

Q&A from Energize East Hampton Community Choice Aggregation Webinar

The questions and answers below were compiled from the Town of East Hampton's Energize East Hampton August 17, 2020 Community Choice Aggregation (CCA) [webinar](#).

A video recording of the webinar and slide presentations are available [here](#).

Questions answered during the webinar

- 1. What will the cost be (for power)? Lower than the current rate? How will this reduce my electric bill?**

Utility rates go up and down. Entering into a fixed rate contract under a CCA can provide power at a price lower than the utility when the utility price is trending upward. Sustainable Westchester has used the average utility rate as a benchmark for the energy supply bids received to determine if customers would see savings on their energy costs. - Answer by Dan Welsh, Sustainable Westchester.

Entering into a fixed rate contract when the utility price is rising will provide savings for customers. However, entering into a fixed rate contract when the utility price is dropping will not provide savings if the fixed contract price is higher than the utility price. Communities can look back over several months or years at the trend of how much they paid for power and establish an acceptable range for the power prices that they would accept under a CCA. This range can be established before issuing an energy supply bid, so when ESCO responses come back with pricing, the CCA can feel good about entering into a long-term contract at a certain price. Currently power prices are at a historic low. Entering into long term contracts at a fixed price at the bottom of the market is a good idea. - Answer by Brad Tito, NYSEERDA.

- 2. Please explain the economic and other program benefits the Westchester Power CCA has brought to the community.**

CCA is an amazing platform for building future and additional initiatives. Sustainable Westchester has offerings available to eligible residents for community solar opportunities, demand response programs, discounts on electric vehicles and the electrification of other products and services. Purchasing an electric vehicle when the power used to charge it is renewable, makes that electric vehicle completely clean. - Answer by Dan Welsh, Sustainable Westchester.

3. If one household signs up and another doesn't: Don't they both get the same electricity regardless of choice? Doesn't all the electricity come from the same grid? How is it separated out?

That is correct, you can't track a given electron. When you're buying electricity, that electricity is being generated and you're paying someone to pump it into the grid. The more you pay the clean generators to pump the electricity they generate into the grid, the greener the grid gets. You can't track a given electron to your house though. Everyone receives power from the same grid connection. - Answer by Dan Welsh, Sustainable Westchester.

Yes, electrons cannot be tracked but that's not to say that a downstate customer wouldn't want to support upstate New York hydropower, or an upstate customer wouldn't want to support downstate wind. A CCA can decide that they want to procure local energy so they procure a bilateral contract for a new solar farm. There's a lot of flexibility there. Buying Renewable Energy Certificates from around the state is the most cost effective, but there are other options if you wanted it to be more local. - Answer by Justin Bell, LIPA.

4. Can someone with solar on their roof participate in CCA? What impact does that have on CCA cost?

Yes, nothing in LIPA's rules prevents a customer from signing up for both net metering for their solar PV system and a CCA. You would continue to receive the same crediting. The crediting in net metering works volumetrically so you get a kWh off of your bill for every kWh that you generate with solar. - Answer by Justin Bell, LIPA.

The amount of electricity that you purchase through CCA will be reduced by the amount of electricity generated by your solar PV system. - Answer by Dan Welsh, Sustainable Westchester.

5. LIPA rules are different than the rest of New York State. Can a Long Island CCA buy energy anywhere in New York State? If so, please explain how that works.

In this respect, LIPA's Choice program is the same as the rest of the State. Whether you're a customer of LIPA, ConEd, or another utility, your CCA will have the choice to buy energy from the wholesale market or through bilateral procurements. A Long Island CCA could buy energy from somewhere else in New York state. The challenge is that NYISO (New York State Independent System Operator) would require customers to pay the cost to deliver that energy to Long Island. So there are transmission congestion related charges that customers would have to pay. Currently, in LIPA's Choice program, most of the ESCO's that participate buy their power from the New York state wholesale market. - Answer by Justin Bell, LIPA.

Buying energy is separate from buying Renewable Energy Certificates. There are some constraints on where the energy a CCA buys comes from, but Renewable Energy Certificates can come from anywhere in the state. For example, a village on the Hudson River in Westchester is getting Renewable Energy Certificates from a hydroelectric facility way up the Hudson River in

the Town of Queensbury. The village's CCA is getting Renewable Energy Certificates from the hydroelectric facility up the Hudson River, and as a result is contributing to economic development in both places and to meeting our clean energy goals for the state. - Answer by Brad Tito, NYSEERDA.

