LOS ANGELES COUNTY ISD

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

Dave Lambertson
Director

To enrich lives through effective and caring service.

Telephone: (323) 267-2101
FAX: (323) 264-7135

August 9, 2005

To: Each Supervisor

From: Dave Lambertson
Director

Subject: **ENERGY UPDATE REPORT**

ISD periodically updates your Board on the County's ongoing energy management activities. The attached report provides status on a wide variety of energy matters. Three of the issues are critical since they may impact the County's revenues and County costs.

They are:

- **The Los Angeles Department of Water and Power (DWP) Customer Generation Tariff**

  The DWP plans on implementing a new tariff on customer-owned plants that generate electricity within the DWP region. The County has two such plants: the Civic Center Plant and the Olive View Medical Center Plant. If the tariff is implemented, the County would be paid significantly less than it currently receives for the electricity that is generated by our plants and would also be assessed additional fees by DWP.

  ISD and County Counsel believe that the contracts previously entered into by the County and DWP shield us from the tariff fees proposed by DWP and are not applicable to County Power Plant Operations. To confirm this position, ISD's Energy Management Division has requested information from and a meeting with DWP staff on several occasions since May, 2005. There has been no response to these requests.

  On August 2, 2005, I sent a memorandum requesting DWP to address this issue. Ultimately, the County will need to take additional steps should DWP continue to be non-responsive. ISD will provide the Board an update on this issue in the near future.

- **Pitchess Cogeneration Plant Contract**

  Under a formal agreement, Southern California Edison (SCE) pays the County for power generated at the Pitchess Cogeneration Plant. Essentially, SCE pays the County based on the plant's actual operating costs. This agreement expires in June 2006.

  The CPUC is currently reviewing industry-wide changes governing reimbursements related to cogeneration facilities. These changes will impact SCE's and the County's relationship after the contract expires in 2006. Not unexpectedly, SCE is seeking to pay less for the power supplied by Cogeneration Plants such as Pitchess. The County is seeking to retain the current payment structure. At this time, it is not possible to predict when and what the CPUC will decide.

- **Natural Gas Prices**

  Recently, natural gas prices have once again risen to unusually high levels. For example, the current market price for gas is more than $8 per decatherm, compared to just over $3 a decatherm a little more than three years ago. Because of this, ISD will be requesting an appropriation increase in the Utilities Budget as part of our supplemental budget request.

These issues are more detailed in the attached report. In addition, ISD will conduct a briefing for our Board Deputies on these and other energy matters in the near future.

Should you have questions in the interim, please contact me or have your staff contact Howard Choy at (323) 881-3939.

DL:z

Attachments

c: David Janssen, CAO
Ray Fortner, County Counsel
ISD Board Deputies

ENERGY UPDATE REPORT – AUGUST 2005

Los Angeles Department of Water & Power (DWP) Cogeneration Tariff

The DWP is in the process of implementing a new Customer Generation (CG) tariff. ISD's Energy Management Division (EMD) and County Counsel have studied the new tariff and believe that contracts signed between the County and DWP shield the Civic Center and Olive View cogeneration plants from billing changes proposed in the new tariff. DWP has informed ISD that the Civic Center cogeneration plant and the Olive View Hospital cogeneration plant will be billed under the new tariff beginning August of 2005.

DWP has not responded to several requests for information from ISD on this matter. A letter sent by the Director of ISD to DWP's General Manager requesting clarification is included as Attachment A. If the County is billed under the new tariff, the County may see drastic revenue reductions, possibly as much as 50% of the $8 million annual energy credits the County receives from DWP in addition to other charges.

Hopefully, DWP will respond confirming ISD's understanding of the tariff, (i.e., that it does not apply to the County). In the interim, ISD, with the assistance of County Counsel, is considering the options, including formal correspondence from the Board to the Los Angeles City Council seeking a resolution of this matter.

This controversial, new CG tariff also impacts other governmental agencies and was the subject of a July 31, 2005 Los Angeles Daily News front-page article. That article is included as Attachment B.

