



- **Board of Directors**
Water Planning and Resources
Committee

October 12, 1999 Board Meeting

8-3

Subject

Request for Authorization to Participate in Conservation Programs with Utilities and other Agencies

Description

Metropolitan is increasingly being requested to partner with utilities and other agencies in conservation programs. As the need for conservation continues to grow and as funding partnerships become more prevalent, such requests are going to become more common. Metropolitan's initial regional conservation partnership involved the United States Bureau of Reclamation, which granted \$3.65 million for 66 conservation projects conducted by member agencies between 1994 -1999. Staff provided overall grant coordination and administration. Most recently both Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) have requested Metropolitan's participation in rebate programs to promote high-efficiency clothes washers.

(See [Attachments 1 and 2](#) for details of the SCE and SDG&E programs.)

Metropolitan's Conservation Credits Program (CCP) is a partnership between Metropolitan and the member agencies. Metropolitan provides staff support and financial incentives to member agencies for their local conservation projects. Recently, opportunities have arisen for Metropolitan to enter into cost-effective partnerships *on behalf* of the member agencies rather than *directly with* the member agencies. Metropolitan would participate in partnership programs by providing incentives up to the level of funding already approved by the Board for the CCP, such as \$60 per ultra-low-flush toilet and \$35 per high-efficiency clothes washer.

Participation in programs such as these benefit Metropolitan and the member agencies in a number of ways. Member agency staff resources can be dedicated to other agency-managed programs; program administration costs are much lower; customer participation is much higher due to larger incentives; greater customer participation achieves greater water conservation; and the member agencies can take credit for accomplishing the pertinent Best Management Practice(s). In addition, the utility partners benefit from greater savings in energy, waste water treatment, etc.

Policy

Expansion of Conservation Credits Program to include partnerships with energy utilities, waste water utilities, and state, federal and other public agencies.

Board Options/Fiscal Impacts

Option #1

Authorize the General Manager to expand the CCP to include partnerships with energy utilities, waste water utilities, and state, federal and other public agencies. No unbudgeted fiscal impact. Funding incentives of all conservation programs, including regional conservation programs, will not exceed the level of funding already approved by the Board for CCP. Both Metropolitan and the member agencies can achieve substantial savings in program administration costs. Substantial leveraging of resources will result in greater customer participation and greater water savings. Member agency budgets can be used more efficiently by allowing their staff to dedicate their efforts to managing local conservation programs. Such partnerships comply with the Memorandum of Understanding on Best Management Practices, to which Metropolitan and 25 member agencies are signatories.

Option #2

Do not authorize the General Manager to expand the CCP to include these partnerships, but approve *Metropolitan's participation with SDG&E in the regional washer rebate program for a total expenditure of \$253,750 (7,250 rebates at \$35 each)*. No unbudgeted fiscal impact. Funding incentives of all conservation programs, including regional conservation programs, will not exceed the level of funding already approved by the Board for CCP.

Option #3

Do not authorize the General Manager to expand the CCP. No unbudgeted fiscal impact.

Staff Recommendation

Option #1.

Stephen N. Arakawa *Date*
Acting Manager, Water Resource Management

General Manager *Date*

- [Attachment 1](#)
- [Attachment 2](#)

Regional High-Efficiency Clothes Washer Rebate Programs with Southern California Edison and San Diego Gas & Electric

Last January the Board approved Metropolitan's participation in a regional Washer Rebate Program with Southern California Edison (SCE) (*Board Letter 8-8, dated January 26, 1999*). Metropolitan's participation complies with Best Management Practice (BMP) No. 6 of the Memorandum of Understanding Regarding Urban Water Conservation in California. This BMP states that if an energy service provider or a waste-water utility offers a financial incentive for the purchase of high-efficiency clothes washers (washers) within the service territory of a water agency, the water agency shall also offer a cost-effective financial incentive based on the marginal benefits of the water savings. Based on water savings to be achieved over the life of washers and the Conservation Credits Program incentive of \$154 per acre-foot of conserved water, Metropolitan provides a \$35 rebate for each washer installed. The \$35 incentive applies to each rebate issued SCE for those residential customers who are also customers of a water agency that receives water from Metropolitan's member agencies. SCE agreed to provide an additional rebate of either \$50 or \$100 depending on the energy efficiency rating of the make and model of washer. SCE funds all costs for program administration, promotional material, and program field support.

