

# Los Angeles Community Choice Energy (LACCE)

## FAQ

### What is Los Angeles Community Choice Energy (LACCE)?

LACCE is the name for a Community Choice Aggregation (CCA) program in Los Angeles County. California law allows local governments to control the source and the price of the electricity consumed by their residents and businesses.

### How does LACCE work?

LACCE will negotiate contracts for power supply and offer renewable electricity at competitive rates. Southern California Edison (SCE) delivers it through its existing utility lines. SCE continues to bill the customer, maintain power lines and handle new service requests and emergencies.

### How will LACCE be run?

LACCE will be run by an Executive Director and a small staff. It will be overseen by elected officials from cities and the county who will serve on a Board of Directors of the LACCE Authority, a nonprofit agency established to operate the program. The Board will be advised by a public Community Advisory Committee.

### Will LACCE just create another layer of bureaucracy?

No. LACCE will be entirely self-funded by revenues it receives from the sale of electricity to customers. None of its expenses are paid by taxes, and its revenues cannot be diverted to pay for non-LACCE uses.

### Have other communities done this before?

Yes, more than 70 cities and counties in California are already doing this. There are currently seven operational CCAs in California: Apple Valley Choice Energy, CleanPowerSF, Lancaster Choice Energy, MCE Clean Energy, Peninsula Clean Energy, Silicon Valley Clean Energy and Sonoma Clean Power. More and more communities in California continue to investigate Community Choice Aggregation. In addition, Illinois, Ohio, Massachusetts, New Jersey, Rhode Island, and New York also have community power programs. Furthermore, the State of California estimates that by the mid-2020s, more than 80% of Investor Owned Utility (IOU) customers will receive their power from non-IOU providers like CCAs.

## Have the 70 cities and counties in California that have already formed CCAs experienced rate increases?

No. Almost every city has reduced its residents' utility bills. CCAs across the board are offering a combination of lower rates, more renewables, and more local power than the incumbent utility. How each CCA prioritizes these benefits varies by CCA and is a matter of policy for the CCA's governing body. Some CCAs in California offer rates approximately equal to those offered by their existing utility. However, in these cases the CCAs power is significantly greener than the power offered by the existing utility. LACCE's baseline rate will be based on a product that slightly exceeds SCE's baseline renewable percentage offerings but at a lower cost.

## How can CCAs offer lower rates than the existing utilities and still provide cleaner energy?

There are many factors that contribute to CCA's ability to offer cheaper rates than incumbent utilities. CCAs have less overhead and can acquire low-cost government debt financing. Also, because CCAs are nonprofit governmental entities, they do not need to make profits for shareholders.

## Who can participate?

LACCE is available to all residents and businesses in L.A. County cities serviced by SCE. The only cities that cannot participate are cities with their own municipal utility (like LADWP in Los Angeles or Glendale Water & Power in Glendale).

## How does a city join LACCE?

Cities join LACCE by having their city councils approve the LACCE Joint Powers Agreement and the CCA enabling ordinance. Once a city chooses to participate, all its residents and businesses will automatically be enrolled for LACCE service, starting in 2018. Importantly, customers can opt out of LACCE service and return to SCE at any time.

## There are many cities in LA County. Won't they have different goals in terms of how much renewable energy to purchase and the importance of maintaining lower rates?

Yes. That is why each city can make its own choice on the level of renewable energy it wants to purchase for its residents (e.g., 33%, 50%, or 100%).

### **Will LACCE engage in the use of Renewable Energy Credits (RECs) to procure its renewable energy?**

No. LACCE explicitly states in its JPA and power procurement documents that it will not use RECs and the LACCE Business Plan assumes that no RECs are used to meet LACCE's RPS requirements.

### **How much does it cost a city to join?**

There are no membership fees or other costs for cities to participate if they join during the open enrollment period. Cities may choose to spend money on public information materials and may dedicate some staff time to supporting their representative on the Board of Directors of the LACCE Authority.

### **Is there a financial liability or legal risk to a city or its residents for joining?**

No. The city and its residents are protected because LACCE is a separate legal entity as defined by California law. Its liabilities and obligations are its own, not those of the individual cities that are members.

### **If a city decides to leave the JPA, will that city be responsible for paying off power purchase agreements procured on its behalf?**

Cities are only responsible for paying off power purchase agreements (PPAs) if they invoke the termination clause of the JPA agreement, and that is only if the JPA is unable to dispose of power purchased on behalf of the departing city at a cost that is less than the acquisition cost. In such instances, a departing city may be asked to pay the marginal difference (however, if the disposition of the purchased power is higher than the acquisition cost, then the city may actually see a dividend for departure). Proper contracting and legal protocol in the sale of any PPAs will protect the departing city from actions of the purchaser. Cities may also depart at no cost if they are willing to delay termination until any power contracts procured on their behalf have expired.

### **Can a city be terminated from the JPA?**

Termination provisions are standard in JPA agreements to allow members to exclude cities whose actions are unreasonable and detrimental to the organization. This is highly unlikely and would only be invoked under extreme circumstances.

### **Won't L.A. County just make all the decisions for the cities that join?**

No. Decisions will be made by the LACCE Board of Directors. L.A. County will have one seat on the Board, as will any participating city. L.A. County will not be able to make decisions on behalf of cities.

### Does it cost for customers to opt out of LACCE?

Customers can opt out of LACCE at no cost prior to service commencement. After that, a small processing fee (around \$1.50) will be charged.

### Does LACCE replace SCE?

No. LACCE only replaces SCE's electric procurement services with its LACCE's own electric generation services. LACCE will negotiate contracts to procure cleaner electricity, and pay SCE to carry and deliver it to your home or business through their wires. SCE is still responsible for electric delivery, billing and powerline maintenance, including handling power outages and other emergencies.

### How does SCE feel about LACCE?

SCE is officially neutral on the formation of LACCE and is committed to ensuring a smooth transition for all LACCE customers.

### Will I get two electric bills?

Customers will see no change with their billing and will continue to receive one monthly bill from SCE. The only difference will be a few line items that note that the customer's electricity was procured by LACCE. And, their bill may be lower.

### Will SCE programs still be available to LACCE customers?

Yes, almost all SCE programs are still available to LACCE customers. Furthermore, LACCE will offer other, separate programs for its customers in addition to the existing programs offered by SCE.

### When does LACCE begin serving customers?

LACCE will begin serving customers through a three-phase enrollment period. The initial group of customers begin enrollment in January, 2018. The second and third phases will take place later in 2018.