



MEMORANDUM

TO: Mayor and City Council Members

CC: Marc A. Ott, City Manager

FROM: Mark Dombroski 

DATE: March 11, 2016

SUBJECT: Response to Council Resolutions 20151210-027 and 20151210-028

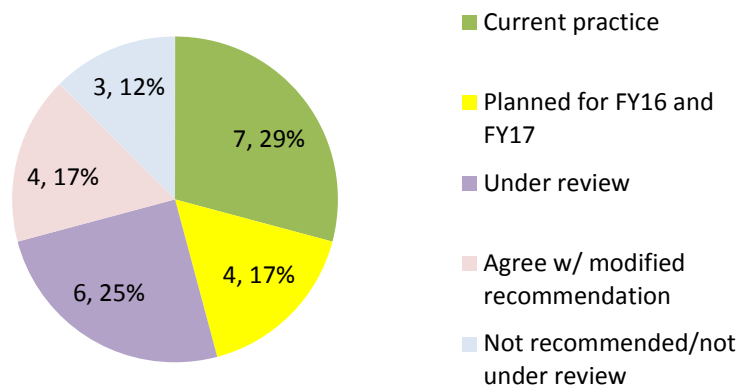
On December 10, 2015, the City Council passed three Resolutions regarding the Low Income Consumer Advisory Task Force (LICATF) and Minority final reports, and Austin Energy's (AE's) response thereto. The resolutions are summarized as follows:

1. Resolution 20151210-027. Austin Energy should provide the proposed schedule, plan and budget for those items where the utility and the Minority Report crafters concur with the LICATF report.
2. Resolution 20151210-028. Austin Energy should provide the timeline and specific actions taken toward achieving recommendations identified by the utility as underway or current practice.
3. Resolution 20151210-029. Electric Utility and Resource Management Commissions should review recommendations with emphasis on those items that the utility does not support and/or where there was not consensus.

This report will provide additional information on the first two recommendations cited above and staff's support of the recommendations made by the Resource Management Commission on the third resolution.

In **Attachment A, LICATF Final Report – Recommendations Excluding Those Proposed for Future Consideration**, staff has summarized the 22 recommendations in the Final Task Force Report and 2 recommendations in the Minority Report, with staff's response.¹ The graphic to the right depicts staff's position on the 24

**AE Response to LICATF and Minority Report
24 Recommendations**



¹ This approach was taken at the request of the task force Chair, in order to reconcile with LICATF presentations to Commissions and Council (which omitted items for future consideration) and to narrow the focus to those items that were submitted to a vote of the task force.

recommendations and demonstrates significant areas of agreement and/or commitment to reach closure on 88% of the task force recommendations.

Background

The Low Income Consumer Advisory Task Force was created by Council Resolution 20140828-158 to “make recommendations relative to the development, design and implementation of energy efficiency and renewable energy programs to meet the demand reduction goals of low income and low-moderate income² residential customer programs.” A companion resolution also established updated goals for Austin Energy’s energy efficiency/demand response programs and distributed renewable programs. Among other goals, the utility committed to achieving 900 MW of energy efficiency and demand response savings and 200 MW of local solar installations (with at least 100 MW customer-sited) by the year 2025. We are making solid progress towards achieving these goals:

- Through aggressive MW savings goals, the City of Austin departments have integrated tighter energy efficiency codes, provided incentives to reduce the initial cost of energy efficiency and solar improvements, provided loans and education, influenced behavioral changes through the Energy Conservation Audit and Disclosure (ECAD) Ordinance, implemented rate price signals and created electric usage web based applications. This proactive approach reduced the average energy consumed per home over 15% in the last four years³.
- AE established a generation portfolio which currently consists of 29% renewable energy, including 29 MW achieved through customer-sited solar incentives. Efforts are underway to develop AE’s first community solar offering.
- In 2014, AE had the highest percent of total consumption saved by efficiency/solar within the state (50% more than CPS and five times more than the Investor Owned Utilities).⁴
- For the period beginning 1983, AE weatherized 17,160 low income homes, supported the Guadalupe/Saldana Net Zero Neighborhood Development and provided rebates for over 150,000 apartment units since 2001.

Initial discussions of the task force focused on low income weatherization. Discussions subsequently expanded to the multifamily program, which, coupled with weatherization, reach the residential demographic that was the focus of the task force. Notable achievements in recent years are summarized below.

- AE spent almost \$33 per utility customer for Customer Assistance, Weatherization and Multifamily rebates in 2014. By way of comparison, CPS Energy spent \$27 per customer.
- Specific to low income weatherization, AE has enhanced program processes and partnerships. The average cost to weatherize a home has been on average \$3,100, and the time required to complete work from assignment to final inspection has been cut in half.⁵ New offerings are being integrated. These include:
 - Direct install of energy efficiency measures through partnerships with such entities as the Austin Fire Department and Meals on Wheels and More.
 - Administering installation of low flow water saving devices on behalf of Austin Water Utility.
 - Joint services such as weatherization and home repair in the Holly Neighborhood with Housing Repair Coalition, Neighborhood Housing and Community Development and Texas Gas Service.

² By inference, the Resolution defines low moderate income customers as those with household incomes between 200 and 400% of the federal poverty guidelines.

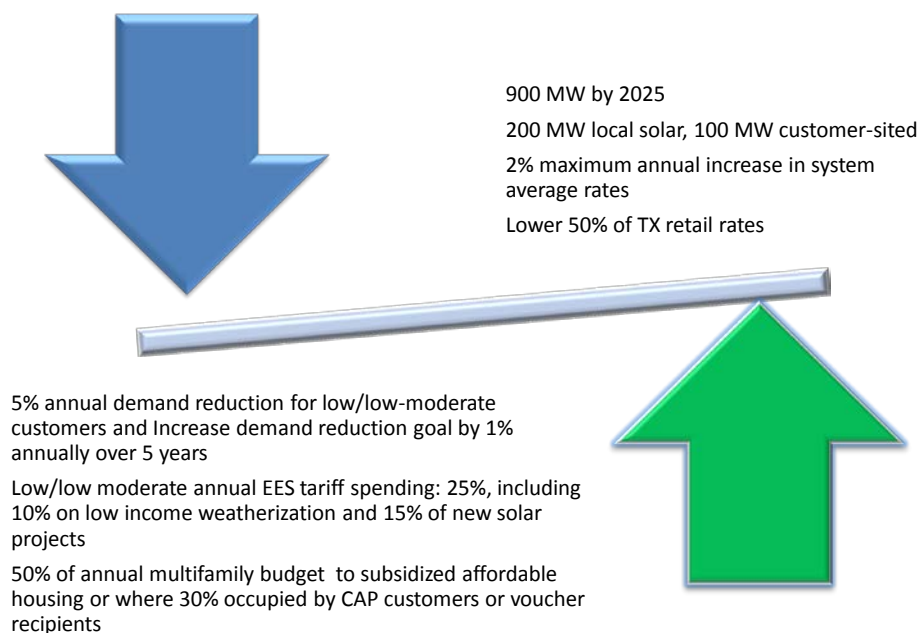
³ Attachment B, Texas Utility Comparison sourced by Energy Information Administration 2009-2014.

⁴ Ibid.

⁵ Attachment C, Response to Recommendation #9 illustrates the history of measures and costs (in real dollars) of the low income weatherization program.

- Expanding our community outreach working with Austin Resource Recovery, Family Eldercare and Health and Human Services.
- Providing window AC units in low income homes that are being weatherized for customers that do not have working units.
- On-site assessments have been automated, allowing for contractor and customer interaction process improvements.

AE staff worked with the task force for a year to forge areas of consensus or compromise agreement, mindful of the need to allow sufficient flexibility to achieve ambitious goals while meeting the Council's affordability and other policy directives. As a practical matter, it is important to acknowledge the "balance challenge" that exists in the ability to accomplish large corporate goals when other goals may diminish progress towards these goals as illustrated in the graphic below:



Maintaining this balance is the primary reason that staff was unable to agree with 6 of the LICATF recommendations as originally crafted. However, staff does support the recommendations of the Electric Utility and Resource Management Commissions, which approved modified versions of those recommendations on February 16, 2016. This memo and the accompanying attachments are responsive to Resolutions 20151210-027 and 20151210-028.

Please feel free to contact me if you have any questions.

