MEMORANDUM

TO: Mayor and Council Members

CC: Marc A. Ott, City Manager

FROM: Larry Weis, General Manager

DATE: July 12, 2012

SUBJECT: Austin Energy's Energy Efficiency Potential Study, Final Report, Completed June 25, 2012

Background:

In 2007, Council adopted the Austin Energy Resource, Generation and Climate Protection Plan. That plan, updated over time, sets a series of strategic goals regarding Austin Energy future generation planning. They include 2020 goals of 35 percent renewables to include 200 megawatts of solar capacity, a reduction of generation CO2 emissions to 20 percent below 2005 levels and offsetting 800 MW of peak demand through energy efficiency. During the annual review of those goals last year, Austin Energy committed to conduct an energy efficiency potential study.

That study was tasked with determining the cost of implementing energy efficiency measures in each customer sector, estimates on the energy savings that could be expected, the current saturation level of energy efficiency measures and the achievable energy and demand savings at various funding levels, among other measures. The energy efficiency potential study, completed on June 25, 2012, is attached and available on Austin Energy's web site at http://www.austinenergy.com/About%20Us/Newsroom/Reports/KEMAenergyEfficiencyPotentialStudy.pdf

Potential Study Key Findings:

In summary, the study indicates that while a sizable portion of the more accessible energy efficiency potential has been achieved -- there remains a significant amount of energy efficiency savings potential within the Austin Energy service territory. The report also indicates that Austin Energy is on target to reach the 800 MW savings goal by 2020. A total of 269 MW in savings have been achieved between 2007 through 2011. The report does project that accomplishing the target goal of 800 MW will require additional financial commitments as more of the market over

time converts to high efficiency technologies. However, achieving the additional energy efficiency savings can be obtained by shifting program efforts away from saturated technologies toward emerging technologies for which opportunities remain.

One objective of this study was to determine whether Austin Energy's current goal of 800 MW of savings by 2020 can be increased to 1,000 MW. The study concluded that an expansion of the goal to the higher level is attainable but would require more than five-fold increase in program funding.

The Austin Energy Demand Side Management Market Potential Assessment Final Report is scheduled to be presented to the Electric Utility Commission (EUC) on July 16, 2012 and the Resource Management Commission (RMC) on July 17. On Wednesday July 18, 2012, a presentation will be provided to the public and community stakeholder organizations. The report will also be made available to the community via the Austin Energy web site. The findings of the report will be assessed and incorporated into Austin Energy demand-side management planning and budgeting.

Please let me know if you have any questions.