

**AUSTIN ENERGY'S
2022 BASE RATE REVIEW**

§ **BEFORE THE CITY OF AUSTIN**
§
§ **IMPARTIAL HEARING EXAMINER**



REBUTTAL TESTIMONY

OF

RICHARD GÉNECÉ

ON BEHALF OF AUSTIN ENERGY

JULY 7, 2022

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EXHIBITS

RG-1	Resume
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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Richard G  nec  . My business address is 4815 Mueller Blvd, Austin, Texas 78723.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT POSITION?

A. I am employed by the City of Austin as Vice President, Customer Energy Solutions of Austin Energy.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of Austin Energy.

Q. DID YOU PREPARE THIS TESTIMONY?

A. Yes. This testimony was prepared by me or under my direct supervision.

Q. HAVE YOU PROVIDED AN ATTACHMENT THAT DETAILS YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?

A. Yes. I provide this information in Exhibit RG-1 to my testimony.

Q. PLEASE EXPLAIN THE PURPOSE OF YOUR REBUTTAL TESTIMONY.

A. The purpose of my rebuttal testimony is to respond to Sierra Club, Public Citizen, and Solar United Neighbors (SCPC/SUN) witnesses Mr. Cyrus Reed and Mr. Karl R  bago concerning the societal benefits and policy-based incentives of Austin Energy’s Value of Solar (VoS) proposal. Other aspects of Mr. Cyrus Reed’s testimony concerning the recovery of certain VoS costs through the Energy Efficiency Services (EES) pass through factors or the methodology used by Austin Energy’s contractor to calculate avoided costs of the VoS are covered in other testimony by Austin Energy witness Rusty Maenius.

1 **II. ENERGY EFFICIENCY SERVICES BUDGET**

2 **Q. WHAT ISSUE HAS MR. REED RAISED CONCERNING THE RECOVERY OF**
3 **SOCIETAL BENEFITS THROUGH THE EES CHARGE?**

4 A. Mr. Reed states that the recovery of VoS societal benefits through the EES charge will
5 reduce the amount of monies available for other EES programs.¹

6 **Q. DO YOU AGREE WITH MR. REED’S CONCERNS?**

7 A. No. Austin Energy proposes a budget each year that is approved by the Austin City
8 Council that provides the cost basis for determining the EES factors being charged to
9 customers. This budget process at the City of Austin is open to public participation
10 and is the starting point for determining the amount of funds that will be available for
11 funding EES programs. The EES budget is not determined by the EES charges; the
12 EES charges are determined by the EES budget. Also, there is no proposed reduction
13 of EES budget in the FY 2023 proposed EES budget portion of the CES budget. In
14 fact, the proposed CES budget for FY 2023 is larger than the current CES budget for
15 FY 2022. Upon approval of the VoS rate proposals, Austin Energy will request a
16 budget amendment to increase the EES budget by the amount needed to recover the
17 societal benefits portion of the VoS.

18 **Q. WHAT ADDITIONAL RECOMMENDATION DOES MR. REED MAKE**
19 **CONCERNING THE EES CHARGES?**

20 A. Mr. Reed recommends that the EES charge should apply to all Austin Energy
21 customers.²

¹ Direct Testimony of Cyrus Reed, Ph.D. on Behalf of Sierra Club, Public Citizen (SCPC) and Solar United Neighbors (SUN) at 6 (Jun. 22, 2022) (Reed Direct).

² *Id.* at 4-5.

1 **Q. DO YOU AGREE WITH MR. REED’S RECOMMENDATION ON THIS**
2 **MATTER?**

3 A. No. Austin Energy applies the EES charge to all applicable customers. Certain high-
4 load factor customers are not assessed the EES because these larger customers
5 generally have sophisticated energy management programs, often have corporate
6 mandates to manage energy use, and are capable of implementing their own energy
7 efficiency measures. Customers that are excluded from EES are not eligible to
8 participate in EES programs. Mr. Reed refers to all high-load customers rather than to
9 specific high load factor customers who are using the system efficiently, have existing
10 incentives to be as efficient as possible, and employ their own energy efficiency
11 programs that are beyond the scope of Austin Energy’s offerings.

