economic and climate crises of our communities.

The strength of Community Choice as a preferred vehicle for achieving California's local renewable energy goals rests with the systemic, integrated nature of its approach, as compared to the anarchic and segmented market-driven approach that currently dominates energy development. Community Choice represents planned energy resource development to meet local social and economic goals.

Community Choice Is a New Energy Paradigm

Because of the way Community Choice programs can combine greenhouse gas reduction, economic development, and job creation through the development of local renewable energy assets, such programs can develop a strong political constituency for climate solutions. Community Choice means local control of energy resources. It democratizes energy. Community Choice allows a community to use local energy resources to generate local wealth and to use that wealth for equitable economic development.

Our state is challenged to implement new energy development paradigms that match the magnitude of the economic and climate crises faced by the people of California. Community Choice represents a new paradigm: one in which planned local energy development is used to meet community needs.

The Local Clean Energy Alliance is the Bay Area's largest clean energy coalition, with 90 affiliated member organizations, including environmental justice, social justice, environmental, business, and community groups. The Alliance sees the need for an integrated state energy policy that includes both energy demand reduction resources and local renewable generation resources. We believe that it is through integrating both these types of resources that communities can achieve their full greenhouse gas reduction and climate adaptation potential while enhancing local economies, providing clean energy jobs, and improving community health.