

STRUCTURAL RECOMMENDATIONS

The resolution creating the Task Force directed the Task Force as part of its responsibilities to look for ways to make energy efficiency program delivery more efficient and more effective. These recommendations are responsive to this directive.

The Task Force has defined efficiency in a broad context. Not only does the Task Force seek to increase energy efficiency with the same amount of resources, but also to minimize the steps an Austin Energy ("AE") customer must go through to realize the energy efficiency benefits of the energy efficiency program in which s/he participated. Moreover, the term efficiency includes the concept that AE revenues attributable to the energy efficiency rate are spent on the energy efficiency programs as authorized by the council and that an accounting is provided soon after the fiscal year's end to ensure all the monies collected under the energy efficiency rate have been timely spent and that the peak demand and energy savings benefits of these programs have been accurately captured.

With this concept of efficiency, the Task Force makes the following structural recommendations, which will be discussed more fully in the following pages of this report:

Structural Recommendation No. 1.: In its programs addressing affordable housing, the City of Austin's Neighborhood Housing and Community Development Department and the City of Austin Housing Authority should serve as case managers for AE's energy efficiency programs. This case manager approach is: to ensure low and low to moderate income energy efficiency programs are seamlessly incorporated into affordable housing programs to minimize steps AE customers must take to obtain the energy efficiency benefits; to increase operating efficiencies through the merging of energy efficiency work into the contractual work entailed in affordable housing projects; and to capture energy and demand savings not currently accounted for by AE. A case manager approach can be accomplished either through AE contracting with Neighborhood Housing and Community Development and the Housing Authority to implement the low and moderate income energy efficiency program services or by the utilization of energy efficiency rebates to contractors who have merged the weatherization services into their home affordability construction projects.

Structural Recommendation No. 2: The City Council should establish a reconciliation proceeding within six months after the close of each fiscal year to reconcile any over or under recovery of AE energy efficiency revenues, realized and imputed, attributable to the energy efficiency rate for that recently closed fiscal year with that fiscal year's energy efficiency expenses, including operations and maintenance, incurred by AE. The reconciliation may result in no further action, a reduction or increase in the energy efficiency rate, and/or an

amendment to the then-current energy efficiency budget, including the transfer of funds from one program to another to increase the effectiveness of the programs.

Structural Recommendation No. 3: AE should improve and make more transparent the tracking of the energy efficiency programs through:

- Quarterly reporting of energy efficiency data including expenditures, as well as operations and maintenance, that AE seeks to be reimbursed from revenues attributable to the energy efficiency rate, whether budget goals have been met, number of participants, energy and demand savings realized for each energy efficiency program;
- Any energy efficiency budget expenses proposed by AE include all expenses AE seeks to recover through the energy efficiency rate with operation and maintenance expenses separately stated;
- Better tracking data to measure energy and demand savings, including consumption data measuring the actual customer usage both before and after the customer benefited from an energy efficiency program;
- Expenses incurred in energy efficiency programs that are to be reimbursed from revenues realized from the CAP rate should be separately reported from the expenses that are to be reimbursed from revenues realized from the energy efficiency rate. Likewise, revenues attributable to the CAP rate that are budgeted to cover energy efficiency program expenses should be separately reported from the revenues attributable to the energy efficiency rate.
- An annual report that summarizes the relevant data from all four quarters;
- Annual district-level data, so that the amount of expenditures and energy and demand savings can be tracked by Council District to assure that all city residents and businesses are benefitting from the programs.