12 **Q. DOES MR. REED TAKE ISSUE WITH THE FACT THAT THE PROPOSED**
13 **PRI-2 HLF CUSTOMERS WOULD BE ABLE TO RECEIVE VOS CREDITS?**³

14 A. Yes. Mr. Reed states that because the societal benefit portion of the VoS credits will
15 be funded by the EES charge, they should not be eligible.

16 **Q. DO YOU AGREE THAT PRI-2 HLF CUSTOMERS SHOULD NOT RECEIVE**
17 **VOS CREDITS FROM EES FUNDS?**

18 A. Yes. Customers who elect to participate in the proposed PRI-2 HLF tariff should not
19 be eligible to receive the VoS credits, since they would not pay into the EES.

20 **Q. DO YOU AGREE WITH MR. REED’S ASSERTION THAT ALL CUSTOMERS**
21 **BENEFIT FROM EES PROGRAMS, WHETHER OR NOT THEY ARE**
22 **DIRECT RECIPIENTS OF EES PROGRAM FUNDING?**⁴

³ *Id.* at 7-8.

⁴ *Id.* at 8.

1 A. If Austin Energy's cost of EES programs are less than the avoided system costs, then
2 all customers benefit.⁵ However, this misses the added component that high load factor
3 customers' efficient use of the system is a benefit to all customers. Mr. Reed
4 acknowledges that it would be reasonable to charge high voltage or transmission
5 customers a lower fee. However, he does not discuss such an approach as applicable
6 to larger, high load factor customers for whom there is an even greater rationale. High
7 load factor customers can also claim that their use of the system is subsidizing low load
8 factor customers. Therefore, excluding them from the costs and benefits of the EES
9 program is an appropriate approach that more adequately addresses the costs and
10 benefits of how different customers use the system. Indeed, Mr. Reed acknowledges
11 that Austin Energy should have a policy "that fairly spreads the costs and benefits of
12 the EES program across all customer classes,"⁶ however, if a class of customer is
13 excluded from the direct benefits and themselves provide a system-wide benefit that
14 offsets the indirect EES benefit, they should not incur the costs.

15 **Q. DO YOU AGREE WITH MR. REED'S ASSERTION THAT ALLOCATING A**
16 **PORTION OF THE VOS TO THE EES WOULD MEAN EITHER LESS**
17 **MONEY FOR ENERGY EFFICIENCY, DEMAND REDUCTION, AND**
18 **LOCAL SOLAR INCENTIVES, OR ALTERNATIVELY, RESULT IN A**
19 **SIGNIFICANTLY HIGHER FEE?**

20 A. No. The Austin Energy budget, including pass-through charges such as the Community
21 Benefit Charge (CBC), is based on what programs and activities are necessary and what
22 costs will be thereby incurred. Mr. Reed assumes that the programs and activities are
23 set by the budget rather than the other way around. Therefore, Austin Energy disagrees

⁵ Austin Energy's Response to SCPC's Fourth Request For Information, Question 4-3 (Provided as Exhibit RG-2).

⁶ Reed Direct at 8 (Bates 11).

1 that the more accurate and transparent method of paying for societal benefit portion of
2 the VoS will result in necessary programs being cut. Because a portion of the VoS
3 credit is attributable to the societal benefits, funding this portion of the VoS through
4 the EES fee rather than the Power Supply Adjustment (PSA) is a more transparent
5 means of calculating the true goal being accomplished, rather than funding it entirely
6 through the PSA despite only a portion being based on avoided costs. In addition, any
7 increase in the EES charge due to VoS is offset by a decrease in the PSA.

8 **Q. DO YOU AGREE WITH MR. REED'S CONCLUSION THAT AN**
9 **EQUIVALENT EES CHARGE THAT IS APPLIED TO ALL CUSTOMER**
10 **CLASSES ON A PER-KILOWATT HOUR BASIS IS FAIR AND**
11 **EQUITABLE?**⁷

12 A. No. Variations in customer classes and cost causation are common in ratemaking.
13 Rates should reflect these differences, while limiting inter-class subsidies, to the extent
14 possible. By removing PRI-2 HLF customers from the costs and benefits of EES, this
15 better reflects the relative benefits of the class on the rest of the system while also
16 reflecting the fact that Austin Energy's programs in this area are not providing a benefit
17 to these highly sophisticated customers who are already incentivized to be as efficient
18 as possible.

