

## Austin Energy Customer Energy Solutions Budget Overview

### FY21 Budget Overview

Austin Energy has led the nation in customer distributed energy resource and renewable energy program offerings for over 35 years and will strive to continue to lead from the front. As defined herein, distributed energy resource refers to energy efficiency and demand response (demand side management) programs, distributed solar, electric vehicles, and storage. Austin Energy's renewable energy offerings also include GreenChoice® and Community Solar programs.

*The purpose of these programs is to:*

1. *Save all customers energy and money while deferring the need to acquire and deliver more 'supply side' resources.*
2. *Enhance customer satisfaction and customer collaboration by reducing barriers to installing cost-saving measures (appliances, highly efficient lighting, solar, etc.). The programs reach all customer demographics and geographic areas.*
3. *Achieve Council-established goals:*

a. *Efficiency*

- i. *Achieve energy efficiency savings equal to at least 1% per annum of retail sales.*
- i. *Achieve a 1200 MW demand reduction goal by 2030, with at least 225 MW coming from demand response programs, subject to affordability.*
- ii. *Target serving at least 25,000 residential and business customer participants per year for all CES programs with at least 25% of those customers being limited-income customers.*

b. *Solar*

- i. *Achieve 375 MW of local solar by 2030 (200 MW customer-sited, including both in front of and behind the meter installations).*
- ii. *Continue a shared solar pilot program for multi-family housing and upon development of an automated electronic billing system, allow for expansion of this program.*
- iii. *Provide moderate-to-limited income customers preferential access to community solar.*

c. *Carbon Free*

- i. *Austin Energy will not purchase, contract for or build long-term generation or storage resources that emit new carbon, nor any new additional nuclear generation resources.*
- ii. *86% of Austin Energy's electricity generation will be carbon-free by year-end 2025, 93% will be carbon-free by year-end 2030, and all generation resources will be carbon-free by 2035.*

d. *Storage:*

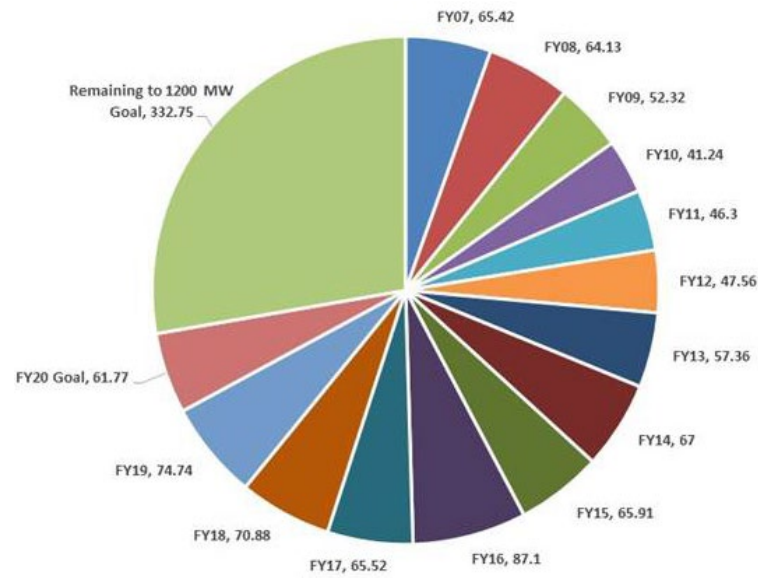
- i. *30 MW local thermal storage by 2027*
- ii. *40 MW local thermal storage by 2030*

e. *Electric Vehicles*

- i. *Initiate private and public partnerships that promote, market, and provide support for EVs.*
- ii. *Continue to execute upon the City's Smart Mobility Roadmap and the revised Community Climate Action Plan.*
- iii. *Evaluate equitable growth of public and private charging station deployments by offering rebates, operational support, outreach, and special public charging rates that includes support for limited-income populations*

f. *Green Building*

- i. *Initiate development and piloting of a low-carbon new building standard for the City of Austin*
- ii. *Continue to work with other industry leaders like the NAACP and the US Green Building Council on how to better speak to and address equity in our programs and policies.*
- iii. *Initiate development of local amendments to the 2021 Energy Code in anticipation of adoption of that code by the City sometime in 2022.*
- iv. *Development and implementation of enhanced virtual education tools and content to facilitate ongoing outreach during an extended period of limited face to face interaction with stakeholders and customers of an unknown duration.*
- v. *Support the City's revised Climate Action Plan*