Attachment A - Summary of all LICATF Recommendations

	A	B	C	D	E	F	G	H	I	J	K
1	Recom. #	LICATF Final Report Publishes 9/30/15 - Recommendations List excluding any future consideration items	Report Page	AE Response	Minority Report	Concur	Underway or Current Practice	Schedule and plan for items where all concur - Resolution 20151210-27	Budget Implications on Items where all concur Resolution 20151210-27	Specific Actions and timeline for items underway or current practice - Resolution 20151210-28	Staff Comments on Items Not Recommended or No Consensus - Resolution 20151210-29
2	1	Establishing goals for energy savings - one percent of total energy sales	15	Not recommended - but agree with RMC alternative		✓ *		AE reports energy savings in its annual progress report and believes that near-term, a 1% goal is achievable. Longer term, the goal may be less achievable, due to market transformation and more aggressive energy codes. Staff agrees with the EUC/RMC that in future updates to the Austin Energy Generation Plan, to assess this target, subject to future budgets, affordability, and other factors.	\$0 currently	See column H	See column H
3	2	Low and Low Moderate Income Program Demand and Energy Savings Goal of 5% of peak demand savings goal, escalating to 10% over five years	17	Not recommended - but agree with RMC alternative	Not recommended	✓ *		Staff agrees with the EUC/RMC amended goal that sets an annual low and low-moderate demand savings goal of at least 3 MW (1 MW low income and direct installation and 2 MW from multifamily and other programs).	Additional \$0.4 M for MF and \$1 MM WX direct installation annually		Staff believes that the EUC/RMC amended goal could be achieved in the near term, with little to no budget impact.
4	3	Establish goal that 25% of EES tariff budget, including admin costs be spent on low/low-moderate programs; 10% of budget spent on LI weatherization and 15% of distributed solar budget be spent on new projects spent on programs benefiting low/low-moderate customers	18	Not recommended	Not recommended			The current annual budget for all energy efficiency and solar programs, inclusive of administrative costs is ~\$35 million per year. (Not including \$1MM collected in CAP funds for weatherization, which are presumed to be excluded from this recommendation. Current annual spending totals \$1.4 MM on low income weatherization and \$1.8 MM on multifamily incentives (total \$3.2 MM) - both programs target low and low/moderate customers. This recommendation would require that AE spend \$3.5 MM on low income and \$5.3 MM on multifamily - a three fold increase in each program's budget). The only way to achieve this goal would be to significantly reduce/eliminate commercial programs and the associated savings.			This recommendation would impact current budgets, and would further increase commercial subsidization of residential programs and/or redirect funds from low moderate income customers to low income customers. This creates an equity issue. Aggregate demand and energy savings would be diminished, jeopardizing the ability to achieve AE Generation Plan goals. The RMC did not specifically address this, but rather proposed the energy and demand goals that staff supports.
5	4	Adopt the "triple bottom line" used by the City of Austin Sustainability Office for program cost-effectiveness evaluation using a methodology such as the Societal Cost Test.	19	Reporting with FY15 Program Results		✓	✓	Beginning with the FY15 CES program progress report, the 'societal cost test' was reported for all energy efficiency programs. This report was released in March, 2016.	\$0	See column H	
6	5	Transparency, Reporting, and Accounting - use consistent approach, report O&M separate from rebates, separate CAP from EES funded programs, report by CM district, monthly/quarterly/annual reports	21	Current practice and new features FY16	Show CBC revenues by District	✓	✓	CES posts monthly and annual reports to the AE website: http://austinenergy.com/wps/portal/ae/about/reports-and-data-library/customer-energy-solutions-program . The FY15 progress report, released in March 2016, contains a map plotting the location of all program rebates provided within AE's service territory.	\$0	See column H. Staff is targeting having incentive amounts detailed by CM District and by outside COA by June, 2016.	
7	6	True-up Correction for Energy Efficiency Services Budget Implementation	26	Current practice		✓	✓	AE CBC funds are tracked and 'trued up' on an annual basis by AE Finance once the COA audit is finalized.	\$0	Estimate having this information in April, 2016. The information is used to inform the budget development process, which may include adjustments to the CBC to reflect any significant over/under-recovery.	
8	7	Better building Codes and Planning Review Process	27	Current practice		✓	✓	For several years, AE has led aggressive energy code improvement creating some of the most energy efficient codes in the country, coordinating with the overall building code update process shepherded by COA Planning and Development Review.	\$0 (Excludes staff time spent in support of this function)	The proposed Residential Net Zero Energy Capable (ZECH) code will be presented to the EUC and RMC in April, 2016. The code is expected to be approved for final implementation by January, 2017. Details of the recommendations are contained in a presentation made to the RMC on January 19, 2016. http://www.austintexas.gov/edims/document.cfm?id=246573 .	

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9	8	Rollover of Unspent Weatherization Funds	32	Current practice for Customer Benefit Charge (CBC) Customer Assistance Weatherization (WX) funds. In FY 16, unspent FY15 Energy Efficiency Services (EES) WX will be rolled over pending Council approval		✓	✓	Starting in FY 2016, unspent CBC EES funding for weatherization for the prior year will be rolled over into the 2016 budget. This will total roughly \$1MM (CAP funding has been spent)	~\$1,000,000 Also of note, the EES tariff was reduced in FY16 to adjust for over collection and may be reduced prospectively, if appropriate. This effectively reduces costs for all customers.	See column H.	
10	9	Weatherization Cost Reduction Study	33	Current practice		✓	✓	As of February 2016, 350 homes have/are in process of being weatherized at a cost of \$3,100 average completion time 32 days. Issuing a new contract in FY16 will include increasing spending authority, provide standardized pricing and establish additional quality criteria. Processes will be streamlined and automated with new online rebate processing system also be implemented in FY16.	Staff anticipates bringing refreshed contracts to Council in August/September, 2016, with up to \$4MM in spending authority to cover carryover from FY15 and include direct installation measures. Prospectively, the annual amount will be reduced. Staff believes that it is possible to reduce per home costs to roughly \$2800.	See column H	
11	10	Universal Application with Automatic Referral Process	34	Under consideration		✓	✓	Low income programs are funded by various funding sources. Neighborhood Housing Community Development (NHCD) and Health & Human Services (HHS) utilize several federal grants that have various eligibility criteria requiring different forms many of which are ten pages. AE and Austin Water (AWU) run programs that allow more flexibility resulting in a two page application for weatherization. The concern of AE is that longer forms may become a barrier to low income participants. The joint effort in the Holly Neighborhood requires two forms completed; one form that is ten pages long with another form for the home assessment. From a customer perspective, this amount of paperwork can be overwhelming. An electronic application is in the AE online rebate tool for weatherization and referrals to other City departments and non-profit organizations. The tool is expected to be operational by FY end 2016.	\$0	See column H	
12	11	Provision of AC in Low Income Weatherization Program: Expand income eligibility to 250% of federal poverty guidelines, make window units the standard and allow repair and replacement of HVAC under ltd circumstances	36	Not recommended	Not recommended	✓	✓				Homes without working air conditioning (AC) will receive a window AC. Staff is investigating the possibility of minor repairs to existing central AC. With AC, results in higher usage and bills to the customers. The average electric costs per household for the 25,000 AE customers under 50% poverty level is around 35% of their income; 10% for up to 100% reduced to 3% for those below 250%. At 250%, there are 150,000 customers that would qualify for the funds.

