



Community Choice Aggregation (CCA) Frequently Asked Questions

Q. What is Community Choice Aggregation (CCA)?

A. CCA is a bulk electricity purchasing program for residents and small businesses. CCA uses group purchasing and competition to offer better electric rates, price stability and budget certainty, provide access to 100% renewable electricity and combat predatory practices of energy telemarketers and door-to-door sales.

Q. How does CCA work?

A. Any size village, town, or city can pass a local law and authorize a CCA Program for its residents and small businesses. A CCA uses a competitive bid process to identify a new electric supplier to replace National Grid as the current default electric supplier. A CCA uses an opt-out model where all “automatically eligible” residents and small businesses will be included in the CCA unless they opt-out. Municipalities are encouraged to work together to increase the size of the aggregation and increase their purchasing power. For municipalities to join an aggregation they must be in the same utility territory.

Q. What is the legal basis for a municipality to authorize CCA?

A. New York Municipal Home Rule Law, Article 2 Section 10. In April 2016 the New York State Public Service Commission passed an Order Authorizing CCA which provides details of the regulatory requirements.

Q. Who can participate in CCA?

A. For residents and small businesses to be “automatically eligible” for CCA they must:

- live within a city, town or village that is participating in the Program,
- receive their electricity supply from National Grid,
- be a non-demand electric user (usually using less than 2,000 kWh/month) and,
- not have a block on their account

Residents and small businesses who are not automatically eligible to participate, can opt into the CCA Program. The CCA Program is compatible with budget billing, community solar and rooftop solar.

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Q. How does the “opt-out” process work?

A. After the new electric supplier, price and terms are known, every “automatically eligible” customer in the aggregation will receive a letter on municipal letterhead/envelope. The letter provides details on the CCA Program, as well as opt-out options which typically include a prepaid card, phone number and online portal. Customers have 30 days to make a decision whether to opt-out. After the 30-day opt-out period they will be switched to the new electric supplier but can still return to National Grid at any time during the contract period with no penalty.

Q. How long is the contract for?

A. Generally, 18 months to 3 years. Aggregation size, market conditions and source of supply all impact contract length. Once in a CCA, a municipality must decide if it wants to continue offering the Program in the future. This must happen several months before the current contract ends.

Q. What types of options do we have for electricity supply?

A. CCA is about: *community choice and control over electricity supply*. MEGA creates a competitive bid process for electricity service based on the what the community desires, while working within existing market and regulatory conditions. MEGA solicits multiple options from Energy Service Companies (ESCOs), including length of term and ultimately recommends an option to the aggregation.

Q. How can an ESCO offer a better rate than National Grid?

A. Utilities must purchase electricity as it’s used and pass through the cost to the customer. ESCOs can utilize hedges and other financial mechanisms which allow for more purchase options that can result in lower prices.

Q. How does MEGA get paid?

A. No taxpayer or municipal funds are required to set up or operate a CCA Program. As authorized by the State, MEGA collects a small fee to cover administrative costs of the Program. This fee is outlined in the competitive procurement process, is included in the price of supply, and is paid by the default electric supplier.

Q. Why should we partner with MEGA to develop a CCA Program?

A. MEGA has worked with and for local governments since MEGA began by aggregating two counties in 1998. In twenty years MEGA has grown to serve around 300 municipalities and other businesses. MEGA has been involved with CCA in New York State since 2014 and continues to help shape CCA regulations. MEGA currently has an active aggregation of 21 municipalities in the Southern Tier.

If you have a question that isn’t answered above, please contact us at:
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