It is well-understood that people don’t change easily. I hold myself out as Exhibit A. When I signed up for landline phone and internet service, the phone charge was $35 per month, and the internet another $30. Over the years, although the phone company never announced a rate increase, I experienced rate creep. What once totaled $75 became more than $85. I resented the trickery, but didn’t bother to do anything about it. After several years, I finally got sufficiently annoyed to use that phone service to place a call to a competing provider. I now get equivalent phone service plus faster internet all for $39. However, the change was far from annoyance free, and I probably spent 2-3 hours on calls and internet smoothing out the snags. Psychologists call this a Change Cost – one of the reasons that most people just don’t want to go through the bother.

So when a consumer faces a choice, which would you rather be – the company trying to win that consumer’s business, or the default provider who will continue serving the consumer if nothing changes? In the electricity business, the preference is clear, with some traditional utilities fighting tooth and nail to keep the default position as various cities and counties strive to take on the role of energy provider.

California is one of a handful of states that allows local governments to serve as Community Choice Aggregators – arranging for power to be delivered to the utility grid on behalf of their constituents. The original premise behind the concept was to enable smaller customers to aggregate their demand in order to compete with larger customers for cheaper electric service in a deregulated world. Think of a bunch of monkeys standing on each other’s shoulders and wearing a giant ape suit in order to take on King Kong. But when broad access to retail competition went bust in California and elsewhere, elected officials still pursued Community Choice Aggregation because many of their constituents wanted to buy power that was cleaner than that normally provided by the traditional utility. The utilities are required to provide 33% of their power from renewable sources by 2020. Many local governments aspire to offer 50%, or even 100% renewable power.

The challenge is that it is prohibitive for a city or county to get into the power-buying business before it knows it will have a lot of customers. In its first version, California’s Community Choice Aggregation law made it an opt-in business – in order to get customers, the aggregation would have to sign them up. That gets us back to the psychology of default. When the traditional utility remained in the default position, no aggregations came into being. None. The Legislature responded by amending the law to make the formation of an aggregation an opt-out process – customers were free to stick with the old utility, but those who failed to act would be transferred to the aggregation.

With this change, a consortium of governments in the San Joaquin Valley worked to create an aggregation. The local utility (Pacific Gas & Electric Company – PG&E) resisted aggressively, and enough local elected officials backed off to nix the deal. Next up was Marin County and many of its incorporated cities. There, the politicians weathered the storm and formed an aggregation. It provides its customers with two project options: 50% renewable (at a price slightly lower than PG&E's) and 100% renewable (slightly higher than PG&E's).

With the successful launch of Marin Clean Energy, the process began to pick up. Marin has now expanded to include its across-the-bay neighbor Richmond. Sonoma County has now launched his effort. San Francisco continues to debate its own version, while numerous East Bay cities continue to talk. The City of Lancaster is the first southern California city to declare its intent to form an aggregation.

While all of that was unfolding, PG&E sponsored an ill-fated ballot initiative that was designed to discourage any new aggregations. Now, opponents of Community Choice Aggregation are going for the holy grail: a new legislative amendment (AB 2145) that would reverse the old one, and make the formation of an aggregation an opt-in process once again. The bill has cleared the Assembly and is under review in the Senate. According to legislative consultants, it is supported by a coalition of labor organizations including the Central Labor Federation, the State Building and Construction Trades Council and is sponsored by the Coalition of California Utility Employees. It is opposed by a large coalition of local government agencies, environmental groups, and civic organizations. In betting on the outcome of a battle between unions and local elected officials to sway state legislators, where would you put your money?

As California wobbles, Community Choice Aggregation has become big business in Illinois, Massachusetts, New Jersey, Ohio, and Rhode Island. The City of Chicago reportedly has the largest program in the country.