Qualifying Facility (QF) Payment Proceeding

QFs are customer-owned generating facilities that provide power under contract to utilities. Dramatic changes to this industry are now being considered at the CPUC. Key issues now being negotiated include how utilities should pay these customers for their power and what will be done with expiring contracts. ISD actively participates in these proceedings in order to protect the financial viability of the Pitchess cogeneration plant.

ISD is trying to protect the current customer payment structure, which provides revenues based on Pitchess' actual costs of operation. In resolving a dispute between SCE and their QFs over this issue during the " energy crisis," the County signed a 5-year settlement agreement, which ensured this current payment structure. This settlement agreement expires in June 2006. This current QF proceeding will determine Pitchess' payment structure when the settlement agreement expires.

SCE has proposed several alternatives for paying QFs instead of paying based on actual operating costs; each would provide for less revenue for the Pitchess cogeneration plant. We do not yet have detailed estimates of the potential revenue decreases anticipated by SCE's proposals. They would impact Pitchess revenue in 2006-07.

ISD is investigating other alternatives for the Pitchess output in lieu of possible reduced payments from SCE. One would allow Pitchess' lower cost output to be used to offset SCE's higher priced energy charged to other County facilities in SCE territory. This alternative is termed "wheeling" and is similar to the contractual agreement between LADWP and the County's Civic Center cogeneration plant. However, unless some form of customer choice is re-legislated for California's retail energy market, this option is not currently allowed. Since the County is in the unique position of being a power generator and a large, retail customer of SCE, ISD is pursuing being granted the right to "wheel" as part of this CPUC proceeding. If that right is not granted, and the proceeding results in a significant revenue reduction at Pitchess, ISD may request sponsoring legislation that would allow the County to "wheel."

CALIFORNIA'S ENERGY SITUATION

Electricity Supply and Demand

On July 21st and 22nd of this year, the California Independent System Operator (ISO) issued Stage 2 power emergency notifications. Unseasonably hot weather combined with power plant outages caused the ISO to declare the emergencies - the first such incidents in the State since 2003. Under a Stage 1 alert, customers are urged to implement conservation measures. Under a Stage 2 alert, customers under contract to reduce load are required to do so. Under a Stage 3 alert, utilities will implement rolling blackouts.

While the ISO and other State agencies have indicated that there is sufficient generating capacity to meet the State's needs, this is only under normal circumstances. We have already seen that other factors such as: hotter than normal weather, unanticipated demand growth in the State, power plant outages, transmission system complications, and unreliable imports from out-of-state can and will still cause problems.

In response to these events, on July 26, 2005 the Board approved a motion implementing energy savings instructions that would assist the State in meeting its energy needs. In addition, County employees were to be instructed on directions to follow in the event of blackouts. ISD has been continually reducing consumption and demand through implementation of energy efficiency projects. Since 2002, this has been done in conjunction with the State's new programs which have elevated energy efficiency to the highest priority in order to bring energy stability back to California. This is described further in the Energy Efficiency section of this report.

Natural Gas

After the natural gas price crisis of 2000-01, prices briefly settled to levels seen throughout most of the 1990's (around $3.00 per million Btu or MMBtu). However, since early 2002, natural gas prices have gradually returned to the same price levels as during the crisis. As of early August this year, monthly market prices for natural gas are over $8.00 per MMBtu, nearly triple in just over 3 years.

While the State has implemented market protections and safeguards to prevent runaway wholesale electricity prices as were experienced during the 2000-01 crisis, natural gas prices are as volatile as before. The demand for natural gas is driven by air conditioning usage during the summer months, industrial needs, and heating needs during the winter. Gas prices for the rest of this calendar year are forecasted at over $9.00 per MMBtu.

