

Recommendation for Resource Management Commission

Commission Meeting Date:	May 17, 2016						
Council Meeting Date:	June 23, 2016						
Department:	Austin Water						
	SUBJECT						
Approve the issuance of a Letter of Intent for a rebate to FLEXTRONICS in an amount not to exceed \$100,000 for the installation of treatment and filtration systems, pumps, storage and distribution piping to recycle treated manufacturing process rinse water to offset the use of potable water.							
	AMOUNT AND SOURCE OF FUNDING						
The rebate would be in an amount not to exceed \$100,000. There is no unanticipated financial impact. A financial note is not required.							
Purchasing Language:							
Prior Council Action:							
For More Information:	Daryl Slusher, Environmental Affairs and Conservation, (512) 972-0218; Drema Gross, Water Conservation Division Manager, (512) 974-2787						
Boards and Commission Action:	May 17, 2016 – To be reviewed by the Resource Management Commission June 8, 2016 – To be reviewed by the Water & Wastewater Commission						
MBE/WBE:							

On August 28, 2008, Council authorized an increase in the maximum per project rebate amount for the Water Conservation Institutional, Commercial and Industrial Rebate Program from \$40,000 to \$100,000. The rebate provides a greater incentive to companies to implement water saving projects. The rebate amount is based on the cost of the equipment and the expected amount of water savings, calculated at \$0.50 per 1,000 gallons saved over a 10 year lifetime of the equipment or 50% of the equipment cost, whichever is less, not to exceed \$100,000. Once the company has completed the project, staff will inspect the equipment and measure the water savings prior to issuing the rebate.

Austin Water requests authorization to issue a rebate in an amount not to exceed \$100,000 to Flextronics for the installation of treatment and filtration systems, pumps, storage and distribution piping to allow the reuse of rinse water in the anodizing of aluminum casings for the manufacture of electronic components. The treatment and recycling of this process rinse water would replace the use potable water and reduce the amount of pretreated wastewater discharged to the sanitary sewer system. The project proposed by Flextronics will cost Flextronics approximately \$707,600 and will save approximately 64,500 gallons per day, or about 23.5 million gallons per year. This project is in accordance with the incentive program guidelines.

COST DATA:

- 1. Estimated rebate amount: \$100,000
- 2. Total estimated gallons saved: 64,500 gallons per day, 23.5 million gallons per year, or 235 million gallons over a ten year lifetime of the equipment.
- 3. Cost per gallon saved over ten years: \$0.0004 per gallon

Α	USTI	N C	1 T	Y C O	U N	C I L				
A G E N D A										
Recommendation for Council Action										
Austin City Council		Item ID		Agenda Number						
Meeting Date:	June 9, 2016		De	partment:	Austin	Energy				
			Subject							
Approve an ordinance amending the Fiscal Year 2015-2016 Austin Energy Operating Budget of Ordinance No. 20150908-001 to decrease the Austin Energy Operating Fund Ending Balance by \$1,040,134 and increase the Conservation Rebates expenses by \$1,040,134 to provide additional funding for the Free Weatherization and Customer Assistance Program Low Income Weatherization programs.										
		Amount	and Source	e of Funding	<u> </u>					
Funding in the amount of \$1,040,134 is available from the ending balance of the Fiscal Year 2015-2016 Operating Budget of Austin Energy.										
			Fiscal No	te						
A fiscal note is attached.										
Purchasing Language:										
Prior Council Action:	September 8, 2	015 - Approv	ed the Fisca	l Year 2015-2016	City of A	ustin Budget.				
For More Information:	Jeff Vice, Director, Local Government Issues (512) 322-6087; Debbie Kimberly, Vice President, Customer Energy Solutions (512) 322-6327.									
Boards and Commission Action:	To be reviewed by the Electric Utility Commission on May 16, 2016; To be reviewed by the Resource Management Commission on May 17, 2016.									
MBE / WBE:										
Related Items:										
		Addition	al Backup	Information						
Austin Energy seeks	approval of a bi	udget amendr	nent to pro	vide additional ap	opropriatio	ons and related funding for				

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Austin Energy seeks approval of a budget amendment to provide additional appropriations and related funding for Customer Assistance Program (CAP) low income weatherization expenses and Free Weatherization Program expenses that were not spent during Fiscal Year 2014-2015. The roll-over of this funding is in accordance with recommendations of the Low Income Consumer Advisory Task Force. The total unspent amount in Fiscal Year 2015 for the Free Weatherization Program was \$955,111; the total unspent for the CAP low income weatherization (from inception to date) is \$85,023.

