



MEMORANDUM

TO: Low Income Consumer Advisory Task Force

FROM: Debbie Kimberly, V.P. Customer Energy Solutions

DATE: September 16, 2015

SUBJECT: Response to Low Income Consumer Advisory Task Force (LICATF) Final Report

On September 14, 2015, the LICATF submitted the updated final draft (version 8) of its report to task force members and staff for review in preparation for task force votes on September 18. Austin Energy deeply appreciates the work of this group, and also acknowledges the support of many Austin Energy staff over the past 11 months, which entailed 25 meetings, numerous information requests and thousands of hours of work. With the final report totaling 60 pages, and in an effort to facilitate task force dialogue, this document is prepared in summary fashion, with further staff input on specific recommendations to be provided by September 25.

In reviewing the task force report, we are encouraged by areas of agreement and would note that many of these initiatives have already been implemented and/or agreed to by staff. Examples include:

- 1) Increased detail and transparency in data reporting via monthly and annual reports. Monthly reports are posted online, and staff will continue to add detail (including monthly weatherization reporting shared with the task force). Requests for Council Approval (RCAs) have added significant explanatory detail. Staff prepared detail on the CES budget that expanded the high level information assembled by the City. Staff also agreed prospectively to prepare year-end reports that depict participation by Councilmember district (as well as for customers living outside the City of Austin).
- 2) Enhanced efficiencies in program administration. Reflective of program process improvements made this year, roughly 530 customer residences will be weatherized this year, a number that would have been higher were it not for issues beyond staff's control associated with finalizing the new contract. Multifamily performance has exceeded

budget and steps have been taken to ensure that the program is cost-effective in reaching this large, growing and hard-to-reach market.

- 3) Staff commissioned and distributed a report by GDS Associates to assess best practices and is continuing to explore ways to enhance and streamline program administration.
- 4) AE is coordinating with other City departments on focused outreach to select neighborhoods in 2016 – in particular, the Holly and Rundberg Lane communities.
- 5) Multifamily ECAD audits and disclosures are already available on the COA data mart. Staff is committed to further enhance outreach efforts that were expanded this year, and will implement positive recognition to reinforce customer actions. Site visits influence high energy users and continue to bridge the energy efficiency gap for these properties.
- 6) Staff is working on programs to expand the reach of solar to low income customers (as with the Guadalupe Saldana neighborhood, Life Works and other installations). Though in early stages, we are encouraged by several opportunities.
- 7) As an alternative to the recommended ‘triple bottom line’ calculation, which does not exist as a quantitative determinant, staff will report the societal cost test for all programs, including those for low and moderate income customer programs.

The following are areas where staff believes the report contains inconsistencies or recommendations that would be problematic:

- 1) Directing 25% of the EES budget to energy efficiency programs and 15% of the budget to solar programs¹ (40% total) that benefit low and low moderate customers will result in decreases to programs that support commercial customers, and de facto, will not enable AE to achieve 900 MW in energy efficiency and demand response savings and 100 MW of customer-sited solar by the year 2025. This allowance ignores funding that is already directed to this population via the CAP assistance program, Green Building and other initiatives. Staff suggests that a rebate budget goal² of 15% - 20% would constitute a stretch goal and that all recommendations in the report be analyzed from a cost-benefit standpoint in order to prioritize recommendations.
- 2) Several of the recommendations in the report, particularly as relates to setting demand reduction goals, are incongruous and in some cases, not achievable. For example, based on the 25% budget scenario, annual savings would be impacted by roughly 6 MW, increasing the cost per kW saved, and creating a concomitant effect on the budget. Separate goals are recommended for annual energy savings. Another recommendation targets a goal of 5% of the utility’s peak demand savings, escalating 1% per year over 5

¹ Staff’s records do not reflect that the solar item was voted upon.

² Based on total annual EES rebate budget.

years. Applied to the weatherization program, and assuming per home savings of 1 kW, this would necessitate weatherizing 2,000 – 3,000 homes per year, at a cost of \$8 - \$12 million annually (over half of the entire energy efficiency rebate budget). Staff believes that the programs should seek to reach as many customers as possible, with targeted aggregate savings for the weatherization and low income multifamily program set at 4.5 MW annually, more than double the current weatherization goal.

- 3) Similarly, many recommendations – free audits, ECAD enforcement (not required by resolution), expanded provisions relating to the installation of window AC and HVAC units – will entail additional costs, resulting in budget impacts.
- 4) Low income consumer advocacy groups have stated unequivocally that their target populations do not want, nor can they support, equipment financing loans. Staff is very willing to undertake review and implementation of on-bill financing options for residential customers as a whole, and in enhancing loan provisions through our partnership with Velocity Credit Union (lowering the FICO threshold and releasing previously reserved funds for enhanced loan opportunities).
- 5) An audit of the billing system is not within the scope of the task force and is not supported by factual findings. Similarly, other assertions in the report are not substantiated by fact.
- 6) The equity argument inferred in the report – that low and moderate income customers contribute disproportionately to program funding but do not receive proportional benefits – has not been proven. Staff is finalizing an analysis, based on recently acquired abilities to extract data overlaid by census tract, and will release those findings within the next week.

Again, we appreciate all of the work that the task force members, individually and collectively, have devoted to the development of comprehensive recommendations. Staff believes you have accomplished the sizable goal that you were tasked with accomplishing. In order to redirect staff energy to executing on the successful implementation of these and other programs that serve our customers, we believe that the task force should conclude its work by October 1.

As always, I am prepared to answer any questions the task force may have.