Better Buildings CHALLENGE
U.S. DEPARTMENT OF ENERGY

UTILITY ALLY

LOS ANGELES DEPARTMENT OF WATER & POWER

LA DWP Los Angeles Department of Water & Power

Implementation Model: Streamlined Tri-Resource Efficiency Programs

TYPE OF UTILITY AND LOCATION
Municipal Electric and Water Utility
Los Angeles, CA

OPPORTUNITY
LADWP's challenge was to deliver comprehensive energy and water efficiency programs in a convenient way to customers of private and public utilities with overlapping territories; also to overcome barriers such as multiple statewide incentive programs that were not available in the City of Los Angeles because of the presence of a municipal electric utility

OUTCOME: SHOWCASE PROGRAM
Partnership between local municipal electric and water utility with regional IOU natural gas utility to efficiently deploy multiple "tri-resource" customer incentive programs to residential and commercial customers in their joint territory, including statewide incentive programs

PROGRAM START DATE
July 2012

PROGRAM ACHEIVEMENTS
Adopted Master Inter-Utility Agreement between the private and public utilities; developed four joint programs and began implementation of one joint program as of April 2013

PROGRAM PARTNERS
Southern California Gas Company (SoCalGas)

Overview and Background

The partnership between LADWP and Southern California Gas Company (SoCalGas) establishes a working relationship between the public and private utilities that provide electricity, water and natural gas to residential and commercial customers within the City of Los Angeles. This umbrella agreement sets forth the general terms and conditions under which specific programs for energy efficiency and resource savings can be developed and implemented jointly by the two utilities. Joint programs fill a need for more comprehensive efficiency programs that can increase participation rates and energy and water savings by providing a more appealing single application service; allow local residents and businesses access to statewide efficiency programs offered by the state's Investor-Owned Utilities (IOUs) that were previously unavailable within the municipal electric utility territory; and provide for efficient and cost-effective delivery of services to joint territory customers.

Within the umbrella agreement, the LADWP and SoCalGas agreed to a process to develop individual joint programs, which identifies one of the utilities as the lead and the other as the partner for each program. These Program Orders identify the roles and responsibilities of each utility, provide project contacts and an amendment process, and set forth project cost and invoicing arrangements. As of December 2012, four Program Orders were in various stages of development, including one that was finalized and implemented in October 2012 and three others that launched in April 2013.

LADWP's Playbook

Joint Customer Incentive Programs Roadmap

LADWP and SoCalGas have implemented a Master Inter-Utility Agreement (MIUA) that establishes the partnership and the general parameters of how the two utilities will develop and implement joint customer incentive programs. The target of these programs is all residential and commercial customers of both utilities in the City of Los Angeles, their joint service territory.

The MIUA provides the overall purpose and context for the joint programs and the goals they aim to achieve, including the following:

- Establish a method to collectively address energy efficiency and resource savings programs for electricity, natural gas, and water
- Increase awareness and participation by joint service territory customers
- Leverage costs otherwise borne separately by each utility

The MIUA provides the structure for the partnership and performs the following functions:

- Establishes guidelines for non-disclosure of confidential customer information
- Sets forth terms and conditions that deal with warranties, ownership of work/proprietary information, reporting energy and water savings achieved through the joint programs, measurement and verification, and various administrative requirements
- Describes the allowable activities that can be performed within the MIUA
- Identifies the process for developing and implementing individual incentive programs through a mechanism titled the Program Order

The Program Order is the implementation vehicle for each joint program. It tiers from the MIUA—that is, all terms and conditions in the MIUA apply to each Program Order—and

identifies the specific roles and responsibilities of each utility with respect to a specific joint program. Each Program Order identifies the lead utility for implementation—either LADWP or SoCalGas—that will host the program and be responsible for all aspects of implementation. The partner utility will assist in development of program parameters as needed, contribute to marketing and promotion efforts, and share in the cost of program implementation and customer incentives. In most cases, the lead utility has a similar program in place that is modified to incorporate the participation of the partner utility.

The lead utility is responsible for verification and tracking of energy and water savings and reporting the savings to the partner utility; these reports will be provided to support invoices to the partner utility for its share of program costs and for tracking of program savings. Per the terms of the MIUA, SoCalGas will report all natural gas savings resulting from the joint programs according to the reporting procedures of the CPUC, and LADWP will report all electricity and water savings that accrue from the joint programs as required through the California Energy Commission and their municipal reporting requirements. Each joint program will track energy and water savings according to established methods and the utilities have agreed to abide by the measurement and verification methods determined to be most appropriate by the lead utility. Verification information will be shared between the two utilities as requested.

One important benefit of this partnership is the ability of LADWP to participate in several statewide energy efficiency programs that are currently implemented by the California IOUs, but which are not generally available in territories served by a municipal electric utility. For example, the two statewide incentive programs for new construction, California Advanced Homes Program (CAHP) and Savings By Design (SBD), will now be available to property owners in the City of Los Angeles, which can greatly expand the number of buildings that incorporate energy savings into the building design process, resulting in energy savings and lower building operating costs.

