

STRUCTURAL RECOMMENDATION NO. 3: AE SHOULD IMPROVE AND MAKE MORE TRANSPARENT THE TRACKING OF ITS ENERGY EFFICIENCY PROGRAMS.

Transparency is a cornerstone of efficiency. Without clear and concise information, effective decisions as to program efficiency cannot be made. Inconsistent reporting of program information and/or imprecise information produces obscure decision making that is contrary to public policy. Community and council support for weatherization, energy efficiency and solar programs should be improved if data is accurate and reported transparently.

(A). All AE programs funded with revenues realized from the EE rate should be consistently reported to the public, the City's advisory commissions and the Council.

Whether customers and the council can determine if they are getting their money's worth for the programs funded with EE rates can only be addressed if all the programs and therefore costs are consistently and completely reported.

In its budget briefing to council¹ AE did not include all the programs funded with EE dollars. As the most recent AE monthly report² to the Resource Management Commission reveals AE implements more programs funded with EE dollars than revealed to the Council. The Council did not have the opportunity to review these other programs and their respective costs in relation to the EE programs identified to them. And without this opportunity the Council could not and therefore did not review the reasonableness of the complete EE budget proposed for FY 2015. All EE programs that are funded with EE rates should be reported, including commercial, residential, greenbuilding, solar and demand response.

(B). All program costs funded with EE dollars should be consistently reported and the operations and maintenance costs should be separated out from the rebates and other direct costs of the programs.

In the AE budget briefing³ provided the Council during last year's budget (and therefore rate) hearings, the operations and maintenance expenses were not included as costs that are recovered under the EE rate. As AE's FY 2014 report⁴ shows AE incurred about \$1.622 million in operations and maintenance ("O&M") for the residential programs identified to the council and incurred about an additional \$3.57 million in O&M costs for commercial programs that had been identified to the Council in the budget presentation. O&M is the administrative costs of the program; that is, the cost incurred by AE to provide the EE program. The relation of

¹ See attachment 1 entitled "Budget Briefing FY 2014-15 Proposed Budget" (June 16, 2014)(hereafter referred to as "Budget Briefing").

² See Attach. 2 entitled "Customer Energy Solutions Program Update as of April 30, 2015".

³ See Attach. 1.

⁴ See Attach. 3 entitled "Customer Energy Solutions Program Progress Report 2014-2015".

administrative costs to direct program costs is an indicator of efficiency. The Council was without this information. Consequently, their FY 2015 decision could not and therefore was not based on whether the costs to be recovered by the EE rate were efficiently incurred. By requiring the consistent reporting of each program costs with the corresponding O&M costs separately stated, inefficiencies of operations can be more readily identified. Again, rebates and O & M costs should be shown for efficiency, greenbuilding, demand response, and solar programs.

(C). AE's presentation of EE rate changes for a FY should include: reconciliation of the EE costs and revenues for the FY previous to the FY involving AE's rate changes; consideration of cost adjustments to the EE budget from which the proposed EE rate is calculated; and whether the then-current EE rate was addressing an under recovery or an over recovery from a FY prior to the current rate's FY.

The rates AE customers pay for energy efficiency are set annually and are supposed to be reconciled like the process for the Power Supply Adjustment Clause (formerly the fuel factor) rate which allows for increasing rates to cover AE losses occurring in the recent past or allows for decreasing rates to refund customers the monies not spent in the previous year on the AE cost. In AE's presentation⁵ of the EE rate proposed for FY 2015 AE did not provide any information as to the revenues AE incurred and estimated to be incurred for the then current FY 2014. As the presentation shows, the only mention of revenue was a statement that AE incurred \$2 million more in EE costs than in revenue realized in FY 2013. In pointing out AE's FY 2013 loss AE failed to inform the Council that it had increased its FY 2014 rates by about \$4.8 million⁶ to recover for that same level of EE losses it estimated it would incur in FY 2013. In other words, in presenting Council with its recommendation that the FY 2014 rate be continued through FY 2015 AE did not provide the council with a full listing of the EE programs and costs it budgeted for FY 2015 and failed to identify the FY 2014 revenues and costs it anticipated would occur nor did it explain that the FY 2014 rate had been increased to recover FY 2013 losses. Consequently, the Council had no way of knowing whether continuing the FY 2014 rates would cause AE to recover more EE revenues than it would incur in EE costs budgeted for FY 2015.

