

To: Resource Management Commission  
From: Cyrus Reed, RMC  
December 11<sup>th</sup>, 2015

On Thursday, December 10<sup>th</sup>, City Council approved three recommendations related to the Low-Income Consumer Task Force (LICTF). The first two require the City Manager and Austin Energy to come back with a plan and response on how to implement recommendations they are in basic agreement with as well as other that are under review to see how to proceed, as well as discuss any budgetary impacts. The other resolution requires the RMC and EUC to further review the recommendations of the LICTF that the utility does not support or where there was not consensus among the Task Force members. While I have had some initial discussions with fellow RMC members Kaiba White and fellow Task Force member Michael Wong (who was part of the Minority Report), I thought it might be useful to list the six basic recommendations in which there is not agreement along with some basic notes about the issue. I believe the best course forward may be to name a working group to work with Austin Energy and come back with possible options going forward on these six recommendations at a future meeting, either in January or February.

**Recommendations of the Low Income Consumer Advisory Task Force that the Utility Does not Support and/or where there was not consensus among the Task Force members**

- Establish an annual minimum energy savings target of one percent of total energy sales. (See Task Force Final Report at p. 15 and Austin Energy item number 22.)

The purpose of this recommendation was to assure that AE is not solely focused on reaching peak demand savings, but also reaching overall energy savings. AE has met this target of one percent the last three years according to my calculations. A possible tweak would be to clarify that at this point this is only an annual reporting requirement to assess our efforts on energy savings, and not a “goal” in the same way that the 800 MW and 900 MW demand reduction goal are part of the required goals in the 2025 Generation Plan. I am happy to work on language to make this clearer. I do not anticipate AE having trouble meeting this target for the next several years.

- Set an annual demand savings goal for programs targeting low and low-moderate income customers of no less than 5% of the utility's peak demand savings and raise the demand goal by 1% per year up to 10%. (See Task Force Final Report at p. 17 and Austin Energy item number 23.)

The Investor-Owned Utilities in Texas currently must achieve five percent of their demand reduction goals through programs that target low-income residents. This recommendation says that for at least five percent of the annual demand savings should be met through programs that reach low-income and low-moderate income residential consumers. Thus, if our annual demand savings were 60 MW each year, at least 3 MWs should be derived from programs like weatherization, multi-family programs geared toward low and low-moderate income residential consumers. In addition, the recommendation would also require that goal to be raised one percent per year.

This recommendation is opposed by AE, in part because of their concern about the achievability of the five percent and 10 percent goals without being able to reach their overall demand goals under current budgets. The recommendation does need clarification as it is unclear which programs could count toward the goal, and it is not clear if the goal is based on what is achieved or what is planned to be achieved. Thus, if AE were able to design a new demand reduction commercial program that ended up being very successful in a single year, would AE be required to make sure its overall demand reduction achievements from low-income program was raised to be five percent of these achievements as well? I believe that further discussion and clarification is needed.

- Spend a minimum of 25% of the Energy Efficiency Services budget on programs that help low and low moderate income residential customers, with at least 10% of the Energy Efficiency Services budget dedicated to the free weatherization program. Furthermore, at least 15% of the total distributed solar budget for new projects should be dedicated to projects that benefit low and low moderate income customers. (See Task Force Final Report at p. 18 and Austin Energy item numbers 12 and 13.)

This recommendation comes out of our analysis that those consumer customers that are at 400 percent or below of the poverty line contribute about \$10 million per year to the EES budget, roughly 25 percent of the amount raised by the EES fee. The 10 percent figure is the amount that IOUs in Texas are required to spend on their low-income weatherization programs.