Since the mid 1990's ISD has purchased natural gas for the County's cogeneration plants and large users (hospitals, jails) from the wholesale market. These larger facilities comprise nearly 85% of the County's total gas consumption. Since the crisis, ISD has been shielded from market volatility and some of this gradual run-up in gas prices through our revised purchasing strategy. Instead of purchasing gas based on the month-to-month market price, ISD now purchases gas at fixed prices over a series of 1, 2, and 3-year contracts. However, ISD will be required to supplement its original, natural gas budget estimate for fiscal year 2005-06 based on current prices. Currently, it appears that an appropriation adjustment of $4.5 million will be required.

ENERGY EFFICIENCY

Ongoing Energy Efficiency Projects

The County, SCE, and the Southern California Gas Company (SCG) are currently implementing energy efficiency projects under a $3.7 million partnership grant approved by the CPUC in 2004. The projects include lighting retrofits in smaller County facilities, especially libraries and fire stations. The program also includes the installation of new chillers, lighting controls, and high efficiency boiler upgrades in other County facilities.

ISD is also implementing a facility retro-commissioning program (building "tune-up" measures) in larger County facilities with central heating and air conditioning systems. Preliminary investigations indicate that additional energy savings of up to 10% are available in large, previously retrofitted facilities, through more focused operation of existing systems and minor equipment repairs.

New Energy Efficiency Projects

SCE and SCG have proposed in their June 2005 filings at the CPUC that the existing partnership with the County be continued for calendar years 2006 thru 2008. The scope of work and the partnership budget have not yet been determined. Final approval of detailed proposals for 2006 thru 2008 will be concluded sometime in the fall of 2005.

ISD, SCE, and SCG have recommended that other County affiliates (e.g., the County Office of Education, MTA, Community Development Commission) be a part of the partnership. The recommendation proposes that technical resources and knowledge may be shared amongst these agencies to expedite projects. Also, creating a larger pool of public agency projects would allow less cost-effective projects from one agency to be combined with more cost-effective projects from another agency while maintaining overall partnership cost-effectiveness.

SCE, SCG, County Energy Workshop

An additional component of the $3.7 million program for the 2004-05 County, SCE, and SCG partnership authorized a study of how to improve administration and implementation of energy efficiency throughout the Southern California region, especially among local governments and public agencies.

As part of this study, the partnership interviewed energy managers from a number of cities, counties, and other public agencies. An online questionnaire was developed and promoted with nearly 80 agencies responding.

On April 20, 2005 the partnership hosted a workshop in Industry Hills that featured leading energy industry speakers, a customer roundtable discussion, and an overview of the study's preliminary results. Over 100 local agency representatives attended including elected officials and a variety of local government technical and finance representatives. The workshop highlighted the need for local governments to place a higher priority on energy efficiency and become more engaged in all energy issues.

Speakers included Supervisor Knabe, who provided the welcoming introduction, CPUC Commissioner Dian Grueneich, California Energy Commissioner (CEC) Jackie

Pfannenstiel, CEC Chairman Joe Desmond, and Assemblyman Lloyd Levine (40th District and Chair of the Assembly Energy and Natural Resources Committee).

OTHER ACTIVITIES

Community Choice Aggregation (CCA)

The proceeding to determine the rules by which CCA will be implemented and conducted has been ongoing for over two years since CCA was legislatively authorized by AB117. CCA allows local governments to provide power to all ratepayers within their municipal boundaries. Utilities would continue to provide transportation and delivery of electricity.

ISD continues to actively participate in the proceeding in order to assess the potential benefits of CCA to the County's facilities and to the County's constituents. As the proceeding nears a final decision on a tariff that will guide CCA implementation and operation, ISD is collaborating with other potential CCA communities to ensure that the tariff language being negotiated with the utilities (including SCE) is not overly burdensome and will encourage, rather than discourage, the formation of CCAs.

Of particular interest to the County is the possibility that CCA may allow local governments to retain control of energy efficiency funds now administered by the utilities. Also, the County has supported a CCA " phase-in" that may allow the County's facilities, or those of other local governments, to participate in CCA even though those facilities may be spread across a number of cities that are not CCA implementers.