AE provided a member of the Task Force with the audited FY 2014 financial results for its EE program.⁷ The results show that AE realized \$7 million more in revenues than it incurred in EE costs. This means for every dollar AE spent on EE programs, AE customers paid about \$1.22 in EE rates. For example, for the low income weatherization program AE spent about \$1.8 million but if you assume the same percentage of the budget for each program AE

⁵ See Attach 4 entitled "Power Supply Adjustment and Other Rate and Fee Changes FY 2015".

⁶ Attach. 5 entitled 201302014 Proposed Budget Response to Request for Information" dated 8/9/13

⁷ See Attach. 6.

customers paid \$2,186,910 in EE rates. The test for efficiency is that customers get value for what they pay for. In this case, customers paid 122% of the value of the EE services received.

If AE had been more transparent in its budget and rate presentations to the Council for FY 2015, it is likely that EE rates would have been reduced and AE customers would have received a fairer value for the dollars they paid, or alternatively the Council could have increased the budget for these programs.

In any rate or budget presentation to the Council, the public, or the advisory commissions, AE should identify and list all the programs and corresponding program costs, separately stating the relevant O&M costs, it intends to be covered by the proposed EE rate, and AE should also provide the estimated revenues and costs it has or it has estimated to incur for the FY previous to the FY the rates and/or programs AE is proposing to change or remain the same. Until the contract rates for industrial and large commercial customers expire the revenues estimated under the previous and post FYs should include the imputation of revenues AE would have realized from the contract customers. Otherwise, AE's promise to the Council that the rate subsidies provided the contract customers would not be paid for by the other customers would be broken.

(D). In any budget presentation to support its EE rate proposal, AE should not include any EE program costs funded with CAP revenues.

In the budget presentation to the Council for FY 2015 AE included the CAP weatherization program in its listing of EE programs and costs. Although the CAP weatherization funds were separately identified, the funds were added to the total EE budget. And, because the CAP weatherization was proposed to be increased for FY 2015, the decrease in the FY 2015 EE budget from the FY 2014 budget was understated by \$500,000. The co-mingling of the CAP weatherization program and its costs with the EE rate-funded programs creates confusion. The CAP weatherization program and costs should be identified but not added into the total costs of the EE program costs funded with EE rates. Thus, we recommend that CAP weatherization budgets and outcomes be reported along with other EE programs but be separately tracked so that money from two sources of funding is not co-mingled.

(E). AE should develop 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 EE program; analyze the demographics of program participation; and demonstrate coordination with other publically funded programs.

(F) AE should provide monthly, quarterly and annual reports to the RMC, EUC and City Council indicating EE, CAP Weatherization, Demand Response, Greenbuilding and Solar activities and City Council should establish accountability procedures.

While AE already provides monthly and annual reports to these relevant committees, and the most recent annual reports have been improved, there do not appear to be well developed accountability and reporting requirements for these programs. Council should develop some. We would suggest, for example, that quarterly reports be added that would include more detailed information than contained in the monthly reports, such as:

- Tables or charts indicating the number of participants in each program that received rebates or incentives, the amount of the rebates or incentives, the amounts of kilowatts and kilowatt hours saved by customer class and program type, as well as the Operations and Maintenance;
- Map and table illustrating the allocation of rebates by customer class and program by Council district;
- Map illustrating the location of each rebate recipient with an overlay of socioeconomic income levels, where such information exists.

