



# **Community Choice Energy**

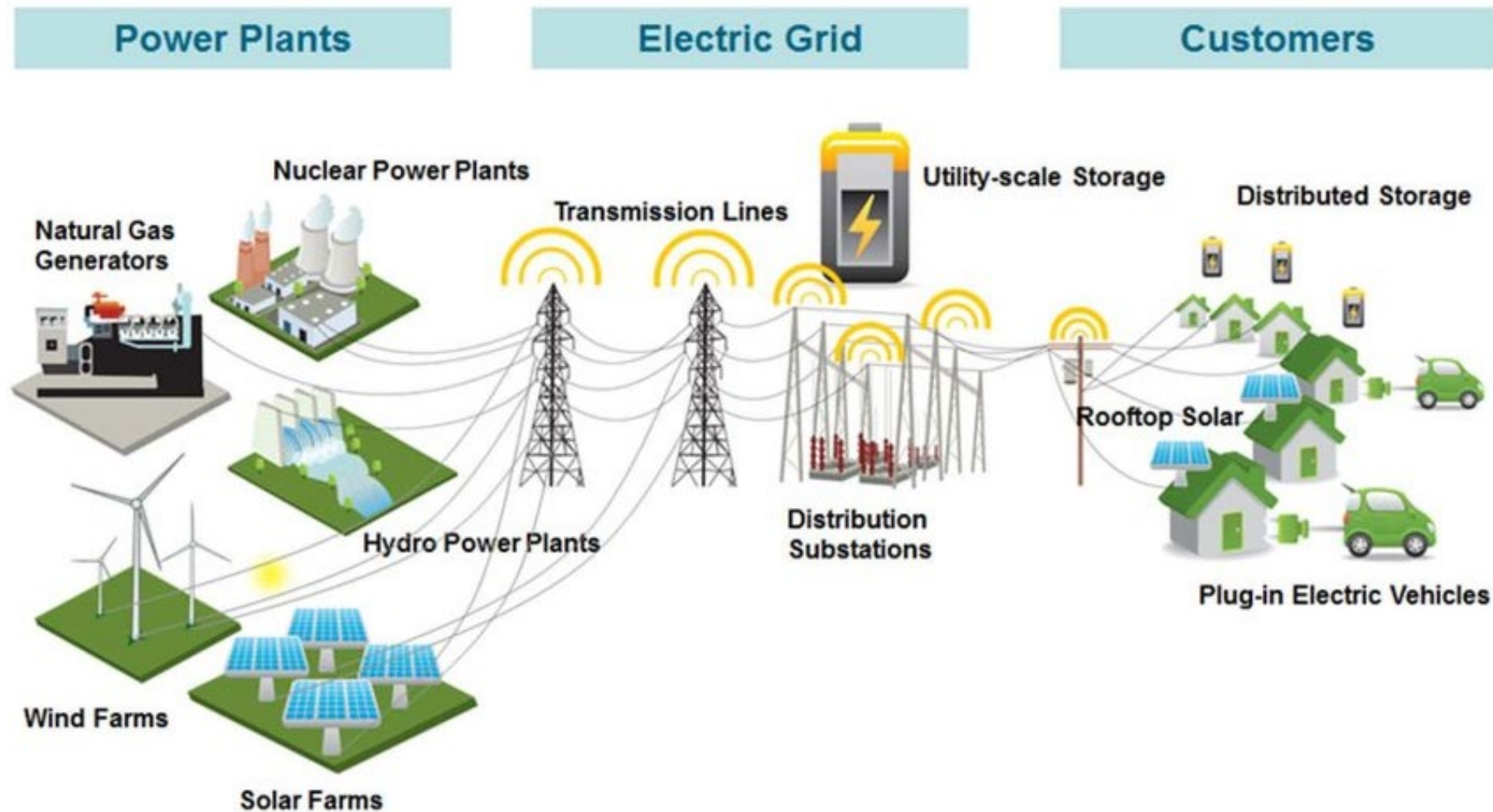
## **Montgomery County Background & Update**

**Alexandria Environmental Policy Commission**  
**May 2025**

## It all starts with the Climate Action Plan...

- Montgomery County's *Climate Action Plan* (CAP) outlines the strategy for reducing greenhouse gas (GHG) emissions in the County.
- The CAP includes actions to reduce GHG emissions from buildings, transportation systems, and the electricity used by County residents and businesses.
- Community Choice Energy (CCE) addresses the electricity use portion of the CAP.
  - Note that the term Community Choice Aggregation, or CCA, is often used interchangeably with CCE.

