



## Smart Communities and Community Choice Energy

(IRESN Comments to the California Public Utilities Commission Hearing on Community Choice Aggregation Issues, February 1, 2017)

The on-going rapid expansion of Community Choice Energy (Community Choice) in California is a breakthrough opportunity for successful deployment of economic, efficient and environmentally responsible local energy resources into competitive energy markets.

California counties and cities are in the vanguard of a global “Smart Cities” movement, which revolves around data and local infrastructure, from transportation to micro-grids. It encompasses all of the new services and web- and data-enabled automation necessary to make modern California cities more resilient in the face of climate change.

The on-going evolution of “smart cities and counties” will require active engagement by Community Choice agencies. Fully developed California smart cities and counties that partner with these agencies will have the tools necessary to drive down their carbon footprints much faster and more completely than other California cities.

Smart cities (and counties) will need smart local energy grids. How will local energy grid owners and local jurisdictions engage with one another to achieve necessary inter-operability and local technical and economic integration?

Such engagement must become the norm. Why is it now so limited and exceptional?

On the state-regulated utility side there has been a motivation deficit. State-regulated utilities must engage with cities and counties according to rules and processes that ensure equitable treatment. An offer, service or program has to be available to all, even though it may not fit all. In fact state-wide energy programs cannot fit all, because each city's or county's energy profile and related policy priorities differs substantially even from those of near neighbors”.<sup>i</sup>

On the local side there is a capacity deficit with respect to locally integrated resource planning, program delivery, etc. Cities and counties served by state-regulated energy utilities often lack basic energy management skills, because in the past they did not need them. Even though their economic regulation, rate-setting and utility operations capabilities have been honed by experience delivering water supply, waste collection, waste treatment and other public services, their “energy literacy” is still limited.

Community Choice agencies can fill gaps on both sides of the missing conversation and facilitate and support future collaboration.

Community Choice solves the local motivation problem by enabling local jurisdictions to meet and manage local energy demand according to unique local needs and in ways that strengthen local economies. Community Choice agencies manage energy service using familiar and mature local political

and administrative processes. They ensure local accountability through appointments of local elected officials to their governing boards and local citizens to their advisory boards. This affords flexibility and insight to exploit local opportunities and solve local problems.

Community Choice agencies have the skills and public trust to facilitate engagement between local jurisdictions and local energy resource developers and businesses. The language of energy technology and regulation, like the language of local public service management, takes time to learn. Community Choice agencies will learn to speak both languages..... fluently.

A state can help by removing roadblocks to local speed and scale. Community Choice agencies can drive down local carbon footprints and scale up local renewable energy production much faster than state directed energy services and investments. Local climate resiliency benefits include more integrative and flexible management of on-site energy supply, vehicle fueling, energy storage, building energy efficiency and real time energy usage management.

In addition to removing roadblocks, California should make sure management of public purpose surcharge collections is shifted to Community Choice agencies as fast as local capacity to manage them develops. Some public purpose funds should be set aside initially to help local jurisdictions implement and measure local carbon footprint reductions achievable through local renewables deployment and accelerated substitution of electricity for vehicle fuels and building/water heating.<sup>ii</sup>

The state should also match the funds cities must spend to take full advantage of the local energy management capacity Community Choice agencies can provide.

In summary, Community Choice agencies should be viewed by the CPUC and state-regulated utilities, not as competitors and interlopers, but as partners and facilitators of the engagement possible but still currently lacking between energy service providers and local jurisdictions.

---

<sup>i</sup> G. Braun, Integrated Energy Analysis for Davis, California, <http://www.energy.ca.gov/2016publications/CEC-500-2016-015/CEC-500-2016-015-AP-D.pdf>

<sup>ii</sup> The above referenced analysis provides a template for the necessary integrated energy analysis metrics and scenario work.