6. Does green energy procured by East Hampton under a CCA program would have to be physically generated on Long Island?

*Green energy procured by East Hampton under a CCA program would **not** have to be physically generated on Long Island. - Answer by Brad Tito, NYSEERDA.*

7. The LI Choice tariff requires ESCO's to pay LIPA a fee equivalent to the difference between their price to ratepayers, and the equivalent PSEG price for monthly power supply. This payment is effectively paid by Long Island residents who use an ESCO. Whether or not residents have chosen to buy from LIPA, they still have to pay LIPA its full fee, even for services not provided.

(a) What is the justification to require residents to pay LIPA for services not provided?

(b) Is LIPA aware that the required payment could significantly impede the LI CCA program, and thereby undermine a critical renewable energy program adopted under home rule and available to every other municipality in the state?

I would restate the premise of the question slightly. Under the LI Choice program, which is the vehicle through which the CCA would engage with the utility, ESCO's pay LIPA the monthly cost of power supply minus the market price of services provided by the ESCO instead of by LIPA. In other words, LIPA forgives the cost of the services that they now do not need to supply, because the ESCO is supplying those services. In utility lingo we call that "avoidable costs," which include energy, ancillary services, and off-island capacity (capacity that is not on Long Island). LIPA estimates the avoidable costs upfront and then "trues" them up to the actual market costs once known, known as a "bill credit adjustment." The net effect is that LIPA credits back to the ESCO the market price of those services that the ESCO is providing instead of LIPA. In that sense the structure and pricing of LI Choice are fundamentally the same as the rest of the state. The difference is that the portion of those costs that are actually avoidable by the utility and therefore forgiven, is much smaller on Long Island than in upstate and western New York because those parts of the state do not have requirements to purchase local capacity. The Long Island wholesale market is not robust enough to support a competitive market for capacity, so the NYISO requires Long Island load serving entities to purchase most of its capacity locally. Historically, the most cost-effective way for LIPA to do so was through long term bilateral contracts. As a result, a lot of the capacity is under contract to LIPA. That's not to say new merchant generators could not start here, LIPA would love to see that, it just has not been the case historically. - Answer by Justin Bell, LIPA.

8. Could future Offshore Wind electricity be contracted out to an ESCO, and then provide that power to a participating CCA municipality?

It depends on the agreements that the offshore wind farms enter into. It seems very viable that in the future there would be some additional capacity available as a merchant generation that CCA's could potentially contract for. - Answer by Brad Tito, NYSERDA.

9. How soon can the Town adopt legislation and get this ball rolling?

East Hampton has drafted the CCA authorizing legislation and held its first public hearing on June 4, 2020. The transcript of that hearing is available on the Town's website [here](#). The Town Board will hold at least one more public hearing at a later date before voting on the legislation that, if passed, would allow the Town to look into how CCA could serve this community. Please check [EnergizeEH.org](#) or follow Energize East Hampton on social media for updates on CCA. - Answer by Lauren Steinberg, Town of East Hampton.

Question submitted at registration and answered after the webinar

10. Can a CCA give me a choice of going after green energy and others the choice of cheapest energy?

Yes. Under CCA, a municipality can issue an energy supply bid for multiple energy supply purchase options such as a 100% renewable energy supply, a cheaper standard energy supply or an option in between. Energy Service Companies (ESCO's) respond to the bid with pricing for the supply options that a CCA is interested in. The municipality selects a default supply purchase option to be offered by the CCA, for example a 100% renewable supply, and individual customers can choose to either purchase that supply, or another supply option that is offered through the CCA, for example a cheaper standard supply. Customers will receive a letter with all the available supply options and their pricing before the CCA program takes effect.

11. In shopping for renewable energy, would a CCA have to select the cheapest source of renewable energy? What sources of renewable energy are currently available to CCAs in NY State?

There is no regulation that says CCAs have to select any particular supply, or the cheapest. If a CCA wants to make green claims, it would have to purchase Renewable Energy Certificates (RECs) registered in the New York Generation Attribution Tracking System (NYGATS). If the community decided it wanted to buy Tier 1 level attributes at those kind of prices from a new project, it could do so. - Answer by Dan Welsh, Sustainable Westchester.

