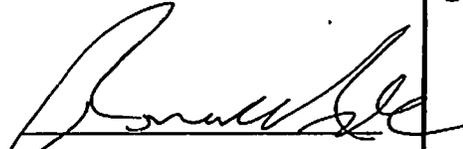


**LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER**

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>		<b>DATE: December 5, 2011</b>
 <b>LORRAINE A. PASKETT</b> Senior Assistant General Manager Sustainability Programs and External Affairs		<b>SUBJECT:</b>  LADWP Energy Efficiency Goals for Submission to the California Energy Commission as Required by Assembly Bill 2021
 <b>RONALD O. NICHOLS</b> General Manager		<b>FOR COMMISSION OFFICE USE:</b>  RESOLUTION NO. _____
_____ _____		
<b>CITY COUNCIL APPROVAL                  REQUIRED: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></b>	<b>IF YES, BY WHICH CITY                  CHARTER SECTION:</b>	

**PURPOSE**

The attached Resolution recommends approval of the Los Angeles Department of Water and Power's (LADWP) target for energy efficiency savings and demand reduction over ten years, which will be submitted to the California Energy Commission (CEC) pursuant to the requirements of Assembly Bill (AB) 2021 (2006), Sections 2 and 3 (added Section 25310 to Public Resources Code and amended Section 9615 of the Public Utilities Code).

**COST AND DURATION**

The energy efficiency programs required to meet the proposed savings targets will require a substantial investment of an estimated \$1.25 billion over a ten-year period. Funding for energy efficiency programs assumes the ability of LADWP to recover revenue losses resulting from these programs through the Energy Cost Adjustment Factor or other revenue stability means.

**BACKGROUND**

In accordance with AB 2021, the State Legislature intended that load-serving entities procure all cost-effective energy efficiency measures so that the State can meet the goal of reducing total forecasted electricity consumption by ten percent over the next ten years.

Each local publicly owned electric utility is directed to first acquire all energy efficiency and demand reduction resources that are cost-effective, reliable, and feasible.

Pursuant to AB 2021, publicly owned utilities are further instructed to identify achievable, cost-effective efficiency potential every three years and establish annual targets based on that potential for the ensuing ten-year period.

Publicly owned utilities will identify potential and establish draft annual targets and submit to the CEC within 60 days of the date of adoption.

#### SUMMARY OF AB 2021 PLAN SUBMITTAL

The LADWP hired Global Energy Partners, LLC (Global) to conduct a *Study of Energy Efficiency and Demand Response Potential* to determine the potential energy savings over an 11-year period. The report was completed in March 2011.

The report outlined two possible scenarios for energy savings potential, differentiated by the percentage of efficiency measure incremental cost the energy efficiency rebate programs would pay (as compared to standard equipment). The "Base Program" scenario assumed programs would pay 50 percent of incremental cost, whereas the "Advanced Program" scenario assumed payment of up to 100 percent of incremental costs.

The proposed AB 2021 submittal represents energy efficiency savings targets based on the Potential Study's Advanced Program scenario.

The proposed AB 2021 submittal represents a goal of 8.5 percent net energy use reduction compared to the baseline forecast over a ten-year period, which would result in a projected cumulative energy savings of 2,161 gigawatt-hours. This reduction is in addition to the actual 602 gigawatt-hours of energy savings already achieved between Fiscal Years 2006-2007 and 2009-2010.

The LADWP also requested Global to conduct an additional study on the impact of energy efficiency program budget projections on achievable savings potential. The study found that funding at levels consistent with past program budgets will result in a six percent net energy use reduction compared to the baseline forecast over a ten-year period, which is a projected cumulative net energy savings of 1,517 gigawatt-hours.

The LADWP will continue to strive to reach an internal goal to average one percent net energy savings per year over a ten-year period through cost-effective energy efficiency programs.