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13	12	On-Bill Repayment: Financing from third party to enable on bill repayment of EE retrofits	38	Under consideration		✓	✓	Legal review was requested by Council and opinion (attorney client privileged) completed March 2016. The opinion stated that on bill loans are possible if for a public purpose, only for owner occupied properties (not rental properties) and will require the City to place a lien on the subject property. An operational study will analyze expected customer participation, liability for the City and impact to the system, process and staffing changes. This review may take several months. Implementation would be contingent upon cost/benefit/risk analysis, other billing system upgrades already in process and the priorities of FY18/19 budget. One aspect of the recommendation entails billing renters for equipment owned by the property owner. This is not legally permissible.	It is estimated that this will take significant staff time to address legal, risk management, funding financial concerns and community concerns and then hundreds of thousands of dollars to change processes and technology upgrades. Some of these estimates total well in excess of \$1 million.		Based on preliminary findings, staff believes that a) given the nature of the customer demographic (renters) there may be other means better suited to cost effectively reduce bills for these customers. This includes the existing multi-family program, direct installation of efficient lighting and learning thermostats, targeted outreach and pricing plans geared to these customers.
14	13	Contractor Rebate Pilot Program in Conjunction with Affordable Housing Projects. Eligibility for those at or below 250% of fpg. Work with NHCD to provide audits, weatherization and bulk purchased appliances from a local supplier	40	Under consideration, oppose 250% of fpg	Oppose 250% of fpg		✓	AE has current partnerships with AWU, NHCD, HHS, Fire Dept., Housing Repair Coalition and thirty two non-profit organizations. Family Elder Care, Austin Resource Recovery, COA Economic Development and others are reviewing joint efforts in FY16.	Included in FY 16 budget for partnering with other entities.		
15	14	Energy Star Window Heating and Cooling Unit for Medically Vulnerable Populations. Eligibility for those at or below 250% of fpg. Examine window AC loan program.	42	Current practice for vulnerable. Oppose 250% threshold, need to review loan program	Oppose 250% of fpg		✓	Staff agrees to establish a separate process to assess existing central air conditioners and determine whether existing central air conditioning equipment that is not working in low income residences can be repaired and cleaned at a reasonable costs, or whether an existing central air conditioning unit is 6 SEER less than required by current federal standards. In those cases, Energy Star window unit air conditioners can also be utilized as a standard energy efficiency improvement service option.	Will develop costs for AC check-up and repair for FY17 budget (June, 2016)	AE provides window AC units in low income homes that are being weatherized for customers that do not have working units. Experience to-date indicates that most units are working.	
16	15	Low Interest Loans for Installation of Energy Star Window Units. Based on FICO score.	43	Begin FY16		✓	✓	AE is working with Velocity Credit Unionto offering low interest loans for customers with lower credit scores and loan amounts. Many retail partners offer financing for various equipment.	\$100,000		
17	16	Low Interest Loans for Comprehensive Energy Efficiency for individuals at or below 400% of fpg. Includes relaxed FICO scores. Enable cost effective repayments via discounted appliance prices	45	Under consideration		✓	✓	Currently, staff has implemented a lowered credit score loan pilot program through Velocity Credit Union at 3.99% for those meeting the Better Building Department of Energy grant 15 point energy efficiency package or 5.99% for other efficiency measures.	Staffing is currently included in the budget. Additional funds are budgeted from interest rate buy downs can be as much as \$2,000 per loan.		
18	17	Fractional (Virtual) Solar Billing for multifamily properties	47	Under consideration		✓	✓	AE has asked COA legal to review. Discussions concerning the operational impact and system modifications necessary are underway pending the results of the legal department review. Once additional information is obtained, an expected participation rate will be calculated along with a cost benefit analysis. Implementation may be delayed pending upgrade activity on the billing system. As such, anticipate this will occur in FY17 at the earliest.	The 1st year annual costs are estimated to be up to \$100,000 for the design and implementation of one fractional metering pilot with Foundation communities. This excludes ongoing support costs.		
19	18	Direct 50% of Multi-family program budget to properties that receive affordable housing subsidies or where 30% of the rental units are occupied by CAP customers or customers who pay a portion of their rent with housing vouchers	48	Under consideration	Conditional support - goal not requirement	✓	✓	Low and Low Moderate Pilot will pay up to 100% of the cost for energy efficiency measures. Increases cost from \$400/\$500/kw to roughly \$800/kw.	MF Low and Low Moderate Pilot under development. Tentative schedule for launch late FY16 or FY17. Estimated incremental cost of \$0.4 MM		

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	19	Online Access of ECAD Disclosure Form	49	Current practice (data not form)		✓	✓	COA posts the following 12 data elements online, along with a map: Community Name, TCAD or WCAD Property ID(s), Audit Date, Percent Duct Leakage, Recommended Duct Leakage, Attic R-Value, Window Screens, Year Built, Common Area Washer and Dryer, Utilities, Total Units, Community EUI (kWh/sq. ft./yr.) . Staff is also researching other tools to provide estimated energy costs to prospective tenants via a web application. Anticipate completing this research by July, 2016. Coordination is needed to determine a method in which the energy guides can be linked.	Unknown at this time		
20											
21	20	Amend the ECAD Program to Provide Recognition for Efficient Rental Units	50	Begin in FY16		✓	✓	Develop an awards and recognition program to motivate ECAD compliance, and identify top performing multifamily communities where current and potential residents would expect to have lower energy bills.	\$10,000		
	21	ECAD Enforcement - AE develop plan to enforce ECAD, especially MF properties with EUI => 150% of average	51	Not recommended	Not recommended	✓	*	This is beyond the scope of the current ordinance as well as the scope of AE. To fully implement, AE would need additional staff with skill sets beyond the current energy efficiency staff. As noted in the Ordinance, enforcement is the responsibility of Code Compliance. Staff does support the RMC recommendation to develop options for multi-family facilities whose electric cost is 150% of average electrical cost, will present those options to the Electric Utility Commission, the Resource Management Commission for consideration. Austin Energy will consider a proposal for full enforcement of multi-family ECAD in its FY 2017 budget proposal.	\$150,000		Code enforcement and legal practices within the City of Austin need to be taken into consideration before a formal enforcement program is implemented.
22											
	22	Condition Austin housing Finance Corporation's financing on applicant's efforts to seek solar and energy efficiency	52	Not recommended	Not recommended			This is beyond the scope of the task force and Austin Energy's authority.			This is beyond the scope of the current ordinance as well as the scope of AE.
23											
24											
25		Minority Report Recommendations									
	23	Direct installation program for low cost, quick payback measures	14	Begin in FY16						AE has partnered with the Fire Dept. and the Housing Repair Coalition (HRC) to provide direct installation of LEDs and fire/CO monitors in low and low moderate neighborhoods in FY16. A Request for Proposal is planned to be bid in FY16.	
26											
	24	Transfer Free weatherization funding to CAP program	22	Not under review at present		✓	*			Could be done during FY17 budget/rate adjustment process. Would increase CAP tariff, reduce EES tariff.	Important to maintain consolidated program management, per Office of City Auditor recommendations.
27											
28	Color code -								Shifted Funds for LICATF Recommendations		
29	Current practice			7							
30	Planned for FY16 and 17			4							
31	Under consideration			6							
	* Agree w/ EUC/RMC recommendation, could accommodate			4							
32	Not recommended or not under review			3							
33	TOTAL			24							
34											

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35											

Attachment B - Low Income Programs for Texas Utility Comparison
2014 Demand Side Management Programs

	Austin Energy	AEP Central	AEP North	Centerpoint	CPS San Antonio	El Paso Electric	Entergy	Oncor	SWEPCO	SPS/Xcel	TNMP
Number of Customers	439,403	861,933	188,278	1,561,000	771,603	301,923	419,808	3,267,553	183,166	322,280	240,078
Total Kwh Consumed	12,631,824,595	24,759,000,000	5,600,000,000	#####	21,731,193,000	5,973,273,000	18,706,000,000	114,905,829,000	7,798,000,000	14,061,579,000	8,205,700,000
Kwh Saved from Efficiency	140,459,000	63,587,000	11,867,206	153,170,000	126,745,410	22,118,000	39,214,000	202,105,000	17,486,000	11,900,129	17,119,000
kW Saved	74,610	39,810	8,150	159,090	190,096	13,389	17,200	125,300	12,582	5,019	9,602
Percent of Total Consumption Saved by DSM 2014	1.11%	0.26%	0.21%	0.18%	0.58%	0.37%	0.21%	0.18%	0.22%	0.08%	0.21%

	Austin Energy	AEP Central	AEP North	Centerpoint	CPS San Antonio	El Paso Electric	Entergy	Oncor	SWEPCO	SPS/Xcel	TNMP
Total Program Expenditures	\$ 32,588,847	\$ 13,999,940	\$ 2,810,630	\$ 35,764,716	\$ 67,727,810	\$ 3,992,386	\$ 8,087,096	\$ 55,566,526	\$ 3,790,578	\$ 2,560,000	\$ 4,605,659
Hard-to-reach (Low Income)	\$ 3,380,157	\$ 2,385,310	\$ 465,340	\$ 7,156,612	\$ 15,075,631	\$ 576,214	\$ 1,544,644	\$ 13,777,580	\$ 642,900	\$ 659,000	\$ 1,108,678
% of Expenditures on Low Income	10%	17%	17%	20%	22%	14%	19%	25%	17%	26%	24%
Residential Customers	391,410	722,320	152,886	1,295,000	741,000	269,023	373,436	1,917,550	148,280	199,907	125,091
Customers below 200% poverty*	102,941	268,703	56,874	738,000	251,851	137,148	138,918	914,873	55,160	74,365	74,099
% of Residential Customers below 200% poverty	26%	37%	37%	57%	34%	51%	37%	48%	37%	37%	59%
Low income funding per low income customer	\$ 32.84	\$ 8.88	\$ 8.18	\$ 9.70	\$ 59.86	\$ 4.20	\$ 11.12	\$ 15.06	\$ 11.66	\$ 8.86	\$ 14.96

*Numbers reported in past Burden studies may not be reflected in current reports based on current population numbers. Numbers will change to reflect population changes. Percentages related to poverty within Austin will be updated in subsequent Burden studies and may not reflect the current percentages used to reflect percent of poverty in Austin. The numbers in the burden study are based on Census population (households) while numbers in previous AE PIR responses are customer based. The denominators are different so the resulting number will be different.

