

Energy Efficiency Cost Recovery Energy Efficiency Rider

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DES Transformational Issues

- Business Model and Rate Case
- “Productizing”
- Build v. Buy
- Stimulus Funded Programs
- Affordability
- Distributed Energy Resources & Smart Grid



Energy Efficiency

- Technical/economic potential study
- Innovative product designs & acquisition approaches (e.g., auction)
- Leverage smart grid infrastructure
- Building Energy Code
- Budget & business model
- Cost recovery factor
- Performance & benchmarking
- Human capital

Residential Electricity Affordability

Area	Residential Consumers	Average Monthly Use	Average Rate (Cents/kWh)	Average Bill (per Month)
Austin Energy	355,628	976	10.05	\$98
CPS Energy	611,509	1,174	9.08	\$107
Texas	9,418,077	1,130	13.04	\$147

Notes:

- 1) Source: EIA, F-861 Data Files, 2008
 - 2) Average Rate figures based on F-861 data; these may be slightly different from Finance data, but the methodology needs to be uniform for all three areas.
- Tiered rates help keep electric bills affordable (residential 1st 500 kWh at 3.55 cents per kWh)
 - Deferred payment agreements, Customer Assistance Program, weatherization (federal & Austin Energy) programs also available



Council Resolution

No. 990913-05

“Cost effective energy conservation programs shall be the first priority in meeting new load growth requirements of Austin Energy.”



PUCT Sub. Rule 25.181(f)

- Establishes an Energy Efficiency Cost Recovery Factory rate schedule
- To permit the timely recovery of reasonable energy efficiency costs
- Established based on forecast
- For costs above those in base rates; base rates set after 2007 cannot include EE costs
- Adjustment in general rate proceeding and/or on an annual basis



Current Forecast for 2011

Efficiency Assumptions (to achieve 800 MW by 2020)

DSM kW Savings (w/ T&D, RM)	50,000 kW
DSM kWh Savings	86,000,000 kWh
Austin Energy System Sales (kWh)	12,193,000,000 kWh



Total DSM Costs - 2011

Costs

Rebate Budget	\$21,852,130
Admin & Marketing	\$8,751,437
Other Dept/Group DSM Costs	\$3,194,136
Lost Revenue	\$4,614,012
TOTAL DSM Costs	\$38,411,716
GFT on Total Costs	\$3,798,961
(assumes all costs collected as revenue)	
TOTAL DSM Costs with GFT	\$42,210,676
(amount eligible for inclusion in EECRF)	



EECRF Rider Calculation - FY 2011 Data

Category

Total Costs Eligible for EECRF	\$42,210,676
Amount of DSM Costs Currently in Base Rates	\$25,132,919
(based on 1995 EECRF of 0.0020613/kWh)	
Total DSM Cost Recovery Shortfall	\$17,077,758
EXCLUDE Lost Revenues as "Better Buy"	(\$5,070,343)
Subtotal	\$12,007,414
Exclude Solar Rebate (and assoc. O&M)	(\$5,286,813)
EECRF Rider Amount	\$6,720,601
<i>Option: Exclude Other Dept/Group DSM Costs</i>	<i>(\$3,510,040)</i>
<i>(as gradualism measure, increase flow in next year)</i>	
<i>Optional EECRF Rider Amount</i>	<i>\$3,210,561</i>



Impacts: Customer Allocator

Customer Group	No. of Customers	Annual Group Allocation	Annual Customer Impact	Monthly Customer Charge
Residential	362,198	\$ 3,259,782	\$ 9.00	\$ 0.75
Commercial < 20 kW Sec.	33,724	\$ 2,023,440	\$ 60.00	\$ 5.00
Commercial > 20 kW Sec.	9,797	\$ 1,763,460	\$ 180.00	\$ 15.00
Primary < 3 MW	57	\$ 24,624	\$ 432.00	\$ 36.00
Primary > 3 MW	26	\$ 22,464	\$ 864.00	\$ 72.00
Other	2,236	\$ -	\$ -	
Total Collection		\$ 7,093,770		
Revenue Requirement		\$ 6,720,601	GFT	\$ 611,575

FY2010 to August 2010, Unaveraged



Impacts: Volumetric Allocator

- **EECRF Rider: \$6,720,601**

- Raw Rate Impact (no allocator applied) - \$0.00055118/kWh
- Residential impact at \$0.69/month
- Actual bill impact about 2% for all classes in 2011; increases to perhaps 4-5% in 2015
- GFT on EECRF Rider Proposal: \$611,575

- ***Optional EECRF Rider: \$3,210,561***

- Raw Rate Impact (no allocator applied) - \$0.000263312/kWh
- Residential impact at \$0.33/month
- Actual bill impact less than 1% for all classes in 2011; increases to perhaps 2% in 2015
- GFT on EECRF Rider Proposal: \$292,161



EECRF Rider: Why Now?

- Unanimous stakeholder support for efficiency, provides funding for stakeholder priorities
- Meets rating agency's demand for "closing the gap" between revenue and costs; demonstrates City support for granting sufficient revenue
- Mitigates "all eggs in one basket" risk in rate review
- Aligns Austin Energy EE procedures with PUC rules ahead of legislative session
- Enables new initiatives in Austin Energy Resource & Climate Protection Plan, with timely recovery
- Starts recovery process on revenue shortfall while gap is small
- Starts process toward business model reform; increases GFT
- Complements all new and existing energy efficiency programs
- Complies with federal policy guidance and aligns with administration goals



Issues for Thought & Discussion

- Move forward? How?
- Rider? Cost Recovery Factor? Both?
- Integration with Rate Review
- Long-term planning & budgeting



Questions & Discussion



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