19 **Q. WHAT ADDITIONAL CONCERN DOES MR. REED RAISE AS TO THE**
20 **PROCESS FOR ADJUSTING THE EES CHARGE?**

21 A. Mr. Reed states in his testimony that there is "limited opportunity for the public to
22 weigh in on the setting of the annual tariffs for the EES and CBC, and to examine actual
23 budgets and programs."⁸

⁷ Reed Direct at 11.

⁸ *Id.*

1 **Q. DO YOU AGREE WITH THIS CONCERN?**

2 A. No. All Austin Energy's rates and tariffs are approved by City Council during the
3 annual budget process, which is open and transparent. Additionally, there are multiple
4 other settings where the public may weigh in on budgets and programs, such as the
5 monthly Electric Utility Commission (EUC) and Resource Management Commission
6 (RMC) meetings. My team annually presents the detailed EES budget to the RMC for
7 its review and recommendation. Therefore, it is not necessary to add an EECRF-type
8 process on top of the existing public processes for review of the EES budget.

9 **III. VALUE OF SOLAR TARIFF**

10 **Q. DO YOU AGREE WITH MR. RÁBAGO'S TESTIMONY THAT AUSTIN**
11 **ENERGY SEEKS TO ALTER THE STRUCTURE OF THE VOS TARIFF BY**
12 **SUPRESSING THE PRODUCTION CREDIT FOR CUSTOMER-SITED**
13 **SOLAR GENERATION?⁹**

14 A. No. Austin Energy's VoS analysis is objective based on avoided costs that accurately
15 reflect the true benefits of solar customers to the system and is not outcome driven. In
16 addition, Austin Energy is proposing to increase the VoS credit, and the utility does not
17 seek to suppress the credit.

18 **Q. DO YOU AGREE WITH MR. RÁBAGO'S TESTIMONY THAT AUSTIN**
19 **ENERGY IS ARTIFICIALLY SUPPRESSING THE VOS CREDIT WHICH**
20 **CREATES AN UNECONOMIC SITUATION IN WHICH CUSTOMER**
21 **GENERATORS ARE SUBSIDIZING NON-SOLAR CUSTOMERS?¹⁰**

22 A. No. Austin Energy's analysis calculates the avoided costs of solar generation from
23 customer generators to determine the cost-neutral point based on known and

⁹ Direct Testimony of Karl Rabago, on behalf of SCPC and SUN at 41 (Jun. 22, 2022) (Rabago Direct).

¹⁰ *Id.*

1 measurable factors. This effort seeks to limit any cross subsidization and find an
2 equitable rate to compensate customer generators. Outside of the avoided costs
3 component of the VoS, customers also receive a subsidy representing the societal
4 benefits. This subsidy will be paid through the EES charge.

5 **Q. DO YOU AGREE WITH MR. RÁBAGO’S TESTIMONY THAT AUSTIN**
6 **ENERGY’S PROPOSED VOS TARIFF WILL MAKE CUSTOMERS LESS**
7 **LIKELY TO INVEST IN SOLAR GENERATION?¹¹**

8 A. No. The VoS credit under Austin Energy’s proposal is increasing. Therefore,
9 proceeding with the proposed VoS tariff, rather than suspending any changes, will not
10 make customers less likely to invest in solar generation.

11 **Q. WHAT CONCERNS DID MR. RÁBAGO RAISE REGARDING AUSTIN**
12 **ENERGY’S PROPOSED METHODOLOGY FOR CALCULATING THE**
13 **SOCIETAL BENEFIT PORTION OF THE VOS?**

14 A. Mr. Rábago expressed concern that the societal benefit value does not include the
15 societal benefits of avoiding a wide range of air-borne pollutants.¹² The societal benefit
16 portion of the VoS is based on the societal cost of carbon and the avoided metric tons
17 of CO2/MWh based on the Texas energy mix. The Austin Energy proposal bases that
18 value on carbon, in alignment with the objectives of the Austin Energy Resource,
19 Generation and Climate Protection Plan to 2030 and is also in alignment with the City
20 of Austin’s overall climate goals.

21 **Q. DO YOU AGREE WITH MR. RÁBAGO’S POSITION THAT AUSTIN**
22 **ENERGY SHOULD SUSPEND ALL PROPOSED CHANGES TO THE VOS,**

¹¹ *Id.* at 22, 41.

¹² *Id.* at 8, 9.