Key:

Total Program Expenditures	Total budget for all EE programs and includes solar, Demand Response and admin costs.
Large Commercial	EE, DR, Solar and admin costs spent in the residential and small business sectors.
Res. And Small Commercial	EE, DR, Solar and admin costs spent in the commercial sector.
Hard-to-reach (Low Income)	Budgets for low income EE programs including free weatherization and "hard to reach" numbers for IOUs. Includes expenses for multifamily energy efficiency programs, where available. Fpr AE, assumes 50% of MF directed to low income customers. Most IOUs do not dedicate budget specifically for multifamily energy efficiency programs. Excludes expenses for bill discount programs.
Percent Given to Low-Income	The percent of the total program expenditures dedicated to low income programs (free weatherization, multifamily and hard to reach).
Low-Income Funding Per Customer	Total low income funding divided by the total customer count from the previous tab; includes all customer classes.

References:

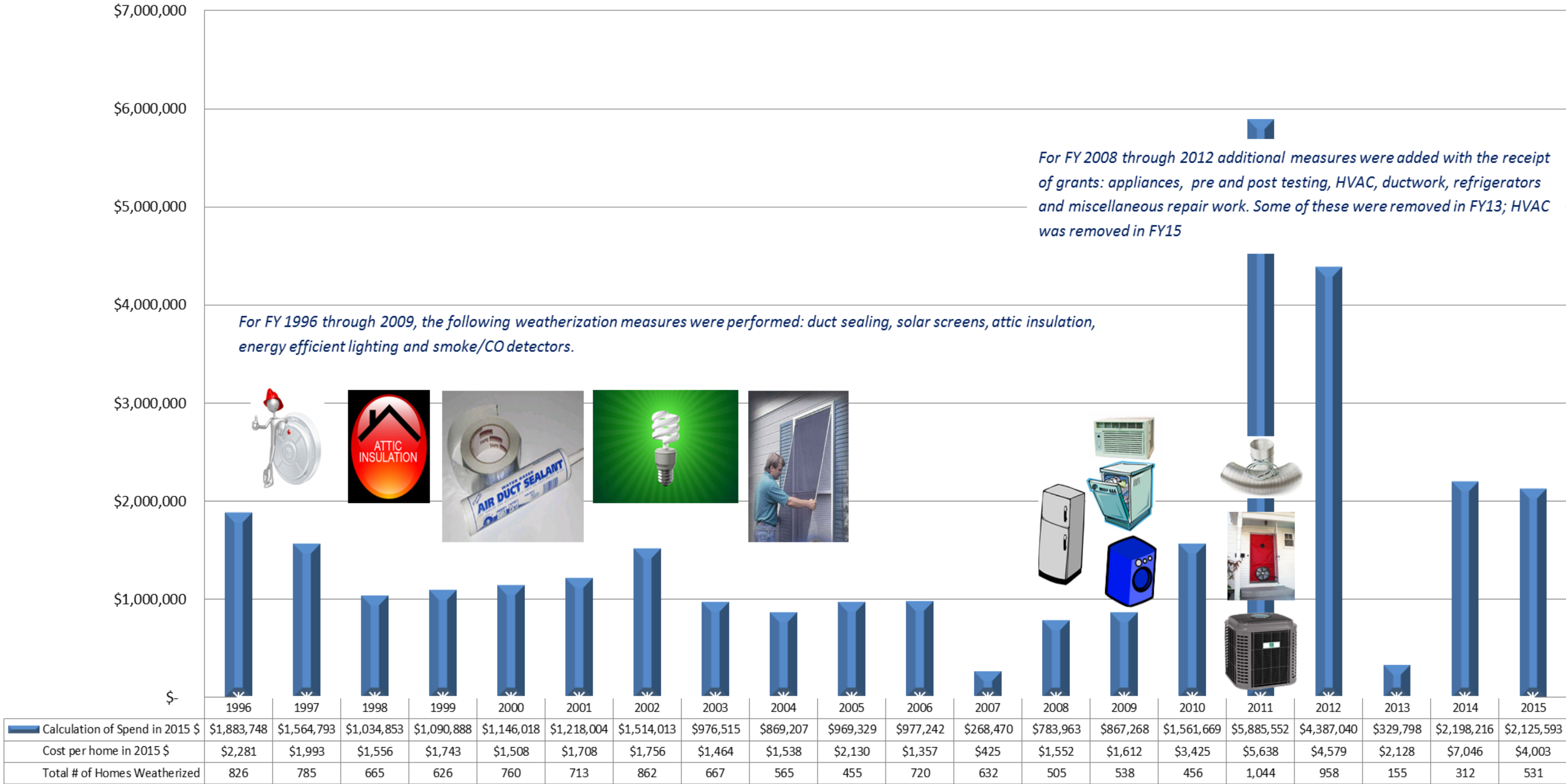
Texas Energy Efficiency Plans
http://interchange.puc.texas.gov/WebApp/Interchange/application/dbapps/filings/pgControl.asp?TXT_CNTRL_NO=44480&TXT_STYLE=&TXT_UTILITY_TYPE=A&TXT_D_FROM_STYLE=&TXT_D_TO_STYLE=

CPS Efficiency Plans and Other Data
<https://www.cpsenergy.com/content/dam/corporate/en/Documents/Finance/FY%202015%20Three-Year%20Highlights.pdf>
<http://www.sanantonio.gov/sustainability/Environment/SaveForTomorrowReports.aspx>

Other
<https://www.epelectric.com/investor-relations/december-2014-mwh-sales>
<http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>
<http://texasefficiency.com/index.php/publications/reports>
<http://texasefficiency.com/images/documents/Presentations/cleanairthroughenergyefficiency2012.pdf>

All IOU numbers come from their final filed and posted "2015 Energy Efficiency Plan and Report" document that can be found on the PUC website. "Customers below 200% poverty" numbers for the IOUs are those reported in their "2015 Energy Efficiency Plan and Report" posted to the PUC website. AE "Customers below 200% poverty" uses the same US Census source cited by the IOUs, but uses the number for Travis County households below 200% poverty, 26.3%, times all residential customers. Numbers for CPS "Customers below 200% poverty" use the Bexar County number from the Census, 34%. A number for CPS residential customers was based on a call to their contact center, reporting 741,000 for residential customers, or approximately 96% of electric customer base.

Attachment C - Austin Energy Low Income Weatherization
Inflation Adjusted (2015\$) and Actual Participation 1996-2015



¹Averages based on audited yearly values and additional grant funding for contract years 2008-2009 and 2010-2012.

²A total of 17,160 homes have been weatherized since 1982.

³ A grant was received in FY2008 to replace refrigerators for low income residences that were part of the COA Housing Authority. In FY 2009, a grant was received to install CFLs, Window A/C units, dishwashers, washing machines and refrigerators. In FY2011-2012 an American Recovery and Reinvestment Act grant was received for low income weatherization

⁴During FY 2013 a new format was initiated with AE working in conjunction with the Contract Management department. Due to the time required to implement the new approach and contractor challenge, a delay in weatherizing homes occurred.

⁵The 2015 values will include costs incurred for Austin Water Utility (AWU) reimbursement of water related improvements, unvouchered accounts payable transactions and refrigerator recycling costs. These values may change after final financial audited values are confirmed.

