Questions for Debbie Kimberly/Austin Energy on proposed budget
From Cyrus Reed, Vice-Chair, RMC
August 11, 2017

A. Please show the RMC how the following goals recently recommended by the EUC, RMC and EUC Working Group are met by this proposed budget:

1. **At least 15 percent of the total DSM budget will be allocated to low-income weatherization, small business and other hard-to reach programs. Please provide total DSM budget and the total amount proposed for each of the programs that are considered "hard-to-reach."**

   Response: The table below presents the budget for the primary programs that target hard to reach customers and the total demand side management (DSM) budget recovered in a portion of the CAP tariff ($1M), the Energy Efficiency Services (EES) tariff and base rates.

2018 CES Hard to Reach / Low Income Energy Efficiency Program Budget			
Sector	**Name**	**Rebate**	**% CES Budget w/o Solar**
Residential	Low Income Weatherization (EES & CAP)	$2,277,000	7%
	MF	$1,850,000	5%
	SPUR	$900,000	3%
Commercial	Small Business	$1,700,000	5%
Low Income / Hard to Reach Rebate Budget - SUBTOTAL		**$6,727,000**	**20%**
% Goal			15%
Total DSM Budget w/o Solar (Rebate/O&M)		**$34,490,072**	

The above includes direct install partnerships with Family Eldercare and City of Austin Fire Department. Referrals are also exchanged with the Housing Repair Coalition, Travis County, Austin Water, Neighborhood Housing and Texas Gas Service. The above excludes other programs for low-moderate income including loans, appliance rebates, school based education, aggressive energy codes, Green Building SMART Housing Projects, the energy usage app with tier alerts - all of which help lower energy usage.

2. **Please show how the total DSM budget meets the goal of having at least 2.5% of revenues be spent on DSM.**

   Response: The table below reflects the DSM budget as a percent of the proposed revenue budget. To the extent the PSA increase is less than what was assumed in the budget, the percentage will increase.

AE Proposed 2018 Revenues	DSM Proposed 2018 Budget	% of DSM Budget to AE Revenues	Goal %
$1,359,229,258	34,490,072	2.54%	2.50%

3. **Please show how the proposed budget will meet not only the MW peak demand reductions, but an overall one percent savings goal.**

   Response: The table below depicts the estimated savings as a percent of sales, which is subject to many factors, including weather, load growth and a host of other factors.

AE Projected MWh DSM Program Savings 2018	AE Estimated Sales (w/o PV)	% of Consumption	Goal (%)
205,738,000	13,251,000,000	1.55%	1.0%

These are delivery point estimates at the customer meter

B. For the multi-family program budget, what part of that budget is expected to be spent on properties that are considered to house low-income residences.

Response: Currently, the majority of rebated multifamily projects are occupied by low and low moderate income customers. We anticipate this trend to continue. In FY17, over 90 percent of the rebates for 3,390 units were in low and low moderate income properties saving tenants an estimated $100 per year. In FY18, this is projected to correlate to $1,665,000 in rebates for multifamily projects.

C. The EUC Resource Planning Working Group recommended an enhanced solar program for multi-family housing. For the solar budget, what part of that $7.5 million budget would be geared toward an enhanced multi-family program?

Response: There is not a specific budget allocation, but rather an enhanced incentive rate for non-profits, which is available to multi-family affordable housing providers as long as there is capacity remaining in the “Small Commercial & Non Profit” Performance Based Incentive (PBI). Non-profits are eligible for the Small Commercial PBI rate for projects up to 400 kW, providing them with an incentive of 6 cents/kWh, rather than 5 cents/kWh currently available to other customers with systems sized from over 75 kW to 400 kW – a 20 percent increase in the incentive rate. 3.2 MW of capacity is currently available in the Small Commercial & Non-Profit incentive bucket, and is available on a first-come, first-served basis. Since incentives are paid out over time, the budget impacts of these PBIs will be spread out over 10 years, rather than hitting the FY18 budget specifically.

Austin Energy is also developing a Shared Solar (previously called "fractional billing") solution that will enable multifamily properties with individually-metered units to install solar in a more cost-effective manner, and apportion the solar credits to the tenants in the building. The solution requires significant programming efforts in both the meter data management system (MDMS) and billing system (CC&B), including system upgrades by our providers Landis & Gyr, CSG and Oracle. The program is expected to be available for pilot participants in FY18. Austin Energy will assess other opportunities in FY18 to further expand our incentive offerings to serve low-to-middle income customers and multifamily properties.

D. In general terms, the proposed budget appears to spend about $500,000 less on weatherization and $650,000 less on multi-family rebates, while increasing the load coop budget by some $800,000. Please explain the wisdom of this budget shift, which removes incentives to directly help residential and multi-family residences in favor of larger load shifting projects.

Response: Prior to 2010, the average annual budget for weatherization was $800,000. With the Customer Benefit Charge, the weatherization budget has increased almost by three times. For every ten eligible customers, only one decides to participate. The multifamily and weatherization rebate budget was increased as a part of the additional $2M provided via the Rate Settlement in fall 2016. A further weatherization budget reduction was largely due to the spending down of the roll over from the prior year.

The year over year variance is a function of two factors – the elimination of the one-time increase in the FY17 budget due to the rate settlement and the inclusion of weatherization carryover in FY17. With the rate settlement funding, we increased the FY17 weatherization budget by $400,000, the multifamily budget by $300,000 and the power partner thermostat budget by $300,000. We will not know what, if any, weatherization carryover will occur in FY18 as we are endeavoring to spend all FY weatherization funding, inclusive of carryover in FY17.

E. Please explain why there has been no uptick or proposed budget increase on thermal storage incentives? Is this due to the storage tariff approved in the rate case, or are there simply no commercial customers anticipated to take advantage of thermal storage incentives?

Response: Thermal Energy Storage (TES) is a technology driven by a long term strategy. Austin Energy supports TES in three ways:

- Supplements the cost of the TES feasibility study

- Provides a rebate of $350 per kW as a part of the commercial program
- Charges a TES rate

TES project payback savings through reduced utility bills are heavily dependent on the design of the rate structure. As a long term investment, it generally requires 4-12 years of stable rates to pay back the high initial investment. In the past, the TES rate fluctuated more than the current approach. It is anticipated with the newly approved rates and load shifting discount rate rider applied to TES, more customers will participate in future years. There are several customers analyzing the economics of installing TES. These systems generally take 1-2 years to plan, design, and construct. Given that there are no eminently pending or under construction projects to be owned and operated by AE customers, very few, if any new projects are expected to complete in FY 18. Over the past years, TES systems have been installed by the following AE customers: Veterans Administration Data Center, Apple, University of Texas-Pickle Campus, and Travis County.

One AE TES project is in the design stage. It is planned to serve a 4,500-ton ACC campus buildout. The plant would include redundancy in equipment and have a TES tank capable of shifting 4 MW over a 3-hour period.

If Council approves the build of DCP-3 Downtown, AE would achieve our current goal of 20 MW shift. The ACC project gets us a good start toward the next 10 MW.