# Electricity Supply System – Overview



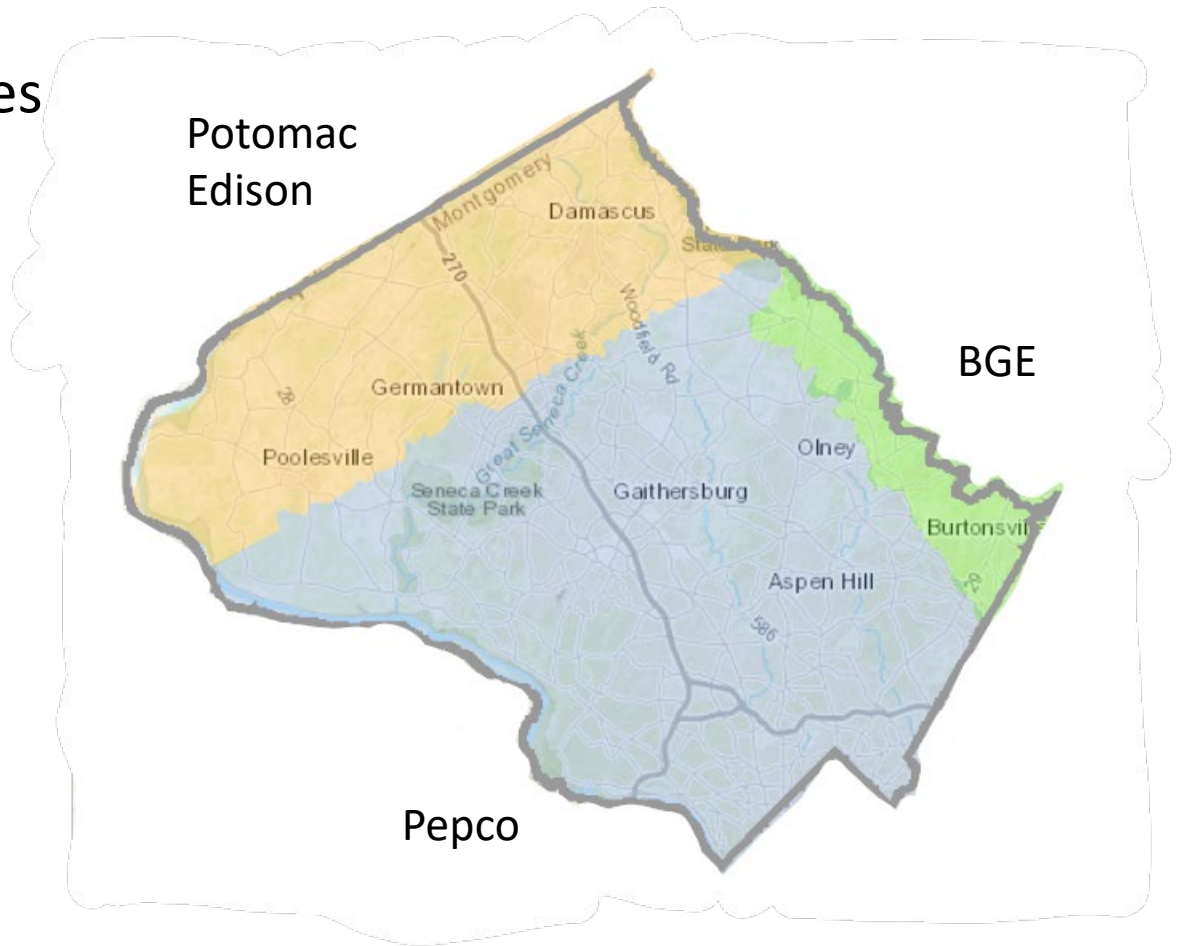
Source: Distribution Automation Strategies, Challenges and Opportunities in a Changing Landscape, IEEE Transactions on the Smart Grid, Madani et al., July 1, 2015.

# Electricity Supply System – Restructured

- Maryland has a “restructured” electricity market.
- In a restructured market, the generation and transmission portion of the system is “separated” from the delivery of electricity to end users.
- Delivery of electricity is a “natural monopoly.” It is most efficient to have a single entity provide this service. Utilities handle the delivery of electricity to customers, and have responsibility for the maintenance of poles, wires, etc. that enable this.

