



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

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General Manager - Customer Service,
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Ann M. Santilli

Ann M. Santilli (Dec 5, 2024 14:14 PST)

ANN M. SANTILLI
Chief Financial Officer

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DATE: November 18, 2024

SUBJECT: Energy Efficiency Savings (Fiscal Year 2023-2024) for Energy Cost Adjustment Calculation (Revenue Losses)

SUMMARY

The purpose of the attached Resolution is to adopt LADWP’s cumulative energy savings of 1,962,043,547 kilowatt-hours (kWh) for Fiscal Year (FY) 2023-2024, to be used in the Energy Cost Adjustment (ECA) Account calculation regarding revenue losses resulting from the implementation of demand-side management (energy efficiency) programs.

City Council approval is not required.

RECOMMENDATION

It is recommended that the Board of Water and Power Commissioners (Board) adopt the attached Resolution approving the energy efficiency savings amounts specified therein.

FINANCIAL INFORMATION

This Board letter outlines the energy volumes achieved through the prior FY’s energy efficiency programs, which will be used in future capped ECA Factor (ECA F) calculations. The cumulative energy efficiency savings directly resulting from

LADWP’s energy efficiency programs during FY 2006-2007 through FY 2023-2024 totals 1,962,043,547 kWh. The annualized energy savings for the FY beginning July 1, 2023, and ending June 30, 2024, equates to 88,030,645 kWh. The calculated revenue loss for ECA equates to \$108,167,461, which is 1,962,043,547 kWh saved multiplied by \$0.05513 per kWh from Electric Rate Ordinance (ERO) No.168436, as amended. A listing of the energy efficiency programs and associated energy savings for each program is shown in the following table:

**LADWP Demand-Side Management Program Energy Savings 2023-2024
for the Purpose of Calculating Revenue Loss for ECA**

Program	Annualized kWh Savings FY 2023-2024	%	Prorated kWh Savings FY 2023-2024 Based on Date Installed	%	Previous Years Carryover FY 2006-2023 (kWh)	%	Current Year ECAF Adjustment Cumulative FY 2023-2024 (kWh)	%
Commercial Direct Install (CDI)	22,904,188	26.02%	12,441,706	25.49%	377,058,916	19.71%	389,500,622	19.85%
Los Angeles Unified School District Direct Install (LAUSD DI)	7,403,738	8.41%	4,298,222	8.81%	30,806,627	1.61%	35,104,848	1.79%
Refrigerator Exchange Program	7,398	0.01%	6,542	0.01%	112,610,597	5.89%	112,617,139	5.74%
Refrigerator Turn In and Recycle (RETIRE)	354,115	0.40%	338,214	0.69%	15,141,260	0.79%	15,479,474	0.79%
Home Energy Improvement Program (HEIP)	1,247,673	1.42%	729,807	1.50%	24,504,711	1.28%	25,234,518	1.29%
Energy Upgrade California™ (EUCA)	0	0.00%	0	0.00%	3,173,734	0.17%	3,173,734	0.16%
California Advanced Home Program (CAHP)	308,062	0.35%	272,253	0.56%	10,293,009	0.54%	10,565,262	0.54%
Consumer Rebate Program (CRP)	2,093,551	2.38%	1,223,108	2.51%	127,493,857	6.66%	128,716,965	6.56%
Efficient Product Marketplace	575,034	0.65%	471,317	0.97%	10,173,531	0.53%	10,644,848	0.54%
HVAC Optimization Program	3,821,530	4.34%	2,986,147	6.12%	51,724,438	2.70%	54,710,585	2.79%
Residential Lighting Efficiency Program	5,516	0.01%	4,396	0.01%	133,249,622	6.96%	133,254,018	6.79%
Energy Savings Assistance Program (ESAP)	0	0.00%	0	0.00%	13,407,560	0.70%	13,407,560	0.68%
Custom Performance-Based Efficiency Program (CPP or Custom) / Custom Express	7,241,863	8.23%	3,826,596	7.84%	418,829,391	21.89%	422,655,987	21.54%
Commercial Lighting Incentive Program (CLIP)	32,520,656	36.94%	13,633,416	27.93%	430,372,401	22.49%	444,005,818	22.63%
Zero By Design (Formerly Savings By Design)	1,382,652	1.57%	491,527	1.01%	44,427,439	2.32%	44,918,967	2.29%
Retrocommissioning (RCx) Express Program	0	0.00%	0	0.00%	2,219,947	0.12%	2,219,947	0.11%
Food Service	21,155	0.02%	6,016	0.01%	12,730,267	0.67%	12,736,283	0.65%
Upstream HVAC	448,421	0.51%	386,789	0.79%	54,081,326	2.83%	54,468,115	2.78%
Whole Building MultiFamily	0	0.00%	0	0.00%	1,800,666	0.09%	1,800,666	0.09%
City Plants	7,695,094	8.74%	7,695,094	15.77%	0	0.00%	7,695,094	0.39%
New Construction	0	0.00%	0	0.00%	6,036,770	0.32%	6,036,770	0.31%
Weatherization	0	0.00%	0	0.00%	109,740	0.01%	109,740	0.01%
Chiller Efficiency Program (CEP)	0	0.00%	0	0.00%	32,986,587	1.72%	32,986,587	1.68%
TOTALS	88,030,645	100.00%	48,811,151	100.00%	1,913,232,396	100.00%	1,962,043,547	100.00%

