

# A Comparison of CCA and Utility electricity prices

Peter Millman and Marie Cantino, December, 2019

This review of six reports covering Community Choice Aggregations (CCA) in California, Massachusetts, and New York, shows that CCA's can generally provide electricity to their ratepayers for about the same price or less as the incumbent utilities. The electricity provided can also have a higher renewable energy content. While there are no guarantees that CCA prices will always be lower, ratepayers are free to opt out when a utility's prices dip below those offered by a CCA.

1. *"Maintaining cost savings: CCAs must find ways to offer competitive rates to their customers, otherwise customers may opt out in search of lower electricity prices. To date, most CCAs have met this challenge by offering rates lower than utility rates."*

[From: [Community Choice Aggregation: Challenges, Opportunities, and Impacts on Renewable Energy Markets](#); p vi, February 2019, National Renewable Energy Labs]

2. *"Unlike IOUs [investor owned utilities], CCAs are not-for-profit energy providers. As a result, excess revenue is reinvested back into the local economy, through on-bill savings and community programs. This ensures net revenues remain in the local community and continue to benefit local customers. **CCA customers in California collectively saved an estimated \$90 million on their energy bills in 2018 when compared to their IOU [investor owned utility] counterparts.**"*

[From: [CCA Benefits, CalCCA](#)]

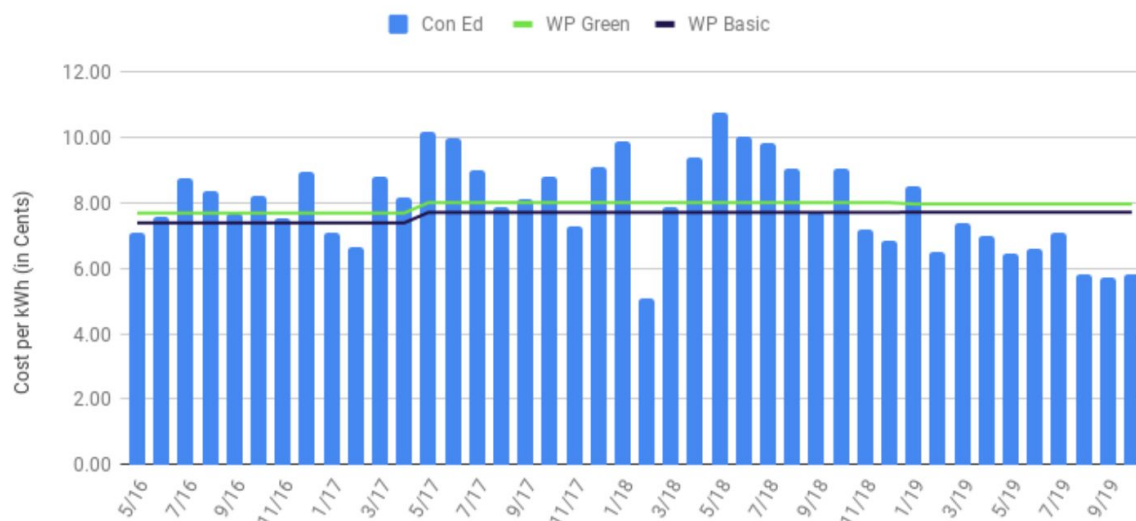
3. *"As illustrated below, all CCAs offer a slightly lower rate than their incumbent IOUs. However, the difference between each entity becomes greater when comparing their 50 or 100 percent renewable products. In this scenario, all CCAs offer significantly lower rates than their respective IOUs."*

[From: [The Promises and Challenges of CCA in CA](#), UCLA Luskin Center for Innovation, p 17]

4. *"Hudson Valley Community Power will be New York State's second Community Choice program, after the pilot **Westchester Power in 2016, which to date has saved residents in 25 communities over \$17 million on their electricity bills.** The program represents a paradigm shift from a large, utility-centric energy system, towards local energy choice, and will enable communities to make a quick transition towards 100% renewable energy supply."*

[From: [Hudson Valley Community Power is a Go](#) and [Rates So Far](#) for figure below. See also: [Community Choice Energy for Nyack.](#)]

Residential Rate Comparison: Con Ed and Westchester Power



5. ***“CCE customers generally pay an electric supply rate that is very close to—and sometimes lower than— what they would pay for basic service from their utility. We looked at [8] Massachusetts towns that currently have programs similar to what is being proposed in Boston, and also are in Eversource’s delivery territory...all towns in this group (except Winchester) will save money in the second half of 2017 compared to the Eversource basic service rate.”***

[From: [An Analysis of Community Choice Energy for Boston](#), Applied Economics Clinic, p 5]

**Note:** The table below, prepared by the authors, shows that over the period from June, 2017 to June of 2020, the rates offered by 8 Massachusetts CCAs were or will be the same or lower than those offered by the incumbent utility. The table is based on two versions of the AEC study, [An Analysis of Community Choice Energy for Boston](#), and then extends it to the first half of 2020 using online utility and CCA data.

