

REPORT FROM


## OFFICE OF PUBLIC ACCOUNTABILITY

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Date: September 24, 2019

To: The Board of Water & Power Commissioners  
Martin L. Adams, General Manager & Chief Engineer, Department of  
Water & Power

From: Frederick H. Pickel, Ph.D., Executive Director/Ratepayer Advocate 

Reference: Amendment No. 1 To Agreement No. 47481 (Amended)  
Agenda Item # \_\_

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### RECOMMENDATIONS

OPA recommends that the Board of the Department of Water & Power (DWP) direct the management to resubmit Amendment No. 1 to the Board after returning a base case scenario to the 100% Renewable Energy Study.

### DISCUSSION

Without a base case, as was previously developed with the stakeholder advisory group, the City will expend funds on this 100% Renewable Energy Study that will be wasted. There are several reasons for this outcome, which suggests that omitting a base case would be negligent.

The study hopes to use, instead of the base case, a variety of other scenarios that cannot serve its function. The DWP proposes to use a scenario that complies with SB 350 instead. However, there are literally thousands of scenarios that would ultimately comply with SB 350, making it an *extremely* poor reference for all the other scenarios. There is no good reason to throw away one's measuring tool when addressing an ambitious goal.

Because including the analysis of the base case is not equivalent to seriously considering executing that course of action, its elimination as a measuring tool for the other cases violates prudent utility methods, which always includes the "do nothing" comparison. In the present context, the base case that was part of the study for over a year of stakeholder meetings serves that function, even though no one is sponsoring "nothing" as a viable option. Supporters of any outcome will find that the rug has been pulled out from under them, as no one can be convinced without a base case for comparison. It still needs to be in the study for the study to have credibility. To leave the base case out of the study ensures its failure on many levels because it is a form of analytical censorship that undermines the very usefulness of the study.

It is highly likely that California energy policy will change again before 2045. A base case ensures that the City, the DWP, and its customers all understand these shifts and their consequences. An enforced ignorance on the nature of these changes is unlikely to be rewarding over the next 10 years and can, depending on how decisions evolve, lead to a grossly negligent outcome. It will simply be too late to try to run a base case later with the same models, assumptions, quality controls, and team that has been assembled for this major effort. A post-study substitute will not be comparable with the scenarios now planned. There will be no true ability to create it later, when it is needed.

cc:

The City Council Committee on Energy, Climate Change & Environmental Justice

The Honorable Eric Garcetti, Mayor

Sharon Tso, Chief Legislative Analyst

Richard H. Llewellyn, City Administrative Officer