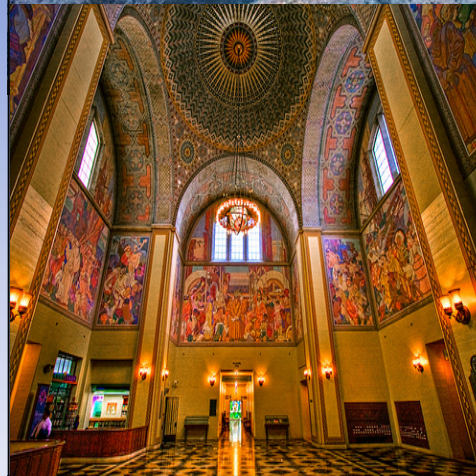
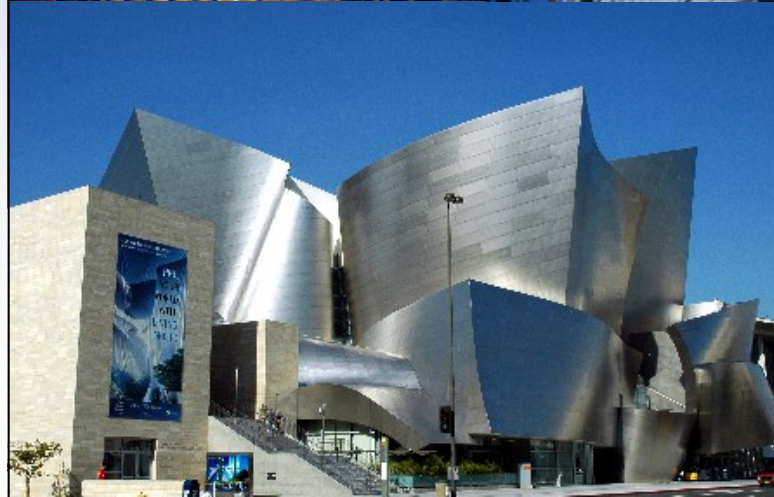




**LADWP
Feed-In-Tariff
Status Report:
Recommendation
to DWP Board**



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February 18, 2014

Overview

- ❑ Where do Feed-in-Tariff (FIT) programs integrate into renewables programs?
 - Overall California programs, with a focus on local programs

- ❑ What's before the Commission today?
 - Approval of administrative amendments to DWP's FIT
 - The elephant in the room: DWP FIT prices – out of date fixed prices

- ❑ What are the next steps?
 - Do nothing
 - Fix it – get more for our money



Overview of Solar-Related Renewable Programs in California

	Net Metering	FIT	Renewable Auction	Solicitations
Use of Power	Inside customer site	Wholesale	Wholesale	Wholesale
Typical Solar Project Size	Residential: 5kW, Commercial up to 1,000 kW	Up to 3,000 kW	3,000 kW to 20,000 kW	20,000 kW to 300,000 kW and larger
Value of power ¢/kWh	Customer bill reduction; excess sales now allowed, not required by AB327	DPW: 16¢ last round FIT100; SDG&E, SCE & PG&E: 8.923 ¢, PG&E & SCE now 8.523 ¢	Now under 8 ¢	Large-scale solar now 6-7¢
Total capacity, estimated yearend 2013	DWP ~100 MW (with SIP credits only) PG&E ~1,000 MW (mix w & w/o credits)	DWP ~40 MW IOU's pre-AB32 257 MW (238 MW add'l planned)	IOU's (PG&E, SCE, SDG&E): 737 MW signed, 51 MW online	IOU's Estimated: 7,225 MW of all RPS types



