**Overall Demand and Energy Savings Goals for Austin Energy**

**Recommendation: The Low-Income Consumer Task Force reaffirms the goal adopted by City Council that Austin Energy continue to meet its 800 MW peak reduction goal by 2020, and recommends that Austin Energy pursue achieving at least another 200 MWs of peak reduction by the beginning of 2025, subject to availability of technology, programs and budgets. Thus, the Task Force believes assuming adequate support from council this goal of achieving 1,000 MWs by the beginning of 2025 is readily achievable.**

**In addition, Austin Energy should continue to study achieving an even greater level of peak reduction, such as 1200 MWs by the beginning of 2025. Expanded loan programs and the availability of PACE may allow the utility to achieve this ambitious goal or at least get nearer to this ambitious goal.**

Background. On December 11th, 2014, the City Council established a new demand reduction goal for Austin Energy, reaffirming the goal of reaching 800 MWs of peak demand between 2007 and the end of 2020, and requiring at least an additional 100 MWs of peak demand reduction by 2025. As part of this new overall 900 MW goal, Council required that at least an additional 100 MWs out of the 900 MWs be acquired from demand response.

Although the Council set the new 900 MWs of demand reduction goal, Council was careful to direct Austin Energy to view this goal as a minimum, and therefore established two additional "targets." First, City Council told Austin Energy to seek to achieve a greater amount of demand reduction, by stating that subject to further study, technological development, progress toward goals and rate and budget considerations, Austin Energy should consider the potential to reduce an additional 100 MWs of demand reduction through additional energy efficiency and demand response programs by the end of 2024.

Secondly, City Council directed Austin Energy to study whether an even more ambitious goal of 1,200 MWs by the end of 2024 was economically and technically achievable.

The Low Income Task Force believes that assuming improved technologies, programs and a budget commitment roughly consistent with current budgets in the $40 million range, achieving 1,000 MWs by the end of 2024 is readily achievable. Further study and analysis of course is needed. In addition, with the development of new programs like PACE, improved loan opportunities, and potentially other financial mechanisms like On-Bill Repayment, Austin Energy should study the potential to achieve at least 1,200 MWs of demand reduction between 2007 and 2025.

