



Los Angeles
Department of
Water & Power

RESOLUTION NO. 026 019

BOARD LETTER APPROVAL

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DATE: July 17, 2025

SUBJECT: Virtual Net Energy Metering Pilot Program Changes

SUMMARY

LADWP is seeking approval by the Board of Water and Power Commissioners (Board) of the proposed revisions to the Virtual Net Energy Metering (VNEM) Pilot Program Guidelines that are designed to facilitate increased participation in the VNEM Pilot Program by participants in the Comprehensive Affordable Multifamily Retrofits (CAMR) Program. The CAMR program supports low-income, multifamily property owners, and residents in Los Angeles by providing free property assessments to identify energy efficiency opportunities to help owners and residents save energy and reduce costs. The revisions also include a one-time incentive of \$1/watt for newly installed VNEM projects located in disadvantaged communities, as defined by California Senate Bill 535, through available funds from Clean Energy Adder (CEA) contributions in accordance with a Renewable Energy Resource Reference (RERR) Rate Agreement.

The program changes providing for CAMR participation require a change to Section 10.5.2 of Article 1 Chapter 1 of Division 10 of the Los Angeles Administrative Code (LAAC). Los Angeles City Council (City Council) approval, by Ordinance, is required pursuant to Charter Section 674(a)(2).

RECOMMENDATION

It is requested that the Board adopt the attached Resolution recommending City Council approval of an ordinance to amend Section 10.5.2 of Article 1 of Chapter 1 of Division 10 of the LAAC to permit CAMR projects to participate in the Feed-In Tariff (FiT) Program. The Resolution also authorizes use of CEA funds for certain VNEM projects and approves the revised VNEM Pilot Program Guidelines

ALTERNATIVES CONSIDERED

Staff considered the alternative of not expanding the eligibility to include CAMR projects, however, CAMR projects could be ideal VNEM locations and provide a unique opportunity to benefit low-to-moderate income customers or eliminating fees for property owners and developers for all VNEM projects. With respect to the use of CEA funds, those funds are specifically targeted to VNEM projects in disadvantaged communities. The alternative would require a Board Action to not use these funds for VNEM.

FINANCIAL INFORMATION

The proposed program amendments will not affect the original VNEM budget. VNEM projects are FiT projects funded by the Power Revenue Fund's Fuel and Power Purchase budget. Projects that participate in VNEM through CAMR may include the initial fees, including the Application Fee, Integration Study Fee, Interconnection Study Fee, and Stand-Alone Study Fee, as project costs eligible for CAMR reimbursement subject to the CAMR program guidelines.

The CEA contributions are not rate-revenue and were collected to incentivize VNEM participation in disadvantaged communities.

BACKGROUND

The VNEM Pilot Program was created in response to Mayor Eric Garcetti's Executive Directive 25 (February 10, 2020) directing LADWP to provide equitable access to clean energy programs focused on multi-family, low-income residents and affordable housing.

On February 26, 2021, the VNEM Pilot Program was launched under Resolution No. 021-135. To accommodate the VNEM Pilot Program under the Board's current authority, VNEM uses 5 megawatts from the allocation of the FiT Program.

The key goals of the VNEM Pilot Program are to:

- Contribute to LADWP's Renewable Portfolio Standard targets.
- Enable geographic diversity from distributed renewable resources close to load centers.
- Expand access to the benefits of solar and support development opportunities in local communities.
- Support the Los Angeles's Green New Deal - Sustainable City pLAn (2019).

Under the VNEM Pilot Program, LADWP allows developers to sell the output of local solar projects directly to LADWP as a component of LADWP's FiT Program. In order to

expand solar benefits to LADWP's electrically metered residential customers residing in multifamily dwellings (Tenants), the proceeds from the sale of the energy are financially divided among the Tenants, project developers, and property owners. Pursuant to VNEM Pilot Program Guidelines, project developers are required to provide no less than 40 percent of the available benefits to Tenants.