An improved yearly report should also be produced that builds on these quarterly reports, but also have information including:

- A brief description of each of the different programs covered in the annual report.
- Allocated and spent funding from both the EE charge and CAP weatherization program, as well as any other funding that might be available from base rates or federal funding;
- Table indicating total kilowatts saved, kilowatt hours reduced, and money spent in rebates and O & M by program and customer class.
- Map and table illustrating the allocation of rebates by customer class and program type by Council district;
- Map illustrating the location of each rebate recipient with an overlay of socioeconomic income levels;
- Allocation of rebates by customer class, including commercial and industrial recipients groups by their size as determined by demand;
- Where information exists, also indicating which types of commercial or industrial entities received rebates, such as by SIC or other codes.
- Information about collaborations between AE for EE, DR and Solar programs with other city departments or entities such as Austin Water Utilities, Neighborhood Housing, Department of Energy, Travis County, Texas Gas Service or others.

- Information about the number of solar and energy efficiency businesses and employees that participated in rate-funded programs;
- Information about the cost-effectiveness of each program in terms of kilowatts reduced and kilowatt hours saved, as well as the method to evaluate this cost-effectiveness (ie use of deemed savings vs. measurement of actual energy use before and after or a sampling approach).
- Information about emissions reduction (VOC, NOx, CO2) reduced per program area because of the programs.

All of the monthly, quarterly and annual reports should also be made available through AE's website.

ATTACH.

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Budget Briefing

FY 2014-15 Proposed Budget

June 16, 2014

Electric Utility Commission

CLEAN, AFFORDABLE, RELIABLE ENERGY AND EXCELLENT CUSTOMER SERVICE





Energy Efficiency Programs

Program Name	FY2013 - 14 Amended Budget	FY2014 - 15 Proposed Budget	\$ Change
Free Weatherization	\$ 1,350,000	\$ 1,377,000	\$ 27,000
Multi-Family Rebates	1,896,136	1,944,000	47,864
Loan Options	536,973	350,000	(186,973)
Clothes Washer Rebates	40,000	0	(40,000)
Nexus-Home Audit Cd	66,950	0	(66,950)
Compact Fluorescent Distrib.	25,750	500,000	474,250
Commercial-Exisit Construction	4,028,611	3,500,000	(528,611)
Small Businesses	1,937,307	1,976,053	38,746
Green Building	300,000	306,000	6,000
Commercial Power Partner	545,900	140,000	(405,900)
Solar Program	6,100,000	6,100,000	0
Solar PV Performance Based Incentive Program	1,400,000	1,400,000	0
Refrigerator Recycle Program	559,834	250,000	(309,834)
Residential Power Partner-Aggr	1,719,930	700,000	(1,019,930)
Load Coop	991,000	500,000	(491,000)
Thermal Energy Storage	103,000	21,000	(82,000)
Home Performance w Energy Star	2,263,000	2,300,000	37,000
Appliance Efficiency Program	259,784	264,979	5,195
Air Conditioning Rebates	930,423	509,189	(421,234)
CAP Weatherization Program	1,000,000	1,500,000	500,000
Electric Vehicles Incentives	315,000	315,000	0
Residential Incentives	280,000	0	(280,000)
Total	\$ 26,649,598	\$ 23,953,221	\$ (2,696,377)

Continue to fund Energy Efficiency programs at levels to reach 800 MW peak demand savings by 2020.



Attachment
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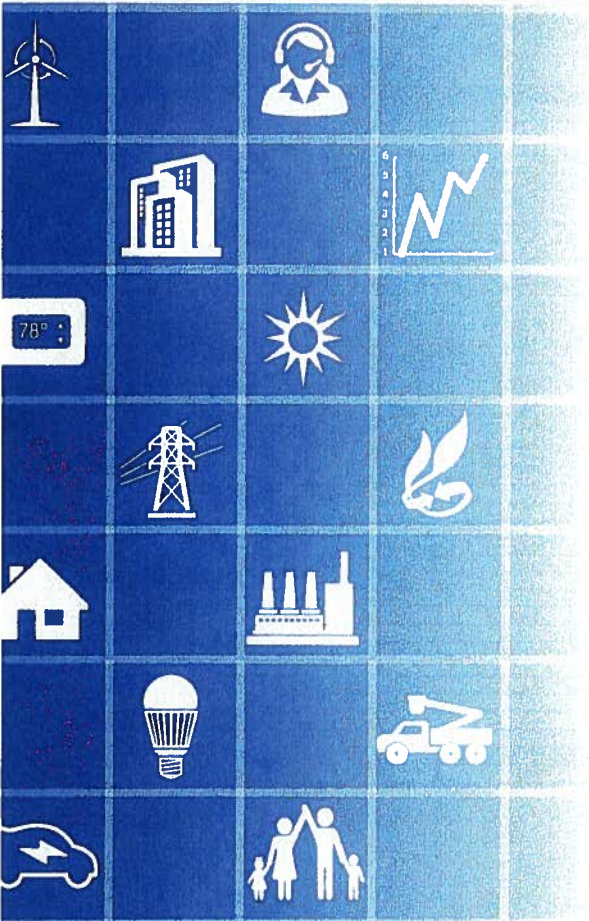
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Customer Energy Solutions