**Graph 1. MW Savings to Date, Tracking to 800 MW Goal by 2020 and 900 MWs by 2024**

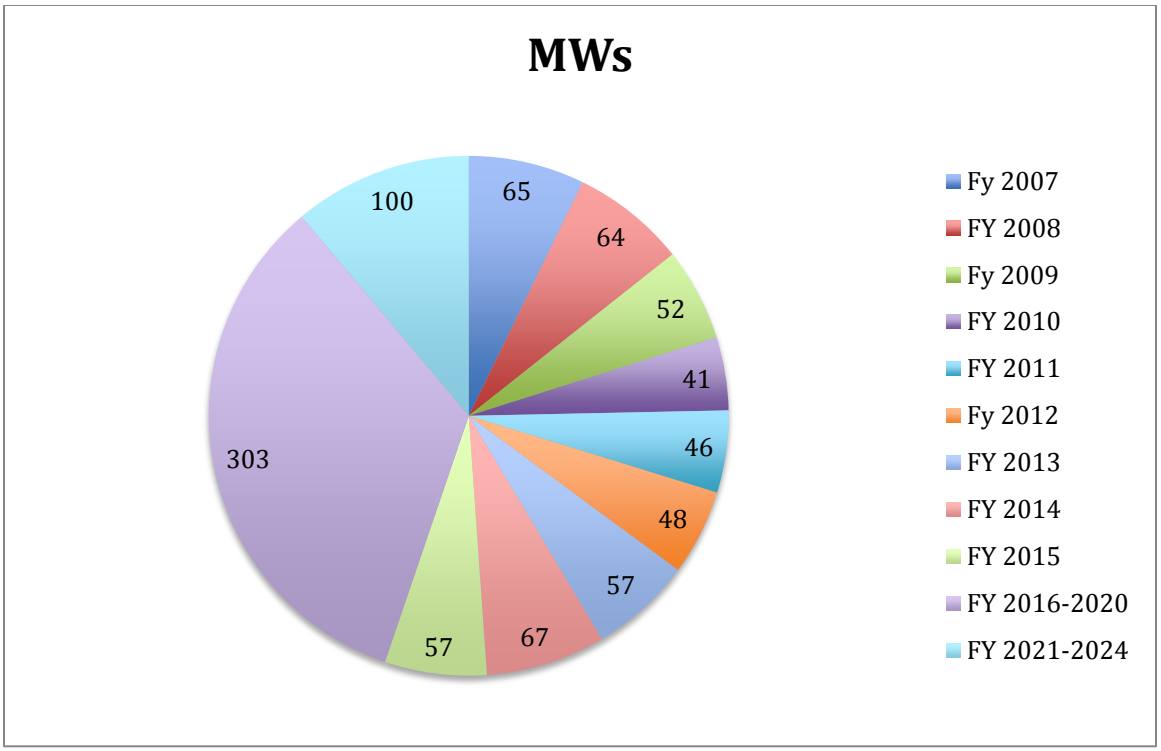


**Table 1. Getting to 1000 by end of 2024: What's A Path To Getting There?**

| Year | Energy Efficiency | Demand Response | Total |
|---|---|---|---|
| 2007-2015 | 401 | 96 | 497 |
| 2016 | 50 | 10 | 60 |
| 2017 | 50 | 10 | 60 |
| 2018 | 50 | 11 | 61 |
| 2019 | 50 | 11 | 61 |
| 2020 | 50 | 11 | 61 |
| Total to 2020 | 651 | 149 | 800 |
| 2021 | 30 | 20 | 50 |
| 2022 | 30 | 20 | 50 |
| 2023 | 30 | 20 | 50 |
| 2024 | 30 | 20 | 50 |
| Total by End of 2024 | 771 | 219 | 1000 |

**Table 2. Getting to 1200 by end of 2024: What's A Path To Getting There?**

| Year | Energy Efficiency | Demand Response | Total |
|---|---|---|---|
| 2007-2015 | 401 | 96 | 497 |
| 2016 | 50 | 10 | 60 |
| 2017 | 50 | 10 | 60 |
| 2018 | 50 | 11 | 61 |
| 2019 | 50 | 11 | 61 |
| 2020 | 50 | 11 | 61 |
| Total to 2020 | 651 | 149 | 800 |
| 2021 | 60 | 40 | 100 |
| 2022 | 60 | 40 | 100 |
| 2023 | 60 | 40 | 100 |
| 2024 | 60 | 40 | 100 |
| Total by End of 2024 | 871 | 319 | 1200 |

**Energy Savings Goals**

**Recommendation: Establish a minimum energy savings annual target of one percent of total energy sales through energy efficiency and demand reduction programs. In future updates to the Austin Energy Generation Plan, assess meeting this level or higher energy savings goals, subject to future budgets, affordability and other factors.**

Background. While peak energy use – both in the summer and winter – is extremely valuable both to customers and to the utility and should be a major focus of the utility, the Task Force believes that energy savings – the amount of energy used year-round – is of equal importance. While Austin Energy unofficially maintains and reports energy savings goals, the Task Force believes it would be appropriate to establish a permanent energy savings goal for Austin Energy's energy efficiency and demand reduction programs. As an example, the State of Texas requires that Investor-Owned Utilities establish and meet both a demand reduction and energy savings goal. In addition, many states in the US have required their utilities to establish an energy savings goal, usually from between a half a percent of use up to three percent of use.

Establishing an energy savings goal would also assure that Austin Energy does not focus solely on demand response programs, which though important, does not directly help residential consumers on their monthly bills as much as do energy savings. Also, energy savings goals contribute more directly to the reduction of carbon and other pollutant emissions.

While Austin Energy should work with City Council to establish a long-term energy savings goals, the Low-Income Consumer Task Force recommends that Austin Energy in the short-term aim to save at least one percent of its energy sales through energy efficiency and demand reduction programs. Currently, these programs appear to have met this target in 2014. Thus, we believe a one-percent target for energy savings is readily achievable within current budgets. In future Generation Plan updates, Council should examine this one-percent target and consider other appropriate levels ranging from one to two percent of total sales, which many utilities throughout the country are readily achieving.

**Table 4. Current Energy Savings by Year**

| Year | Total KWh Sales | Total Reported Energy Savings | % of Sales |
|---|---|---|---|
| FY 2011 | 12,723,303,281 | 117,298,000 | 0.92% |
| FY 2012 | 12,715,146,231 | 108,606,000 | 0.85% |
| FY 2013 | 12,270,733,600 | 117,198,000 | 0.96% |
| FY 2014 | 12,588,000,000 | 127,649,000 | 1.01% |