On May 1, 2022, LADWP launched the CAMR Program to provide financial and technical assistance for Los Angeles' low-income multifamily property owners to decarbonize and reduce their greenhouse gas emissions. Qualified property owners also receive assistance with work scope development and the contractor procurement process. One of the benefits of the program is to incentivize solar installations for owners/developers.

On July 12, 2022, the Board approved the RERR Rate Agreement (Resolution No. 023-020), which authorized LADWP to accept payments from certain customers to purchase Renewable Energy Credits and to accept CEA contributions. As of June 1, 2025, LADWP has collected approximately \$225,000 through the RERR.

Proposed VNEM Pilot Program Modifications

CAMR

The CAMR Program has gained a lot of interest since launch and has outweighed the number of applications compared to VNEM. LADWP seeks to leverage the success of CAMR projects with VNEM by combining the effort to target low-income multifamily properties. The VNEM Pilot Program modifications will provide the following benefits to CAMR participants:

- Reduction of the Minimum Project Capacity requirement to 10 kilowatt (kW) based California Energy Commission's (CEC) alternating current (AC) rating (CEC-AC).
- Fees associated with Application, Integration Study, and Interconnection Study processes may be included as project costs eligible for CAMR reimbursement subject to the CAMR Program guidelines.
- Explicitly allow CAMR participants to participate in VNEM

The following charts show the proposed photovoltaic incentive level for CAMR/VNEM:

Incentive Structure for CAMR Participants in the VNEM Pilot		
Leverage Types		CAMR Incentive \$/W-AC ^{CEC*}
ITC	LIHTC	
Yes	Yes	\$2.30
Yes	No	\$3.30
No	No	\$4.70
No	Yes	\$3.70

For a system larger than 100kW, incentive will step down based on system size as shown in the chart below.

Incentive Adjustment Factor

kW-CEC-AC*	Incentive Adjustment Factor
≤100	100 percent
101-300	80 percent
301-500	60 percent
≥501	40 percent

*CEC-AC=Module PTC x Inverter Efficiency

ITC = Federal Investment Tax Credit

LIHTC = Low-Income Housing Tax Credit

Collectively, the integration of CAMR incentives and VNEM seeks to tackle issues of affordability within the context of Los Angeles' energy and housing market dynamics. By leveraging incentives, we hope to broaden access to solar technologies within communities traditionally underserved.

The proposed draft ordinance is required to allow CAMR participants to also participate in VNEM because VNEM is FiT Program. Under the current LAAC provisions FiT facilities generally may not also receive other LADWP incentives. CAMR participants receive reimbursements for eligible costs as well as a solar generating incentive. Without the ordinance CAMR participants could also not participate in VNEM.

RERR – CEA

Pursuant to Resolution No. 023-020 CEA funds from the RERR program will be made available to newly installed VNEM projects within disadvantaged communities that do not receive CAMR incentives. These are not ratepayer funds. The proposed VNEM guidelines reflect this new incentive of a \$1/watt of installed generating capacity. The table below indicates the maximum CEA incentive amounts available to individual VNEM projects.

Project Capacity (CEC-AC)	Max Incentive Payout (\$)
10 kW – 100 kW	50,000
>100 kW – 1000 kW	65,000
>1000 kW – 3000 kW	80,000

The proposed Resolution would authorize the General Manager of LADWP, or their designee, to adjust the CEA incentive rate and/or maximum incentive payout by up to 25 percent in either direction. This adjustment authority allows for responsive modifications to the incentive structure to align with program objectives, subject to available funding and compliance with the VNEM Pilot Program Guidelines.

CEA incentives for VNEM projects may not exceed the cost to construct the individual projects.

The CAO Report was received on February 19, 2025, and recommended approval to the City of Los Angeles' Mayor.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(2) states that continuing administrative or maintenance activities, such as modifications to energy metering programs, does not meet that definition. Therefore, the modification of the VNEM Pilot Program to facilitate increased participation for low-income multifamily property owners and residents is not an action subject to CEQA.

CITY ATTORNEY

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

ATTACHMENTS

- Resolution
- VNEM Pilot Program Guidelines
- VNEM Standard Offer Power Purchase Agreement
- Draft Ordinance
- CAO Report