Litigation

The County continues to litigate its natural gas antitrust lawsuit against the Southern California Gas Company (SCG), San Diego Gas & Electric (SDG&E) and Sempra (the parent corporation of both SCG and SDG&E). This lawsuit is part of a coordinated case involving multiple parties, including the cities of Los Angeles, Long Beach, and Vernon, and class action plaintiffs. The trial has been ordered to occur in two parts. The first trial date is scheduled for September 2, 2005. This part of the trial will determine liability of the defendants SCG, SDG&E and Sempra. The second part of the trial has not yet been scheduled. It will determine the amount of the plaintiffs' damages in the lawsuit, including the County's damages.

The County is a plaintiff in a lawsuit against the Los Angeles Department of Water & Power (DWP). Your Board has previously been updated on this lawsuit through separate updates provided by County Counsel. The case involves claims that DWP overcharged the County and other public entities for electricity in violation of

California statute. Specifically, Government Code section 54999 requires that public utilities charge a governmental customer no more for the capital cost of utility service than the public customer's proportionate share based on proportionate use. This lawsuit alleges that DWP violated that requirement of Govt. Code section 54999.

The lawsuit is a "qui tam" action filed under the provisions of the California False Claims Act. In June 2000, the lawsuit was filed under seal in San Francisco by a whistle blower who had become aware that DWP was overcharging government users, including the County, for the capital component of electricity. On or about February 1, 2002 the County filed a complaint in intervention in San Francisco, thereby joining in the lawsuit against DWP. The other public entity plaintiffs are Los Angeles County Metropolitan Transportation Authority, Los Angeles Unified School District, Los Angeles Community College District and the State of California. The trial date in this matter has been rescheduled to March 2006 in San Bernardino Superior Court.

Attachment A

COUNTY OF LOS ANGELES
Internal Services Department
1100 North Eastern Avenue
Los Angeles, California 90063

Dave Lambertson
Director

To enrich lives through effective and caring service.

Telephone: (323) 267-2101
FAX: (323) 264-7135

August 2, 2005

Mr. Ronald Deaton
General Manager
Los Angeles Department of Water & Power
111 North Hope Street, Room 1550
Los Angeles, California 90012-5701

Dear Mr. Deaton:

RE: CUSTOMER GENERATION (CG) TARIFF

I am writing you to express my concern over the development and implementation of LADWP's new Schedule CG rate tariff and its impacts on the continued economic viability of the County's Civic Center and Olive View Hospital Cogeneration Plants.

Based upon our current understanding of the Schedule CG rate tariff, we believe that it may have a significantly adverse financial impact on the County. As a result of this, the County's Energy Managers have requested specific information from your staff regarding the impacts to the County; however, to date, your staff has not provided the requested information to us. We would appreciate a response to the County's specific requests sent to Gregory Black on May 24, 2005 and July 27, 2005 (attached). In addition, I am requesting that a meeting take place in the near term between the County's Energy Managers and your staff to discuss these issues.

So that LADWP may better understand the County's concerns related to the Schedule CG rate tariff, I have summarized them below:

<u>Wheeling Credits</u>

Currently, under the County's Civic Center and Olive View Parallel Generation Agreements (Agreements), the County exercises an operating mode which allows energy from the County to be delivered to other County sites on LADWP's electric system. The County receives wheeling credits against the retail electric bills charged to those sites for capacity and energy. However, LADWP's Schedule CG-3 tariff states that, under the CG-3A rate, no wheeling credits are allowed. We are concerned that the CG-3A rate would appear to eliminate the basis by which LADWP pays the County under the terms of the Agreements. It would be the County's position, however, that the County's rights under the Agreements, including the right to receive wheeling credits, are independent of the CG-3A rate. We would like LADWP to clarify this issue for us.