1 **LEAVE THE CURRENT VOS IN EFFECT UNTIL IT DEVELOPS AND**
2 **PROPOSES A TARIFF THAT WILL RESULT IN FAIR, JUST, AND**
3 **REASONABLE RATES BASED ON A BENEFIT COST ANALYSIS?**¹³

4 A. No. Austin Energy’s proposed rates, including the VoS tariff, are based on accurate
5 data and a full analysis of avoided costs that will more appropriately result in fair, just,
6 and reasonable rates.

7 **Q. DO YOU AGREE WITH MR. RÁBAGO’S STATEMENT THAT CUSTOMER-**
8 **GENERATORS PROMOTE LOCAL ECONOMIC BENEFIT, MEET POLICY**
9 **GOALS, AND ALIGN CUSTOMER AND UTILITY INTERESTS FOR THE**
10 **BENEFIT OF ALL CUSTOMERS?**¹⁴

11 A. Yes. These broader benefits support the move to recovering the societal benefit portion
12 of the VoS credit in the EES component of the CBC.

13 **Q. DO YOU AGREE WITH MR. RÁBAGO’S STATEMENT THAT “REAL-**
14 **WORLD DATA SHOULD BE USED” TO ESTABLISH RATES, INCLUDING**
15 **THE VOS TARIFF?**¹⁵

16 A. Yes. Austin Energy’s proposal is based on real data regarding how Austin Energy’s
17 system works within ERCOT and the resulting avoided power supply and transmission
18 costs attributable to solar customers. Mr. Rábago’s position assumes that there are, for
19 example, additional avoided distribution costs which are hypothetical and are not
20 consistent with Austin Energy’s actual data regarding distribution costs nor reflective
21 of how solar customers use the distribution system.

¹³ Rabago Direct at 2, 42.

¹⁴ *Id.* at 11.

¹⁵ *Id.*

1 **Q. DO YOU AGREE WITH MR. RÁBAGO’S STATEMENT THAT AUSTIN**
2 **ENERGY DEVELOPED ITS PROPOSED VOS CHANGES WITHOUT INPUT**
3 **FROM STAKEHOLDERS?¹⁶**

4 A. No. While Austin Energy’s rate proposals were conducted based on a thorough and
5 complete financial analysis prior to release, this Base Rate Review proceeding, as well
6 as the public stakeholder meetings leading up to it, is a public input process. Mr.
7 Rábago’s testimony itself is evidence of the fact that stakeholders have the opportunity
8 to provide input on the VoS tariff proposal as well as development of changes and
9 future adjustments.

10 **Q. DO YOU AGREE WITH MR. RÁBAGO’S STATEMENT THAT THE**
11 **HYPOTHETICAL AVERAGE SOLAR CUSTOMER’S ELECTRIC BILL**
12 **WOULD DOUBLE UNDER THE PROPOSED BASE RATE AND VOS**
13 **CHANGES?¹⁷**

14 A. Mr. Rábago accurately references Austin Energy’s analysis finding that a customer
15 consuming 860 kWh and generating 725 kWh in a month would see a bill of \$28.18 as
16 opposed to \$14.23. This change is attributable to the customer charge and more
17 appropriately recovers fixed costs, as discussed in Austin Energy witness Brian
18 Murphy’s rebuttal testimony. In this scenario, the customer’s VoS credit would
19 increase from \$70.33 to \$71.85.

20 **Q. MR. RÁBAGO STATES THAT AUSTIN ENERGY’S VOS PROPOSAL**
21 **IGNORES AVOIDED COSTS ASSOCIATED WITH SYSTEM CAPACITY,**
22 **RESERVE GENERATION, AND DISTRIBUTION CAPACITY.¹⁸ WHAT IS**
23 **YOUR RESPONSE?**

¹⁶ *Id.* at 13.

¹⁷ *Id.* at 14.

¹⁸ *Id.* at 21.

1 A. Austin Energy's calculation of avoided costs accounts for replacement power costs. In
2 addition, Austin Energy has not realized any actual avoided costs related to distribution
3 capacity based on the level of solar penetration on the Austin Energy system. Solar
4 customers still require distribution infrastructure to serve them at times when their
5 generation is not producing, and these customers use the distribution system to send
6 their excess production onto the grid.