# Electricity Supply System – Delivery of Electricity

- Montgomery County has three utilities that deliver electricity:
  - Pepco
    - ~ 300,000 customers
  - Potomac Edison
    - ~35,000 customers
  - BGE
    - ~14,000 customers



# Electricity Supply System – Generation of Electricity

- The generation portion of a customer's electricity is supplied in one of two ways:
  - By their utility, which is referred to as *Standard Offer Service* (SOS)
  - By a retail supplier authorized to sell electricity in the State by the Maryland Public Service Commission (PSC)
- The “default” electricity supplier to customers that don't choose an alternative supplier is SOS.
- Currently, about 20% of residential customers in Montgomery County choose to get their electricity from a retail supplier.

# Electricity Supply System – Renewable Portfolio Standard

- Under Maryland's *Renewable Portfolio Standard* (RPS), SOS and retail supply must include a certain percentage of electricity generated from renewable sources (e.g., wind, solar).
- In 2022, the RPS mandates that 32.6% of the supply be from renewable sources.
- The percentage of renewable energy in the electricity supply must increase each year; under current law, the maximum required renewable content is 50% by 2030.
- Customers can choose a retail supplier that offers electricity with a higher percentage of renewable energy.

# Why is the County pursuing Community Choice Energy?

- In general terms, CCE allows the County to act as a retail electricity supplier for residents and small businesses in the County.
- Unlike Maryland's current retail choice program, where customers "opt in" to use a retail electric supplier, CCE becomes the default electricity supply (replacing SOS as the default) and customers would have to "opt out" of the CCE.
- In theory, purchasing electricity for several hundred thousand customers will enable the CCE to offer electricity at a competitive price that has a higher renewable content than required by the RPS, helping to meet the County's GHG reduction goals.



# Steps Necessary to Launch a CCA – Completed

- Pass State enabling legislation – **HB 768 (2021) enacted May 2021**
- PSC Workgroup to advise on regulations – **Workgroup established September 2021**
- Proposed regulations from Workgroup – **Submitted to Commission April 2023**
- Commission adopts regulations governing CCA – **Adopted February 2024**
- Commission approves SOS procurement process with existence of CCA – **Commission Order issued October 2024 (Order #91340, ML #312612)**

# Steps Necessary to Launch a CCA – Remaining

- Adopt a local law authorizing the creation of a CCA.
- Draft and receive Commission approval of an Aggregation Plan.
  - Prepare draft Aggregation Plan
  - Publicize Aggregation Plan for review by eligible electricity customers
  - Receive Commission approval of the Aggregation Plan
- Retain Aggregation Supplier.
- Once all the previous steps are completed, the Aggregation Supplier arranges for purchase of CCA electricity.
- Provide opt-out notice to all eligible electricity customers.

# Timeframe for Purchase of CCA Electricity

- Offering electricity prices comparable to the cost of Standard Offer Service (SOS) provided by utilities is critical to long-term stability of the CCA.
- To achieve this, the CCA will procure electricity on a schedule similar to the SOS procurement schedule.
- Because most electricity customers in the County are served by Pepco, the Pepco SOS procurement schedule will define amount of time necessary for the Aggregation Supplier to procure CCA electricity.
- The PSC issued an Order (#91340) stating that CCA electricity delivery must start on the date when Winter rates for SOS electricity begin (i.e., October 1).

# Timeframe for Purchase of CCA Electricity

- Pepco “forward purchases” 24-month contracts for electricity at four different points in time over a two-year period.
- Solicitations occur in April and October each year.

Pepco will purchase electricity in:	To supply electricity in:																																																	
	2024												2025												2026												2027													
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D		
October 2024																																																		
April 2025																																																		
October 2025																																																		
April 2026																																																		

For example, the SOS electricity that Pepco will provide beginning October 2026 will be purchased in October 2024, April 2025, October 2025, and April 2026.

# Timeframe for Purchase of CCA Electricity

- Given the mandate that CCA electricity delivery start in October and the remaining steps that must be achieved, the next potential starting point is October 2028

[illegible]

## Potential Schedule for Completing Remaining Steps

- There is an extremely tight timeline for completion of the remaining steps necessary for the Aggregation Supplier to begin procuring electricity by October 2026 in order to begin CCA electricity delivery by October 2028.

Activity	2025												2026												2027												2028																	
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D						
Adopt Local Law																																																						
Prepare draft Aggregation Plan (AP)																																																						
Publication of draft AP																																																						
PSC approval of draft AP																																																						
Retain Aggregation Supplier																																																						
Procure CCA electricity																							2-Year Procurement Schedule																															
Opt-Out notice to customers																																																						
CCA electricity delivery begins																																																						