Distribution Demand Charge – Collection of Distribution Charges

Under the CG-3A rate, the County must pay a "distribution demand charge" calculated based on the output of the County's generators. However, under sections 14.2 and 14.2.3 of the Agreements, the County already pays a "transmission service charge" which is duplicative of the distribution demand charge because it is based on the output of the same generators. In addition, the rates described in exhibits and attachments to the Agreements demonstrate that the County is paying rates intended to recover capital and operating-related expenses for the wheeling of power across LADWP's transmission and distribution systems. As such, we are concerned that the imposition of the distribution demand charge within LADWP's CG-3 tariff on the output of the County's generators results in charging the County twice for the same service. The County also seeks clarification from LADWP regarding this issue. .

Distribution Demand Charge – Backup and Supplemental Services

The distribution demand charge in the CG-3 tariff is described in various LADWP documents as being necessary to recover the cost of supplying backup and supplemental capacity when the cogeneration plant is not available to serve the remainder of the facility. For example, a LADWP Approval Board Letter dated July 22, 2002, describes the objectives of the CG-3 tariff as follows:

> "A key factor in the development of DG (Distributed Generation) is the cost of electricity service purchased to supplement the customer's generation or to substitute for the customer's generation when the customer's equipment is not operating. The Ordinance will restructure rates for services purchased from the Department by customer generators to be comparable to rates charged to full-service customers, while recognizing differences in usage. The new rates avoid creating artificial incentives or disincentives for the development of distributed generation."

In fact, "Distribution Charge" is defined in the CG-3 tariff as: "A charge related to the cost of the Distribution facilities necessary to supply backup and supplemental services to the customer excluding costs that are recovered separately in the Facilities Charge."

Thus, it appears that the intent of the CG rates is to collect for generation and transmission delivered by LADWP to customer facilities in circumstances where customer generation does not meet the customer facility's needs. However, we are concerned that this "Distribution Charge" as applied to the County's unique circumstances at its generating facilities would not meet the stated intent of the tariff.

To understand why, some background on the operation of the County's Civic Center plant is provided. The Civic Center plant generators' output is typically around 22,000 kW. The Civic Center plant generates far greater power than the plant needs and typically delivers over 21,000 kW to LADWP's 34.5 kV sub-transmission system. The difference, less than 1,000 kW, represents the amount that would be required from LADWP to supplement or backup the County's generators in the event they were not in service. The Civic Center plant is not capable of receiving greater than this amount of power from LADWP.

It is the County's current understanding that the "Distribution Charge" is applied per kW of "Measured Demand," which is defined as "The maximum of the Department delivered power at the Service Point and the generator output of customer generator(s) recorded concurrently within the billing period." Thus, even though the maximum amount of back-up or supplemental power this location could receive would be less than 1,000 kW, the Civic Center facility would pay based on the 22,000 kW output of the generator.

The County believes that the development of LADWP's CG-3 tariff language did not consider the uniqueness of its Civic Center cogeneration plant in that its generation capacity far exceeds the plant's electric needs. As a result, the Civic Center cogeneration plant would pay more, under the CG-3 tariff, than the costs imposed upon LADWP for backup and supplemental capacity services. We are concerned about this issue and request that LADWP clarify it for us.

<u>Communication</u>

We have been disappointed with LADWP staff's failure to respond to the requests for information from the County's Energy Managers related to this CG-3 rate tariff. I am also aware that there has been a history of communication problems between LADWP's staff and the County's Energy Managers. However, we believe it is imperative for LADWP and the County to communicate regularly on basic customer service issues.

I am hopeful that this letter has made you aware of the County's immediate concerns related to the CG-3 rate tariff. I would again request that you assist in facilitating a meeting between your staff and the County's Energy Managers to discuss these issues.

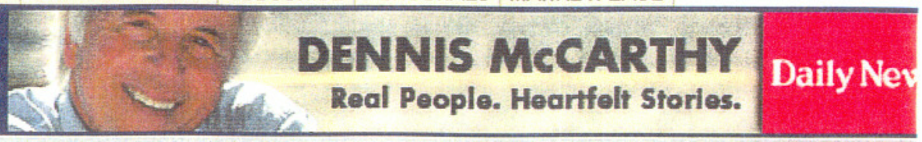
Please contact me at (323) 267-2101 if you would like to discuss anything raised in this letter.