Program Update

as of April 30, 2015



CLEAN, AFFORDABLE, RELIABLE ENERGY AND EXCELLENT CUSTOMER SERVICE





CES RMC SAVINGS REPORT **FY2015 Report** **As of 04/30/2015**

Residential	MW Goal	MW To Date	Percentage	Participant Type	Participants To Date	MWh To Date	Budget	Spent To Date
EES-Appliance Efficiency Program	1.66	1.34	81%	Customers	1,744	3,395	\$ 774,168	\$ 703,530
EES-Home Performance ES - Rebate	4.00	1.09	27%	Customers	572	1,126	\$ 2,300,000	\$ 992,055
EES-Home Performance ES - Loan	0.25	0.07	29%	Customers	43	84	\$ 350,000	\$ 21,043
EES-Free Weatherization	1.93	0.19	10%	Customers	185	206	\$ 2,877,000	\$ 512,972
EES-Refrigerator Recycling	0.32	0.16	50%	Customers	1,080	644	\$ 750,000	\$ 109,246
EES-Residential Lighting	0.32	0.11	34%	Bulbs	9,592	236	\$ 530,000	\$ -
GB-Residential Ratings	0.51	0.26	50%	Customers	352	466	\$ -	\$ -
GB-Residential Energy Code	7.71	4.97	64%	Customers	1,677	6,937	\$ -	\$ -
Residential TOTAL	16.70	8.19	49%		5,653	13,094	\$ 7,051,158	\$ 2,338,846
Total participation does not include Residential Lighting Bulbs.								
Commercial	MW Goal	MW To Date	Percentage	Participant Type	Participants To Date	MWh To Date	Budget	Spent To Date
EES-Commercial Rebate	12.15	3.02	25%	Customers	214	16,788	\$ 3,521,000	\$ 903,979
EES-Small Business	2.87	2.26	79%	Customers	361	7,331	\$ 1,976,053	\$ 1,947,451
EES-Municipal				Customers			\$ -	\$ -
EES-Multifamily	4.21	2.71	64%	Apt Units	4,989	954,998	\$ 1,944,000	\$ 1,281,337
EES-Engineering Support				Projects			\$ -	\$ -
EES/GB Commercial Projects	1.10	0.35	32%	Customers	5	1,016	\$ -	\$ -
GB-Multifamily Ratings	1.29	1.09	84%	Dwellings	1,524	3,366	\$ -	\$ -
GB-Multifamily Energy Code	2.21	4.04	183%	Dwellings	4,331	4,077	\$ -	\$ -
GB-Commercial Ratings	2.95	1.81	61%	1,000 sf	1,307	4,015	\$ 306,000	\$ -
GB-Commercial Energy Code	4.19	2.46	59%	1,000 sf	2,537	8,002	\$ -	\$ -
Commercial TOTAL	30.97	17.74	57%		11,424	999,593	\$ 7,747,953	\$ 4,132,767
Total participation does not include GB commercial square foot.								
Demand Response (DR)	MW Goal	MW To Date	Percentage	Participant Type	Participants To Date	MWh To Date	Budget	Spent To Date
DR-Power Partner (Residential)	3.00	1.96	65%	Customers	1,379	3	\$ 525,000	\$ 331,080
DR-Cycle Saver	1.50	1.30	87%	Customers	2,007	4	\$ 175,000	\$ 24,666
DR-Power Partner (Comm & Muni)				Customers			\$ 140,000	\$ 31,321
DR-Load Coop	5.00			Customers	38		\$ 500,000	\$ 66,891
Demand Response (DR) TOTAL	9.50	3.26	34%		3,424	7	\$ 1,340,000	\$ 453,958
Thermal Energy Storage		MW To Date					Budget	Spent To Date
Domain Loop						667	\$ 30,500,000	\$ 260,230
Central Loop		2.34					\$ 7,000,000	\$ 1,281,337
Commercial							\$ 21,000	\$ 21,043
Thermal Energy Storage TOTAL		2.34					\$ 37,521,000	\$ 1,562,610
CES	MW Goal	MW To Date	Percentage	Participant Type	Participants To Date	MWh To Date	Budget	Spent To Date
Grand TOTAL	57.17	31.53	55%		20,501	1,003,243	\$ 16,138,221	\$ 6,925,571

