

Los Angeles  
Department of  
Water & Power



green power  
ANNUAL REPORT

2005





## Overview

The Los Angeles Department of Water and Power (LADWP) thanks you for being our partner and supporting the use of clean renewable energy through your voluntary participation in the Green Power Program. By taking part in the program, you are showing your dedication to preserving and protecting our environment.

The year 2005 represented the seventh year of operation for the Green Power Program. Working together with Los Angeles residents, businesses, and governmental agencies, the LADWP purchased an additional 62,000 megawatt-hours (MWh) of renewable energy in 2005 to provide you and the other Green Power participants with their allocation of clean renewable energy. This represents enough electricity needed, on average, to power approximately 10,400 homes for a year.<sup>i</sup> This equates to 85 million pounds of CO<sub>2</sub> emissions avoided from LADWP's conventional generation mix, which is comparable to removing over 7.4 million cars from the road for one year.<sup>ii</sup>

The LADWP is proud of the Green Power Program, which has helped to educate and build customer awareness of the need for clean, renewable energy. Launched in 1999, to date the program has provided over 430,000 MWh of renewable energy<sup>iii</sup> to our customers. The LADWP is committed to the continued success of this program, and is dedicated to providing clean renewable energy, while continuing high standards of reliability and maintaining a competitive price.

## Green Power Program Revenue and Expenses

The cost for new green power is slightly higher than power generated from conventional sources such as coal and natural gas. Since the beginning of the Green Power Program, the premium charged to our customers for their participation has been 3 cents/kWh as determined by the Renewable Energy Option (REO) service rider.

For 2005, the Green Power Program collected nearly \$1.9 million in revenues, and had a net expenditure of nearly \$1.7 million to purchase over 62,000 MWhs of renewable energy for the Green Power customers. Market prices for renewable energy in 2005 were considerably higher than in past years, primarily due to higher natural gas prices that drove all markets higher; however, a portion of these prices are offset by LADWP's avoided generation costs. After accounting for all expenses including administration, marketing, and all renewable energy purchases, the program had a net income of \$96,982. The administration and marketing expenses, which have been capped at 15% for the past three years, represented 11.6% of total revenues. The Program currently has a Cumulative Account balance of \$4.6 million. This balance carried forward will be utilized for renewable energy projects and activities specifically for the Green Power Program.



# Statement of Revenue, Other Credits, Expenses

for the Calendar Year Ending December 31, 2005<sup>iv</sup>

## Participants

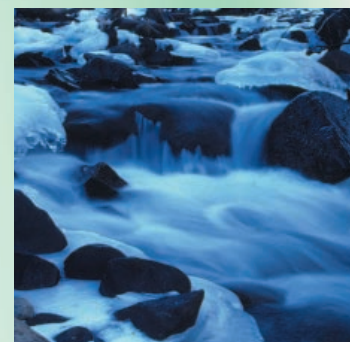
Residential consumption (kWh)	29,399,381
Non residential consumption (kWh)	33,222,621
Residential customer meters	23,732
Non-Residential customer meters	588

## Revenue and Other Credits

Renewable energy adjustment factor revenue	\$ 1,878,660.06
Total Credits	\$ 1,878,660.06

## Expenses

Purchased green power <sup>v</sup>	\$ 5,318,811.98
less: Energy Services avoided cost credit	\$ (3,840,424.41)
Administration expense	\$ 217,771.61
Marketing expense	\$ 676.63
Total Expenses	\$ 1,696,835.81
Program operating income	\$ 181,824.25
Additional charge per ordinance	\$ 84,841.79
Over/(Under) Recovery of Program Expenses	\$ 96,982.46
Cumulative over-recovery from December 2004	\$ 4,563,618.63
Cumulative over-recovery through December 2005	\$ 4,660,601.09



## Year in Review

The Green Power Program met customer demand for renewable energy through wind (87%) and small hydroelectric purchases (13%) from the open market. A total of 50.42% of the total renewable energy purchases allocated to the Green Power Program came from "new" sources that were brought on-line after May 1999.