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE FISCAL YEAR 2015-2016 AUSTIN ENERGY OPERATING BUDGET OF ORDINANCE NO. 20150908-001 TO INCREASE EXPENDITURES AND APPROPRIATIONS.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. The Council amends the Fiscal Year 2015-2016 Austin Energy Operating Budget of Ordinance No. 20150908-001 to decrease the Ending Balance by \$1,040,134 and increase the Operating Expenses by \$1,040,134 for funding of the Free Weatherization and Customer Assistance Program Low Income Weatherization budgeted amounts unspent in Fiscal Year 2014-2015.

PART 2. This ordinance takes effect on June 20, 2016.

PASSED AND A	APPROVED	
	, 2016 \$	Steve Adler Mayor
APPROVED:	Ann Morgan City Attorney	TEST: Jannette S. Goodall City Clerk
Date: 3/8/2016 10:38:00 AM	Page 1 of 1	COA Law Departm

OPERATING BUDGET FISCAL NOTE

DATE OF COUNCIL CONSIDERATION: CONTACT DEPARTMENT(S): FUND:

6/9/16 Austin Energy Austin Energy Operating Fund

Subject: Approve an ordinance amending the Fiscal Year 2015-2016 Austin Energy Operating Budget of Ordinance No. 20150908-001 to decrease the Austin Energy Operating Fund Ending Balance by \$1,040,134 and increase the Conservation Rebates expenses by \$1,040,134 to provide additional funding for the Free Weatherization and Customer Assistance Program Low Income Weatherization programs.

CURRENT YEAR IMPACT:					
			2015-16	This	2015-16
			Amended	Action	Amended
Beginning Balance			269,082,295	0	269,082,295
Total Revenue			1,404,011,591	0	1,404,011,591
Total Transfers In			0	0	0
Total Appropriated Funds			1,404,011,591	0	1,404,011,591
Operating Requirements					
Operating Expenses			986,216,919	1,040,134	987,257,053
Total Debt Service			116,982,894	0	116,982,894
Total Transfers Out		256,318,236	0	256,318,236	
Total Other Requirements		1,420,667	0	1,420,667	
Total Operating Requirements		1,360,938,716	1,040,134	1,361,978,850	
Excess (Deficiency) of Total Availa	ble Over Total				
Requirements			43,072,875	(1,040,134)	42,032,741
Ending Balance			312,155,170	(1,040,134)	311,115,036
Austin Energy FTEs	1,672.75	0.00	1,672.75		
FIVE-YEAR IMPACT:					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Revenue	0	0	0	0	0
Total Operating Expenses	1,040,134	0	0	0	0
Total Debt Service	0	0	0	0	0
Total Transfers Out	0	0	0	0	0
Total Other Requirements	0	0	0	0	0
Net Budget Impact	(1,040,134)	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION: Austin Energy is seeking approval of this budget amendment to provide additional appropriations and related funding for expenses associated with the Customer Assistance Program (CAP) low income weatherization program and the Free Weatherization Program that were not spent during Fiscal Year 2014-15. The roll-over of this funding is in accordance with recommendations of the Low Income Consumer Advisory Task Force. The total unspent amount in Fiscal Year 2014-15 for the Free Weatherization Program was \$955,111; the total unspent for the CAP low income weatherization program (inception to date) is \$85,023.

The above five-year impact analysis illustrates the total revenue and expense projections for the Austin Energy Operating Fund.

CITY OF AUSTIN – PURCHASING OFFICE REQUEST FOR COUNCIL ACTION

COUNCIL DATE: JUNE 23, 2016

SUBJECT: Authorize negotiation and execution of a 36-month contract with PECAN STREET INC. to provide residential solar and energy storage implementation services in an amount not to exceed \$900,000.

<u>AMOUNT AND SOURCE OF FUNDING</u>: Funding in the amount of \$839,144 is available in the Fiscal Year 2015-2016 Capital Budget of Austin Energy. Funding for the remaining 33 months of the original contract period is contingent upon available funding in future budgets.

FISCAL NOTE: A fiscal note is required.

