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June 17, 2008

Ms. Lynette Esternon-Green
California Energy Commission
1516 9th Street, MS-45
Sacramento, California 95814

Dear Ms. Esternon-Green:

As required by Section 387.5 (e) of the Public Utilities Code, please find enclosed the Los Angeles Department of Water and Power's (LADWP) report on the status of our customer solar incentive program. In accordance with chapter 6 of the Guidelines For California's Solar Electric Incentive Programs Pursuant to Senate Bill 1, the reporting period includes data through March 31, 2008.

The LADWP has administered one of the State's most generous solar incentive programs since 1999. When the California State Legislature enacted SB1 (Murray, 2006) our solar incentive program was revised to fully incorporate and comply with the new legislative policy. The solar incentive program continues to transform and progress within the guidelines of SB1.

Although LADWP incentive rates are significantly above the State required amounts, it continues to be a challenge to achieve the volume of installations and total MW capacity we would like. This is primarily due to the continued high cost for solar installations and our low electric rates.

The information contained in the enclosed report is also available to the public through our website at www.ladwp.com/solar.

Water and Power Conservation . . . a way of life

111 North Hope Street, Los Angeles, California 90012-2607 Mailing address: Box 51111, Los Angeles 90051-5700
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If you have any questions concerning this matter, please contact Mr. William Glauz at (213) 367-0410.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy S. Howard". The signature is written in a cursive, somewhat stylized font.

Randy S. Howard
Director of Resource Planning, Procurement, and Development

Enclosures

c w/encs:

Mr. William Glauz

2008 Senate Bill 1 Solar Program Status Report

Utility: City of Los Angeles, Department of Water & Power

Program Reporting Period: From Inception, July 1, 1999 through March 31, 2008

Service Territory: City of Los Angeles, 465 square miles

Approximate Number of Electric Service Meters: 1.47 million

Commercial: 0.20 million

Residential: 1.27 million

I. Solar Program Overview

a) Summary of the Solar Incentive Program

Since 1999 the Los Angeles City, Department of Water & Power (LADWP) has been proud to host one of the most generous solar incentive programs in the State of California. Under the current program, all payments are based on estimated performance for 20 years of solar production. The current solar incentive program provides an upfront payment to our residential and commercial customers once their solar installations have been inspected and approved by both the Los Angeles City Department of Building & Safety and LADWP. Through year end 2007 LADWP has rewarded our environment friendly, cost conscious customers with more than \$58 million dollars, supporting the integration of more than 1,000 photovoltaic solar systems.

2007 proved to be a lucrative year for the Solar Incentive Program as we received applications and reserved funds for 398 households and businesses. We awarded over \$7 million dollars in incentive payments and added 1.3 megawatts to our City's solar energy network. As of December 31, 2007 our solar customers hosted 11.6 AC^{CEC} megawatts of generating capacity. Our first quarter statistics for 2008 show promise of continued program growth and success.

Solar Program Outreach:

The program's continued progress and ultimate goal attainment is, of course, dependant on customer participation. We have developed a comprehensive outreach plan to educate Angelinos about the benefits of solar power and boost customer involvement.

- **Utility Web Site:** LADWP provides complete Solar Incentive Program information accessible through our main web page, www.ladwp.com or directly by going to www.ladwp.com/solar. In addition to specific program information, we provide web links to the California Energy Commission's solar page, www.gosolarcalifornia.ca.gov and a buying guide to help customers make informed decisions.
- **Dedicated Solar Hotline:** Customers interested in solar and contractors installing solar in the LADWP service territory can call a dedicated solar hotline, during regular business hours, Monday through Friday and speak directly to a Solar Program Administrator.
- **Bill Inserts:** The Solar Incentive Program was recently advertised using a bill insert for the month of February 2008, which successfully generated interest throughout the community. Moving forward there will be at least four bill inserts per year related to the LADWP Solar Incentive Program.

- **Brochures:** The newly designed solar program brochures are scheduled for release in the summer of 2008. We have customized two program brochures specific to customer class; residential and commercial. Commercial includes non-profit and government entities.
- **Magazine Ads:** Recently, LADWP ran an advertisement in a local life-style magazine advertising our Solar Incentive Program and plans future advertisements through other area magazines, local newspapers, and other publications.
- **Public & Promotional Events:** The Solar representatives are available to present and explain the Solar Incentive Program at community events and workshops upon request. LADWP energy efficiency representatives also incorporate solar program information for various area events, such as Earth Day celebrations and environmental awareness assemblies.
- **Account Representatives and Staff Outreach:** LADWP has major and mid-market account representatives responsible for providing solar program and other helpful information to their designated client base.
- **Partnerships:** LADWP has, at its own cost, installed several solar plants on Los Angeles City libraries and other local government facilities. We are taking advantage of these very visible solar installations by advertising and providing program flyers in the lobby area of each location.
- **Television:** For the future, LADWP plans to purchase advertising time on cable television and local radio stations to augment the outreach effort.

b) Challenges and Resolutions

LADWP made good progress in our residential program with 277 installations in 2007, totaling over 1.2MW. Our commercial program lagged behind primarily due to the loss of Gas Company participation in the California Solar Initiative. However, we significantly increased our commercial incentive rates in October 2007 when we rolled out our new program guidelines for compliance with SBI, and hope to see an increase in commercial installations in 2008. The pending expiration of the 30% federal investment tax credit may have a dramatic negative affect on commercial installations. We are preparing a revised program for 2009 that will help counter this possible complication.

LADWP incentive rates are significantly higher than the State required amounts. However, achieving our target number of installations and MW capacity continues to be a challenge. This is primarily due to the continued high cost for solar installations and our low electric rates.

c) Opportunities for the year ahead

The LADWP will continue the Solar Incentive Program through the year 2016. Reports are drafted monthly which help to monitor progress and revise policies as needed. In 2009 LADWP plans to expand its Solar Incentive Program to offer more options for customers who want to participate in the development of solar power. .

2. Program Participation and Performance Through March 31, 2008

Los Angeles Department of Water & Power Annual Solar Incentive Program Report - Data through 1st Quarter 2008					
	Through 2007	January 1, 2008 through March 31, 2008			Program Totals
		Commercial	Residential	Total	
Applications	1,276	7	108	115	1,391
Installations	1,076	1	67	68	1,144
kW DC-STC*	13,813	5	291	297	14,110
kW AC-^{CEC}	11,603	5	250	255	11,858
Annual Est. kWh Production	19,750,000	8,287	421,183	429,470	20,179,470
Incentive Payments	\$58,144,236	\$27,314	\$1,272,798	\$1,300,112	\$59,444,348
Total MW AC-^{CEC}	11.60	0.00	0.25	0.25	11.86

*Data through 2006 is an estimate based on kW AC-^{CEC}

2008 Installations by Category:

Residential Market Rate -	67
Residential Affordable/ Low-Income -	0
Commercial -	1
Non-Profit -	0
Government -	0
Industrial -	N/A
Agricultural -	N/A
Mixed-Use -	N/A

Through March 2008, total program expenditures exceed \$60 million dollars. Approximately \$4 million dollars has been spent on marketing efforts, administrative costs, and field services and support.