This recommendation has sparked some confusion. The intent was to include everything in the 25 percent figure that helps low and low-moderate income residents, including administration, green building programs, demand response programs, rebates, the weatherization program and the multi-family programs that focus on apartments where low-income residents live. While the 10 percent figure was meant to apply to the free weatherization program, it is unclear whether money from outside sources, be it CAP, federal funds or contributions could apply, and whether pilot programs could “count” toward these budget amounts. It should also be clarified in the solar budget whether it was meant to apply only to the commercial multi-family program or to single-family homes as well. It was meant to apply only to NEW solar projects, and not carryover projects. The solar money was meant to “count” toward the 25 percent level, though this

may not be clear in the recommendation. This recommendation deserves further discussion and clarification.

- Make Energy Star window unit air conditioners the standard air conditioning application in the low income weatherization program and include under limited circumstances, repair and replacement of central air conditioners and expand income eligibility to low income customers whose household incomes are 250% of Federal Poverty Guidelines or less as qualified by the City of Austin Health and Human Services Department. (See Task Force Final Report at p. 36 and Austin Energy item numbers 14 and 15.)

Discussion: This recommendation has also led to controversy. The intent I believe was to set a policy that residents that qualify for the low-income weatherization program should have access to cooling and heating services if certain conditions occur. The intent was not to give everyone in the program a free air conditioning system, but set the criteria by which they would gain access. Thus, if a resident had a working central AC they would not have access to energy star cooling units, or if they had a central AC system that just needed cleaning or repair they would not have access to free units. Clarification is probably needed on what the criteria are, but we believe it would not lead to a huge outlay of funds, but would allow AE and contractors to provide AC and heating in certain circumstances.

The recommendation to increase eligibility to 250 percent is really a City Council policy decision. We did clarify that the priority should remain focused on those at 200 percent or lower of the federal poverty line. The recommendation came out in part of a frustration that while folks at 200 percent have access to free weatherization those at 200 to 250 probably do not have the disposable income to participate in other AE programs yet do not qualify for the free program.

- Condition an applicant's financial approval from Austin Housing Finance Corporation with seeking energy efficiency services from Austin Energy including solar for new and/or substantial rehabilitation construction. Higher rebates should be considered for these applicants. (See Task Force Final Report at p. 52 and Austin Energy item number 21.)

Austin Energy rightly points out this is not their decision, but we believe there is widespread support for the idea that those gaining tax and financial benefits from the Austin Housing Finance Corporation should at least seek rebates and incentives for making those buildings more efficient and at least explore the potential for solar. Potential clarifications on which AHFC programs we were focused on might help. Thus, perhaps making it clear our intent was really focused on apartment buildings as opposed

to single family homes might help and that our intent was not that you could not provide support if you did not access AE programs, but only that applicants would be required to seek those services and see if they qualify.

- Develop a plan for fully enforcing the entire ECAD ordinance, especially for those multi-family facilities whose electric cost is 150% of average electrical cost, and present that plan to the Electric Utility Commission, the Resource Management Commission and the City Council for approval. Austin Energy should include funding for full enforcement of ECAD, according to the approved plan in its FY 2017 budget proposal. (See Task Force Final Report at p. 51 and Austin Energy item number 18.)

Discussion: AE believes the ECAD program has been successful as more of a carrot approach, but the Task Force believed that they have an obligation to also enforce the ordinance. The original ordinance did discuss enforcement, including penalties for not following the ordinance. The recommendation does not tell them to enforce the ordinance, but to develop a plan to do so and present that plan to the RMC, EUC and City Council. Slight tweaks in the language to make it clear that it is a requirement to report on how to fully enforce the ordinance along with the required steps to move it forward might be helpful. Whether RMC, EUC and City Council would then recommend these steps be taken would be part of a future discussion.

#### Minority Report Recommendation

- ★ Investigate and/or Create a “direct installation neighborhood program” for both homeowners and renters that installs quick-payback electric efficiency measures including but not limited to LED lighting, low-flow showerheads, aerators and other measures deemed cost-effective;

This recommendation did not make it in the final report but we believe there is support for moving forward at least on a pilot program. It should be clear that this program does not replace the free weatherization program but is a separate program. I hope this can be addressed by the RMC and by City Council.