In June 1999, San Diego Gas & Electric (SDG&E) formulated a program similar to SCE's, covering its service territory of San Diego County and the southern portion of Orange County. SDG&E began its program June 9, 1999. Parties that intend to participate are Metropolitan, San Diego County Water Authority (SDCWA), the City of San Diego (CSD), and the United States Bureau of Reclamation (USBR). Metropolitan would provide \$35 for SDG&E customers who also receive water from SDCWA and Metropolitan Water District of Orange County. SDG&E's rebate levels for energy savings are \$50 and \$100, the same as SCE's rebates. Metropolitan proposes to fund up to 7,250 rebates at \$35 each, for a total maximum expenditure of \$253,750. All rebates are to be issued during Fiscal Year 1999-2000. Metropolitan funding for the SDG&E program would begin once the current washer program for 750 rebates involving Metropolitan, the SDCWA and SDG&E has been completed.

8-8

January 26, 1999

To: Board of Directors (Water Planning and Resources Committee—Action)

From: General Manager _____

Submitted by: Debra C. Man _____
Chief of Planning and Resources

Subject: Regional High Efficiency Clothes Washer Rebate Program

RECOMMENDATIONS

It is recommended that the General Manager be authorized to: execute an agreement in a form approved by the General Counsel to participate in Southern California Edison’s High Efficiency Residential Clothes Washer Rebate Program to provide up to 15,000 rebates of \$35 per customer for a total expenditure of \$525,000.

EXECUTIVE SUMMARY

The Memorandum of Understanding Regarding Urban Water Conservation in California (MOU), revised September 30, 1997, includes a new Best Management Practice (BMP) for the promotion of High-Efficiency Clothes Washing Machine Rebate Programs. The BMP states that if an energy service provider offers a financial incentive for the purchase of High Efficiency Clothes Washers (Washers) within the service territory of a water agency, the water agency shall also offer a cost-effective financial incentive based on the marginal benefits of the water savings.

During 1998, Metropolitan co-funded a Washer rebate program with the Los Angeles Department of Water and Power (LADWP) and jointly participated with the San Diego County Water Authority (SDCWA) in a program administered by San Diego Gas & Electric. To date, the two programs have issued approximately 2,700 and 1,200 rebates, respectively. Metropolitan and SDCWA are also jointly funding 350 units in a Washer program with the City of San Diego.

Southern California Edison (SCE) is requesting Metropolitan’s participation in a program to provide up to 15,000 rebates for all SCE residential customers who occupy individual dwelling units with clothes washers (Program) and who reside within a Metropolitan member agency service area. Based on established water savings per Washer, Metropolitan would add \$35 to the

Board of Directors

-2-

January 26, 1999

rebate for the conserved water. The Program is scheduled to begin March 5, 1999 and end September 30, 1999. Metropolitan's maximum total commitment would be \$525,000 (15,000 rebates x \$35/rebate). The resulting water savings of 3,400 acre feet are expected to accrue during the product life of approximately 14 years.

Due to the immediacy of the Program start date and SCE's desire to offer a consistent rebate throughout its service territory, staff proposes that Metropolitan co-fund the Program without the need for direct financial participation by Metropolitan's member agencies. Precedent for such a regional program was established with Metropolitan's WaterWise Program in 1991-92, when Metropolitan distributed low-flow showerheads on behalf of Metropolitan's member agencies without their direct financial participation. For those member agencies that are not within SCE's service territory because they supply power as well as water, Metropolitan would enter into agreements to support Washer programs as it does the LADWP program.

