



**Ratepayer Advocate
Update for the Los
Angeles
Neighborhood
Council Coalition
(LANCC)**

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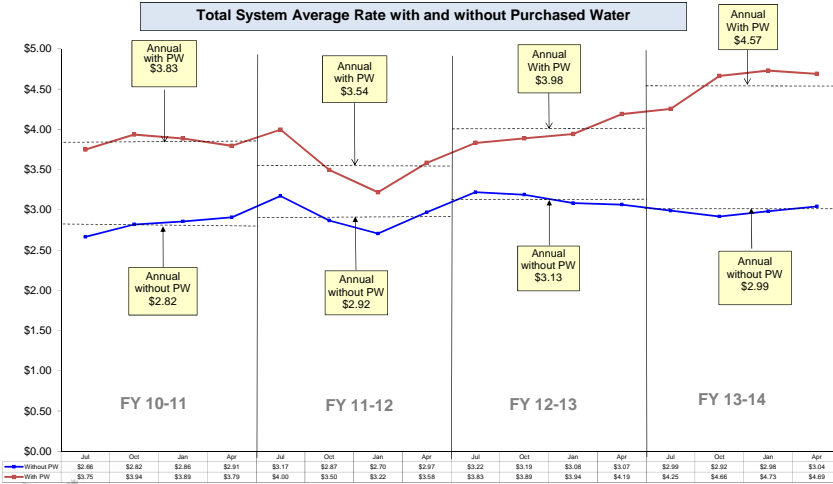


Summary

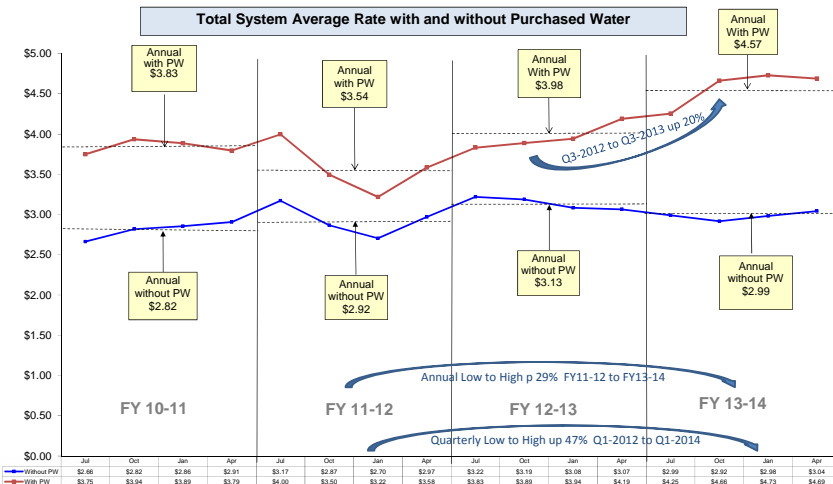
- Office
 - Ordinance effective May 10
 - Staffing: newly hired Deputy Director, Ms. Camden Collins
 - Outreach and office location
- DWP Related Issues
 - Rate cases and adjustments
 - Quarterly water rates adjustment and impact of purchased water
 - Net Metering, FiT50, and FiT100



Water Rate Adjustments: Impact of Increased Purchased Water



Water Rate Adjustments: Key Percentage Changes



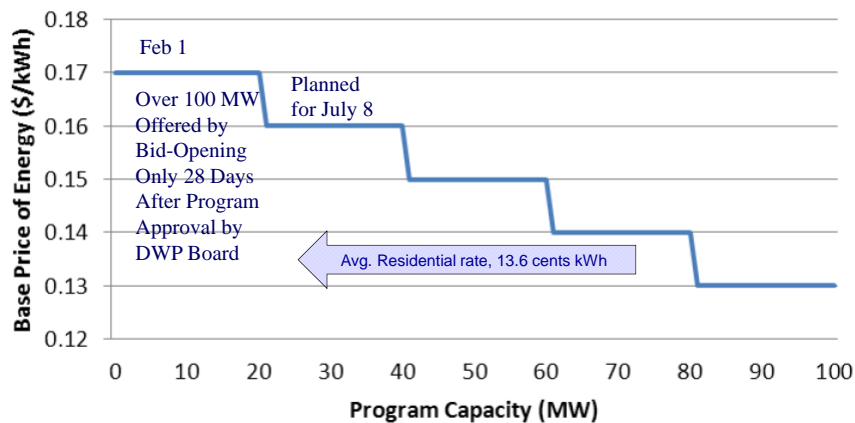
LADWP Solar Incentive and Feed-In-Tariff Programs