Very truly yours,

Dave Lambertson, Director

c: David Janssen, Los Angeles County Chief Administrative Office
Ray Fortner, County Counsel
Mr. Rockard J. Delgadillo, City Attorney

Attachment B



EMAIL ARTICLE | LINK TO ARTICLE | PRINT ARTICLE
SUBSCRIBE TO PRINT

Article Published: Saturday, July 30, 2005 - 7:06:42 AM PST

DWP's green scheme

Customers who make power will pay more

By Lisa M. Sodders, Staff Writer

Despite mandates to boost renewable power sources, the Los Angeles DWP gives the Los Angeles Unified School District a discounted rate to delay its alternative-energy program and plans to charge other large customers more for generating their own electricity, the Daily News has learned.

Beginning in January, the Department of Water and Power will charge a new fee to the Los Angeles Community College District and nearly a dozen other unidentified customers that generate a portion of their own electricity, officials said.

"The fact of the matter is, they do not want you to self-generate," said Tony Fairclough, an engineering management consultant for the college district. "They want to appear to be 'green,' but they want those dollars."

But officials with the municipal utility say the new rate schedule will cover the costs of providing back-up power in case the customer's self-generating system fails.

"Our reason for doing this is not to make it less attractive to do co-generation," said Ron Deaton, the city's former chief legislative analyst who took over last fall as general manager of the DWP.

"If you're going to hook up to our system, we have certain costs that we have to bear in order to pick up your load. We don't think it's fair to the rest of the customers for one group not to pay those costs."

DWP officials also insist the utility is committed to meeting the so-called Renewable Portfolio Standard, which calls for increasing renewable power from just 5 percent of the city's energy mix now to 13 percent by 2010 and 20 percent by 2017.

Henry Martinez, DWP chief operating officer for power, said the utility is seeking proposals for renewable-energy projects and is also considering producing some alternative energy itself.

But the new rate has infuriated customers, some of whom have received millions in grants from the DWP and other entities to install generators, solar panels and other alternative-energy equipment.

After getting permits from the DWP, the Community College District installed four

OTHER ARTICLES IN THIS SECTION

8/3/2005

- Arnold's reforms fizzling
- All 309 survive 'miracle' landing
- Mayor balks at pact DWP union ratified
- Police, residents partner in National Night Out
- Experts say stranger/danger rule 'overrated'
- LAUSD, UTLA hold 'summit'
- Drop in temperature raises spirits
- California shortchanged again
- Red Cross remaking itself in L.A.
- Green light for cameras
- Tax hikes ruled out for trauma care
- Koreatown rape suspect charged
- $50K reward offered in hit-and-run fatality
- Report: Arnold could stop special election
- 7 Marines killed in Iraq attacks
- ABC interview angers Russia
- Astronauts planning out-in-space repair
- Kangaroo meat a hit with Russians
- Roberts pledges judicial restraint, eye for precedent

microturbines at Los Angeles City College and four at Valley College, with the goal of generating the electricity needed to provide air conditioning and heat the pool at the respective campuses.

"They've been there for 18 months, and we can't switch them on or we'll be hit by a bigger bill than just using the DWP's power," said Fairclough, who is being paid approximately $8,000 a month to manage the engineering and technical details for the district.

"They're changing the damn goal posts so many times, we don't know where we are."

Los Angeles Mayor Antonio Villaraigosa, who called for more "green power" in his inaugural address just a month ago, said through an aide that the situation "defies common sense."

"The DWP should be doing everything possible to promote the production of renewable energy," spokeswoman Janelle Erickson said.

"(Villaraigosa) has made the greening of Los Angeles one of his priorities and believes the DWP should be leading the nation on green power."