There are several benefits of a regional program with SCE. First, Metropolitan's funding will be greatly leveraged by SCE's contribution; SCE will contribute approximately two thirds of the rebate amount. Second, SCE will manage the Program, reducing administrative costs for Metropolitan. Third, for Washers rebated in their service territories, member agencies will be able to count the water savings toward their obligations under the BMP MOU without additional funding and administrative expense. Fourth, successful Program implementation will further establish this technology as a standard water conserving measure to address a major indoor water use.

DETAILED REPORT

High Efficiency Clothes Washers (Washers), used for many years in Europe, have a proven record of conserving water and energy and providing other ancillary benefits. These Washers save about 14 gallons per load. In September 1997, the Best Management Practices (BMP) MOU was revised to include a new BMP for the promotion of High Efficiency Clothes Washer Rebate Programs. After toilets, clothes washers are the highest consumer of potable water inside the residence. The BMP states that if an energy service provider offers a financial incentive for the purchase of Washers within the service territory of a water agency, the water agency shall also offer a cost-effective financial incentive based on the marginal benefits of the water savings.

To date, Metropolitan has co-funded two Washer programs, one sponsored by the Los Angeles Department of Water and Power (LADWP) and another jointly sponsored by the San Diego County Water Authority and San Diego Gas and Electric. Because of the newness of this conservation measure, these programs initially offered high rebates (\$200 - \$300 per Washer) to generate interest in these machines which typically retail at \$700 - \$1,100. Subsequently, those rebates have been reduced to \$100 - \$150 per Washer. During 1998, the two programs issued approximately 2,700 and 1,200 rebates respectively. Metropolitan and SDCWA are also jointly

funding 350 units of a Washer program with the City of San Diego, which provides a \$100 rebate.

Recently, SCE requested Metropolitan's participation in a Washer rebate program (Program) for all SCE residential customers who occupy individual dwelling units with clothes washers (Program) and who reside within a Metropolitan member agency service area. Washers in common laundry rooms for multi-family complexes are not eligible. SCE's Program goal is to rebate up to 15,000 customers with either a \$50 or \$100 rebate, the rebate amount depends on the energy efficiency ratings associated with specific washers. Based on established water savings per Washer, Metropolitan would add an additional \$35 to the rebate for the conserved water, bringing rebate levels to \$85 and \$135. The Program is scheduled to begin March 5, 1999 and end September 30, 1999. Metropolitan's maximum total commitment would be \$525,000 (15,000 rebates x \$35/rebate). Water savings over an expected 14 year product life would amount to approximately 3,400 acre-feet.

On average, clothes washers account for about the same percentage of indoor water use in single family homes as do toilets (22 % for washers vs. 26 % for toilets of indoor use). The new, high-efficiency Washers reduce water use for the average household by about 100 gallons per week. As is common with new technologies, the more efficient Washer technology is more expensive, costing the consumer approximately \$300 more than conventional, agitator-type washers. Metropolitan's contribution increases the incentive level and is expected to increase customer participation.

Normally, Metropolitan participates in conservation programs with its member agencies through the Conservation Credits Program. However, staff proposes that Metropolitan participate in SCE's Program without the need for direct financial participation from the member agencies. Precedent for such a regional program was established with Metropolitan's WaterWise Program in 1991-92, when Metropolitan distributed low-flow showerheads on behalf of its member agencies without their direct financial participation. For those member agencies (in addition to LADWP) that provide power as well as water, the Conservation Credits Program can support their Washer rebate programs also with the \$35/rebate contribution.

There are several benefits of a regional program with SCE. First, Metropolitan's funding would be greatly leveraged by SCE's contribution; SCE will contribute approximately two-thirds of the rebate amount. Second, SCE will manage the Program, reducing administrative costs. Third, for Washers rebated in their service territories, member agencies will be able to count the water savings toward their obligations under the BMP MOU without the need for additional funding. Fourth, successful Program implementation would further establish this technology as a standard water conserving measure to address a major indoor water use.

JPW:cmk

s:newdir/b-team/h-axis/brdltr2 doc