

## MOTION

Los Angeles' greatest unmet climate challenge is decarbonizing existing buildings, which represent 46% of the City's greenhouse gas emissions. In order to reach the *LA100* goal of 100% clean energy by 2035 and the citywide goal of carbon neutrality by 2050 economically, all Los Angeles buildings must reduce emissions and increase deployment of distributed energy resources. The Department of Building and Safety is completing policy consultation with technical stakeholders (i.e., architects, engineers and building trades representatives) and will soon deliver recommendations on a proposed approach to achieve ambitious building decarbonization in different existing building typologies .

Decarbonizing existing buildings is Los Angeles' greatest unmet climate challenge, representing 46% of the City's greenhouse gas emissions. In order to economically reach the *LA100* goal of 100% clean energy by 2035 and the citywide goal of carbon neutrality by 2050, all Los Angeles buildings must reduce emissions and increase deployment of distributed energy resources. The Department of Building and Safety is completing policy consultation with technical stakeholders (i.e., trades, architects, engineers) and will soon deliver recommendations on a proposed approach to achieve ambitious building decarbonization in different building typologies, based on instructions in CF 21-1436.

That motion instructs city departments to report back on policy design and options for new and existing building decarbonization, which is largely completed. The Climate Emergency Mobilization Office (CEMO) and Commission (CEMC) delivered recommendations to the city on policy design based on a grassroots *Community Assembly* stakeholder engagement process. The Los Angeles Housing Department (LAHD) delivered detailed stakeholder feedback from across real estate market segments including affordable housing. These inputs will inform a citywide building decarbonization policy that significantly reduces large and small building emissions centered on energy justice and housing justice principles. These stakeholders identified key barriers to this policy, including lack of: access to financing, insufficient rebates, and in some cases, when not paired with energy efficiency, the risk of increased utility costs.

The Los Angeles Department of Water and Power (LADWP) and SoCalGas operate a number of efficiency and renewable energy rebate programs, though almost all incentives are paid only after construction is complete, leaving the property owners to front the entire investment. LADWP's direct install programs have laudable workforce development components and provide no-cost energy and water upgrades for homes and small businesses, but these are limited in scope and scale.

Los Angeles building owners and residents cannot reasonably be expected to bear the financial brunt of these energy upgrades which often come with high upfront costs. Worse, in some cases electrifying HVAC can increase operating cost, though they almost certainly provide improved health, comfort, and environmental outcomes. This could be mitigated if LADWP offered updated time of use rates for all customers, which would provide an opportunity to save money for customers that use energy when there are more renewable resources on the grid, particularly for those with batteries and solar.

Building electrification represents the greatest growth opportunity that LADWP will likely ever have, and it is imperative to reaching the City's *LA100* goals economically. However, LADWP has to date been reluctant to fund the upfront costs of building electrification (either electrical upgrades or equipment), or to propose financing future revenue streams to buy down the first costs of customers to electrify, even though the Department is guaranteed additional revenue in perpetuity. The Department's recently announced *Project Power House* for affordable housing is a great first step in this direction and should be quickly deployed and if successful, expanded.

MAR 24 2023



The New York City Energy Efficiency Corporation (NYCEEC), America’s first municipal green bank, provides one financial model that could be emulated. NYCEEC offers numerous clean energy financial products including forgivable predevelopment loans, property assessed clean energy loans, equipment loans, energy services agreements, and multifamily solar loans. The bank was capitalized by an American Recovery and Investment Act grant more than a decade ago and has since mobilized more than \$400 million for NYC buildings.

State and federal lawmakers authorized a once-in-a-generation investment of nearly \$400 billion to expand clean energy and building decarbonization through the federal Infrastructure Investment and Jobs Act and the Inflation Reduction Act, as well as through the State’s energy programs. In most cases, access to these funds are not guaranteed. Important components of the funding, such as the Environmental Protection Agency’s \$27 billion Greenhouse Gas Reduction Fund, will be granted through competitive awards. The California Energy Commission and Air Resources Board expect to launch sizable new programs in the coming year. These funds have the potential to catalyze billions more in private financing towards clean energy projects. The city must build on the foundation of policies, programs, and other infrastructure already in place to put forward shovel-ready plans to deploy grant funds into eligible projects and programs.

I THEREFORE MOVE that the Department of Water and Power (LADWP) report within 90 days on plans to scale up, increase, and improve the delivery of direct to customer incentives for building electrification, deep energy efficiency, and clean energy – including in multifamily and commercial properties – by leveraging federal and state grants, in order to make these measures, which are essential to meeting Los Angeles’ climate goals, more cost effective.

I FURTHER MOVE that LADWP report within 90 days on the feasibility of launching an on-bill repayment program for various market segments, including options for self-financing through LADWP bills as well as by partnering with third-party entities, including but not limited to SoCalGas.

I FURTHER MOVE that DWP, with the assistance of the City Administrative Officer, report within 90 days on the feasibility of sponsoring creation of an independent financing institution such as a nonprofit Green Bank and/or a means to connect customers with Community Development Financial Institutions and other existing capital providers to directly finance energy efficiency and clean energy projects in LA.

I FURTHER MOVE that LADWP report within 90 days on the timeline and process to update residential and commercial time of use rates for customers that would improve the economics of electrification projects, and mitigate future bill impacts, especially when paired with thermal energy and storage.

PRESENTED BY: Paul Krekorian  
PAUL KREKORIAN  
Councilmember, 2<sup>nd</sup> District

Katya Yaroslavsky  
KATY YAROSLAVSKY  
Councilmember, 5th District

SECONDED BY: Bill Hummerfeld

ORIGINAL