If a CCA intends to offer renewable energy, it must ensure that such energy is generated by biomass, biogas, hydropower, solar energy, or wind energy, as defined in and subject to the environmental attributes and delivery rules of the Public Service Commission's Environmental Disclosure Program. - Answer by Brad Tito, NYSERDA.

12. How will the adoption of this process work as a practical matter?

The first step for a municipality interested in CCA is to adopt authorizing legislation after holding a public hearing. The legislation authorizes the CCA to replace the incumbent utility as the supplier of energy for the municipality. Passing this legislation is required by the NY State Public Service Commission (PSC), prior to any municipality proceeding with establishing a CCA program. After legislation is passed, municipalities can issue a request for proposals to select a CCA administrator, act as their own administrator, or choose to join with another municipality that is pursuing or has established a CCA program. A CCA implementation plan and customer data protection plan must be submitted to and approved by the PSC. After plan approvals, the municipality can issue an energy supply bid to ESCO's, review energy supply options and pricing, and select a default energy supply for all of its eligible CCA customers. CCA customers may purchase the default supply or if offered, a different energy supply option, or opt out of the CCA completely.

13. Are there protections against unreasonable price increases? Once a provider is chosen by a CCA, would a change be practical if widespread dissatisfaction arises?

It's all determined by the municipality's contract with the supplier. It's difficult to imagine a contract which will allow early termination by the municipality, because the suppliers generally are going to have purchased instruments to reduce financial risk for the term ahead of time. So, no, that's not practical. The most you can do is make sure people have access to the information about how to opt out if they feel that it is not right for them. - Answer by Dan Welsh, Sustainable Westchester.

14. Once a provider is chosen by a CCA, would a change be practical if widespread dissatisfaction arises?

It's all determined by the municipality's contract with the supplier. It's difficult to imagine a contract which will allow early termination by the municipality, because the suppliers generally are going to have purchased instruments to reduce financial risk for the term ahead of time. So, no, that's not practical. The most you can do is make sure people have access to the information about how to opt out if they feel that it is not right for them. - Answer by Dan Welsh, Sustainable Westchester.

15. What are the ESCO's out here in East Hampton?

There are currently no ESCOs located in East Hampton. ESCOs contracting with New York State CCAs can be doing business anywhere in the state. ESCOs are the middle-man between energy generators and CCA, basically acting as energy brokers, purchasing power from generators across New York and making it available to utility customers and CCAs.

16. If a municipality contracts for offshore wind power would it have to have battery power storage to handle the base load?

Not necessarily. If the municipality, through its CCA, decides to procure energy from an intermittent resource like offshore wind, it would need to arrange for balancing service in some way. The most straightforward route would be transacting with the NYISO, but battery storage is an alternative. - Answer by Justin Bell, LIPA.

17. From NYSERDA's perspective, how important a mechanism is CCA to achieving NY State targets for greenhouse gas reduction and other targets stated in the New York Climate Leadership and Climate Protection Act?

All New York Renewable Energy Certificates (RECs), including those purchased by CCAs, will contribute directly to New York State targets for greenhouse gas reduction and other targets stated in the New York Climate Leadership and Climate Protection Act. - Answer by Brad Tito, NYSERDA.

18. Explain clearly how a CCA can influence the amount of clean energy we will receive from LIPA as a result of our opting for 100% renewable?

Long Island CCAs that purchase renewable energy will accelerate and augment LIPA's renewable energy mandate. The current energy supply mix in New York State includes approximately 28% renewable energy (including hydropower). As municipalities form CCAs to aggregate the energy demand of their communities and purchase renewable energy to meet that demand, the percentage of renewable energy pumped into the grid will increase. This is because for CCAs to claim that the power they are procuring is green power, they must purchase Renewable Energy Certificates (RECs), which verify that the kWhs being purchased are produced from renewable energy sources. If more municipalities are seeking to purchase green power, and therefore RECs, then there must be more power provided to the grid that is being generated through renewables. However, since renewably sourced energy cannot be separated from fossil fuel sourced energy on the grid, all LIPA grid connected customers will receive a power supply that is greener, whether they are part of a CCA or not.

19. When we have a CCA, will all residents of East Hampton have a CCA DISCOUNT CARD providing discounts for energy efficient items such as cars, charging stations, thermostats, heat pumps etc. Could we do this through Energize?