Comparing FIT Programs as of late 2013

	DWP	PG&E	SCE	SDG&E
Pricing	Price schedule fixed in early 2013 based on 2011-2012 out-reach	CPUC indexed price, 8.923 ¢/kWh to start in late 2013	CPUC indexed price, 8.923 ¢/kWh to start in late 2013	CPUC indexed price, 8.923 ¢/kWh to start in late 2013
Next pricing for solar	FIT100 15 ¢/kWh	8.523 ¢/kWh, 1 st round was over subscribed	8.523 ¢/kWh, 1 st round was over subscribed	8.923 ¢/kWh
Solicitation size	20 MW	5 MW	5 MW	3 MW
Frequency of solicitations	Every 6 months	Every 2 months	Every 2 months	Every 2 months
Remaining program	60 MW (plus prior 40 MW)	110 MW (plus prior 219 MW)	99 MW (plus prior 240)	28 MW (plus prior 21 MW)



What's Before the Commission on the FIT100 today?

- ❑ Before the Commission today, DWP staff proposes changes in their administrative process and the standard FIT100 contract.
 - The OPA supports those changes.

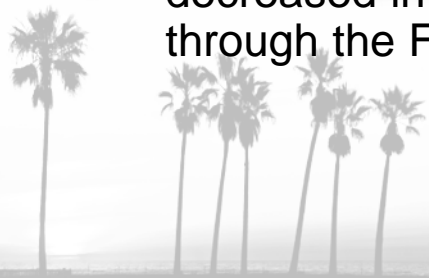
- ❑ The FIT100 pricing for the next round, however, is still far above current market conditions.
 - It is a half billion dollar solicitation without competitive or market-based pricing.
 - DWP could buy about 2/3 more solar power at the same total cost.



The Cost of the FIT100 Procurement Program: Over \$0.5 Billion

FIT Tier in MW	FIT Pricing (\$/kWh)	Undiscounted Payments 20 yr Term	Date of Solicitation
0-20	\$ 0.170	\$ 123,057,957	Feb-13
20-40	\$ 0.160	\$ 115,819,254	Jul-13
40-60	\$ 0.150	\$ 108,580,550	Next
60-80	\$ 0.140	\$ 101,341,847	Planned Jul-14
80-100	\$ 0.130	\$ 94,103,144	Planned Jan-15
	Total	\$ 542,902,752	

- ❑ In the DWP FIT100 program, 40 MW have been selected to date with a cost of about \$239 million, at an average price of \$0.165/kWh
- ❑ The competitive LADWP FIT50 programs bids for that 50 MW program averaged \$0.125/kWh – but this is the average of the bids, not the unannounced best 50 MW.
- ❑ PG&E's and SCE's 1st round of AB32 FIT solicitations at \$0.08923/kWh were over subscribed for peaking as-available supplies (i.e., solar), so the 2nd round was decreased in price to \$0.08523/kWh, or a little more than HALF the price paid through the FIT100 program to date.



Conclusions on FIT100 pricing

- ❑ Purchasing over \$500 million in power supplies (or \$300 million remaining) without competitive bidding or a very transparent market-based pricing formula is:
 - Imprudent
 - Unreasonable
 - Not in conformance with industry practices for programs of this scale in California or the industry

- ❑ The record of last year's PG&E, SCE, SDG&E, and DWP competitive solicitations demonstrates the high and unnecessary cost of this experimental approach.



What are Alternatives?

□ Do nothing

- The program will continue with 20 MW subscribed at 15 ¢/kWh in the next solicitation round, already approved.
- This wastes \$120 million of the remaining \$300 million budgeted in the program for the remaining 60 MW solicitations.

□ Defer and revise the program: But this creates upheaval for local solar installers.

□ Get more solar for our money, faster – a FIT100+: Match the state's FIT pricing in this next round, increase solicitation size, and move ahead with no delay

- The CPUC approved, market-indexed pricing is now 8.523 ¢/kWh for solar technologies for the 2 largest of the state's 3 investor-owned utilities. Their first solicitation was over-subscribed.
- Increase the revised new DWP FIT100+ round by 15 MW to 35 MW total.
 - ✓ This commits the same amount of funds previously intended.