Recommendation 10: Universal Application

The City departments that provide services to low and low-moderate income customers based on income eligibility should use a universal application form that is not only processed by the receiving department but is also immediately referred to the other respective departments and the Health and Human Services Department should be the residual department to screen energy efficiency program applicants for income eligibility.

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AE Staff: Under Consideration

Schedule for items in consensus: FY 2016

Specific actions for items under consideration:

Low income programs are funded by various funding sources. Neighborhood Housing and Community Development (NHCD) and Health & Human Services (HHS) utilize various grants, deferred loans, and monies budgeted by the City. Each of the federal grants have various eligibility criteria, requiring different forms, some of which are up to ten pages in length. Austin Energy (AE) and Austin Water Utility (AWU) run programs that allow more flexibility, resulting in a two page application for weatherization. AE staff is concerned longer forms may become a barrier to low income participants.

An electronic form will be provided in the AE online rebate tool for weatherization participation and referrals from other City departments and non-profit organizations. The tool is expected to be operational by year end FY16. This will help streamline the process, reduce operational costs and allow customers, contractors and other agencies to refer customers through the form online. The website will additionally provide contact information for customer support and marketing material will still provide non web-based ways to apply to the program.

AE has many successful partnerships with other City Departments and community organizations, allowing the optimization of resources and addressing the needs of low income customers. Below are a few of the approaches AE is using:

1. Electronic Referral for Other Services

Austin Energy Customer Energy Solutions (AE CES) is implementing, in conjunction with the online rebate tool, an automated process that allows AE to electronically refer customers to other City departments and community organizations. The permission from the customer to release their information to other City Departments and community organizations offering low income services will be integrated into the AE application. The release by the customer allows additional information regarding the home audit, demographics and financial information to be forwarded to other organizations that provide additional services to eligible customers such as gas appliances, affordable housing subsidies, emergency repairs, loans, lead paint removal, structural repairs, etc. This allows one application to be used for other City Department and agencies. This common application has been shared between AE, Austin Water Utility and the Housing Repair Coalition (HRC). Currently, AE administers the installation of low flow water devices for AWU at no additional cost as well as coordinate additional assistance with Texas Gas Services (TGS). This application will be utilized with partners such as AWU,

TGS, Health & Human Services (HHS), Austin Resource Recovery (ARR), Housing Authority City of Austin (HACA), Neighborhood Housing and Community Development (NHCD), Meals on Wheels and More, HRC and Family Elder Care. AE has been working with various City Departments and community organizations over the past year to enhance processes and communication. For City funded programs, it is much easier to create a simplified form to meet all of the City needs as has been done with AE and AWU; however, Health & Human Services (HHS) and Neighborhood Housing and Community Development (NHCD) have several federally funded programs which may have unique forms and requirements. In some cases, one City Department may need multiple applications from the same resident in order to comply with each federally funded program criteria.

2. Direct Install Partnership of Energy Efficiency and Life Safety Measures

The above referenced tool will be used to track audits completed through neighborhood canvassing of a direct install program. This effort installs simple energy efficiency measures in homes, provides education, and home assessments through a door-to-door canvassing with various partners and City Departments. The audit information will be used to follow up with customers that may be eligible to participate in the AE low income weatherization and other assistance programs. Austin Energy will be expanding the direct install and home audit neighborhood canvassing approach through a request for proposal to be bid later in FY16 and provided for Council approval early Fall.

3. Holly Neighborhood Pilot

AE CES is currently participating in a joint pilot program involving AWU, NHCD and HRC. The initial goal is to pilot the Green and Healthy Home Initiative used in other cities to assess 34 items as a part of a health and home assessment for low income residents. This approach assumes one assessor has the certifications and skills to assess a wide range of needs from a family's well-being to the condition of the roof to their transportation options. This pilot is funded by various City Departments and federal grants. The latter requires different applications, different eligibility requirements, intake processes, and forms.

Planning for this pilot occurred over the last year accepting applications early in 2015. To date, there have been three or four customers accepted in this pilot program. As this is a pilot program, it is still in the early developmental stages of implementation; staff is not yet able to assess what the overall success rate and what, if any modifications will need to be made.

AE will continue to work with other City Departments and community organizations to bring services to our customers in the easiest and most effective way possible.

Budget Impact: Addressed in current budget FY16 ~\$87,500 - \$102,500
FY17 and Ongoing ~\$250,000 - \$350,000.

1. Electronic Referral for Other Services

AE has funded the cost of implementing the electronic application with the online rebate processing tool in the 2016 budget. No additional 2016 budget increase will be needed.

2. Direct Install Partnership of Energy Efficiency and Life Safety Measures

a. Austin Fire Department Partnership

The funding is provided in the current FY16 budget for up to 7,500 LED bulbs provided to lower income neighborhoods along with energy savings education and a weatherization application form.

b. Housing Repair Coalition Partnership

The funding is provided in the current FY16 budget. For the partnership with HRC, it is estimated that about 2,000 LED bulbs and 400 life/safety devices will be installed in lower income homes along with energy savings education and a weatherization application form.

c. Third Party Direct Install Program

AE will be issuing a request for proposal in the summer of 2016 to implement a direct install of energy efficiency devices such as LEDs, weather stripping and life safety devices in homes while also completing a home assessment audit to determine home eligibility for the Weatherization Assistance Program. Launch is planned in late 2016 or early 2017. AE hopes to shift fund from other efforts so that no additional 2017 budget increase will be needed.

3. Holly Neighborhood Pilot

AE has budgeted in 2016 an estimated \$150,000 to \$200,000 for weatherizing up to 50 homes in the Holly Neighborhood. No additional 2016 budget increase will be needed. Neighborhood Housing was provided \$500,000 from AE in past years for renovating homes in the Holly area.

Recommendation 12: On Bill Repayment

Austin Energy should allow for repayment for energy efficiency retrofits on a customer's monthly utility bill. Financing would come from a third-party not from the utility itself. Rebates should also be provided for qualifying resources.

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AE Staff: Under Consideration

Schedule for items in consensus: TBD

Specific actions for items under consideration:

Legal review was requested by Council and an 'Attorney Client Privileged' memorandum sent to Mayor, Council and the City Manager's office in early March, 2016. Absent Council authorization to release the memorandum, staff is unable to convey the document; however, key findings were that the City can legally offer such a program with equity (versus tax exempt loan proceeds), but only to owner occupied residences when a public purpose is being served. Loan programs for renters cannot be offered. Additionally, the City cannot disconnect a customer for non-payment of the loan and cannot act as a surety (which likely would be required by a third party lender) and as such, the City would need to place a lien on properties that are participating in the loan program. This may act as a deterrent to participation and would entail administrative costs. While the Customer Care and Billing system could be configured to handle combined billing and payment/collection balance tracking for predefined utility services, adding a new bill component separate from the combined methodology would require extensive programming. As the current system will be migrating to a new infrastructure platform over the next 18-24 months, this project would need to be prioritized to occur after that migration, and for implementation against other utility programs and rate structure upgrades. As noted below, there are other means by which owner and tenant occupied properties can take advantage of financing programs. These include the Property Assessed Clean Energy (PACE) program, administered through the Travis County Assessor's Office and the arrangement AE has with Velocity Credit Union to extend low cost loans to customers, secured by a grant-funded loan loss reserve.

Estimated Budget Impact:

It is estimated that this could take significant staff time to address legal, risk management, funding, financial concerns and entail changes to billing processes and technology upgrades.

Items to be considered for further definition of project requirements:

- Complexities associated with billing system upgrades and customer letter pricing:
 - Printing of the bill
 - Adjusting billing date
 - Total revamp of the bill/stub format
 - Creation of an electronic file interfacing with the third party providing the loan
 - Integrating financial controls and addressing risks to COA
 - Rework of payment structure within the system
- Interfacing between AE and the City Controller's office for processing checks/payments files to lender (manual or automated), establishing appropriate

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documentation, accounting, and processing to administer loan activity on behalf of financial institution.

- Allowing for multiple or one lender, depending on the type of funding mechanism such as PACE, loan loss reserve through Velocity Credit Union, etc.
- Addressing third party lenders' external audit requirements.
- Identifying additional transactional costs with on-bill financing.
- Determining additional resourcing for this new offering.

Preliminary review suggests that the Velocity Program is best suited for use by owner occupied properties. Renters can best be reached by loans for select measures offered by retail outlets, PACE financing via the commercial property owner and a successful multifamily program.

