

July 28, 2023

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Mail Stop 160

Attention: Councilmember Katy Yaroslavsky, Chairperson – Energy & Environment
Committee

Subject: Council File No. 23-0453 – Cooling Apparatus Requirement / Residential
Rental Units / Extreme Weather Events / Climate Change / Subsidies / Low-
and Middle-Income Tenants

Honorable Members:

In response to the motion (Council File 23-0453) relative to requiring cooling apparatus in all residential rental units; and potential programs to assist low-income and middle-income tenants with subsidies to offset increased and/or unaffordable energy consumption due to the installation and operation of a cooling apparatus; and potential funding sources for such programs, the Los Angeles Department of Water and Power (LADWP) provides the following summary.

Programs for Low and Middle-Income Customers

The referenced motion requests the Los Angeles Department of Water and Power (LADWP) report on potential programs to assist low-income and middle-income tenants with subsidies to offset increased and/or unaffordable energy consumption due to the installation and operation of a cooling apparatus, as well as potential funding sources for such programs.

LADWP offers the following programs to assist customers with their utility bills:

1. EZ Save Program
The EZ-SAVE Program (formerly known as the Low-Income Discount Program) offers income qualified customers a discount to help reduce the cost of electric and water services.
2. Lifeline Rate Program

The Lifeline Rate Program is a City of Los Angeles program that offers an exemption on electric and other utilities to income-qualified seniors (62 years of age or older) or disabled customers.

3. Life-Support Equipment Discount

The Life Support Equipment Discount is available to customers who have a full-time member of the household that regularly requires the use of an essential life support device that uses electricity.

4. Physician Certified Allowance Discount

The Physician Certified Allowance Discount (PCAD) is available to customers who have a full-time member of the household that has a life-threatening illness, paralysis, or compromised immune system.

5. Level Pay

LADWP's Level Pay program is designed to assist eligible customers with utility bill budgeting by billing them the same amount every month to level out high seasonal bills. The monthly recurring amount is based on the average of their past usage and costs over the previous 12 months.

Additionally, LADWP offers the Efficient Product Marketplace (EPM), a convenient online marketplace that allows customers to shop a selection of popular energy efficient brands available at numerous stores and online retailers with pricing and available rebate information. The Cool LA campaign offers eligible income-qualified residential electric customers a rebate of up to \$225 on the purchase of select Energy Star rated air conditioners (limit of two units) through EPM.

Grid Impacts

To calculate the grid impact of the Air Conditioning motion, LADWP utilized data from the California Statewide Residential Appliance Saturation Study (RASS) to estimate the number of renters without AC in LADWP's territory. Energy modeling results were then used to evaluate the unit energy consumption (UEC) of baseline portable AC units (Title 20 minimum requirements), more efficient portable AC units (5% more efficient than baseline type), and the most efficient AC units (window/wall units) which are considered to be 30% more efficient than the baseline types along with their respective 8760 consumption load shapes.

By considering the load shapes, UEC, and the number of renters without AC, we were able to determine the 8760 yearly/hourly impact of equipping all renters with an air conditioning unit in their residences. Additionally, a cost impact study was conducted to assess the financial implications for both renters and the utility. The cost impact study focused on two cases: baseline portable AC units and the most efficient window/wall AC units.

In terms of grid impacts, the results show 308 MW of demand increase at the hour of annual peak if all residential renters without AC in DWP territory install baseline portable

AC units. On the other hand, if these renters installed the most efficient AC units, the grid demand increase would reduce to 216 MW.

If all renters with no AC install baseline portable AC units, Customer Cost impacts including Labor, Material, and Utility Costs during 9 years of the product's useful life would range from \$2,150 to \$2,200. However, if the renters install the most efficient AC units, Customer Cost impacts would range from \$1,970 to \$2,000.

Based on method 1 and method 2 discussed in the report, the range of DWP cost burden for incentivizing AC units for renters is between \$66.7 and \$111.3 Million.

Should you have any questions or if further information is required, please call me at (213) 367-1338, or have your staff contact Mr. Matthew A. Hale, Director of Legislative and Intergovernmental Affairs at (213) 367-0751.