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### g. Equity

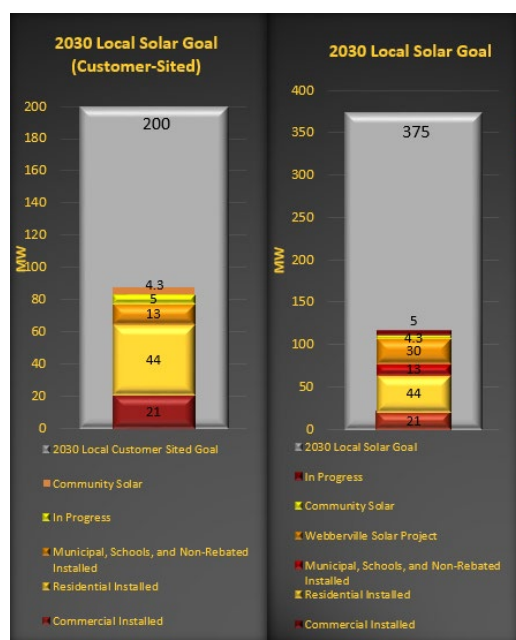
- i. Austin Energy will contract with a qualified third-party service provider to design and implement, with the co-operation of the Austin Equity Office, the convening of community meetings comprised of those living in or serving those in limited-income communities and communities of color, and others who cannot afford or access current programs. These community meetings should identify barriers and recommend approaches, goals and outcomes to achieve more equitable energy efficiency, demand response and solar programs that reach customers currently underserved by existing programs because of income limitations and/or other barriers (renting, language barriers, etc.).

## FY 2020 Results

This document provides an overview of projected year-end performance for FY20 and the assumptions underlying the proposed FY21 budget.

## Goal Status

In FY20, Austin Energy has a DSM goal of a little over 61 MW and is expected to exceed the goal by about 5 MW due to energy code savings and commercial Austin Energy Green Building activity. However, some market sectors were negatively impacted due to safety and health considerations. If we achieve our goal this year, cumulative demand reductions since 2007 would total roughly 850 MW. This would result in approximately 332MW left to goal under the 2030 Austin Energy Generation, Resource and Climate Protection Plan.



As of July 2020, 90 MW of customer-sited solar is installed or in progress. Estimated solar installed in FY20 is expected to be a little over 11 MW, and estimated incentive expenditures of \$6.3 million will exceed the \$5.5 million dollar budget due to strong performance in the residential market. As with some DSM programs, the commercial market has been negatively impacted by the effects of the pandemic and economy. The chart left shows the progress towards achieving the 2030 goal of 375 MW of Local Solar, of which 200 MW must be customer-sited.

FY2020 also saw significant progress in participation in the Shared Solar Multi-Family Affordable Housing Pilot, with the addition of two new HACA properties, bringing the total capacity in the pilot to 764.50 kW-DC, providing solar benefits to residents of more than 380 affordable housing units.

## Customer Energy Solutions Program Funding Sources

Austin Energy's FY20 aggregate Customer Energy Solutions budget is a little over \$44 million. Of this, the rebate budget totals slightly more than \$22 million, with an additional \$1 million in Customer Assistance Program (CAP) weatherization funds. Additionally, approximately \$10 million provides operations, contractual and marketing support of the energy efficiency and solar programs<sup>1</sup>. This budget is funded

by the Energy Efficiency Services (EES) tariff, which has collected approximately \$22.7 million through May 2020. At the end of FY20, \$1 million will be collected from the CAP tariff. The latter is earmarked for low-income weatherization. The remaining CES budget is provided through Austin Energy base rates. Costs included in base rates include Key Accounts, Electric Vehicles, and Data Analytics.