In December 2005, the Board of Water and Power Commissioners for the LADWP adopted a new goal to increase renewable energy sources to 20 percent of the City's power mix by 2010, seven years ahead of the Renewable Portfolio Standard (RPS) goal that was adopted by the Board and the City Council in June 2004. In 2005, renewable energy accounted for 6% of LADWP's electricity sales, excluding the Green Power Program which is accounted for separately.

Renewable energy that is purchased or developed using funds from the Green Power Program is not used for compliance with the LADWP's RPS. It is important to make clear that all customers' voluntary contributions under the Green Power Program will remain separate from the RPS. Renewable energy purchases or development activities from the Green Power Program will provide renewable energy above and beyond any RPS activities. This means that your percentage of renewable energy mix will be higher than the LADWP average by the amount of your participation in the Green Power Program. You may choose 100% renewable energy for your home or business by participating in the program at the desired level.





## 2005 Power Source Disclosure

The Los Angeles Department of Water and Power (LADWP) is providing the following information as required by the California Energy Commission so that consumers can see at a glance the fuel sources and technologies used to create the electricity products they are offered. The Power Content Label assists consumers in making informed decisions by providing a uniform way for all electric service providers to deliver clear and accessible information on their existing and new electricity products.

### POWER CONTENT LABEL

#### Annual Report of Actual Electricity Purchases for LADWP Calendar Year 2005

ENERGY RESOURCES	LADWP Power* ACTUAL MIX	LADWP Power PROJECTED MIX	LADWP Green Power** ACTUAL MIX	LADWP Green Power PROJECTED MIX	2005 CA POWER MIX*** (for comparison)
<b>Eligible Renewable</b>	<b>6%</b>	<b>5%</b>	<b>100%</b>	<b>100%</b>	<b>5%</b>
– Biomass & waste	1%	1%	<1%	<1%	<1%
– Geothermal	<1%	<1%	<1%	<1%	4%
– Small hydroelectric	5%	3%	13%	<1%	1%
– Solar	<1%	<1%	<1%	<1%	<1%
– Wind	<1%	1%	87%	100%	<1%
<b>Coal</b>	<b>51%</b>	<b>53%</b>	-	-	<b>38%</b>
<b>Large Hydroelectric</b>	<b>5%</b>	<b>6%</b>	-	-	<b>24%</b>
<b>Natural Gas</b>	<b>29%</b>	<b>26%</b>	-	-	<b>33%</b>
<b>Nuclear</b>	<b>9%</b>	<b>10%</b>	-	-	<b>0%</b>
<b>Other</b>	<b>&lt;1%</b>	<b>&lt;1%</b>	-	-	<b>0%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* 90% of LADWP Power is specifically purchased from individual suppliers.

\*\* 100% of LADWP Green Power is specifically purchased from individual suppliers.

\*\*\* Percentages are estimated annually by the California Energy Commission based on the electricity sold to California consumers during the previous year.

\*\*\*\* In accordance with Los Angeles City Council's action on 10-5-04 for File No. 03-2688 (RPS).

For specific information about this electricity product, contact LADWP at 1-800-DIAL-DWP. For general information about the Power Content Label, contact the California Energy Commission at 1-800-555-7794 or [www.energy.ca.gov/consumer](http://www.energy.ca.gov/consumer).

## Endnotes

- i LADWP average residential household uses approximately 6 MWh electricity per year.
- ii CO<sub>2</sub> emission reductions from the Green Power program are estimated using LADWP's 2004 California Climate Action Registry report of electricity deliveries metric (1,360.60 CO<sub>2</sub> lbs/MWh) that was certified in May 2006. The average vehicle emits 11,450 pounds of CO<sub>2</sub> annually (Source: U.S. EPA).
- iii Excludes demand from low-income customers in 1999, 2000, 2001.
- iv Financial Statement provided by LADWP's Financial Services Organization in accordance with reporting requirements contained in the Renewable Energy Option enabling ordinance.
- v In 2005, renewable energy to meet program sales was obtained through purchases of electricity from wind and small hydroelectric generators. The Green Power Program purchased an additional 4,471 megawatt-hours of energy at \$50.67 per megawatt hour in December 2004 that was expensed during calendar year 2005 to meet 2005 customer demand.