

***This Post was Co-Authored by Sharon Jacobs and Dave Owen.***

For many decades, most people in the United States have obtained their electricity from a large investor-owned utility company (IOU). They had no real choice. Much of U.S. energy law was built on the belief that the best way to provide electricity was to give investor-owned utilities monopolies over large areas but to require regulators to review and approve those utilities' rates to prevent pricing that was either "unjust" or "unreasonable." Even where people were frustrated with their utility provider—and such frustrations are common—they had limited options.

In recent years, at least in some parts of the country, investor-owned utility dominance has been challenged. Of particular interest to us, new governance models and resurgent interest in old ideas are giving communities the option of exiting, partly or entirely, from IOU-centered electricity systems. Community choice aggregation, in which a local-government entity becomes the energy-procurement authority for its service area, has grown dramatically in states that have allowed it. Indeed, it has grown so quickly that CCAs might be the most influential recent innovation in the field of local-government law. Microgrids, which can allow neighborhoods to operate as energy islands, are also the subject of growing buzz. Old ideas like municipalization are spurring new debates. And some communities are leaving rural energy cooperatives and going their own way. Community energy exit is all the rage.

Is this a good thing? In much of the academic literature about energy, the answer has been an unequivocal yes. Academics and activists have tended to see energy localization as going hand in hand with decarbonization and energy democracy. This view seems appealing. Most people have an instinctive affinity for local government, particularly if the alternative is a giant and entrenched private company overseen by state bureaucrats.

In a [recently published article](#), however, we argue that the story is more complicated (we can't help it; we're lawyers). We agree that local control over energy systems has the potential to deliver benefits such as lower prices and greener power. But we worry that it could recreate some of the problems with local government in other settings. Greater local control sometimes goes hand in hand with deliberate exclusion of disadvantaged groups. It could undercut both the economies of scale and the progressive policies embedded in traditional energy systems. It could impose costs on remaining customers of the investor-owned utility. And it risks undermining both public commitment to, and important public voices within, those traditional energy systems. We worry, then, that increased energy localism could become a story of fragmented systems and privileged energy cliques rather than greater democracy.

Our article explains those concerns. It also explores what's happened so far with municipalization, co-op breakups, CCAs, and microgrids. The story to date turns out to be much more nuanced than either the most positive accounts or our more skeptical one might suggest. Localization *could* undermine equity, but there is little evidence that it *has* done so yet. That could be because the story is just beginning to unfold, but it's also because legislators, regulators, and participants in energy-localization movements consciously tried to avoid some of the inequities localization might otherwise create. Because the changes are still in their early stages, there is time to build on those efforts. The article closes by explaining how federal, state, and local governments might do so.

Over the coming years, energy governance is likely to continue its transformations, and increased local control may continue to be part of that story. That could be valuable in many ways, but positive outcomes are far from guaranteed. We hope our article's combination of cautionary analysis and prescriptions for equitable transitions will help energy localization, where it occurs, to succeed in a way that protects transitioning community members as well as those left behind.