Sincerely,



Martin L. Adams
General Manager and Chief Engineer

MAH:fc

C: Councilmember Tim McOsler, Vice Chair, Energy & Environment Committee
Councilmember Nithya Raman, Member, Energy & Environment Committee
Councilmember Bob Blumenfield, Member, Energy & Environment Committee
Councilmember Eunisses Hernandez, Member, Energy & Environment Committee
Mr. Eric Villanueva, Office of the City Clerk
Mr. Matthew A. Hale

Analysis Results

2019 RASS and DWP Data:

Electric Utility	Own/Rent	Building Type	HAVE ROOM AC	DO NOT HAVE ROOM AC	Total
LADWP	Own	Single Family	88,124	305,918	394,042
		%	22.40%	77.60%	100%
		Townhouse, Duplex, Row House	36,183*	75,083	111,266
		%	32.5%*	67.50%	100%
		Apt Condo 2-4 Units	24,077*	12,397*	36,474
		%	66.0%*	34.0%*	100%
		Apt Condo 5+ Units	6,864	51,752	58,616
		%	11.70%	88.30%	100%
		Mobile Home	7,401*	694*	8,094
		%	91.4%*	8.6%*	100%
		Other	6,745*	10,727*	17,472
		%	38.6%*	61.4%*	100%
	Rent	Single Family	23,874	47,612	71,486
		%	33.40%	66.60%	100%
		Townhouse, Duplex, Row House	22,287	31,221	53,507
		%	41.70%	58.30%	100%
		Apt Condo 2-4 Units	56,984	77,404	134,388
		%	42.40%	57.60%	100%
		Apt Condo 5+ Units	137,190	210,985	348,175
		%	39.40%	60.60%	100%
		Mobile Home	348*	126*	474
		%	73.5%*	26.5%*	100%
		Other	807*	8,488*	9,295
		%	8.7%*	91.3%*	100%

Electric Utility	Title 24 Climate Zones	Own/Rent	HAVE ROOM AC	DO NOT HAVE ROOM AC	Total
LADWP	6	Own	14,473	75,628	90,101
		%	16.10%	83.90%	100%
		Rent	34,016	58,811	92,827
		%	36.60%	63.40%	100%
	8	Own	33,210	65,955	99,165
		%	33.50%	66.50%	100%
		Rent	13,920	69,533	83,453
		%	16.70%	83.30%	100%
	9	Own	146,444	324,735	471,179
		%	31.10%	68.90%	100%
		Rent	193,363	261,719	455,082
		%	42.50%	57.50%	100%
	16	Own	544*	8,813	9,357
		%	5.8%*	94.20%	100%
		Rent	5,191	2,288	7,479
		%	69.4%*	30.6%*	100%

2019 RASS query returns 39,985 records, representing 12,206,453 (DWP, PG&E, SDG&E, SMUD, and SCE customers).

* Results represent a sample of fewer than 25 households.

DWP Estimated Number of Income Qualified Customers	Quantity
customers on EZ-Save:	136,409
customers on Lifeline:	90,579
Total DWP Customers	1,430,123

Method 1:

Using DWP estimates, there are 226,988 income qualified customers (customers on EZ-Save + customers on Lifeline). This number would make about 16% of total DWP customers. Using This assumption and considering the total number of renters with no AC (392,351) from 2019 RASS data, the number of income qualified customers with no AC is shown below along with their allocated incentive:

Income type	Based on Department's income qualified assumptions*	Applicable Rebate
Sum of renter households on EZ-Save and Lifeline with No AC	62274	\$ 225.00
Non-Qualifying Renters with No AC	330077	\$ 75.00
Total renters with no AC	392351	

*This assumes that 16% of residential customers are income qualified based on data received from PDL group

Method 2:

We initially tried to use 2019 RASS data, to estimate the number of low income (under \$35k) households that are renters. We were not able to get this number because selecting income as a grouping criterion resulted in an error on the RASS website. However, 2009 RASS data, estimates that about 214 K of the households that were low-income did not have access to AC, and the Total number renters with no AC at the time (2009) was about 357 K. Considering that this number has raised to 392 K in 2019 RASS, by extrapolation, the number of low-income renters with no AC in 2019 is estimated around 235 K.

Income Type	2009 and 2019 RASS Based Data	Applicable Rebate
Sum of low-income (under \$35k) renters with no AC	235,073	\$ 225.00
Non-low-income Renters with no AC	157,278	\$ 75.00
Total renters with no AC	392351	