

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No.99-0824

FROM: COUNCILMEMBER RUTH GALANTER, Chair  
 COMMERCE, ENERGY AND NATURAL RESOURCES COMMITTEE

Public Comments Yes No  
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COMMUNICATION FROM CHAIR, COMMERCE, ENERGY AND NATURAL RESOURCES COMMITTEE relative to a plan on how to implement the purchase of Green Power for the City of Los Angeles.

Recommendations for Council action, as initiated by Motion (Galanter - Ferraro):

1. APPROVE the purchase of ten percent (10%) Green Power for all City facilities and operations beginning in Fiscal Year 2001-02.
2. DIRECT the Department of General Services to implement this program, which includes becoming a 10% Green Power customer of the Department of Water and Power (DWP) and managing energy use to yield enough savings to offset the Green Power purchase.

Fiscal Impact Statement: The DWP estimates that as a 10% customer, the City would incur \$2 million in additional electricity cost - all of which could be offset in the first year, either through responsible energy management or because of the 5% across-the-board rate reduction planned by the Department in January of 2002. Neither the Office of Administrative Services nor the Chief Legislative Analyst has completed a financial analysis of this report.

Summary:

At the February 27, 2001 meeting of the Commerce, Energy and Natural Resources Committee, the Chair considered a presentation by the Office of Administrative and Research Services (OARS) and the Chief Legislative Analyst (CLA) relative to a plan on how to implement the purchase of Green Power for the City of Los Angeles, pursuant to Motion (Galanter - Ferraro).

On May 14, 1999 Council adopted Motion (Galanter - Ferraro) relative to the City becoming a Department of Water and Power (DWP) Green Power customer by participating in the DWP Green Power for a Green LA program. Through this program the City will be able to reduce air pollution and the risk of global warming by directly purchasing energy produced from renewable resources, like the sun, wind and water. The CLA and OARS were requested to present a plan to the Council on how to implement the purchase of green power for the City. Neither the CLA nor OARS has yet prepared such a report. During February 27, 2001 Committee discussion OARS recommended that DWP explore the possibility of developing and negotiating with the City a program similar to the program developed with the Department of Airports (LAWA) whereby LAWA signed a long term agreement for power to be supplied by DWP and, in accordance with the long term contract Ordinance, the savings from the long term contract would be applied

in its entirety to the purchase of Green Power. OARS reported that this might be a more reasonable approach for the City to contribute a portion of its budget for water and power electricity to the green power program. OARS reported that by using the long term contract approach there would be no additional outlay from the Department and there would be funds dedicated to green power that are not currently dedicated to Green Power. The CLA agreed with the OARS recommendation relative to obtaining a 5% discount pursuant to the long term contract Ordinance then using that money to buy Green Power.

The DWP representative reported there were two City departments that qualified for the long term contracts, LAWA and the Bureau of Sanitation, both of which have a very high load factor which means they use a lot of electricity all the time. Both departments qualified for the long term contracts under the financial criteria set by DWP. The DWP reported that because of the cost benefit ratio, the balance of the City does not qualify under the terms of the long term contracts.

The DWP representative recommended that the City move forward with the 10% Green Power purchase. DWP reported that the DWP water system, which is one of the power system's largest customers, did move forward with the 10% purchase and they are absorbing the additional expenditure within their own budget without a long term contract. DWP reported their belief that enough savings could be implemented very quickly to offset the additional expenditure of the Green Power. DWP reported that the expenditure at the 10% level is approximately \$2 million for all City departments combined. The Chair asked DWP for an estimate of how long would it take to recoup the \$2 million if DWP provides assistance to City departments in the form of audits and assistance to improve conservation and lower consumption, as it does with other Green Power program participants. DWP reported the belief that with conservation measures, the level of consumption can be achieved to offset the additional expenditure almost immediately. DWP additionally reported that the DWP Action Plan still calls for a 5% across-the-board rate reduction January 1, 2002. If that proposal goes forward, there will be sufficient funds in that reduction for all City departments to pay the additional expenditure.

At the February 27, 2001 meeting of the Commerce, Energy and Natural Resources Committee, the Chair recommended that the City participate in the DWP Green Power for a Green LA Program at the 10% purchase level and additionally recommended that as part of participating in the program there be a very serious and comprehensive effort throughout the City to examine and implement reduction in the City's total power consumption. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

  
Councilmember Ruth Galanter, Chair  
Commerce, Energy and Natural Resources Committee

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2/27/01  
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FEB 28 2001 - Continued to MAR. 2, 2001

MAR 02 2001 - MOTION ADOPTED TO APPROVE COMMUNICATION RECOMMENDATIONS  
FORTHWITH (Refer to City Council Meeting on 02-28-2001)