PURCHASING: Critical Business Need

FOR MORE INFORMATION CONTACT: Gage Loots, Corporate Purchasing Manager, 512-322-6251

BOARD AND COMMISSION ACTION: May 16, 2016 - To be reviewed by the Electric Utility Commission. May 17, 2016 – To be reviewed by the Resource Management Commission.

<u>MBE/WBE</u>: This contract is exempt from the City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program; therefore, no subcontracting goals were established.

In February 2016, the U.S. Department of Energy (DOE) awarded Austin Energy a \$4,300,000 cooperative agreement grant under the DOE Sustainable and Holistic Integration of Energy Storage and Solar PV (SHINES) program. Austin Energy's proposal for the "Austin SHINES" project includes the design, development, and demonstration of integrated photovoltaic (PV) and energy storage solutions that are scalable, secure, reliable, and cost-effective. The integration of field assets is supported by a software management platform that optimizes the use of solar PV and energy storage. The goal of the DOE funding opportunity is to enable holistic design and widespread sustainable development of low-cost, flexible, and reliable solutions that have energy storage as one of the key components, for successful integration increasing levels of solar PV generation. Austin SHINES is a pilot project in Austin to demonstrate the capabilities of energy storage at the utility, commercial, and residential scale with solar PV integration. Austin Energy presented an overview of the Austin SHINES project to the Austin Energy Utility Oversight Committee in March 2016.

The application process for this DOE funding opportunity required the compilation of a project team from the onset of the project's proposal. Pecan Street Inc. is a key member of the Austin SHINES project and a named sub-recipient of the DOE award. Through its prior work, Pecan Street has demonstrated the technical feasibility of proposed technologies and capability to achieve anticipated performance targets needed to meet the application and submission requirements of this grant. As such, Austin Energy designated this purchase as a Critical Business Need in accordance with Senate Bill 7, as adopted by the City Council as Resolution No. 040610-02.

The purpose of this contract is for Pecan Street Inc. to provide the products and services necessary to complete the residential portion of the Austin SHINES project, where approximately 24 residential sites with existing residential solar PV systems will be identified in the Austin Energy service area to participate. Each of the identified residential sites will be upgraded to include a meter collar and smart inverter. The meter collar provides a new, easy, and low-cost way to interconnect solar PV through a device located between the meter and the socket. It also serves as a communications option for use with an optimization platform for the active management of distributed energy resources (DER), such as solar PV and energy storage. That active management is accomplished through smart inverters, which allow for advanced functionality of solar PV and energy storage. Smart inverters include bidirectional communications capability allowing Austin

Energy to send and receive signals to operate DER in a manner to maximize their value. Approximately six of the sites will also be provided a residential energy storage system (ESS).

Distribution of this equipment will allow the study of several use cases under the Austin SHINES project. This includes sites with autonomous settings (established settings under a "set and forget" model that does not require active monitoring or control), sites under a direct utility control business model (directly connected to Austin Energy's DER optimization platform, which will assess each site's capability and send operation signals directly to the site), and sites (those with PV and ESS) under an aggregation model connected to Austin Energy's DER optimization platform through an intermediary (Pecan Street) who receives signals from Austin Energy and then determines how to meet the need by allocating and sending operation signals to the sites under its purview. The aggregated model provides a consolidation service to streamline interactions on behalf of the utility. Pecan Street will be responsible for the planning, testing, procurement, and installation of the equipment on all residential sites and the integration of communications between these systems and the project's control systems, as applicable. Pecan Street will collect and analyze data associated with the residential deployments, provide reports required for the grant, and provide data to Austin Energy. For the aggregation model, Pecan Street will develop an intermediary software solution that controls the individual residential sites while offering any excess capacity to Austin Energy for use in optimizing the DER that are part of the Austin SHINES project.

The Austin SHINES project aims to establish a template for other utilities and regions to follow to costeffectively maximize the penetration of distributed solar PV. In addition, the proposed solution will enable distribution utilities to mitigate potential negative impacts of high penetration levels of PV caused by the intermittency and variability of solar production, which causes stress to the grid. Specific objectives include the installation of approximately four megawatts of distributed storage, approximately 30 smart inverters and other enabling technologies. All of these resources will be integrated and optimized at the utility level using an approach that allows a variety of management strategies, and drives development of enabling standards as well as technology innovation.