

## FIT 100 in Los Angeles: An Evaluation of Early Progress Report Summary

### Executive Summary

*FIT 100 in Los Angeles: An Evaluation of Early Progress* is presented by the LABC Institute and authored by the UCLA Luskin Center for Innovation, under the leadership of its Director, J.R. DeShazo, Ph.D., and Alex Turek, Project Manager at the Luskin Center. In 2013, the Los Angeles Department of Water and Power (LADWP) embarked on a pioneering feed-in tariff (FiT) program, by which electric power generated by solar rooftop installations on commercial, industrial, retail and multi-family buildings is sold to the LADWP for use by residential and business customers. This program was achieved after five years of advocacy efforts done by the CLEAN LA Coalition. (Visit [www.cleanlasolar.com](http://www.cleanlasolar.com) for more information.)

The report finds that the 100-megawatt FiT – the “FiT 100” – is on track to meeting its considerable economic and sustainability goals by 2015, including:

- **Creating more than 2,000 jobs**
- **Generating approximately \$300 million in direct investment in the City of Los Angeles**
- **Displacing as many as 2.7 million tons of greenhouse gases from the environment annually**
- **Powering more than 21,000 homes**

These successes come despite the FiT paying the lowest power rates of any comparable program in the country, averaging 15 cents per kilowatt-hour.

**To read the full report, visit <http://www.labcinstitute.org/LABC-Institute-Research>.**

### Progress Update

*FIT 100 in Los Angeles: An Evaluation of Early Progress* determines that LADWP has received an adequate number of applications for both large and small project categories. In all, the first two allocations of the program, representing 40 megawatts, received 256 applications—136 applications for the first allocation and 120 for the second allocation. Demand for the program was evident throughout the city: applications were submitted for projects located in zip codes in all 15 City Council districts, particularly in the sun-rich San Fernando Valley. These initial two allocations alone are projected to generate 862 jobs.

## Recommendations

While the overall assessment of the program thus far is positive, the report identifies several areas of potential improvement:

- 1. Refine future pricing policies.** The LADWP should monitor market conditions for solar components, capital and labor as well as the flow of applications, and be willing to adjust FiT prices as needed to achieve its goals for the program. The utility should also consider the size of project, recognizing that smaller projects involve higher costs and therefore should receive a higher FiT price. This will also help capture direct benefits for the regional economy, as smaller projects are more likely to have local ownership.
- 2. Create an applicant rollover option.** After the LADWP has filled its quota for an allocation, it should offer pending applications the option of rolling over into the next (lower-priced) allocation. This would eliminate redundant work on the part of solar developers and property owners, and enable developers to engage site hosts and financing for longer periods of time, increasing their expected benefits.
- 3. Longer-range plans for market expansion.** Los Angeles' policymakers and the LADWP should articulate a long-term plan for scaling local and out-of-basin solar so that firms can make longer-term workforce development and investment plans.
- 4. Initial application.** The LADWP should standardize the form and timing of rejection/acceptance results in the application process, and refine the FiT's FAQ resource.
- 5. Interconnection study and costs.** Interconnection costs are revealed late in the process and often become a source of uncertainty for applicants. The LADWP should shorten the timeframe for interconnection studies and incorporate anticipated costs into the FiT price. This would eliminate the need to estimate costs on project-by-project basis, ensuring more accepted projects are completed. In addition, the LADWP should consider adopting a different energy load calculation so that fewer applicants are required to purchase a costly Vista Switch, a piece of interconnection equipment that can cost up to \$400,000.
- 6. Contracting and the interconnection agreement.** Wherever possible, the LADWP should extend its FiT contracts from 20 to 25 years, streamline its power purchase and interconnection agreements, and advise applicants to begin work on these materials well in advance.
- 7. Building and Safety.** The Department of Building and Safety should provide additional resources to enable applicants to plan in an effective and timely manner for compliance reviews.
- 8. Public relations and outreach.** The program would be strengthened if LADWP and the City of Los Angeles would better publicize the program and incentivize site hosts for their participation.

## About the LABC Institute

As the designated research and educational arm of the LA Business Council, the LABCi is dedicated to strengthening the sustainable economy of the Los Angeles region with cutting-edge research.

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