Recommendation 13: Contractor Rebate Program in Conjunction with Affordable Housing Projects

In addition to a stand-alone low income weatherization energy efficiency program approach, a residential low income weatherization rebate pilot program should be implemented in conjunction with the affordable housing retrofit programs administered by the City's Neighborhood Housing and Community Development Department to obtain efficiencies of scope. The program would target low income homeowners with household incomes ranging from 0% to 250% of the federal poverty guidelines. Because of the leveraging of the weatherization program into the affordable housing programs, Austin Energy will be able to capture the additional demand and energy savings arising from the affordable housing programs. The provision of energy efficient appliances at discounted prices through Austin Energy's use of commitments to purchase a minimum number of appliances from manufacturer-retailers in the Austin area would be part of this program. The department would serve as a case manager to ensure Austin Energy is brought into the process.

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AE Staff: Under Consideration

Schedule for items in consensus: FY 2016

Specific actions for items under consideration:

Increasing the income threshold to 250% will increase the budget for both Energy Efficiency Services and the Customer Assistance Programs, while diminishing the ability to serve the customers that are most in need due to their limited resources. Utilities have the most significant impact on customers at or below 100% of the federal poverty guidelines (fpg). For customers above 200% of fpg, the percentage of household income spent on utilities is generally 5% or less. The utility's approach is to address the over 100,000 customers that are defined as being below 200% poverty, first with a combination of weatherization, retail partnerships, education and neighborhood direct installation of energy efficiency devices.

The AE weatherization program is not a stand-alone program, but one of many low income services provided by the City and community. AE leverages partnerships with other Departments and organizations. In addition, AE is looking for opportunities for bulk purchasing. Items that have been purchased to-date in bulk include LEDs and CO/Smoke Detector monitors.

AE eligible customers participating in other City Departments' programs including NHCD, AWU, HHS, etc. exchange referrals and coordinate services. AE is going to continue the current practice for joint efforts with other City Departments. Currently, AE staff has several efforts underway and additional services are being considered.

Current Partnerships include:

1. AE provides administrative support at no cost for the joint weatherization efforts with AWU.
2. AE coordinates low income and rebate program efforts with TGS.
3. AE, NHCD and HRC share referrals to provide coordinated low income services.

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4. AE is vetting a potential pilot program to provide smart thermostats in low income and potentially HACA properties. The intent is to test the effectiveness of the ‘auto away’ function in the thermostats, which adjusts temperature settings when the resident is not home, thus lowering energy consumption and, ideally bills.
5. AE and the Austin Fire Department (AFD) are providing LEDs, smoke detectors and weatherization applications in neighborhood canvassing efforts with joint marketing.
6. AE and Meals on Wheels and More are partnering on direct installation of LEDs, fire and carbon monoxide detectors to low and low moderate income homes being refurbished due to the need for structural repairs as well as the floods of 2016.
7. AE is piloting up to 50 homes in the Holly Neighborhood, partnering with TGS, NHCD, HRC and AWU. This effort was kicked off several months ago with three to four homes in process. NHCD is recruiting additional participants.
8. AE is exploring the potential of a “direct install” weatherization contract to be administered by a third party. This contract would provide weatherization measures such as LED lighting, basic weather-stripping, smoke/CO detectors, assessment for more comprehensive weatherization in the Weatherization Assistance Program, central A/C system, fire safety education, energy efficiency and life safety education.

Items 1, 2 and 3 have been common business practice for several years. Items 4, 5 and 6 were implemented in 2015/16. Item 7 is in review.

Further enhancement of joint programs with other City Departments is an ongoing effort. Discussions are underway with COA Economic Development, Austin Resource Recovery and other community organizations.

Budget Impact: FY16

Items 1, 2 and 3 with AWU, HRC, NHCD and TGS have been common business practice for several years. As AE is providing the low income services, the AWU scope of work is integrated in the processing system and purchasing contracts.

Item 4, 5, 6 and 7 are noted on page 1 of this document.

Joint programs with other City Departments administration and funding by one Department would be a significant shift. Departments using City funds have more flexibility than those with federal funds or oversight by other governing entities.

Recommendation 16: Low Interest Loans for Comprehensive Energy Efficiency

Create a residential energy efficiency program to provide low interest financing for Austin Energy customers with low and low moderate family incomes to purchase and install Energy Star window heating and/or cooling units. The loan amount needed under this program would be reduced through the use of rebates that are increased over the current appliance rebate level. The loan amount needed would be further reduced through prices for the appliances made available at discounted prices through Austin Energy's use of commitments to purchase a minimum number of appliances from manufacturer or retailers in the Austin area. Provided, however, an Austin Energy customer with a low to low moderate family income could access the higher rebates and the discounted-priced appliances without accessing the low interest financing.

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AE Staff: Under Consideration

Schedule for items in consensus: FY 2016

Specific actions for items under consideration:

AE currently coordinates energy efficiency (EE) improvement loans for residential customers through a partnership with Velocity Credit Union. Through the Department of Energy (DOE) Better Buildings grant, AE established a loan loss reserve fund which provides security of payment for Velocity and provides EE loans leveraging the fund to serve more customers. AE received permission from the DOE and Velocity Credit Union to amend the loan program pilot. This allows customers with credit scores as low as 600 to receive loans. A percentage of the funds cover any unpaid balances for loans in default. The current rate for loans meeting the program requirements is 3.99%.

To date, over \$5 million dollars has been applied to energy efficiency loans with low interest rates. To use the available DOE funds, projects must have a minimum of 15% energy savings. A 15 point form has been created to determine the total estimated savings based on engineer calculations of the energy saved per type of measure implemented.

Other market rate based loans are offered, but eligibility and interest rates are at the discretion of Velocity Credit Union. Due to Velocity's administrative costs, small loans, for items such as small appliances and window AC loans are not being considered at this time. However AE is working with retail partners such as Sears, Lowes, and Home Depot as well as manufacturers and contractors to offer loan options associated with their programs.

Budget Impact:

The \$5 million DOE funding and staffing are integrated in current budgets. An additional \$100,000 is budgeted for future cost effective interest rate buy downs. These costs can be as much as \$2,000 per loan.

There may be a higher risk of default with lower credit scores and with each default, the loan loss reserve is decreased, which would diminish the amount AE could loan to other customers.

Recommendation 17: Fractional Billing

Establish ability within the Austin Energy billing system to allow for fractional division of value of solar credits from a distributed solar system on a multifamily residential property to be divided and applied to multiple residential customer accounts.

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AE Staff: Under Consideration

Schedule for items in consensus: FY 2016

Specific actions for items under consideration:

The traditional approach of installing multiple small photovoltaic (PV) systems to serve individually metered units in multifamily buildings is expensive, unwieldy and aesthetically unattractive. Each system must have its own PV and revenue meter, a/c disconnect, conduit to roof, electrical permit, etc. This approach adds 15-40% to the cost of project.

Fractional metering would allow low-income multifamily properties to install a single, central PV system with one meter and allocate a portion of a single PV meter production data to each tenant along with the associated solar credits. Specifically, Austin Energy's system would be modified for tenants to allow the PV meter solar production (kWh) to be associated with each tenant's electrical account. (Note: such an arrangement would require that all tenants participate in the program, and that the property owner assume the costs associated with unoccupied units.) A meter multiplier would be applied within the billing system to credit each account with a fractional portion of the value of Solar (VoS) factor.

Initially, the development of a fractional metering program would be restricted to one or two multifamily properties to allow staff to evaluate program parameters and billing mechanisms prior to the roll-out of a full scale program. In developing a pilot, a multi-departmental team will be assembled to understand the legal, metering and billing implications of fractional metering. In addition, the solar staff will research other fractional (or "virtual") metering programs offered by other utilities/cities to identify potential design strategies and any pitfalls.

Based on department discussions and research, the solar team will develop the Austin Energy Fractional Metering Pilot Program parameters and work with customer care staff during a 6-month "requirements gathering" phase to design the Customer Care Billing system (CC&B) modifications to allow the PV meter solar production (kWh) to be associated and credited to individual accounts. Following the development of the CC&B modifications, customer care staff will conduct a 3-month testing period to ensure the modifications are working properly, resulting in the appropriate credits. During this time, the solar team will work with staff in Austin Energy's tariff department to review the existing Value of Solar rate rider and make any

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necessary changes to include fractional metering customers. Given the system upgrade scheduled to occur this year, the program would not launch until FY17.