Data is unaudited and rounded to 2 decimal points.
Program data is provided by individual Programs.
Budget data source is eCOMBS.



CES RMC SAVINGS REPORT **FY2015 Report** **As of 04/30/2015**

Solar Energy	MW Goal	MW To Date	Percentage	Participant Type	Participants To Date	MW To Date	Budget	Spent To Date
Residential	4.00	2.59	65%	Customers	498	4,326	\$ 6,100,000	\$ 3,327,029
Commercial	4.00	1.88	47%	Customers	34	3,236	\$ 1,400,000	\$ 731,738
Solar Water Heating	0.02			Customers	2	\$	\$	
Solar Energy TOTAL	8.02	7.77	97%		2695	16,350	\$ 7,500,000	\$ 4,058,767

Low Income	UPDATE
Weatherization	
Solar	
Green Building	In April, 30 of the 46 single family homes receiving a AE Green Building rating are in SMART housing developments. The Crest at Pearl multifamily project has 14 units designated affordable serving households at or below 80% of (MFI).

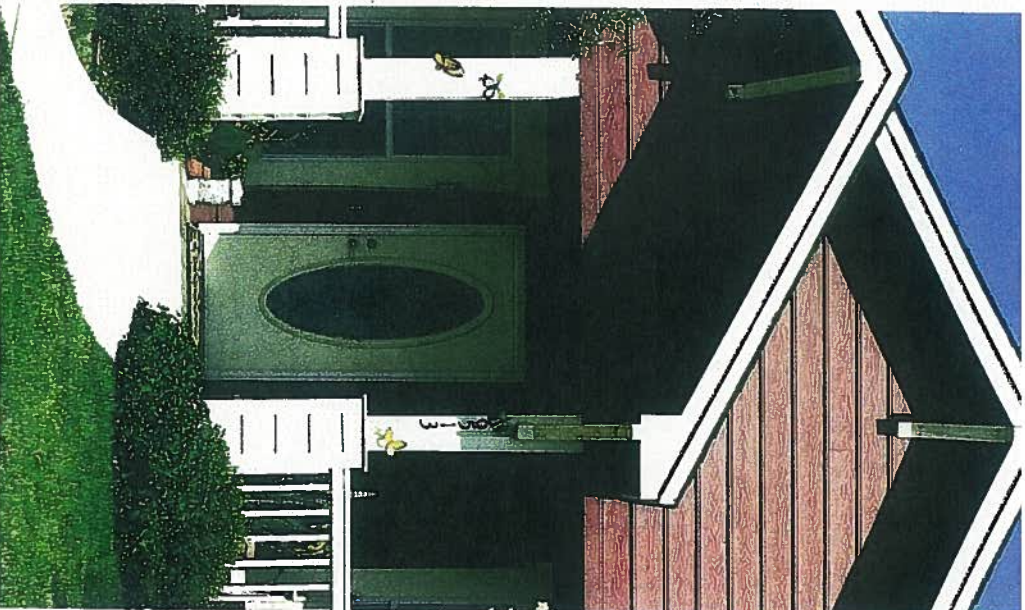
EES - LOAD COOP PROGRAM	No. of Contracts ¹	Participants /Locations	Program Capacity ²	Maximum Event Performance ³
No. of Events			MW	MW
13	38	205	21.62	14

¹Load Coop values are for the 2014 DR Season (June 2014-September 2014). The program is not currently active.

