

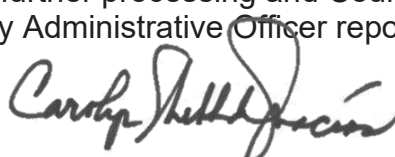
0220-06263-0000

TRANSMITTAL

TO Janisse Quinones, General Manager Los Angeles Department of Water and Power	DATE 02/19/2025	COUNCIL FILE
FROM The Mayor	COUNCIL DISTRICT ALL	

**PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING AMENDMENT OF
SUBSECTION (1)(F) OF SECTION 10.5.2 OF ARTICLE 1 OF CHAPTER 1 OF DIVISION 10
OF THE LOS ANGELES ADMINISTRATIVE CODE TO PERMIT COMPREHENSIVE
AFFORDABLE MULTI-FAMILY RETROFIT PROJECTS TO PARTICIPATE IN THE FEED-IN
TARIFF PROGRAM AND AUTHORIZE CHANGES TO THE VIRTUAL NET METERING
PILOT PROJECT GUIDELINES**

Transmitted for further processing and Council consideration.
See the City Administrative Officer report attached.



MAYOR

(Carolyn Webb de Macias for)

Attachment

MWS:PJH:JVW:DLG:JFH:10250120t

PROGRAM CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

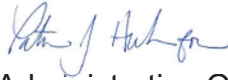
Date: February 3, 2025

CAO File No.: 0220-06263-0000

Council File No.:

Council District: ALL

To: The Mayor



From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Department of Water and Power dated October 26, 2024; referred by the Mayor for report on October 31, 2024

Subject: **PROPOSED RESOLUTION AND ORDINANCE AUTHORIZING AMENDMENT OF SUBSECTION (1)(F) OF SECTION 10.5.2 OF ARTICLE 1 OF CHAPTER 1 OF DIVISION 10 OF THE LOS ANGELES ADMINISTRATIVE CODE TO PERMIT COMPREHENSIVE AFFORDABLE MULTI-FAMILY RETROFIT PROJECTS TO PARTICIPATE IN THE FEED-IN TARIFF PROGRAM AND AUTHORIZE CHANGES TO THE VIRTUAL NET METERING PILOT PROJECT GUIDELINES**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed Los Angeles Department of Water and Power (LADWP) Resolution and Ordinance authorizing amendment of Section 10.5.2 of Article 1 of Chapter 1 of Division 10 of the Los Angeles Administrative Code to permit Comprehensive Affordable Multifamily Retrofits (CAMR) projects to participate in the Feed-in Tariff (FiT) Program, and authorizing such changes to the Virtual Net Energy Metering (VNEM) Pilot Program, including the revised VNEM Pilot Program Guidelines;
2. Delegate authority to the General Manager and Chief Engineer of the Department of Water and Power, or such person as the General Manager and Chief Engineer shall designate in writing, to enter into contracts for the purchase of renewable energy and related interconnection agreements for the FiT Program, including those for the VNEM Pilot Program;
3. Authorize, upon proper certification, the Chief Accounting Employee to draw demands on the Power Revenue Fund, in accordance with the terms of the VNEM Pilot Program Guidelines and in accordance with the proposed Resolution and Ordinance; and
4. Return the proposed Amendment, Resolution and Ordinance to LADWP for further processing, including Council consideration.

SUMMARY

The Los Angeles Department of Water and Power (LADWP, Department) requests approval of 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 Multi-family Retrofits (CAMR) Program. The CAMR Program supports low-income, multi-family 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.

Under the VNEM Pilot Program, LADWP allows developers to sell the output of local solar projects directly to the Department as a component of LADWP's FiT Program. In order to expand solar benefits to LADWP's electrically metered, residential customers residing in multi-family dwellings, the proceeds from the sale of the energy are financially divided among the tenants, the project developers, and property owners. Project developers are required provide no less than 40 percent of the total financial benefits to tenants.

The proposed VNEM modifications will reduce the Minimum Project Capacity to 10 kilowatts (kW), eliminate the previous limit on the maximum number of projects while maintaining the existing five-megawatt total capacity, and provide for the fees associated with Application, Integration Study, Interconnection Study and Stand-Alone Study processes to be included as project costs eligible for CAMR reimbursement.