While the DWP refused to say which customers would be affected by the higher rate, Los Angeles County officials say they have been notified they'll have to pay more for the 30 megawatts it generates for several county buildings downtown and at Olive View Medical Center in Sylmar.

Howard Choy, with the county's energy division, says he's asked the DWP for more information but hasn't yet heard back from anyone.

And in separate action, the LAUSD signed a contract with the DWP in 1997, agreeing not to pursue any alternative energy plans until 2008 in exchange for a 5 percent discount on its standard rates.

But the district has formally asked the utility to waive that provision of the contract so it can include alternative-energy equipment as it plans a $14 billion school construction program.

"They didn't respond to us," said Ken Davis, the school district's energy and utilities manager.

The DWP refused to discuss the LAUSD contract, citing an ongoing lawsuit with the district, the county and other entities over allegations they'd been overcharged millions for electricity since 1990.

But Los Angeles City Councilman Tony Cardenas, who chairs the council's Commerce, Energy and Natural Resources Committee, said he introduced a motion in April urging the DWP to invest more money in clean energy.

"In the spirit of that motion, I am going to support amending the contract (with the LAUSD), which will allow our school district to build more environmentally sound classrooms," Cardenas said. "However, we must also analyze the impact of this on the rest of the city's ratepayers, because DWP will have to supply energy to these schools if their technology fails."

The DWP isn't the only utility to struggle with "going green."

Scott Tomashefsky, senior adviser to the chairman of the California Energy Commission, said standby or backup charges are something that utilities statewide are struggling with.

"A lot of the standby tariffs have killed a lot of projects," he said.

Under the complicated rate structure that will take effect in January, a community college campus that used 1,800 kilowatts of power, but generated 180 kilowatts of its own, would pay a distribution charge of $5 per kW on the total 1,800 kW amount, plus a charge of $5.99 on the 1,620 kW purchased from DWP.

If the DWP supplied all the power, the rate would be a flat $8.25 per kW, and the total bill about $3,300 less, Fairclough said.

Matt Petersen, president and CEO of Global Green, an environmental advocacy group, said it's not surprising the DWP would balk at a large entity wanting to generate its own power.

The DWP is "a bureaucracy set up to provide consistent revenue for the city. They look at solar with a great deal of caution, and anything they don't own, they have a bias against it," Petersen said.

The DWP in fiscal 2005 transferred nearly $250 million to the city general fund.

Deaton and others with the DWP said that the municipal utility charges far less for electricity than Southern California Edison, which supplies power to three of the nine LACCD campuses.

But LACCD officials say they see substantial cost savings with SCE with each kilowatt they generate on their own. The DWP may be cheaper overall, even with the new rates, but they object to seeing their costs increase as a result of generating their own power -- by as much as $200,000 a year if the district reaches its goal of 10 percent self-generation.

The college district plans to ask Villaraigosa to intervene but also is considering other options.

"We have even considered running the new (satellite) campus at Atwater without DWP involvement," by self-generating all the campus' power with solar and natural gas, Fairclough said. "We can disconnect from DWP and they get nothing."

Lisa M. Sodders, (818) 713-3663 *lisa.sodders@dailynews.com*

GREEN POWER

The Los Angeles Department of Water and Power launched its Green Power Program in 1999, with the goal of developing or purchasing renewable energy in the form of hydropower, biomass energy, solar power, wind energy and geothermal energy.

The program is funded through a voluntary premium paid by customers who want to support the program. In 2003 -- the most recent figures available from the DWP -- that included 367 commercial customers and 29,310 residential customers. The program collected $2.8 million that year and spent approximately $900,000, which included the purchase of 9,000 megawatt-hours of wind energy.

According the utility's 2003 report, customers generated 94,000 megawatt-hours of renewable energy, enough to power 15,000 homes for one year. By using renewable sources, those customers also avoided producing 162 million pounds of greenhouse gases that would have been generated by more conventional power means, utility officials say.

--Lisa M. Sodders

RETURN TO TOP