## Key Program Accomplishments YTD through July 2020

Noteworthy highlights for FY20 are as follows:

1. DABI staff have presented at several national conferences in FY2020. Presentations covered topics such as customer segmentation, data analytics, machine learning, and engineering analytics.
2. DABI has nearly completed the first phase of the benchmarking study in conjunction with their work with DNV GL. This study will provide support for MW savings to 2030.
3. DABI continues to add functionality to the app, supporting more customers and internal staff with data and analytics.
4. DABI supports nearly all work groups across AE and several city departments with survey research. DABI has completed over 20 city-wide surveys in FY20 to-date.

<sup>1</sup> These totals comprise Advertising budget, O&M budgets for all EES and Solar

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5. DABI has joined the Equity Action Team to help build more diversity within programs.
6. AEGB had a record number of new multifamily projects and units registered.
7. AEGB launched and implemented an update to the residential rating system.
8. AEGB was a co-recipient of the first ever Green Pioneer Award for furthering eco-innovation and smart growth at the 2019 USGBC Texas Chapter Leadership Awards
9. AEGB began offering LEED, SITES and WELL-specific continuing education (CE) Hours for LEED AP with specialty, SITES AP and WELL AP
10. EVET in collaboration with DABI, ESD, and CCO successfully deployed 26 new DC Fast charging stations with 20 stations supported by State of Texas TCEQ Alternative Fuels Grants
11. EVET, with support from Bloomberg American Cities Climate Challenge, initiated the EV Auto Dealership Program to include an online EV buyers guide ([ev.austinenergy.com](http://ev.austinenergy.com)) and in-store info kiosks
12. The Austin SHINES project, a PV solar and energy storage demonstration with grant-support from US Department of Energy, is deployed and final reports submitted; assets included grid, commercial, and residential systems to include Vehicle to Grid (V2G) integration
13. Additional EV industry awards announced: Plug in America EV Utility of the Year, Smart City 50 Award, Fast Company World Changing Ideas, and IABC Government Relations & Best of Division for EV Outreach
14. CRS is poised to exceed its Residential Solar goal by 5% for FY20
15. The Shining Cities report for CY19, ranked Austin Energy #1 for PV per capita among municipal utilities with more than 1500 w-DC/person in Austin Energy territory.
16. CRS has expanded its reporting capacity to include unincentivized solar installations, in order to paint a broader picture of solar penetration beyond the rebate programs.
17. CRS added two new properties to the Shared Solar Multi-Family Affordable Housing Pilot, bringing the total capacity in the pilot to 764.50 kW-DC, providing solar benefits to residents of more than 380 affordable housing units.
18. CRS worked with the RMC to develop a recommendation that set forth minimum and preferred qualifications for hosted solar installations that could be used for community solar RFPs – an important step in meeting council objectives for renewables access for LMI customers.
19. CRS was invited to speak about the success and structure of the Community Solar program at the following events:
  - a. RMEL Renewable Planning and Operations Conference, Denver, CO
  - b. TREIA, Webinar
  - c. USDN Renewable Energy Procurement Learning Group, Webinar
20. CRS conducted 25 outreach events for customers spanning 11 different zip codes to date in FY20
21. EES presented and served on panels at various conferences around Multifamily, Commercial, Residential, and Demand Response.
22. EES won the Smart Energy Consumer Collaborative Best Practices Award for Underserved Markets for the stellar work in the Multifamily Income Qualified Program.
23. EES continues to find ways to reduce the customer burden related to our programs and is actively exploring various new and innovative program offerings.
24. EES launched an updated Load Co-op (C&I DR) program to create more of an incentive for dynamic load control. Under this new program, customers will be rewarded for the ability to connect to our DR management system and curtail load in less than 10 minutes. This begins to incentivize the outcomes needed as we continue to transition to more intermittent resources
25. Prior to the pandemic, EES held events targeting low income communities, with staff attending 8 community events, 4 food banks, and 20 churches. EES also sent 54,689 targeted mailings, ran print ads in Community Impact Newspaper, Seniorific News, and Senior Living Magazine, placed billboards and ads on buses in targeted zip codes, ran social media campaigns on Instagram, Facebook, and Twitter, and a third-party call center called 18,000 potential customers.
26. EES is integrating the Energy Conservation Audit and Disclosure (ECAD) Ordinance into our online rebate processing system EECF. To date, we have the Commercial ECAD module live in the system with the first set of compliance letters issued. Multifamily ECAD is expected to go live late July 2020. Residential ECAD is expected to go live in August 2020. By integrating the ordinance into our online rebate processing system, we are better able to identify potential properties that might benefit from our rebate programs through benchmarking or audit findings. This also serves to streamline and improve our current processes in how customer facing inquiries are handled.