Budget Impact:

The 1st year annual costs are estimated up to \$100,000 for the design and implementation of a very small fractional metering pilot. It is assumed that the pilot would include one or two multifamily properties. Under the pilot, the properties would be selected, nullifying the need for any marketing to solicit interested participants. Costs to re-configure CC&B and meters are limited to Austin Energy staff time and are unknown at this time, however, they could be significant.

Recommendation 18: Low Income Multifamily Program

Utilize at least 50% of Austin Energy's multi-family budget to incentivize energy efficiency retrofits on multi-family properties that receive affordable housing subsidies from the federal, state, city, or county government or properties where at least 30 percent of the rental units are occupied by Customer Assistance Program (CAP) customers or pay a portion of their rent with housing choice vouchers.

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AE Staff: Under Consideration

Schedule for items in consensus: FY 2016 and FY 2017

Specific actions for items under consideration:

Continue current practice with the Multifamily (MF) rebate program. The AE MF program has paid incentives for approximately one third of the multifamily units in Austin with a significant number of tenants identified as either being a part of Affordable Housing as defined by the Austin Tenant's Council or partner in the AE Customer Assistance Program (CAP). AE Green Building provides technical support to implement higher efficiency at the construction stage.

A low income MF pilot is in development. The proposed approach is to:

1. Use the Austin Tenant Council Guide to identify low and low moderate properties. There are approximately 150 residences for predominately low/low moderate income residents. This list will be cross-referenced against the properties in the highest 20% of Energy Conservation and Audit Disclosure (ECAD) Energy Utilization Index scores and high participation of AE CAP program to identify ten potential pilot sites.
2. Pay rebates based on a dollar per kW basis, using average market price and up to 100% for the energy efficiency measures. Please note that this is different than the non-low income multifamily program which will pay up to 80% for the energy efficiency measures. For the affected properties, this will increase the rebate level to roughly \$700 - \$800/kW compared to \$400-\$500/kW for the general program. Obtain buy-in and motivate a property owner to implement the energy efficiency measures that are beneficial to their tenants
3. Require ECAD audit and compliance before payment of a rebate.
4. Provide marketing, education, onsite feedback
5. Integrate best practices utilizing a rebate/voucher approach explain the voucher approach.

Budget Impact: FY17 and ongoing \$0.4 MM

Continue current practice with the multifamily rebate program with current budget at \$1.8 million per year. In FY17, in order to meet the MW goals recommended by the Electric Utility and Resource Management Commissions staff will propose increasing the annual budget to \$2.2 MM, an increase of 20% over FY 16.

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 4: Program Evaluation Policies

Expand the cost effectiveness test for evaluating energy efficiency and renewable energy program incentives that benefit low and low moderate income homeowners and renters to include the energy and non-energy benefits not included in current calculations using a methodology such as the Societal Cost Test.

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AE Staff: FY 16 Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

Demand Side Management (DSM) Tests are an industry standard approach used to determine cost effective programs for various perspectives; the participant, ratepayer, total resource, utility and societal. Values calculated at greater than 1 are defined as cost effective.

As an industry, the Societal Cost Test is used less frequently to prioritize programs. The values associated with this test can be qualitative and difficult to quantify. Establishing an accepted value that can be used in calculations for items such as health impacts, educational opportunities, etc. is challenging. Any significant research for defining these values may require additional funding.

The Societal Cost Test was calculated and added to the annual review of programs and is included in the FY15/FY16 annual CES progress report as requested.

Budget Impact:

Included in FY 16 budget

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 5: Transparency, Reporting and Accounting

Austin Energy 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 are accurate and reported transparently.

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AE Staff: Current Practice

Schedule for items in consensus: Current and FY 16

Specific actions for items underway or current practices:

CES posts monthly and annual reports to the AE website:

<http://austinenenergy.com/wps/portal/ae/about/reports-and-data-library/customer-energy-solutions-program>.

The FY 15 progress report, released in March 2016, contains a map plotting all program rebates for FY15 within AE's service territory. The monthly reports were expanded in 2015 to include more in-depth information regarding all CES programs, along with details regarding support to low and low/moderate income customers. The new quarterly reports, to be released at the end of Q2 FY16 will include information regarding rebates and budget, calling out low/low moderate programs, by District and outside the City of Austin (COA), and any key highlights for the quarter.

Note that commencing on or before Q3 FY16, staff will report on a quarterly basis (and post to the Austin Energy website):

- a. The dollar amount of rebates paid in each council district and outside of COA
- b. Participation by District and outside the COA
- c. Highlights for the quarter
- d. Progress against targets for low/low moderate as recently suggested by the Electric Utility and Resource Management Commissions

Budget Impact:

Included in FY 16 Budget

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 6: True-Up Correction for Energy Efficiency Services Budget Implementation

The City Council should establish a true up proceeding for the energy efficiency rates within six months after the close of each fiscal year to reconcile any over or under recovery of Austin Energy's 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 Austin Energy. The true up proceeding 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.

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific actions for items underway or current practices:

The AE Customer Benefit Charge (CBC) and its three components (EES, CAP and Streetlight tariffs) are tracked and monitored monthly. CBC revenues and expenses are “trued up” on an annual basis by AE Finance. Final values are available only after the financial audit, which is generally complete in the spring of each year. CBC EES funding is charged on energy (kwh) consumption on the electric bill. This revenue will fluctuate along with energy consumption. The variability of summer temperatures, coupled with program uptake can have a significant impact on the amount of funds collected and spent, which causes some uncertainty in forecasting program expenses and revenue requirements.

In support of transparency, AE CES reports monthly expenditures of EES and CAP weatherization funds. Expenditures are reported on a ‘cash’ basis, after work is completed and expenditures to contractors made. These numbers are unaudited. At the end of the year, this amount is adjusted for ‘encumbered’ amounts that are expected to be closed to that fiscal year.

The final “true-up” of expenses and revenues occurs after the completion of the annual audit and the April production of the Comprehensive Annual Financial Report (CAFR).

This is the process AE has been always followed. In order for any unspent EES low-income weatherization budget dollars to roll over, the following will occur, beginning in FY16: The audit results (six months into the next fiscal year) will identify any unspent budget monies for this program. A budget amendment will be done each year in March or April to have City Council authorize the addition of those prior year unspent funds into the current fiscal years’ budget. This assumes that AE has contract authority and the capacity to spend the current-year budgeted amount and this rollover amount. As an aside, if consumption is lower than forecasted, it is possible that the revenues collected from customers may be less than the aggregate expense budget.

The current AE policy has the unspent portion of the \$1 million Customer Assistance funding for the Weatherization Assistance Program budget rolling over to the next fiscal year. This fiscal year AE has amended its policy and will begin rolling over any unspent Energy Efficiency

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Services portion of the Weatherization Assistance Program budget (\$1.377 million) beginning with the unspent EES funds from FY 2014 and 2015. In FY2016 this policy change will result in an impact of an additional \$1 million of EES rollover from FY2015 bringing the total Weatherization Assistance Program budget to approximately \$3.5 million. It is possible that it will require more than a year to complete this work.

The CBC tariff also states: “This charge shall be determined through the City budget process...”

Budget Impact:

The audit is typically completed in the spring of the following fiscal year adjusting budgets at that time to accommodate unspent fund roll-over. Unspent CBC funds are returned to customers via lower future collections in rate adjustments. The CBC funds for the budget versus actual spend are tracked on an ongoing basis since its inception in 2013. The CAP funds defined specifically for weatherization have been rolled over every year as associated with previous year’s unspent funds. The CBC EES funds have been tracked and can be distributed to a variety of programs. Under this agreement, starting in 2016, AE will earmark any EES weatherization funds and roll over any unspent CBC funds. In 2016, \$1 million will be requested to be added to the FY 16 budget contingent upon council approval. Any unspent additional funds will be rolled over to the FY 17 budget.

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 7: Better Building Codes and Planning Review Process

Improving building codes performance through continued improvements in building energy code for new and rehabilitated residential and multi-family buildings, as well as through improved coordination, planning and compliance between Austin Energy Planning Review and Development and Code Compliance Departments. The Task Force believes that by updating our base energy codes and improving collaboration between building code development, planning, review and compliance, Austin can continue to be a leader on producing carbon-free energy the old fashioned way – not using it in the first place.