²Program Capacity is the sum of all participants' best 2014 Load Coop performance. Includes 20% T&D&SR multiplier.

³Best performance for any one event in 2014 including 20% T&D&SR multiplier.

Data is unaudited and rounded to 2 decimal points.
 Program data is provided by individual Programs.
 Budget data source is eCOMBS.



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Customer Energy Solutions

Program Progress Report 2014-2015



Appendix

Table 1 - CES Performance Measures Summary, FY14

EES = Energy Efficiency Services
GB = Green Building
DR = Demand Response

Program	Participant Type	Participants	MWh	MW	Incentives/ Rebates	Total O&M + Rebate	Savings (\$0.097/kw)	Benefit/Cost Ratio			Life Years	Life Cycle c/kWh	\$/kW
								TRC	Utility	Participant			
Residential													
EES-Appliance Efficiency	Customer	5,409	6,468	2.4	\$1,645,441	\$1,965,894	\$624,834	1.9	4.4	2.7	15	2.92	\$827
EES-Home Performance with ENERGY STAR - Rebate	Customer	1,634	3,227	2.9	\$2,783,901	\$3,180,284	\$311,739	1.6	2.4	1.8	15	9.40	\$1,081
EES-Home Performance with ENERGY STAR - Loan	Customer	457	903	0.8	\$405,329	\$516,190	\$87,188	1.6	4.0	1.5	15	5.45	\$628
EES-Free Weatherization	Customer	312	387	0.4	\$1,830,136	\$1,880,594	\$37,402	0.5	0.5	>50	15	46.31	\$5,023
EES-Clothes Washer Rebate	Customer	33	10	0.0	\$1,100	\$1,322	\$918	2.5	6.7	3.5	10	1.82	\$801
EES-Refrigerator Recycling	Refrigerator	2,524	1,384	0.4	\$346,693	\$396,491	\$133,733	1.6	3.7	2.2	10	3.74	\$1,073
GB-Residential Ratings	Residence	729	944	0.5	-	\$408,913	\$91,143	2.7	4.3	8.9	23	3.09	\$850
GB-Residential Energy Code	Residence	2,754	11,397	8.2	-	\$285,268	\$1,100,910	9.2	95.8	9.6	23	0.18	\$35
Subtotal		13,852	24,719	15.5	\$7,012,601	\$8,634,957	\$2,387,867						
Commercial													
EES-Commercial Rebate	Customer	542	41,298	8.0	\$2,464,881	\$3,541,529	\$3,989,380	4.5	10.4	6.2	10	1.10	\$443
EES-Small Business	Customer	539	10,692	3.4	\$2,989,386	\$3,451,348	\$1,032,882	2.1	3.2	2.7	10	4.36	\$1,007
EES-Municipal	Building	1	1,691	0.0	\$32,284	\$32,284	\$163,342	-	-	-	10	-	-
EES-Multifamily	Apartment	7,403	6,813	3.9	\$2,507,220	\$2,999,125	\$658,129	2.4	3.5	3.0	15	4.43	\$768
EES/GB Commercial Projects	Customer	1	4,533	1.1	First year of program: no financial break out								
GB-Multifamily Ratings	Apartment	2,067	4,788	1.1	-	\$416,116	\$462,469	5.9	10.4	24.3	18	0.73	\$395
GB-Multifamily Energy Code	Apartment	7,803	10,504	6.9	-	\$285,268	\$1,014,682	8.7	72.0	8.1	18	0.23	\$41
GB-Commercial Ratings	1000 sq ft¹	3,779	7,153	2.9	-	\$555,227	\$690,972	8.7	24.3	16.1	20	0.46	\$194
GB-Commercial Energy Code	1000 sq ft¹	4,699	15,404	4.6	-	\$285,268	\$1,488,025	12.4	72.5	19.6	20	0.14	\$62
Subtotal		18,355	102,876	31.8	\$7,993,771	\$11,566,165	\$9,499,881						
Demand Response													
DR-Power Partner	Thermostat	3,306	39	4.7	\$856,912	\$1,489,589	\$3,755	7.4	3.1	0.8	7	>999	\$317
DR-Cycle Saver	Cycle Saver	2,462	15	0.4	\$390,606	\$446,494	\$1,427	4.7	1.3	6.1	10	150.10	\$1,077
DR-Power Partner (Comm & Mun)	Thermostat	-	-	-	\$70,122	\$1,028,193	-	-	-	-	7	-	-
DR-Load Co-op	Meter	38	0	6.2	\$187,233	\$1,028,193	-	2.3	1.9	1.0	2	>999	\$165
DR-Engineering Support & Thermal Storage	Project	4	0	8.3	-	\$1,116,051	-	13.6	13.6	0.0	15	>999	\$135
Subtotal		5,810	54	19.6	\$1,504,873	\$4,150,450	\$5,182						
Total CES Programs		38,017	127,649	67.0	\$16,511,244	\$24,351,572	\$11,892,930	2.6	6.1	2.1	7.23	3.28	\$363
Unaudited data as of January 31, 2015													

