



MEMORANDUM

TO: Members of the Electric Utility Commission and Resource Management Commission

FROM: Debbie Kimberly, Vice President, Distributed Energy Services

DATE: May 20, 2013

SUBJECT: GreenChoice Update

This memo provides a high level summary of Austin Energy's GreenChoice program from inception to date. Details relative to prospective GreenChoice offerings are under development; and updates will be provided to the Commissions as those details are developed.

Austin Energy has a goal to meet 35% of its customer energy needs with renewable energy by 2020. Currently, about 27% of customer energy requirements are met with renewable resources. The GreenChoice program was crafted in 1999 and affords customers an opportunity to subscribe to a program that will meet an even greater portion of their requirements from renewable energy. GreenChoice sales began in 2000 with the Batch 1 offer. Each 'batch' was defined as the energy from one or more specific purchase contracts, sold for a predetermined amount of time, at a predetermined price. As noted below, the first batch was discounted to overcome early adoption barriers.

TABLE 1

Since then, Austin Energy has marketed 10 additional batches and sub-batches with the most recent (Batch 6.4) sales beginning in 2012. GreenChoice was priced to reflect the estimated cost of the product but was not priced in relation to the current fuel charge. Because of fluctuations in fuel prices and the length of GreenChoice terms, there were times when a GreenChoice customer was paying less for the fuel portion of their bill than a non-GreenChoice customer. This hedge feature was not the primary design intent of the GreenChoice program. Table 1 provides the sales price for the GreenChoice batches.

	START DATE	SALES PRICE	FUEL CHARGE
Batch 1	2000	1.70	1.64
Batch 2	2000	2.85	2.27
Batch 3	2004	3.30	2.80
Batch 4	2005	3.50	2.80
Batch 4.1	2006	3.50	3.63
Batch 4.2	2006	3.50	3.63
Batch 5	2008	5.50	3.65
Batch 6.1	2009	8.00	3.65
Batch 6.2	2009	9.50	3.65
Batch 6.3	2009	5.70	3.65
Batch 6.4	2012	5.70	3.61

Batch 1 was subsidized to jumpstart the initial program. Batches 1-4 were offered for 10 year terms (at point of offering). The term for Batch 5 expires in 2022. Batches 6.1 and 6.2 were replaced by Batch 6.3 with a 5 year term. Batch 6.4 was initially offered for 5 years but was extended to 10 years. The terms for Batch 1 and 2 have expired. Batch 3 will end December 2013. Table 2 provides the customer count from the inception of the GreenChoice program.

Of the remaining batches, all are sold out at with the exception of Batch 6. GreenChoice customers are instrumental in assisting the utility in reaching its 35% renewable energy goal. Through the FY13 purchases, Austin Energy has approximately 27% of its portfolio dedicated to renewable energy. Table 3 shows the currently available GreenChoice purchases as well as overall renewable energy purchases by batch through Batch 6 purchases.

TABLE 2

Fiscal Year	Residential	Commercial	Total
2001	6,691	155	6,846
2002	6,773	180	6,953
2003	7,385	268	7,653
2004	7,904	313	8,217
2005	9,594	394	9,988
2006	9,989	451	10,440
2007	9,152	455	9,607
2008	10,751	535	11,286
2009	10,516	540	11,056
2010	10,064	490	10,554
2011	11,169	499	11,668
2012	6,346	1,402	7,748
2013	5,925	1,402	7,327

TABLE 3

Agreement	GreenChoice® Residential kWh	GreenChoice® Commercial kWh	GreenChoice® Total kWh	% Subscribed	Total Wind kWh Purchased
Batch-3	8,459,452	84,839,032	93,298,484	100.00%	93,298,484
Batch-4	17,917,818	144,877,800	162,795,618	100.00%	162,795,618
Batch-5	16,835,353	149,051,218	165,886,571	100.00%	165,886,571
Batch-6	24,242,215	298,219,821	322,462,036	74.00%	435,784,549
Other Renewable Available					1,224,452,002
Total	67,454,838	676,987,871	744,442,709		2,082,217,224

GreenChoice subscribers contribute to Austin Energy's renewable goal by subscribing to renewable energy at a premium price. The renewable energy purchased by GreenChoice customers acts as a credit against the power supply adjustment (PSA) which includes the cost of all renewable resources. In other words, the overall cost for renewable energy is directly supported by both GreenChoice and non-GreenChoice customers.

Moving forward, Austin Energy's goals are to continue offering GreenChoice as a premium product and to continue to strive toward the overall goal of 35% renewable by 2020. Planning is underway for a new offering of GreenChoice for 2014. Austin Energy has received proposals in response to a wind RFP and will be bringing forward any recommended additions in the coming months. Taking these into consideration, along with market conditions and customer demographics, Austin Energy will develop prospective pricing and related options for the next GreenChoice offering.