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### FY 21 Program Budget

The proposed program budget for Customer Energy Solutions programs is approximately \$44 million with a little under 70 MW of savings targeted. As noted, funding is obtained from the Energy Efficiency Services component of the Customer Benefit Charge (CBC). The Customer Assistance Program (CAP) weatherization program costs are recovered in the CAP component of the CBC and other expenses are recovered in base rates. Staff developed the proposed FY21 budget after extensive review of opportunities and challenges within each market sector, with the objective of ensuring Austin Energy reaches the 1,200 MW DSM and 375 MW local solar targets in a manner that is cost effective, while providing benefits to all sectors of residential and commercial customer classes served. This budget was developed prior to the COVID-19 pandemic, which has impacted customer interest in some programs and safety considerations – for customers, employees and our contractors. As such, the situation remains fluid, as safety is of paramount importance. With respect to differences in the last year's and proposed budgets, some adjustments are considered:

1. Solar Residential and Commercial incentive budgets reflect expected anticipated expenditures, including residential rebates, multifamily affordable housing incentives, and commercial performance-based incentive (PBI) payments for existing commercial projects. Solar incentives were estimated at \$5.25 million dollars, a \$250 thousand decrease from last year's budget.
2. The Multifamily (MF) Income Qualified program budgets will increase due to ongoing efforts to revise rebate levels, add new incentive measures, and simplify property eligibility requirements. With the introduction of bundled measures, the program pipeline is currently more robust than it has been in five years. Austin Energy continues to work with CLEAResult which has increased program and contractor participation. They provide the recruiting and management of contractors, perform outreach, and educate customers to support MF programs. AE allowed MF contractors to begin exterior projects (solar screens) once the mandate was lifted to shelter-in-place so tenants will experience the EE benefits. COVID safety protocols were implemented and EE measure installations were installed in unoccupied units. AE will begin to allow contractors to enter occupied units with safety requirements in place for tenant and contractor safety. The short term goal is to incorporate remote inspections for the majority of projects so any other disruption to field work will have minimal impact on the programs moving forward.
3. The Commercial rebate program is requesting a budget of \$2.25 million for FY21. By introducing simplified rebates and updated incentives for HVAC, in FY21 the program hopes to diversify savings and respond to customer needs. In FY20, despite a significant decrease in applications received due to COVID-19, the program experienced strong performance in the first two quarters. If the current rate of new projects continues, the Commercial rebate program is forecasted to achieve approximately 7.1-8.1MW of savings, or 80-90% of its original proposed 8.98 MW goal. Small Business is budgeted at \$1.1 million for FY21. As the number of small business lighting opportunities decrease due to economic and market conditions, the program will focus FY21 on improving its offerings to bundle smart thermostats, HVAC, and lighting upgrades. In FY20, the program has experienced a significant decline in projects, contributed to economic uncertainty and the loss of business experienced by many local small businesses due to COVID-19. For FY20, the program is forecasted to achieve only 1.8 MW of its 4.19 MW goal.
4. The Home Performance with ENERGY STAR revised program handbook and rebate processing system new configuration launch was postponed in FY20 in response to COVID19 but is will be implemented in FY21. The revisions include shifting rebate levels to increase certain duct system improvement rebates and to incentivize system performance projects. Due to COVID-19 economic impacts, The Home Performance with ENERGY STAR program budget was reduced for FY21 to \$1,500,000. The Appliance Efficiency Program assessed its program handbook in FY20 and will be implementing in early FY21. Minor configuration changes and program process improvements were implemented in late FY21. The program will continue to assess additional process improvement opportunities in FY21. The Appliance Efficiency Program is requesting a budget of \$1,800,000. to support the program's savings goals.
5. Increase in SPUR of \$150,000 is due to outreach for distributing energy efficiency product to low-income customers.
6. The Green Building budget includes \$165,000- for the development of a low embodied carbon new buildings standard.
7. The electric vehicle budget for networking and maintenance fees increased from \$100,000 to \$400,000 total to handle network expansion to include 26 new DC Fast stations
8. 2 new FTEs represent a proposed conversion of contractor positions in Green Building
  - a. Position focused upon development and launch of electrification programs targeting communities of color and low-income communities
  - b. Position in support of long-term sustainable airport expansion, position to be funded by ABIA