<b>CCE vs. Eversource Residential Supply Rates and Relative Savings for eight Massachusetts towns</b>						
	June-December, 2017 <sup>1</sup>		January-June, 2018 <sup>2</sup> DNA=data not available		January-June, 2020 <sup>3</sup> Default rate	
	Rate (cents/kWh)	CCE savings (%)	Rate (cents/kWh)	CCE savings (%)	Rate (cents/kWh)	CCE savings (%)
<b>Eversource Basic Rate</b>	<b>10.76</b>	<b>NA</b>	<b>13.16</b>	<b>NA</b>	<b>12.42</b>	<b>NA</b>
Dedham CCE	9.69	10	9.69	26	10.58	15
Natick CCE	10.71	0	10.71	19	11.26	9
Lexington CCE	10.45	3	10.45	21	11.62	6
Somerville CCE	10.54	2	10.54	20	10.52	15
Acton CCE	10.72	0	10.72	19	10.99	12
Sudbury CCE	10.75	0	10.75	18	10.75	13
Arlington CCE	10.76	0	10.76	18	11.03	11
Winchester CCE	10.90	-1	10.90	17	11.17	10
<b>CCE Average</b>	<b>10.57</b>	<b>2</b>	<b>10.69</b>	<b>20</b>	<b>10.95</b>	<b>12</b>

[Data for assembled from the sources below by Marie Cantino, PhD]

1. see page 6.

[https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC\\_Boston\\_CCE\\_Full\\_Report\\_10\\_03\\_17.pdf](https://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/59d385712aeba5aac1ab5c8a/1507034485942/AEC_Boston_CCE_Full_Report_10_03_17.pdf) (see page 6)

2. (data for last 6 towns. Data for Dedham and Natick were not included in the source table, so CCA rates were assumed to be the same as in 2017 as was the case for the other six towns)

[http://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/5a1ed4e58165f542d6481501/1511970021847/Updated+CCE+rates\\_onepager.pdf](http://static1.squarespace.com/static/5936d98f6a4963bcd1ed94d3/t/5a1ed4e58165f542d6481501/1511970021847/Updated+CCE+rates_onepager.pdf)

3 Eversource (Basic fixed residential)

<https://www.eversource.com/content/ema-c/residential/my-account/billing-payments/about-your-bill/rates-tariffs/basic-service>

Dedham (Local Green, 5% local renewable; to Jan 2021) <https://masscea.com/dedham/>

Natick (Standard Green, 24% green; to Dec 2020) <https://masspowerchoice.com/natick>

Lexington (Basic MA 100% to Dec 2020) <http://masspowerchoice.com/lexington>

Somerville (Somerville local green, +10%) <https://cce.somervillema.gov/>

Acton (Standard 24%, to Sept 2022) <http://masspowerchoice.com/acton>  
Sudbury (Sudbury local green, 5% local green, to Aug 2020) <https://sudbury-cea.com/>  
Arlington (Local Green, 5-11% local green; to Nov 2022) <https://arlingtoncca.com/>  
Winchester (Winpower, 25% renewable, to Dec 2020) <https://winpowerma.com/>

6. ***“We found that on average, municipal aggregation does provide price savings to residential and small commercial customers. However, these price savings are moderate – on average less than \$0.008/kWh (less than \$60/year) for residential ratepayers....Aggregation may provide a clearer value to municipalities looking beyond standard electricity programs which meet minimum Massachusetts standards for renewable energy content to include “greener” energy options.”***

[From: [A Survey of Municipal Aggregation Performance in Massachusetts](#), UMass Clean Energy Extension, 2018, p 8]

7. The authors of this review did a comprehensive comparison between CCA and Utility rates for a wide range of MA CCAs for one period in time, namely the first half of 2020. Where a CCA offered more than one rate option, we used the default choice, which would usually have less renewable content and hence be most comparable to the utility’s offering. The following is a summary of the key findings for 105 towns (not included are towns within the Cape Light Compact, which has special conditions).

- All 105 towns were able to secure rate options below those offered by the Utility. The average CCA supply rate reduction was 19%.
- Of these towns, 52 had plans that did not go above the MA minimum renewable portfolio standard. The average CCA supply rate reduction was 21%
- The other 53 towns had default plans that went beyond the MA minimum renewable portfolio standard. The average CCA supply rate reduction was 18%.

[Unpublished study by Marie Cantino and Peter Millman. Data were collected from individual CCA websites and are available on request]

**For more information, please visit the CCA page of the PACE website:**

**<https://pacecleanenergy.org/cca/>**

**Or, contact Peter Millman, [peter.millman7@gmail.com](mailto:peter.millman7@gmail.com), 860-933-2944**

