

# Energy Conservation Rates

## Frequently Asked Questions: New Conservation Rates Encourage Customers to Save Energy

### WHEN ARE ENERGY CONSERVATION RATES IN EFFECT?

For the year 2009, energy conservation rates begin July 1 and will be in effect through the end of September. In 2010, and each year thereafter, the rates will be in effect for the entire summer billing season, defined as June through September.

### WHY DID LADWP CHANGE ITS RATE STRUCTURE?

The energy conservation rates provide a price signal for LADWP customers to reduce their energy use through conservation and energy efficient appliances. With wise conservation practices, particularly during the peak hours of the day, 1 p.m. to 5 p.m., customers can successfully reduce their use and potentially lower their bills. Reduced consumption of energy equates to less strain on electrical infrastructure, will help minimize power outages and will curtail harmful CO2 emissions. Saving energy is also good for the environment, because the cleanest kilowatt is the kilowatt that has never been produced.

### IS THE LADWP THE ONLY UTILITY TO HAVE THIS TYPE OF TIERED RATES?

Most utilities in the region and state have established an energy conservation rate structure that features tiered (or block) rates. Some of these utilities include: Southern California Edison, Pacific Gas and Electric (PG&E), San Diego Gas and Electric, Glendale Water and Power and Pasadena Water and Power.

Many utilities have this type of conservation pricing in place year-round.

### HOW DO THE ENERGY CONSERVATION RATES WORK?

For residential customers, the energy conservation rates are based on a customer's energy consumption. Every customer is allotted a set amount of energy at the lowest rate. This allotment, called Tier 1, is the amount of power needed for services such as basic lighting, heating, and refrigeration. Beyond Tier 1 are two more tiers, each with a slightly higher rate. So the more energy a customer uses, the more the customer will pay. Customers who already stay within their Tier 1 allotment will not be affected, while customers who use more than their Tier 1 allotment will pay more.

Since hotter temperature cause refrigerators and other electrical appliances to run hotter, work harder, and use more energy, LADWP has divided the city into two temperature zones to ensure equity among our customers. With the new temperature zones, people who live in the hotter parts of the city, Zone 2, will be able to use a little more energy for the same price as people who live in Zone 1, the cooler areas. Customers may view information on the two zones, which are broken down by [zip codes](#) and [our temperature map](#).

### HOW MUCH ENERGY CAN I USE AT THE LOWEST RATE?

Customers can use up to 350 kilowatt-hours (kWh) in Zone 1 (cooler area) and up to 500 kWh in Zone 2 (hotter area).

### HOW DID YOU DECIDE HOW MUCH ENERGY IS ALLOTTED IN TIER 1?

The Tier 1 allotment is based on basic energy needs. LADWP considered the amount of energy required for basic household appliances such as refrigerators, TVs, ceiling fans and lighting.

### HOW MUCH ENERGY CAN BE USED AT EACH TIER AND WHAT ARE THE RATES FOR EACH TIER?

The table below shows how much energy is allotted at the Tier 1, Tier 2 and Tier 3 and the rates for each temperature zone during the summer and winter seasons.

SUMMER Jun - Sept	Zone 1	Zone 2	Cents per kWh
Tier 1	First 350 kWh	First 500 kWh	12.36
Tier 2	Next 700 kWh	Next 1,000 kWh	13.86
Tier 3	Above 1,050 kWh	Above 1,500 kWh	17.34

WINTER Oct - May	Zone 1	Zone 2	Cents per kWh
Tier 1	First 350 kWh	First 500 kWh	12.36
Tier 2	Next 700 kWh	Next 1,000 kWh	12.36
Tier 3	Above 1,050 kWh	Above 1,500 kWh	12.36

### WHY DOES THE CONSERVATION RATE STRUCTURE USE TWO TEMPERATURE ZONES?

Energy use directly correlates to temperature: the hotter the temperature, the harder your appliances work and the more energy they use. The two temperature zones were established to ensure equity among our customers. The average overall rate paid between each zone is virtually the same.

### HOW WERE THE TEMPERATURE ZONES DETERMINED?

LADWP based the two temperature zones on a study performed by the UCLA Department of Atmospheric Sciences that mapped summer average daily temperatures for the microclimates of the City of Los Angeles. In addition, the California Public Utilities Commission (CPUC) temperature zone map was utilized in determining the two LADWP temperature zones.

The climate study, which is currently being reviewed, shows differences of 15 to 20 degrees depending upon the area of the city. Taking this into consideration, the Tier 1 allotment for the warmer zone was increased by 150 kilowatt-hours (kWh). This difference is based on the amount of energy used for a refrigerator and for a cooling fan. Air conditioning was not a factor in determining the energy use in each temperature zone.

## HOW MANY CUSTOMERS FALL UNDER EACH TIER?

More than half of all LADWP customers are currently in Tier 1, including about 55% in the cooler zone and 60% in the warmer zone. Over 30% fall within the Tier 2 allotments for each zone. A very small number of customers are in the expensive, Tier 3 allotment.