LADWP reported a total 278.1 gigawatt-hours (GWh) savings for FY 2023-2024 toward Los Angeles’ 15% savings goal by 2030. Of this total, 190.0 GWh reported to the California Energy Commission is due to Codes and Standards and other programs and savings; the revenue impacts of these are not recovered through this mechanism.

Revenue impacts during FY 2012-2013 and FY 2013-2014 due to energy efficiency programs were recovered through a base rate revenue target, or decoupling mechanism, in the Incremental Electric Rate Ordinance (IERO) No.182273. Use of this mechanism requires consideration of the previously Board-approved cumulative energy efficiency savings of 926,391,872 kWh as of June 30, 2012. This amount is adjusted for aging of program components since that date to 86,771,714 kWh, as shown in the following table. The IERO No. 184133 replaced Ordinance No. 182273 on April 15, 2016. Thus, revenue loss of \$4,783,725 which amounts to 86,771,714 kWh multiplied by \$0.05513 per kWh from the IERO, will be recovered explicitly through the Variable Energy Adjustment Factor of that ordinance.

Aging of Program Components as of June 30, 2012, for LADWP Variable Energy Adjustment Factor

Program	FY 2011-12 Board Approved Cumulative Savings (kWh)	FY 2012-23 Degradation (kWh)	FY 2023-2024 Degradation (kWh)	FY 2023-2024 Adjusted Cumulative Savings (kWh)	Incremental Electric Rate Ordinance Calculation (Adj. Cumulative Savings x \$0.05513)
HVAC	112,835	112,835	0	0	\$0
CLEO	259,175,698	259,175,698	0	0	\$0
Chiller Efficiency Program	20,958,550	0	0	20,958,550	\$1,155,445
New Construction Program	4,282,224	0	0	4,282,224	\$236,079
Custom	209,370,196	151,044,287	58,325,909	0	\$0
Refrigeration	42,264,882	42,264,882	0	0	\$0
SBDI	150,325,765	150,325,765	0	0	\$0
Non Profit Program	842,550	842,550	0	0	\$0
Retrocommissioning	195,079	195,079	0	0	\$0
CRP	10,533,349	6,687,740	0	3,845,609	\$212,008
RETIRE	45,896,086	45,896,086	0	0	\$0
CFL Distribution	124,749,327	124,749,327	0	0	\$0
LIREP	57,685,331	0	0	57,685,331	\$3,180,192
T O T A L S	926,391,872	781,294,249	58,325,909	86,771,714	\$4,783,725

BACKGROUND

Pursuant to General Provision G.3.(d) of the ERO, cumulative energy savings achieved for each fiscal year must be approved by the Board prior to inclusion in the ECA Account calculation regarding revenue losses.

Energy efficiency program expenditures benefit individual customers who use the program by reducing their electric bills and can benefit LADWP and other customers, as the cost of these incentives is typically lower than the cost of LADWP having to build new generation to serve that load, or less costly than running existing generation. However, when energy volumes decline as a result of these programs, LADWP loses the contribution of these energy sales toward covering LADWP’s fixed costs. A rate mechanism was established to start in July of 2006 to address this issue; the energy sales

volumes lost due to the successful implementation of energy efficiency measures and the resulting lost fixed cost recovery are recovered through one of LADWP's rate pass-through charges, which is ECA.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3). In accordance with this section, the General Exemption applies in situations where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. Therefore, approval of an energy efficiency savings amount is exempt from CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENTS

- Resolution
- FY 2023-2024 Energy Efficiency Program ECAF Energy Savings Report