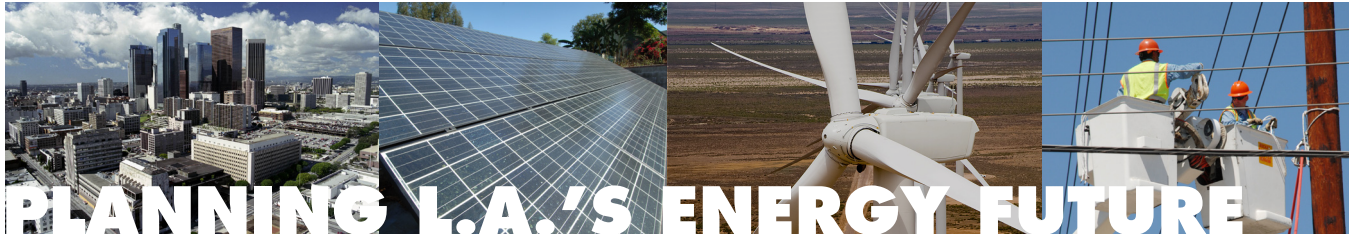


LADWP Draft 2010 Integrated Resource Plan FACT SHEET



The Los Angeles Department of Water and Power (LADWP) has prepared the Draft 2010 Integrated Resource Plan (Draft 2010 IRP) to provide a 20-year framework to ensure that current and future energy needs of the City are met, regulatory requirements are satisfied, and environmental policy goals are achieved. The Draft 2010 IRP lays out alternative strategies for increasing renewable energy and reducing greenhouse gas (GHG) emissions, while maintaining power reliability, complying with new state and federal regulations, and minimizing the financial impact on our customers.

The Draft 2010 IRP identifies options for a mix of electric resources, based on comprehensive research and analysis and guided by the following objectives:

- Reliability of the Power System
- Regulatory compliance
- Environmental stewardship, including pursuing renewable energy resources
- Maintaining low and stable rates

Public Outreach

To ensure the Draft 2010 IRP accurately reflects the electricity needs of the City of Los Angeles and its diverse community members, LADWP will seek public input on the Draft 2010 IRP strategies during several workshops in late summer/fall 2010 and also through an interactive website, www.LAPowerPlan.org.

Dates and locations of the workshops will be posted at www.LAPowerPlan.org. The website will also host a short survey during the public workshop series to allow more community members to provide input. All public input received during the workshops and via the website will be considered prior to completion of the Final 2010 IRP to help develop LADWP's long-term energy strategy.

Critical Issues & Challenges

LADWP and the electric utility industry at large face major uncertainties in terms of regulatory mandates, particularly those pertaining to reduction of GHG emissions and the amount of renewable energy that must be part

of its power resource portfolio in a cost-constrained environment. At the same time, a number of LADWP's older, natural gas-fired generating units are nearing the end of their service lives and are in need of replacement.

Following are the key issues and challenges addressed in the Draft 2010 IRP.

Reliability

LADWP must modernize its remaining older, less efficient natural gas generating units (at Haynes and Scattergood Generating Stations) to ensure reliable power generation. This is especially important for ensuring a smooth transition to renewable energy since most available renewable resources, particularly wind and solar power, are intermittent. These resources provide power only when the wind blows or the sun shines.

Environmental Policies

Local air and water quality regulations also require repowering less efficient units at Haynes and Scattergood to meet emissions standards and a new regulation that prohibits using ocean water to cool power plants.

GHG emissions and renewable energy legislation and policy includes:

- The Global Warming Solutions Act, AB 32, calls for reducing the state's GHG emissions to 1990 levels by 2020.
- The Greenhouse Gas Emissions Performance Standard Act, SB 1368, prohibits the state's electric utilities from importing power that exceeds the GHG emissions performance standard once existing contracts expire. LADWP's contract to receive coal-fired generation from Navajo Generating Station in Arizona expires in 2019 and from Intermountain Power Plant in Utah in 2027.
- The state is developing a Renewable Energy Standard (RES) requiring all utilities to achieve 33% renewables by 2020, with interim targets.
- The Board of Water and Power Commissioners have set renewable energy targets at 20% by 2010 and 35% by 2020.



Short-Term Actions

The proposed Draft 2010 IRP calls for a number of short-term actions for the next two years. These are designed to meet LADWP's immediate obligations to ensure reliability and regulatory compliance. Major actions include:

- Modernize (repower) inefficient generating units at the Haynes and Scattergood Generation Stations to improve energy efficiency, meet air quality standards, and eliminate use of ocean water cooling.
- Determine options for coal-fired generation to be compliant with SB 1368.
- Develop renewable strategies for geothermal, biogas, solar, and wind resources.
- Study issues associated with integrating variable energy resources such as wind and solar.
- Perform a comprehensive Energy Efficiency/Demand Side Management resource potential study.
- Procure and develop advanced technologies in weather forecasting, energy scheduling, customer metering, high-speed communications and information systems, and large-scale energy storage systems.

Long-Term Strategies

The Draft 2010 IRP provides six strategic options for meeting federal, state, and local policy objectives for reducing GHG emissions and increasing renewable energy resources. The options vary by two main factors: the amount and mix of renewable energy resources, and the timeframe for complying with SB 1368 GHG emissions standards.

Cost Impacts

There are significant costs for actions that must be taken regardless of which long-term strategy is adopted. Modernizing the older, inefficient generating units to satisfy reliability and regulatory requirements will cost at least \$3 billion over the next 10 years. Other factors that will create upward pressure on rates over the long term include: rising fuel costs, regulatory compliance costs, and the cost for additional renewable energy such as wind, solar, and geothermal generation.

Choices to Make

Following are some of the key questions to consider when providing input on the proposed Draft 2010 IRP:

- What should be LADWP's mix of renewable resources (percentages of wind, solar, geothermal, biomass or other renewables?), and where should they be developed (such as local solar, Feed-in-Tariff, large-scale solar in outlying areas, etc.)?
- Should LADWP seek early compliance with SB 1368 GHG emissions standards or wait until existing contracts expire?
- If targets of 33% renewable energy and greenhouse gas reduction are not legislated, should LADWP still pursue those goals? If so, what should be the targets?
- How should LADWP balance the objectives of keeping rates as low as possible and achieving renewable energy and GHG reduction goals, while maintaining reliable power service?

More Information

For more information about the LADWP Draft 2010 Integrated Resources Plan and upcoming workshops, please visit www.LAPowerPlan.org.