LADWP ENERGY EFFICIENCY GOALS (AB 2021)

<b>Fiscal Year</b>	<b>Incremental Savings (GWH)</b>	<b>Incremental Savings (% of Baseline)</b>	<b>Cumulative Savings (GWH)</b>	<b>Cumulative Savings (% of Baseline)</b>
<b>2010/11</b>	271	1.2%	271	1.2%
<b>2011/12</b>	291	1.3%	563	2.4%
<b>2012/13</b>	296	1.3%	859	3.7%
<b>2013/14</b>	266	1.1%	1,125	4.8%
<b>2014/15</b>	116	0.5%	1,241	5.2%
<b>2015/16</b>	108	0.5%	1,349	5.6%
<b>2016/17</b>	126	0.5%	1,475	6.1%
<b>2017/18</b>	224	0.9%	1,699	6.9%
<b>2018/19</b>	222	0.9%	1,921	7.7%
<b>2019/20</b>	240	1.0%	2,161	8.6%

\* Projections are all net values per CEC guidelines.

RECOMMENDATION

It is recommended that your Honorable Board adopt the attached Resolution approving the energy savings goals shown herein.

JB

Attachment

e-c/att: Ronald O. Nichols  
Richard M. Brown  
Aram Benyamin  
James B. McDaniel  
Lorraine A. Paskett  
Ann M. Santilli  
Gary Wong  
Jeffrey Bolan

**WHEREAS, the Los Angeles Department of Water and Power (LADWP) is committed to the promotion of energy efficiency through the sustained implementation of programs and services; and**

**WHEREAS, there continues to be a statewide need to promote the efficient use of energy and meet the Governor's greenhouse gas reduction targets established in Executive Order S-3-05; and**

**WHEREAS, the State of California has enacted Assembly Bill (AB) 2021 (2006) (adding Section 25310 to Public Resources Code and amending Section 9615 of the Public Utilities Code) which directs investor-owned utilities and publicly owned utilities to identify achievable, cost-effective efficiency potential every three years and establish annual targets based on that potential for the ensuing ten-year period; and**

**WHEREAS, the State Legislature intends that load-serving entities procure all cost-effective energy efficiency measures so the State can meet its goal of reducing total forecasted electricity consumption by ten percent over the next ten years; and**

**WHEREAS, publicly owned utilities are directed to identify efficiency potential and establish draft annual targets for submission to the California Energy Commission (CEC) within 60 days of their adoption dates; and**

**WHEREAS, the LADWP hired Global Energy Partners, LLC, to conduct a study to determine the achievable potential for energy savings; and**

**NOW, THEREFORE, BE IT RESOLVED that the Board of Water and Power Commissioners (Board) hereby adopts its ten-year energy efficiency savings targets as shown in the following table.**

LADWP ENERGY EFFICIENCY GOALS (AB 2021)

<b>Fiscal Year</b>	<b>Incremental Savings (GWH)</b>	<b>Incremental Savings (% of Baseline)</b>	<b>Cumulative Savings (GWH)</b>	<b>Cumulative Savings (% of Baseline)</b>
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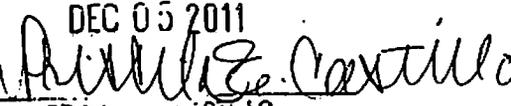
BE IT FURTHER RESOLVED, that the Chief Accounting Employee of the LADWP is authorized and directed to draw demands on the Public Benefits Fund and/or the Energy Cost Adjustment Factor revenues established for this purpose, as approved in the budget; and

BE IT FURTHER RESOLVED, that the General Manager or his designee, and the Secretary, Assistant Secretary or the Acting Secretary of the Board are hereby authorized and directed to execute the necessary documents transmitting the AB 2021 compliance plan to CEC for and on behalf of LADWP resulting from this Board action.

I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board at its meeting held

APPROVED AS TO FORM AND LEGALITY  
CARMEN A. TRINIDAD, CITY ATTORNEY

\_\_\_\_\_  
Secretary

DEC 05 2011  
BY:   
PRISCILLA E. CASTILLO  
DEPUTY CITY ATTORNEY