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

For many years, AE has led aggressive energy code improvement creating some of the most energy efficient codes in the country, coordinating with the overall building code update process shepherded by COA Planning and Development Review.

The proposed Residential Net Zero Energy Capable Home (ZECH) code will be presented to the EUC and RMC in March, 2016. The code is expected to be approved for final implementation by January, 2017. Details of the recommendations are contained in a presentation made to the RMC on January 19, 2016 located here:

<http://www.austintexas.gov/edims/document.cfm?id=246573>.

Budget Impact:

Included in FY 16 budget

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 9: Weatherization Cost Reduction Study

The City Council should direct the City Manager to investigate operating practices that could potentially increase the cost effectiveness of the low income weatherization program while maintaining all program services and standards and report back to City Council in six months with a strategy for implementation.

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

For over thirty years, AE has provided weatherization to low income customers. AE continuously strives to optimize the services provided by integrating automation, streamlining processes and developing partnerships.

FY15/16 offerings include:

- Direct install of energy efficiency measures through partnerships with such entities as the Austin Fire Department and Housing Repair Coalition and Meals on Wheels and More.
- Administering offerings including low flow water saving devices on behalf of Austin Water Utility.
- Jointly provided services such as weatherization and home repair in the Holly Neighborhood with Housing Repair Coalition, Austin Water Utility, Neighborhood Housing and Texas Gas Service.
- Expanding our community outreach working with Austin Resource Recovery, Family Eldercare, and Health and Human Services.
- Referring customers to other city departments and community organizations to meet the customer need.

In 2016, the average cost for AE to weatherize a home has been on average \$3,100, taking 32 days to complete the work from assignment to final inspection. The annual cost to weatherize a home has been reduced by 15% compared to the last fiscal year. In 2014, AE spent almost \$33 per utility customer for Customer Assistance, Weatherization and Multifamily rebates, while another Texas municipal utility, CPS Energy \$27 per utility customer (refer to table below provided by SPEER). Other Texas utilities provided even less low income support when the total investment was considered.

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Amount Spent Per Customer on Low/Moderate Income Programs 2014		
	Austin Energy	CPS San Antonio
Weatherization	\$4.28	\$19.54
Customer Assistance	\$22.76	\$7.86
Multifamily	\$5.81	\$0.00
Total	\$32.85	\$27.40

- 1) Weatherization: Total weatherization expenditures divided by total retail customers (residential and commercial)
- 2) Customer Assistance: bill discounts divided by total customers
- 3) Multi-family: MF rebates only divided by total customers

Budget Impact:

Staff anticipates bringing refreshed contracts to Council in August, 2016, with up to \$4MM in spending authority to cover carryover from FY15, and include direct installation measures. Prospectively, the annual amount will be reduced.

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 14: Energy Star Window Unit Provision

A residential low income energy efficiency program should be created to provide Energy Star window heating and/or cooling units including installation to low income customers who are certified by the medically vulnerable customer registry of Austin Energy. This program would be implemented through the use of contractor rebates and the provision of Energy Star window cooling and/or heating units purchased by Austin Energy achieving discounts through the use of commitments to purchase appliances from retailers and manufacturers in the Austin area.

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

Staff agrees to establish a separate process to assess existing central air conditioners and determine whether existing central air conditioning equipment that is not working can be repaired and cleaned at a reasonable costs, or whether an unrepairable existing central air conditioning unit is 6 SEER less than by required by then current federal standards. In those cases, Energy Star window unit air conditioners can also be utilized as a standard energy efficiency improvement service option.

AE provides window AC units in low income homes that are being weatherized for customers that do not have working units In FY2015 the Weatherization Assistance Program installed (24) window A/C units in (12) homes of low income customers who are certified by the medically vulnerable customer registry of Austin Energy. Experience to-date indicates that most units are working.

Budget Impact:

Will develop costs for AC check-up and repair for FY17 budget (June, 2016).

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 19: Online Access of ECAD Disclosure Form

A residential low income energy efficiency program should be created to provide Energy Star window heating and/or cooling units including installation to low income customers who are certified by the medically vulnerable customer registry of Austin Energy. This program would be implemented through the use of contractor rebates and the provision of Energy Star window cooling and/or heating units purchased by Austin Energy achieving discounts through the use of commitments to purchase appliances from retailers and manufacturers in the Austin area.

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

COA posts the following 12 pieces of information online, along with a map: Community Name, TCAD or WCAD Property ID(s), Audit Date, Percent Duct Leakage, Recommended Duct Leakage, Attic R-Value, Window Screens, Year Built, Common Area Washer and Dryer, Utilities, Total Units, Community EUI (kWh/sq. ft./yr.). Staff is also researching other tools to provide estimated energy costs to prospective tenants via a web application. Anticipated completion of this research is expected by July 2016. Coordination is needed to determine a method in which the energy guides can be linked.

Budget Impact:

Unknown at this time.

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Recommendation 20: Amend the ECAD Program to Provide Recognition to Efficient Rental Units

The Energy Conservation Audit Disclosure (ECAD) Program should be amended to establish an award or official recognition that the multi-family facility is in the top 20% of energy efficiency based on the energy efficiency rankings.

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AE Staff: In Development

Schedule for items in consensus: FY 2017

Specific Actions for Items Underway or Current Practices:

Develop an awards and recognition program to motivate ECAD compliance, and identify top performing multifamily communities where current and potential residents would expect to have lower energy bills. ECAD team will define and develop business processes to identify high and low energy (kWh) performance benchmarks, and further establish standards and criteria currently used in ECAD multifamily annual rankings. In addition, this new recognition campaign will better align promoting Austin Energy services targeting Austin's multifamily-housing real estate market by utilizing ECAD, a community strategic energy disclosure benchmarking initiative, designed to improve building performance. The recognition being considering include case study marketing material, certificates, window decals, AE website listing, and an annual recognition event to award those properties.

Budget Impact:

To be included in FY 17 budget: \$10,000 for the annual event, awards, marketing material.

Attachment E – Resolution 20151210-028 Items of Concurrence - Current Practices or Underway

Minority Report Recommendation: Direct Installation program for low cost, quick payback measures

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AE Staff: Current Practice

Schedule for items in consensus: FY 2016

Specific Actions for Items Underway or Current Practices:

Direct Install Partnership of Energy Efficiency and Life Safety Measures

In 2016, the automated referral system will be in place sharing the customer application information with other partners. This tool will be used to track audits completed through the neighborhood canvassing of a direct install program. This effort installs simple energy efficiency measures in homes, provides education, and home assessments through a door-to-door canvassing with various partners and City Departments. The audit information will be used to follow up with customers that may be eligible to participate in the AE low income weatherization and other assistance programs. Austin Energy will be expanding the direct install and home audit neighborhood canvassing approach through a request for proposal to be bid later in FY16 and provided for Council approval early Fall.

Budget Impact: Addressed in current budget FY16 ~\$82,500 FY17 and Ongoing ~\$250,000

Direct Install Partnership of Energy Efficiency and Life Safety Measures

a. Austin Fire Department Partnership

The funding is provided in the current FY16 budget. For the partnership with the Austin Fire Department, it is estimated that up to 7,500 LED bulbs will be provided to lower income neighborhoods along with energy savings education and a weatherization application form. The estimated cost is roughly \$25,000 based upon prior Fire Department historical results. No additional 2016 budget increase will be needed.

b. Housing Repair Coalition Partnership

The funding is provided in the current FY16 budget. For the partnership with HRC, it is estimated that about 2,000 LED bulbs and 400 life/safety devices will be installed in lower income homes along with energy savings education and a weatherization application form. The estimated cost is estimated at roughly \$22,500. No additional 2016 budget increase will be needed.

c. Third Party Direct Install Program

AE will be issuing a request for proposal the summer of 2016 to implement a direct install of energy efficiency devices such as LEDs, weather stripping and life safety devices in homes while also completing a home assessment audit to determine home eligibility for the Weatherization Assistance Program. This is planned in late 2016 and early 2017. Funds will be shifted from other efforts so that no additional 2017 budget increase will be needed. It is estimated at \$250,000 per year for 2,500 -3,500 homes.

d. Housing Authority of the City of Austin

In May/June 2016, AE will be working with HACA to do a smart thermostat pilot program in the Shadow Bend Apartment Complex. The tentative estimated cost of this pilot program is \$35,000.