A municipality can decide that it wants its CCA to offer discounts on a variety of products and services made available exclusively to CCA customers such as solar panels, battery energy storage systems, electric vehicles, electric heating equipment, etc. CCA can also offer benefits to customers through participation in community solar and demand response programs. [Sustainable Westchester](#) provides similar offerings (in addition to power supply) to its eligible CCA customers. Marketing for these offerings and benefits can be done so through existing Town initiatives, like Energize East Hampton.

Questions submitted during live webinar and answered afterwards

20. Are there penalties for not meeting these [CLCPA] goals?

New York State's Climate Leadership & Community Protection Act (CLCPA) sets specific mandates for economy-wide greenhouse gas emission reductions to reach a carbon-neutral economy by 2050, including a 40% reduction in emissions by 2030, and includes targets for 70% renewable electricity by 2030, 100% carbon-free electricity by 2040, along with renewable energy mandates (e.g. 6000 MW distributed solar by 2025, 9000 MW offshore wind by 2035, etc.). The Public Service Commission must issue rules by June of 2021 to meet electricity targets. The 22-member Climate Action Council must finalize a scoping plan by January 2023 as to how to fulfill the mandates and targets. By January 2024, the NYS Department of Environmental Conservation must issue regulations to enforce the plan.

21. I've just enrolled in Con Edison's energy choice program for using renewable energy sources. In NYC we have to opt in rather than opt out. Is CCA a variation of the same program?

Energy choice programs are different from Community Choice Aggregation programs because they are aimed at individual customers and require each customer to select an Energy Service Company (ESCO) and opt-in. A CCA aggregates most residential and businesses customers within a city, town, or village and can therefore negotiate better prices and conditions with ESCOs on behalf of all CCA customers.

22. Which, if any, of the energy players stand to benefit or be potentially hurt from formation of CCA?

Consumers, renewable energy generators, CCA Administrators, third-party electricity suppliers, and providers of distributed energy resources stand to benefit from CCA. It is too early to know how CCA will impact LIPA, if at all. Taxpayer or public funding is not needed to run a Community Choice Aggregation program. - Answer by Brad Tito, NYSERDA.

The CCA framework is designed so that no one is hurt, to be fair to both CCA customers and non-CCA customers. The CCA and its customers will buy energy in lieu of LIPA procuring that energy on their behalf. The CCA and its customers may fare slightly better or worse than the status quo depending on whether the CCA is able to negotiate with suppliers to procure energy at a price that is better or worse than LIPA would have obtained. The CCA will likely negotiate a fixed price for the term of a contract, so whether market energy prices rise or fall during that period may also play a role. - Answer by Justin Bell, LIPA.

23. Would green energy procured by East Hampton under CCA would have to physically be generated on Long Island?

The energy can be generated anywhere in New York State, but if it is located outside of Long Island the ESCO would need to either make capacity payments to LIPA or offer on-island capacity.

24. Could you restate who is automatically enrolled and who is not?

Residential and small commercial utility customers are automatically enrolled in a CCA program unless they opt-out. Large commercial and industrial utility customers need to opt-in to participate in a CCA program. Customers that are enrolled in low-income utility assistance programs may also need to opt-in to participate in a CCA program.

25. You referenced Direct Supply - how to balance 2-3 year contract with typical long-term direct supply contract term?

Precisely the biggest challenge. Either some party gets in the middle that is able to take the longer term contract, or maybe by the time we get to the point where municipalities have that, we have no choice but to make such a long-term commitment. - Answer by Dan Welsh, Sustainable Westchester.

26. How many employees does Sustainable Westchester have working on CCA? Has that grown over time? Did you factor cost of program operation into the price comparisons shown?

We have the equivalent of about 3.5 people working on CCA operations, plus maybe half of our communications director and various pieces of other people for REV-related outreach/promotion and such that I'll say maybe adds up to 1 person. Sustainable Westchester likely has a bigger outreach task than East Hampton, with 27 municipalities and about 17 more to bring in yet. If we've grown, it's probably with the addition of those communications. These labor and other costs are supported by the 0.1 cent/kWh administrator fee. Besides that, there is no relation to the price. - Answer by Dan Welsh, Sustainable Westchester.

27. Could an East Hampton CCA obviate the need for the South Fork Wind Farm?

No. The South Fork Wind Farm is part of a package of technologies that won a competitive procurement to meet projected load growth. Even if a CCA formed in Eastern Long Island, LIPA would still need the South Fork Wind Farm because LIPA is obligated by NYISO rules to guarantee capacity in its service territory. The CCA procures energy on behalf of customers. - Answer by Justin Bell, LIPA.