

UNDERSTANDING COMMUNITY SOLAR AND LOCAL CHOICE ENERGY

What is Community Solar? Adopted in 17 states and the District of Columbia, community solar permits the establishment of a solar project allowing customers (individuals, businesses, nonprofits, tribal entities, and others) within a geographical area to buy solar power via subscription from a shared power facility at an off-site array owned by a third-party entity.

Community solar customers can either buy or lease a portion of the solar panels in the array, and receive an electric bill credit for electricity generated by their share of the community solar system—similar to someone who has rooftop panels installed on their home. Community solar can be a great option for people who are unable to install solar panels on their roofs because they don't own their homes, have insufficient solar resources or roof conditions to support a rooftop photovoltaic system due to shading, roof size, or other factors, or for financial/other reasons.

What is Local Choice Energy? Adopted in 9 states,¹ and also known as Community Choice Aggregation, Local Choice Energy (LCE) allows local governments and tribes to procure power on behalf of their residents, businesses, and municipal accounts from an alternative supplier while still receiving transmission and distribution service from their existing utility provider. Local Choice Energy is an attractive option for communities that want more local control over their electricity sources, more green power than is offered by the default monopoly electric utility, and/or lower electricity prices. By aggregating demand, municipalities and Native American Tribes gain leverage for better rates either by owning the resources or purchasing from competitive suppliers, or a combination of both, and choose greener power sources because it is responsive to the desires of their constituents. **Local Choice Energy is a powerful vehicle to reduce [greenhouse gas emissions](#), create [local economic development](#) and green jobs, or improve local [energy resilience](#).**

The money that is earned from the sale of energy by the municipality or tribe is repurposed back into the community for other constituent needs. Because LCE providers are locally managed, not-for-profit entities, any excess revenue is reinvested into the community through on-bill savings and innovative energy programs, often focusing on historically underserved and disadvantaged communities, including rebates, no-cost and low-cost energy programs, job training and employment programs and more. LCE would enable New Mexican communities to reduce our carbon footprint while driving local economic development and job creation -- in a way that's attainable for all customers.

¹ New York, Massachusetts, New Jersey, Rhode Island, Virginia, California, Ohio, Colorado, and Illinois.

Rather than exporting profit to Wall St. the revenue generated from energy sales can be reinvested to strengthen our economy at home.

As of 2019, LCE laws cover one half U.S. annual electricity demand in nine states, with over 1500 municipalities (rapidly growing) already serving over thirty (30) million Americans (5%).

For more information: <https://www.localpower.com/CommunityChoiceAggregation.html>

What’s the difference between Community Solar and Local Choice Energy?

	Community Solar	Local Choice Energy
Ownership	Generally a for-profit entity, but could be a Native American Tribe or School, etc.	Non-Profit Municipality or Native American Tribe
Participants	Individuals subscribers	All members of a particular Municipality or Native American Tribe
Size Limitation	5 MW	Enough to cover the aggregated needs for all community members (for example, City of Santa Fe needs 100MW)
Type of Electricity	Solar Array with the possibility of battery energy storage	The Municipality or Native American Tribe can own its own solar, wind, and battery energy storage system; it can purchase energy from a third party provider; or it can <i>own</i> a portion of the energy and <i>purchase</i> a portion of the energy.
Who profits from energy sales?	Revenues go to the developer of the solar facility.	Revenues benefit the Municipality or Native American Tribe and then are reinvested back into their respective budgets for other community needs. This provides for economic sufficiency and is a hedge against continuously rising electric rates.
Relationship with electric utility monopolies	PNM, EPE, and SPS will be able to recover reasonable costs for administering the community solar program. They will also credit the subscriber’s electricity bill based on the amount of energy generated from the individual’s subscription.	Local Choice Energy works in partnership with the state’s existing investor-owned utilities (PNM, EPE, and SPS) and pays them for the delivery of power, maintenance of the grid, and possible other services.