- ❑ Solar Incentive Program / Net Metering
 - For residential solar users, which are DWP customers, which off sets 13.6 cents/ kiloWatt-hour (kWh) average residential rate
- ❑ Feed-In-Tariff programs :For power generated for direct sale to LADWP, 30 to 3,000 kilo-Watts (kW, or 0.03 to 3 mega-Watts or MW) in size
 - It is a “vendor” program, not a program for customers.
- ❑ FiT 50 program is for small 30kW-3MW in-basin projects linked to large projects on the 200 MW Beacon site (not including 50MW area at Beacon set-aside for utility)
 - Pricing governed by auction, for portions 50MW in-basin linked to 200 MW Beacon projects
- ❑ FiT 100 program is for 30kW – 3MW in basin projects with set pricing, no bidding
 - First allocation of 20 MW at 17 cents/kWh was overbid by over a factor of 5x in one week even though bids were due 20 days after DWP Board action
 - This is the problem program.



Where are we? Program Pricing by 20 MW Block Allocation

FiT Program Price Reduction



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 \$231-302 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 7 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.

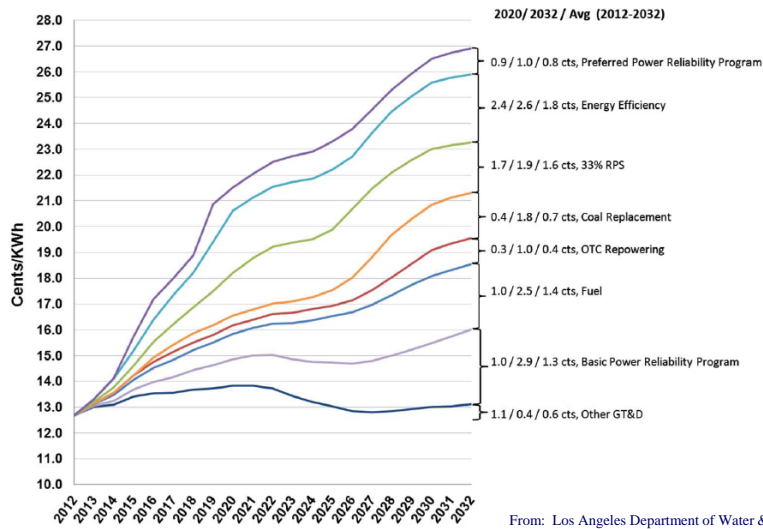


FIT 100 Impact on Customers

- ❑ Comparable solar / renewable pricing
 - Large solar project bids appear to be under 8 cents/kWh delivered to major transmission
 - CPUC reports renewable auction mechanism 1.0-20 MW renewable bids under 9 cents/kWh for 2012
 - CPUC has revamped their under 1.0 MW Feed-In-Tariff program for SCE, PG&E, SDG&E to start at 8.9 cents/kWh
 - Last week, City of Palo Alto announced a 80 MW purchase from 3 projects at 6.9 cents/kWh, including one based in Los Angeles County
- ❑ Customer cost impact of first 20 MW allocation at 17 cents/kWh over 20 years versus other renewable programs at 7-9 cents/kWh: \$61-75 million
- ❑ Total excess customer cost for continuation of all 100 MW of the five 20MW allocations (17 cents, 16 cents, 15 cents, 14 cents, and 13 cents) versus other renewables
 - Other renewables at 7 cents/kWh: \$302 million (\$15 million per year)
 - Other renewables at 9 cents/kWh: \$231 million (\$8 million per year)
- ❑ Incremental carbon impact reduction from FIT versus other solar renewables: Zero additional carbon benefits
- ❑ Comparison:
 - Customer cost of accelerating IPP shutdown by one year: about \$250 million
 - You could buy more than twice as much solar power in the larger (“Palo Alto”) deals
 - You could not spend the extra funds, and reduce rate increases



Accumulating Rate Impacts: LADWP Integrated Resource Plan



From: Los Angeles Department of Water & Power, "2012 Power Integrated Resource Plan", December 2012

Figure ES-8. Total retail electric rate composite by fiscal year, based on the 2012-13 budget forecast (Case 5).

Re-Assessment Alternatives

- In January, in the DWP Board review on the FiT100, the OPA recommended that the FiT program 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.
 - 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 executions, 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.
- The DWP Board declined to change the FiT100 program on June 19.