

## CCA Power Purchasing

There are 19 operational Community Choice Aggregator (CCA) programs serving approximately 8 million customers in California. These CCAs have transacted to purchase power from established counterparties, providing customers with power that is cost-competitive with the rates of incumbent utilities, and in many cases greener. How do CCAs procure low cost, clean power?

### Expertise and Mission

Like California's investor-owned utilities (IOUs), CCAs rely on staff and consulting experts in renewable energy procurement. Unlike IOUs, for whom generation service is a cost passed-through to customers, CCAs' procurement function is their lifeblood.

### Long-Term Procurement Planning

CCAs build reliability and rate stability through long-term planning and procurement of energy resources under short (0-5 years), medium (6-10 years), and long-term (10+ years) power purchase agreements. Since much of the power California CCAs buy is from renewable resources that have no fuel cost, they hedge against fossil fuel price volatility.

### Stable & Diversified Customer Base

CCAs have a dependable rate base because they are the default generation provider within the communities they serve. CCAs have a mix of residential, commercial, industrial, and public-sector accounts. CCA participation rates are stable—most California CCAs serve more than 90% of the market in their service area.

### Prudent Risk Management

CCAs carefully manage cash to ensure they meet their financial obligations. In many cases, CCAs have bank lines of credit to supplement available cash. CCAs have an excellent track record of paying off loans early, and amply funding reserve accounts. CCAs manage their energy supply portfolios to ensure the right amount of energy is available when it is needed. CCAs ensure that energy purchased is diversified by supplier, location, duration, and technology type to provide stable rates for customers and stable revenues and costs for CCAs.



MCE, serving Marin and Napa Counties, along with parts of Solano and Contra Costa Counties, currently has \$2 billion invested in energy supply contracts. Of that, \$1.8 billion is for 924 megawatts of new, California renewables projects, with PPAs ranging in terms from 10 to 25 years. In 2018, MCE earned an investment-grade credit rating from Moody's.



Sonoma Clean Power serves Sonoma and Mendocino Counties. SCP and MCE have long-term PPAs with the 100 MW Mustang solar project in Kings County. Recurrent Energy developed the project for SCP and MCE by leveraging a tax equity investment by U.S. Bancorp. SCP also has PPAs for 70 megawatts of new California solar, and 80 megawatts of wind.



Peninsula Clean Energy, serving San Mateo County, has contracted for 300 megawatts of new California solar to be built in Merced and Kings Counties for contract terms of 25 and 15 years.

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### Lockbox Structure

Some CCAs utilize a “lockbox” financial structure to give confidence and reduce risk to partners that are concerned about the creditworthiness of a new CCA. Revenues from the sale of electricity are directly deposited into a separate trust account. A CCA’s energy supplier is paid directly out of that account each month. It is not until the CCA pays those invoices that customer revenue gets swept over to the CCA to pay for operating expenses. It is a way for a developer or other counterparty to feel more secure that it will be paid ahead of the CCA putting aside funds into their reserves or spending it in other ways.

### Local Governance and No Shareholders

As public agencies, CCAs are governed by a board of directors made up of elected officials from the CCA’s service area. This responsibility results in conservative and long-term objectives that benefit customers, not decision-making oriented around quarterly earnings. As not-for-profit agencies, CCAs do not have shareholders. All surpluses are reinvested in the CCA’s programs and products.

### Ratemaking Authority

CCAs have the ability to change electricity rates to address financial needs. CCAs tend to keep rates slightly below those of the incumbent utility, while apportioning any residual revenue into local energy programs that benefit the community.

### Transparent Public Agencies

CCAs are public agencies and as such are subject to the Brown Act and the Public Records Act. Board meetings are open to the public. CCAs produce financial reports on an annual basis with a third-party audit.

“State and local policymakers remain supportive of the CCA model as a tool to advance the use of renewable resources throughout the state. A key aspect of the value proposition offered by MCE and other California CCAs is the requirement that renewable and clean energy be a major component of the customers’ power supply mix. This value is one of the most significant factors that provides strength to the long-term business model.”

- Moody’s Investors Services



CleanPowerSF has signed two agreements to purchase power from a new 100-megawatt solar project to be built in Lancaster, California and a new 47-megawatt wind project in Mohave, California. The contract terms are between 10 and 22 years.



Monterey Bay Community Power and Silicon Valley Clean Energy have jointly-procured 200 megawatts of wind power from the Duran Mesa Wind project in New Mexico under 15-year PPAs.