Unaudited data as of January 31, 2015

¹ Square footage is not included in total for participants.

Table 5 – CES Solar Programs, 2004-2014

Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Residential & Commercial												
Participation	10	141	168	146	247	292	224	336	468	738	813	3,583
Demand (MW)	0.02	0.46	0.45	0.44	0.80	1.18	0.92	1.51	2.00	4.43	7.61	20
Energy (MWh)	43	855	757	757	1,334	1,979	1,625	2,818	3,375	7,431	12,810	33,784
Emissions	26	514	456	455	803	1,191	978	1,695	2,030	4,471	7,707	20,325
Expenditures	\$128,929	\$2,810,227	\$2,379,308	\$2,413,058	\$4,278,609	\$6,315,274	\$3,773,184	\$4,720,041	\$5,758,223	\$8,021,081	\$7,412,875	\$48,010,808
Municipal & Schools												
Participation	2	1	19	7	8	7	10	2	23	3	-	81
Demand (MW)	0.01	0.00	0.06	0.02	0.06	0.02	0.19	0.02	0.18	1.02	-	2
Energy (MWh)	0	0	0	1	7	22	258	65	268	1,718	-	2,339
Emissions	0	0	0	0	4	13	155	39	161	1,034	-	1,407
Expenditures	\$115,812	\$34,744	\$745,278	\$161,746	\$608,842	\$122,126	\$1,200,920	\$147,423	\$1,667,922	-	-	\$4,804,813
Total Photovoltaic												
Participation	12	142	187	153	255	299	234	338	491	740	813	3,664
Demand (MW)	0.03	0.47	0.51	0.46	0.86	1.20	1.10	1.53	2.18	5.45	7.61	21
Energy (MWh)	43	855	758	757	1,342	2,001	1,883	2,883	3,643	9,150	12,810	36,123
Emissions	26	514	456	456	807	1,204	1,133	1,734	2,192	5,505	7,707	21,732
Expenditures	\$244,741	\$2,844,971	\$3,124,586	\$2,574,804	\$4,887,450	\$6,437,400	\$4,974,104	\$4,867,464	\$7,426,145	\$8,021,081	\$7,412,875	\$52,815,621
Solar Hot Water												
Participation	-	-	-	3	14	27	41	44	90	28	2	249
Demand (MW)	-	-	-	0.00	0.01	0.02	0.03	0.03	0.06	0.02	0.00	0
Energy (MWh)	-	-	-	10.1	47.1	82.3	107	106	202	68	2	625
Emissions	-	-	-	6	28	50	65	64	121	41	1	376
Expenditures	-	-	-	\$1,900	\$27,000	\$52,000	\$88,000	\$93,500	\$185,000	\$51,000	\$6,000	\$504,400