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COMMUNITY BENEFIT CHARGE - ENERGY EFFICIENCY INCENTIVES BUDGET		
COMPONENT	FY20	FY21
	AMENDED BUDGET	PROPOSED BUDGET
Customer Assistance Program		
Weatherization Direct Install	\$ 1,000,000	\$ 1,000,000
<b>COMMUNITY BENEFIT CHARGE (CBC)</b>		
<b>CUSTOMER ASSISTANCE PROGRAM (CAP)</b>		
<b>RECOVERABLE INCENTIVES TOTAL</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>
AE Weatherization - Direct Install	\$ 1,277,000	\$ 1,277,000
Multi-Family Rebates	\$ 1,060,000	\$ 900,000
Multi-Family Weatherization-Direct Install	\$ 1,060,000	\$ 1,800,000
Loan Options	\$ 100,000	\$ 100,000
Commercial-Existing Construction	\$ 2,335,123	\$ 2,250,000
Small Businesses	\$ 2,260,168	\$ 1,100,000
Green Building	\$ -	
Commercial Power Partner	\$ -	
Residential Solar Program	\$ 3,000,000	\$ 2,500,000
Commercial Solar Performance Based Incentive	\$ 2,500,000	\$ 2,750,000
Residential Power Partner-Aggregate	\$ 1,499,910	\$ 1,499,910
Load Coop	\$ 1,486,500	\$ 1,850,000
Thermal Energy Storage	\$ -	
Home Performance with Energy Star	\$ 1,800,000	\$ 1,500,000
School Based Education	\$ 200,000	\$ 200,000
Appliance Efficiency Program	\$ 1,600,000	\$ 1,800,000
Water Heater Timers	\$ 494,800	\$ 200,000
Electric Vehicle Incentives	\$ 450,000	\$ 450,000
Direct Install Partners and Events	\$ -	\$ 100,000
SPUR Strategic Partnership with Utilities & Retailers	\$ 1,000,000	\$ 1,150,000
Municipal Conservation Program	\$ 60,000	\$ -
<b>TOTAL CBC - ENERGY EFFICIENCY</b>		
<b>SERVICES INCENTIVES TOTAL</b>	<b>\$ 22,183,501</b>	<b>\$ 21,426,910</b>
<b>TOTAL ALL CBC RECOVERABLE INCENTIVES</b>	<b>\$ 23,183,501</b>	<b>\$ 22,426,910</b>