

Form 5 Committed Demand-Side Program Methodology

Efficiency Program Costs and Impacts

The actual and estimated load impacts provided are consistent with energy savings estimation methodologies approved by the State of California and used by both Investor Owned Utilities (IOU) and Publicly Owned Utilities (POU) for Energy Efficiency program reporting purposes. The LADWP uses the *E3 reporting tool* developed by Energy and Environmental Economics, Inc., designed to provide utilities with a uniform way to present data on load impacts as well as document the cost effectiveness of implemented and planned programs. LADWP submits its annual efficiency program impacts and projections to the State Energy Resources Conservation and Development Commission through a collaborative reporting with the Southern California Public Power Authority (SCPPA) and the Northern California Power Agency (NCPA) member utilities in accordance with the requirements and provisions of Assembly Bill 1037.

Energy savings, peak demand reduction estimates and cost data used in the E3 tool are derived from various sources including but not limited to, Database for Energy Efficient Resources (DEER), KEMA, IOU and POU work-papers. For measures not available in the E3 tool, LADWP utilizes savings calculations using industry standard practice methodologies. Net-to-gross (NTG) ratios used to convert gross measure or program impacts into net impacts as well as the assumptions used for “measure life” are included as part of data input in the E3 spreadsheet program.

LADWP continues to fund its demand side management programs using Public Benefits Budget allocated for such purposes and through adjustments in the LADWP’s Energy Cost Adjustment Factor (ECA) as provided for in the Rate Ordinance.

Demand Response Program Costs and Impacts

The estimated response program costs and impacts as shown on form 3.4 have been prepared in accordance with definitions and guidelines as specified in the Forms and Instructions for Electricity Demand Forecasts of the California Energy Commission (CEC) Report. The demands were based on various sources including customer billing history, and previous CEC Integrated Energy Policy Reports (IEPR).

1. Alternative Maritime Power (AMP) Program

LADWP Alternative Maritime Power (AMP) is a program that may interrupt energy usage resulting from Merchant Ships located at the Port of Los Angeles. LADWP may remotely interrupt any AMP load under this service with thirty minutes of advanced notice.

Renewable and Distributed Generation Program Costs and Impacts

It is assumed that all LADWP solar programs are committed as they are goals of the Los Angeles Mayor. The estimates for energy and peak impacts for LADWP's Customer Solar Incentive program are determined with the following assumption:

- LADWP has a goal of encouraging customers to install 130MW of solar projects by the end of 2016. These projects will be customer owned and net metered with incentive payments from LADWP as directed by SB1. These projects are expected to produce 1650MWh/MW installed and LADWP's incentive payments are expected to total about \$207 million. The program is expected to grow about 30% annually with the expectation that the solar industry will be dramatically reducing installed costs to meet this growth.

The programs assume drastic reductions in solar equipment and installation costs. Average installation prices today are in the \$8-10/watt range for traditional PV installations. As is shown above, LADWP expects, based on industry claims and independent industry assessments, that these costs will be reduced by 50% or more over the next several years. It is also expected that access to a portion of the significant tax benefits will be made available to municipal utilities.