The first eight Program Orders represent a comprehensive portfolio of joint programs, and LADWP and SoCalGas intend to keep searching for new ways to partner and bring energy and water savings to more of their joint service territory customers. The initial set of Program Orders includes:

- Retrocommissioning Express (implemented October 2012)
- Energy Upgrade California (implemented March 2013)
- CAHP (implemented March 2013)
- Multi-Family Water-Saving Devices (implemented March 2013)
- Savings By Design
- Better Buildings Challenge Support Services (under development)
- LAUSD Direct Install Program (under development)
- Small Business Direct Install Program (under development)

The lead utility for each program will develop the program marketing materials, and each utility will market all of the joint programs. The partnership is especially interested in promoting the comprehensive efficiency measures that are now included in the joint programs, which should increase the savings to their customers for many formerly single-incentive measures, such as chiller and cooling tower replacements. LADWP and SoCalGas' goal is to broaden the retrofit and retrocommissioning projects that are implemented in the City of Los Angeles, adding significantly to the square footage included in the City's Better Buildings Challenge goal. SoCalGas also plans to use this partnership as a model for engaging other municipal electric utilities within their southern California territory.

Tools :

- Retrocommissioning Express (RCx) Program Fact Sheet
- Retrocommissioning Express (RCx) Program Palm Card
- California Advanced Homes Program Fact Sheet
- Energy Upgrade California Webpage

Process

LADWP and SoCalGas had discussed the desire to deliver joint customer incentives programs over several years, but discussions had been on a case-by-case, program-by-program basis and hadn't attracted the attention needed to devise a comprehensive solution to this issue. In early 2012, discussions between the utilities began anew, this time at the upper management level. Talks were aided by a near doubling of the energy efficiency budget at LADWP and additional pressure to meet newly-increased energy efficiency targets, continued interest in partnering and developing a municipal model from SoCalGas, and urging from staff at the California Public Utilities Commission (CPUC) to find a way for overlapping public and private utilities to work together.

Through these discussions, LADWP and SoCalGas decided to develop a MIUA, similar to the agreements utilized between two or more IOUs. This is the first large MIUA between a municipal utility and a private utility regulated by the CPUC that will provide combined incentive programs for their customers.

LADWP management approached the General Manager and reviewed the concept of an umbrella agreement with SoCalGas that would enable the implementation of multiple joint programs. Seeing the potential to expand their efficiency offerings and leverage resources with SoCalGas, the General Manager directed staff to pursue the agreement. SoCalGas had similar conversations with upper management and their CEO, who were also supportive of the effort.

Then LADWP and SoCalGas began the process of developing a draft MIUA, working between staff at both agencies. Once a rough draft was developed, each utility brought in its attorneys to review the concept and help craft appropriate language that would protect each utility, but still allow the flexibility to work together in a collaborative way. This process was greatly aided by the support from LADWP's General Manager and SoCalGas' Vice President and CEO. Setting the tone for cooperation at the highest levels, assured that the process stayed on track and helped build trust between the utilities.

In a few months, LADWP and SoCalGas had a document ready to be approved by the decision making authorities. LADWP staff prepared a package for review and consideration by the LADWP Board of Commissioners, and SoCalGas staff went through the process to obtain approval from the Vice-President of Customer Solutions. In addition, SoCalGas made sure the umbrella agreement with LADWP was consistent with its work plan that is approved by the CPUC. These approvals took place in July and August 2012, and the final MOU was fully executed on September 4, 2012.

Staff began developing Program Orders right away; this process was another coordinated exercise between staff at the two utilities. To facilitate coordination and communication, each utility identified primary contacts to act as "day-to-day" point persons, in addition to program specialists for each individual joint program. Each Program Order identifies the lead utility, which is usually the utility that has an existing program or expertise on the topic. The lead utility implements the joint program on behalf of both utilities, and handles customer contact,

applications and intake, review and evaluation of applications, and measurement and verification. The partner utility assists with program design and marketing the program, and provides funding to cover its portion of the implementation costs and customer incentives.

As of December 31, 2012, the utilities, with LADWP as the lead, had rolled out the joint Retrocommissioning Express program and were well into the development of joint new construction programs for residential and commercial buildings, a program for improvements to existing single family homes, and joint delivery of water-saving devices to multi-family residences. As of April 2013, four joint programs have been launched, and four additional programs are expected to launch by June 2013. The program development teams continue to seek additional opportunities to work together, leverage resources, and bring streamlined programs to their joint customers.

The process of developing joint Program Orders has brought to light differences between the public and private utilities, in particular with respect to requirements of the CPUC that SoCalGas must follow. The utilities have agreed to set cost and reimbursement criteria for each joint program as it is launched, but review actual costs after 6-12 months and make adjustments as necessary.

Tools :

- Master Inter-Utility Agreement between Los Angeles Department of Water and Power and Southern California Gas Company

Program Partners

SoCalGas is LADWP's partner in the Master Inter-Utility Agreement and the multiple joint customer incentive programs. SoCalGas, a Sempra Utility, provides natural gas service to residents and businesses in central and southern California, including those in the City of Los Angeles.

Impact Summary

As individual programs are launched, LADWP will provide information on measurement and verification activities.