

**RESOLUTION BY THE ELECTRIC UTILITY COMMISSION
CITY OF AUSTIN**

December 16, 2013,

WHEREAS, the algorithm used to calculate the current Value of Solar (VoS) rate was originally developed in 2006 in a study commissioned by Austin Energy. That algorithm by design was to be run annually and the result would be the adjusted VoS rate for the following calendar year;

WHEREAS, there was much public debate regarding the development of the algorithm used to calculate the VoS rate including what values would be used and what would be excluded. Both sides of the public debate eventually agreed the algorithm in the 2006 study was fair and should be adopted. As such, the algorithm was approved by city council in the 2012 rate case;

WHEREAS, Austin Energy undoubtedly treated the VoS algorithm as part of the overall residential rate design process and did not oppose its inclusion in the 2012 rate case. In fact, Austin Energy from the beginning treated the VoS as residential rate design and was the party who introduced it in the rate case. Evidence of such exists in the attached report produced by Austin Energy leading up to the 2012 rate case. As shown in the report, the payback period for a solar customer and the credit they receive on their bill, or in other words, what they pay for their electricity on their Austin Energy bill, is governed by the VoS rate;

WHEREAS, this year Austin Energy at its own behest commissioned a new study to revise and change the current VoS algorithm resulting in a 20% drop in the VoS rate. The algorithm revision was completed without any public input or direction from city council. Further, the full results of that study and the underlying report have not been produced by Austin Energy. Only a power point presentation has been released and it was not released until the day of its presentation to the EUC on October 21, 2013, providing EUC members no time to evaluate the abbreviated findings;

WHEREAS, from what can be gathered in the power-point presentation, the new algorithm is calculated differently from the current algorithm including by using the leveled cost of wholesale power prices on the ERCOT market from 2011 and 2012 and a price quote on natural gas futures contract from an undisclosed source. In calculating additional solar values the report fails to provide source data for calculating savings from (i) transmission and distribution losses, (ii) avoided environmental costs, and (iii) operations and maintenance costs of Austin Energy's traditional generation resource fleet;

WHEREAS, notwithstanding the validity of the study, the unilateral change by Austin Energy to the current VoS algorithm, which was approved by city council in 2012 in a publicly held rate case, results in a discriminatory rate change for certain Austin Energy customers who have adopted solar;

WHEREAS, the Electric Utility Commission believes the adoption of the changes to the VoS algorithm should be postponed until such time as an legal opinion can be had on whether or

not Austin Energy has the unilateral authority without city council approval to change the methodology for how the residential solar rate is calculated;

WHEREAS, until such time as the legal opinion is obtained, and potentially a public hearing held, solar customers and solar professionals need clarity and regularity in the solar programs of Austin Energy; and

WHEREAS, the only way to provide solar customers and solar professionals clarity and regularity in the program is to allow customers to opt-out of the Value of Solar regime and return back to traditional net metering.

NOW THEREFORE, BE IT RECOMMENDED BY THE ELECTRIC UTILITY COMMISSION TO CITY COUNCIL THAT:

The City Council and City Manager direct Austin Energy to immediately postpone the adoption of the 2013 residential solar rate design by Austin Energy until such time as a legal opinion can be received on whether or not Austin Energy has the unilateral authority or discretion to revise the methodology used to calculate the residential solar rate without public input and a hearing. Further be it resolved that beginning January 1, 2014 and from thenceforth, all residential solar customers be allowed the opportunity to opt out of the Value of Solar program and be able to return back to the standard net metering program utilized by Austin Energy prior to the Value of Solar rate adoption in 2012.

Adopted: _____, 2013 Attest: _____