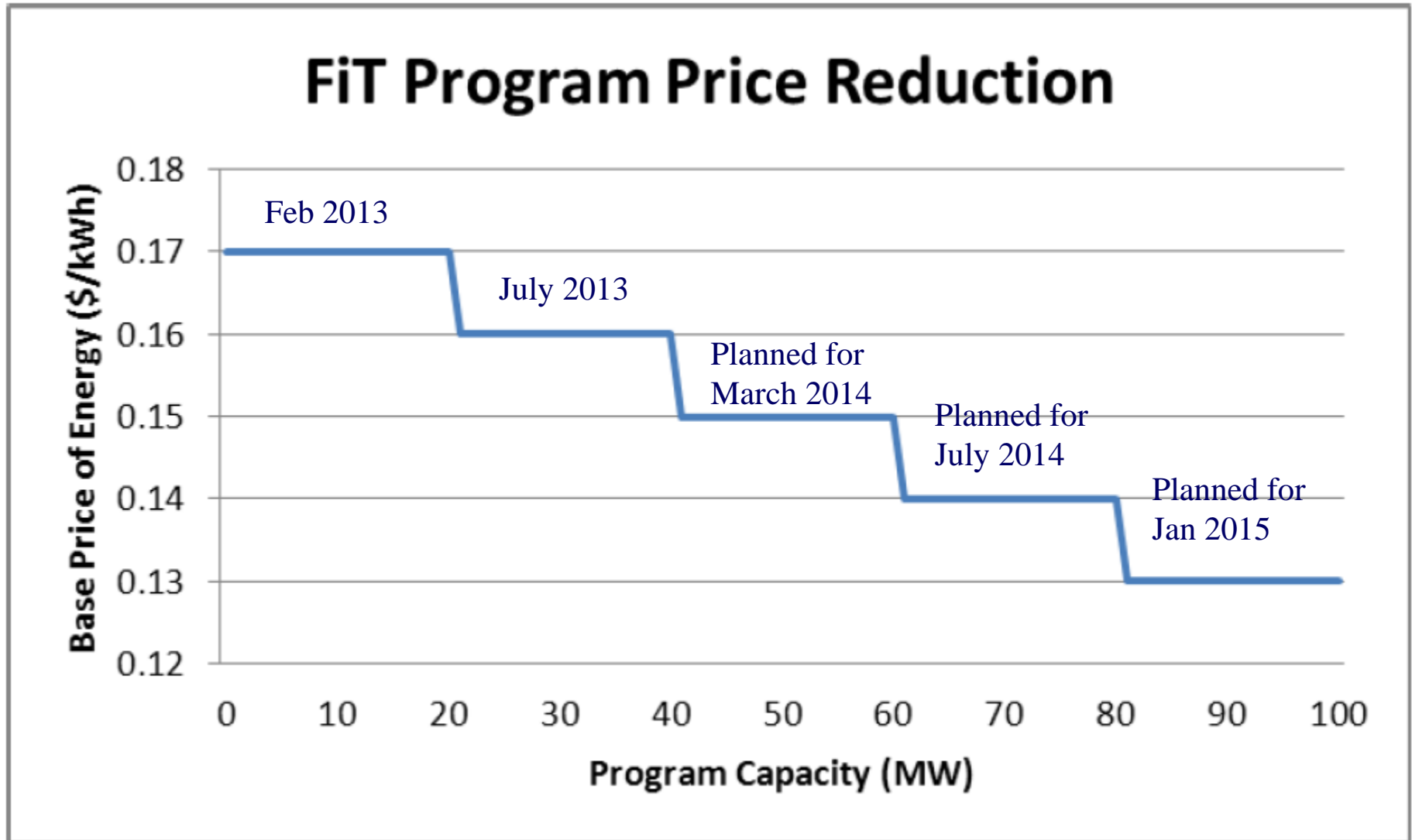


Appendix



Where is DWP's FIT100 Program?

Program Pricing by 20 MW Block Allocation



Revised FIT100+