Unaudited data as of January 31, 2015



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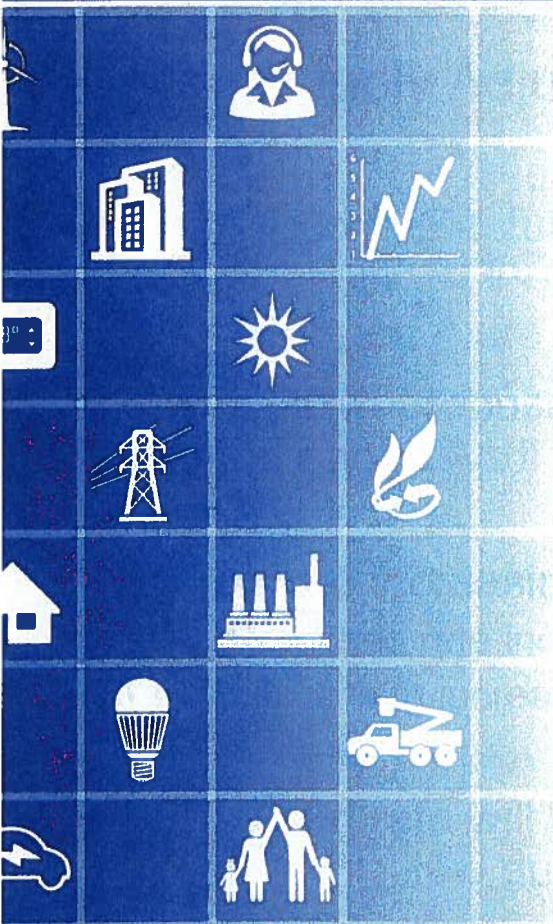


Council Committee on Austin Energy

June 23, 2014

Power Supply Adjustment and Other Rate and Fee Changes

FY 2015



CLEAN, AFFORDABLE, RELIABLE ENERGY AND EXCELLENT CUSTOMER SERVICE



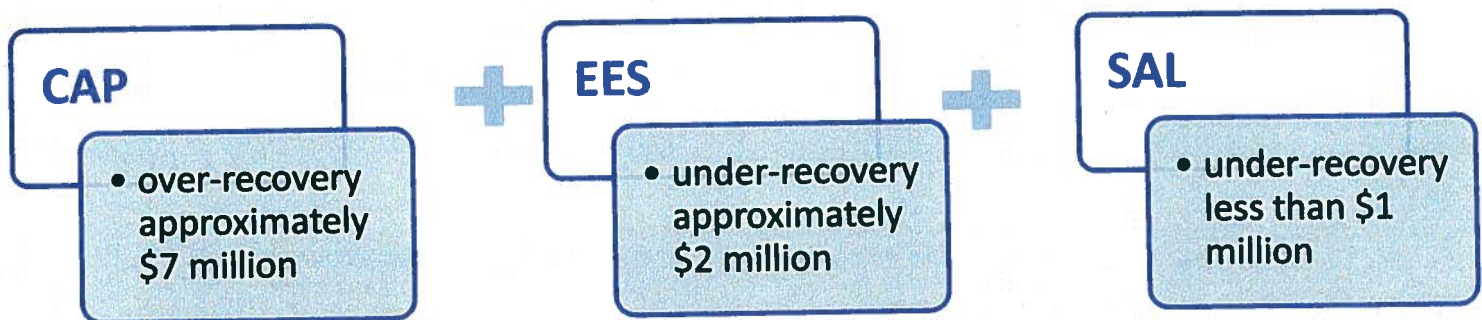
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Community Benefit Charge (CBC) *No Change in Budget FY 2015*

- Customer Assistance Program (CAP)
 - to provide utility bill assistance, weatherization, and discounts for qualifying low-income customers
- Energy Efficiency Services (EES)
 - AE's energy efficiency and distributed solar services
- Service Area Lighting (SAL)
 - to provide service area lighting throughout the City of Austin



Over/Under Recovery at end of FY2013