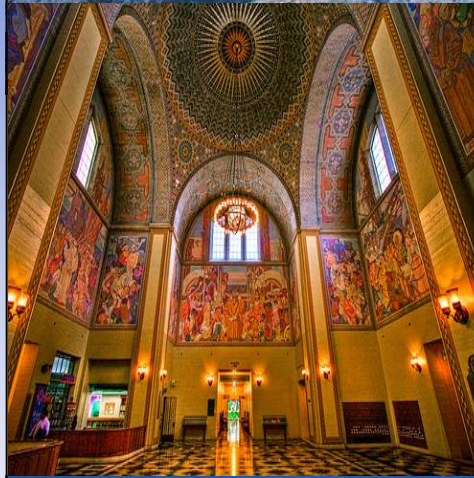




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**LADWP
Feed-In-Tariff
Status Report:
Recommendation
to DWP Board**



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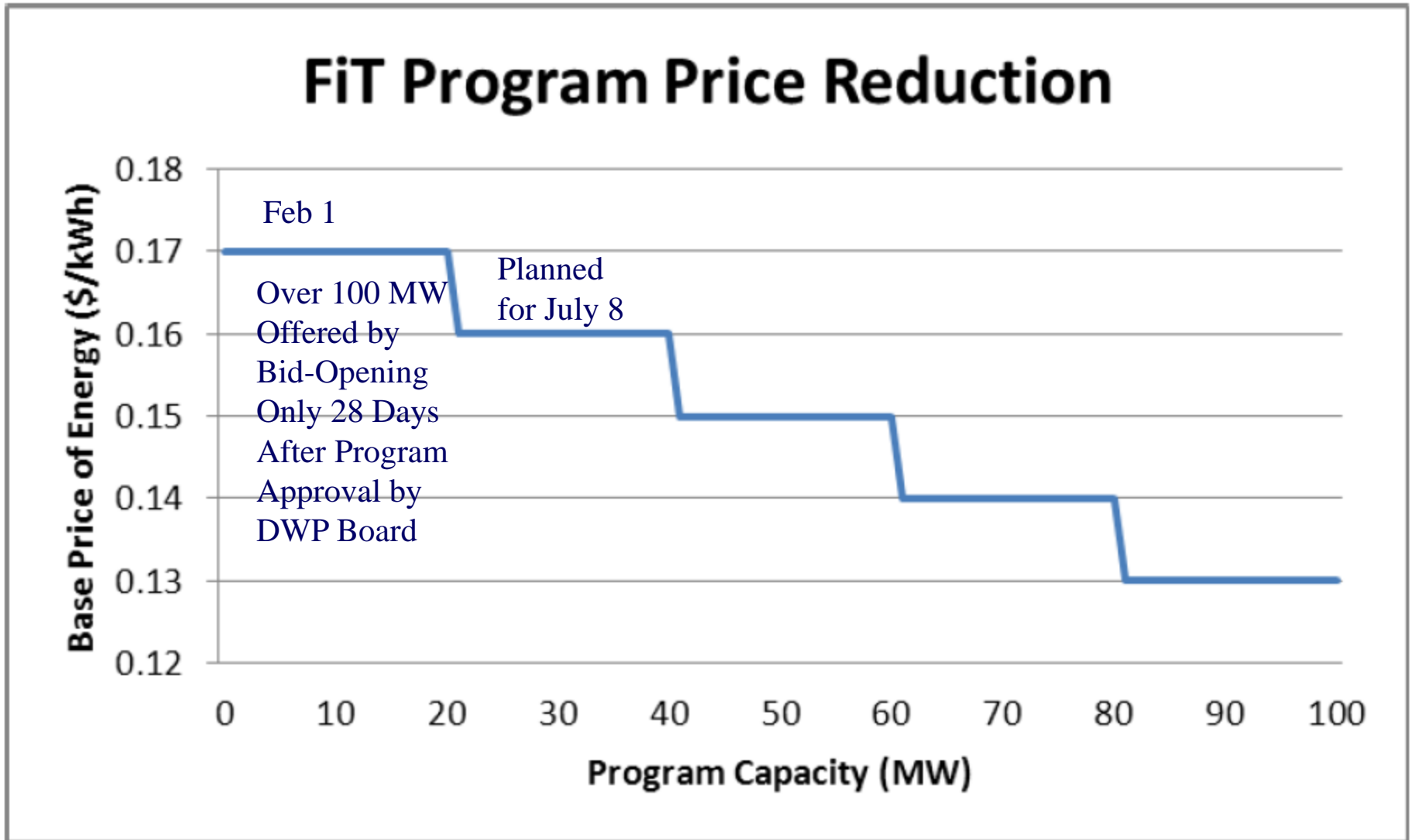
June 19, 2013

Why Reconsider the Feed-In Tariff Set Price (“FiT100”) Program?

- ❑ State requires a FIT program, but it does not require pricing above renewable market prices (more than “avoided cost” of renewables).
- ❑ Proposed DWP FiT100 program prices are far above market prices, placing an incremental \$231-268 million burden (DWP Staff \$168 million) on ratepayers over a 20 year period.
 - The same carbon reduction can be accomplished via large scale solar projects.
 - It is subsidy from the average LADWP ratepayer to commercial, industrial, and energy project development interests.
 - ✓ Ratepayers shouldn’t be asked to make such large economic development investments.
 - ✓ It has additional negative, macro-economic job impacts in the City of Los Angeles.
 - It lacks competitive bidding for almost \$550 million in energy over 20 years.
- ❑ Based on changed circumstances, the Office of Public Accountability / Ratepayer Advocate recommends review of the FiT100 program before beginning the next 20MW allocation:
 - Direct Impact: The prices of other solar renewables now are below 9 cents/kWh for small projects and below 8 cents/kWh for larger projects. The revised CPUC program sets an indexed starting price of \$8.923/kWh, with limited adjustments for location.
 - Cumulative Impact: Ratepayers have taken on almost \$1 billion in increased burdens approved by this Board since January, not including the FiT100 program: the Navajo & IPP coal elimination, and the unanticipated short-term purchased water increase.



Where are we? Program Pricing by 20 MW Block Allocation



Re-Assessment Is Needed: Alternatives

- ❑ In the January 11 DWP Board review presentation on the FiT100, the OPA recommended that the program should be assessed in 6 months.
 - In particular, the OPA noted that if the FiT100 program is moving to full subscription, an extension at lower pricing may be warranted.
 - Very little lead time has been given the OPA for review of DWP staff materials at each stage.
 - CPUC program offers alternative approach without ratepayer burden.
 - Cumulative impacts on LADWP ratepayers have ballooned over last 6 months.
- ❑ Alternatives
 - 1. Continue as originally scoped, without review.
 - 2. Halt program, both next allocation cycle and first cycle contract execution, until review is complete.
 - **3. Study, and continue program with limitations until study is complete:**
 - ✓ Continue processing and contract of candidates accepted in first allocation, but don't refill dropouts from queue.
 - ✓ Open second allocation only for small scale projects (30 kW to 150 kW) on July 8
 - ✓ OPA to conclude study with cooperation of DWP by September 30.