With the proposed modifications identified herein, the Department is seeking to leverage the success of CAMR projects in conjunction with VNEM by combining and enhancing the incentives designed to target low-income, multi-family properties.

The City Attorney has reviewed and approved the proposed Resolution and Ordinance as to form. In accordance with Charter Section 373 and Administrative Code Section 10.5, Council approval by Ordinance is required. This Office has reviewed the request and recommends approval.

BACKGROUND

The City's Sustainable City Plan 2019 (Green New Deal) established renewable energy and environmental justice goals, including a VNEM Pilot Program for LADWP's electrically metered residential ratepayers residing in multi-family dwelling units. Mayor Garcetti's Executive Directive 25, issued on February 10, 2020, accelerated the development of programs to increase access to clean energy for multi-family buildings, low income residents, and affordable housing.

VNEM Pilot Program Provisions – Participants in the VNEM Pilot Program install solar Photovoltaic (PV) systems at multi-family residential sites within the City and sell the entire facility energy output to LADWP. In order to expand the solar benefits to residential customers residing in multi-family dwellings, the proceeds from the sale of local renewable energy must include distributions to residents at the site. The total proportion of proceeds from the sale of energy allocated to all residential customers is fixed at no less than 40 percent of the total payment.

CAMR Program Provisions – On May 1, 2022, LADWP launched the CAMR Program to provide financial and technical assistance for low income, multi-family property owners to decarbonize and reduce their greenhouse gas emissions. The CAMR Program assists the City's low income, multi-family property owners by offering no-cost property assessments to identify efficiency opportunities to help owners and their residents save energy and costs. Qualified property owners

receive aid with work scope development and the contractor procurement process and may receive additional solar incentives based on CAMR guidelines.

The CAMR Program has gained significant interest since launch and has received a significantly greater number of applications as compared to VNEM. The LADWP proposes to leverage the success of CAMR projects by allowing such projects to participate in the Feed-in Tariff Program through the VNEM Pilot. The proposed VNEM Pilot Program modifications will provide the following benefits to CAMR participants:

- Reduces the Minimum Project Capacity to 10kW based on California Energy Commission's alternating current rating
- Removes the previous limit on the maximum number of pilot projects while maintaining the five-megawatt total VNEM capacity
- Provides that fees associated with Application, Integration Study, Interconnection Study, and Stand-Alone Study processes may be included as project costs eligible for CAMR reimbursement, subject to the CAMR Program guidelines
- Provides CAMR participants with a solar installation incentive not otherwise available to VNEM projects

Alternatives Considered – The Department considered reducing or eliminating fees for property owners and developers for all VNEM projects. Although such an action would lower the cost of participation for customers, it would not address equity. The proposed changes will encourage more participation from low-to-moderate income and disadvantaged community customers.

A variety of local stakeholders and advocacy groups have expressed strong interest in local renewable energy development in areas of low solar penetration and for customers in multi-family dwelling units. The integration of CAMR incentives with VNEM therefore seeks to address the issues of affordability within the context of the City's energy and housing market dynamics. By leveraging incentives, the Department intends to broaden access to solar technologies within communities that have been traditionally underserved.

CITY COMPLIANCE

California Environmental Quality Act (CEQA) – The LADWP has determined, subject to Board of Water and Power Commissioners approval, that the proposed changes to the Virtual Net Metering Pilot Project Guidelines are exempt from CEQA pursuant to Guidelines Section 15060(c)(3). In accordance with that 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, do not meet that definition.

The City Attorney has reviewed and approved the proposed Resolution and Ordinance as to form. In accordance with Charter Section 373 and Administrative Code Section 10.5, Council approval by Ordinance is required. This Office has reviewed the request and recommends approval.

FISCAL IMPACT STATEMENT

There is no impact on the General Fund. The proposed changes to the Los Angeles Administrative

Code to permit Comprehensive Affordable Multi-family Retrofit Projects to participate in the Feed-in Tariff Program will not affect the original VNEM budget, funded by the Power Revenue Fund's Fuel and Power Purchase Budget. The proposed recommendations comply with LADWP Financial Policies.

Attachments – LADWP October 26, 2024 Letter, Board Letter, Resolution, and proposed Ordinance

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