Following is the breakdown:

	Zone 1	Zone 2
Tier 1	27.5%	30%
Tier 2	19%	17.5%
Tier 3	3.5%	2.5%

## HOW CAN I FIND OUT HOW MUCH ENERGY I NOW USE?

Energy use is indicated on the LADWP bill. Starting with the first tiered rate billing period, customers will be able to see how much energy they are using by tier and the associated costs.

To view their energy use, customers can check their most recent statement, which shows your energy consumption for the most recent billing period compared to the same period the previous year. You can also [view your bill online](#).

## HOW DO I KNOW IF I EXCEED TIER 1?

Just look at your bill. If you exceeded your Tier 1 energy allocation, there will be a line that shows your Tier 1 use and your Tier 2 or your Tier 3 use.

## ARE THERE ANY OTHER CHANGES THAT AFFECT SINGLE-FAMILY RESIDENTIAL CUSTOMERS?

Residential customers whose energy demand exceeds 3,000 kWh will be required to implement "Time-of-Use" (TOU) pricing in order to encourage conservation. This consumption level is six times greater than what the average customer uses in energy.

## WHAT DOES THE TIME-OF-USE (TOU) PRICING MEAN?

Time-of-Use (TOU) pricing is a separate rate schedule that enables customers to shift their energy use to off-peak period and be charged a corresponding lower rate. All residential customers have the option to switch to TOU pricing, which requires a special meter that tracks the time of day the customer uses energy. Residential customers whose monthly energy use exceeds 3,000 kWh are now required to use TOU pricing, which encourages energy conservation and can help lower a customer's bill. View [Time-of-Use rates](#).

## ARE THE ENERGY CONSERVATION RATES DESIGNED TO GENERATE ADDITIONAL REVENUE FOR LADWP?

No. The new tiered rate structure was designed to be revenue neutral with the existing rate structure. The restructured rates are designed so that the average rate paid between summer and winter seasons is the same overall.

## WHAT IS THE IMPACT OF THE TIERED ELECTRICAL RATES ON LOW INCOME CUSTOMERS?

Customers on the LADWP Low Income Discount Rate or Lifeline Rate already use relatively little energy and should not see any impact. In addition, the Low Income and Lifeline rate subsidies were increased when the electric rate ordinance was amended in August 2008 in an effort to offset any cost impact to these customers.

The Low Income Discount Rate has been increased to 20 percent, while the Lifeline subsidy for seniors or customers requiring life support equipment has been increased to maintain an average of about 30 percent to offset the proposed increases.

In addition, Low Income Discount Rate and Lifeline customers can save money and energy through LADWP's Refrigerator Exchange Program. Qualifying customers can receive a free, energy efficient refrigerator in exchange for their old energy inefficient refrigerator. This program has been tremendously successful. As of June 2009, about 44,000 customers have traded in their old refrigerators for new energy efficient models. Information is available on our [Rebates and Programs](#) page.

## HOW CAN I REDUCE MY ENERGY USE?

Reducing energy use can be as simple as changing out regular light bulbs for compact fluorescent light bulbs or turning off appliances, such as computers, when they are not in use. Customers can also install TOU meters, which help a customer gauge how much energy is being used at any given time.

Customers can also take advantage of LADWP incentives and rebates to purchase more energy efficient appliances. LADWP offers cash rebates to customers who purchase energy efficient appliances like refrigerators and air-conditioners, and provides free shade trees, free installation of energy efficient lighting for small business and much more. Energy saving tips and incentives can be found on our [Rebates and Programs](#) page.

## WAS THERE ANY CHANGE TO THE NET METERING RATE?

To enhance the use of renewable energy, particularly solar photovoltaic power, the energy conservation rate structure offers new provisions for customers who use "net metering." Designed for customers who use solar power or have a wind turbine, net metering uses a special meter that actually runs backward when the customer's system is sending excess energy into the grid. Under the new provisions, customers receive financial credit for their peak hour generation and this will offset non-peak energy consumption and credits can be applied to future bills.

## HOW DOES THE NEW RATE STRUCTURE IMPACT COMMERCIAL AND INDUSTRIAL CUSTOMERS?

Commercial and Industrial customers will experience higher rates during the summer months and during the high peak periods, and lower rates during the winter months and low peak periods. In addition, LADWP is requiring more commercial and industrial customers to switch to TOU pricing. By Jan. 1, 2011, the threshold of energy consumption for TOU pricing will be reduced from 100 kW to 30 kW for commercial and industrial customers.

The Customer Generation Rate has also been modified so that it encourages customers to operate on-site generators in the most efficient manner possible in order to minimize energy costs.

There have also been modest changes to the facilities charges.

A 138-kV transmission rate has been added for very larger customers that are directly served by the LADWP's transmission system. This allows the LADWP to free up much-needed distribution capacity, as well as provide these customers more reliability.