7 **Q. DO YOU AGREE WITH MR. RÁBAGO'S STATEMENT THAT CUSTOMERS**
8 **SHOULD NOT BE DEPRIVED OF FAIR COMPENSATION FOR**
9 **MEASURABLE BENEFITS THAT THEY CREATE FOR AUSTIN ENERGY**
10 **AND THE COMMUNITY?**¹⁹

11 A. Yes. Austin Energy's proposed VoS tariff accomplishes precisely this objective.

12 **IV. OTHER VALUE OF SOLAR CONCERNS**

13 **Q. WHAT RECOMMENDATIONS DID THE SOLAR AND STORAGE**
14 **COALITION (SSC) MAKE TO THE VOS TARIFF?**

15 A. SSC made several suggestions for programmatic changes to VoS. As stated in the
16 rebuttal testimony of witness Maenius, these proposals are outside of the scope of this
17 proceeding.

18 **V. CONCLUSION**

19 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

20 A. Yes.

¹⁹ *Id.* at 35.

RICHARD BARTHELEMY GÉNECÉ

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SENIOR EXECUTIVE

Dynamic energy industry senior executive with extensive experience leading energy efficiency (EE) portfolios across multiple sectors, as well as leading green sustainability marketing initiatives for energy efficient appliances, lighting, solar and water solutions. Innovative, resourceful leader with over 18 years' experience and proven track record of identifying and seizing opportunities to exceed business objectives in highly competitive markets. Reputation for ability to lead by example when motivating high performance teams. Key core competencies include:

Portfolio Optimization (Energy Savings and Budget) | Innovative EE Program Development
New EE Measures | Cross-functional Team Leader | Sustainability
Executive Relationship Management | Multi-function and Industry Experience

PROFESSIONAL EXPERIENCE

Austin Energy, City of Austin, Austin, TX 2021 – Present

Vice President - Customer Energy Solutions

Lead multiple customer facing program operations (approx. 150 employees and contractors) in energy efficiency, demand-side management, renewable solutions, electric vehicles, key accounts and emerging technology.

Amazon, Portland, OR 2020 – 2021

Operations Manager

Manage the Night Operations of the fulfillment center, leading a team of managers who manage hourly associates

CLEAResult, Portland, OR 2017 – 2019

North America's largest EE / Demand Side Management implementor and full-service energy consultant.

Senior Vice President – West Operations

Led half of the Operations function in the US and Canada (approx. 650 employees). Full P&L accountability for multi hundred-million-dollar business. Full complement of EE program design, implementation, consulting, and administration. All program sectors including: Residential, Commercial, Agricultural, Industrial, Low-Income and Federal/Government.

- Forged and maintained executive relationships with key clients across the West Operating Unit, salvaging damaged relationships and building new ones with strategic clients.
- Led efforts to successfully secure new business in Alberta, Canada, a key growth engine for the company.
- Provided key leadership to the Energy Forum, including facilitation of a Diversity and Inclusion workshop
- Led a company-wide safety effort, following serious safety incidents with a key client.
- Leveraged relationships to win strategic R&D Portfolio management contract with major IL utility.

BONNEVILLE POWER ADMINISTRATION, Portland, OR 2013 – 2017

Wholesale power marketer for 11 million customers in the Pacific Northwest (300k square mile territory).

Vice President of Energy Efficiency

Led large organization in the energy wholesale market of 100+ passionate, talented leaders and individual contributors in Policy/Planning/Measurement & Evaluation, Marketing, Engineering, Programs, Contract Management and Distributed Energy Resources / Demand Response to drive results and exceed expectations for Bonneville Power Administration's 135 public power and other (direct) customers / utilities.

- Championed "Business Case for Conservation", demonstrating a \$1.6B value for EE over 10 years.
- Exceeded agency EE energy savings targets for 2013-2016 while spending within budget.
- Led EE Focus 2028 effort, resulting in commitment to explore new methodology of determining EE's target.
- Executive sponsor of Integrated Demand Side Management (DSM) project, transforming org to integrate DSM.

SOUTHERN CALIFORNIA EDISON, Rosemead, CA 2008 – 2013

Electric utility for 13 million customers in Southern California (50k square mile territory).

Residential Portfolio Manager

Managed large organization with \$73M budget to generate 341 GWh and 91 MW in EE and demand response programs targeted to the Residential channel with dozens of employees. Successfully represented the organization internally and externally with key stakeholders, including the California Public Utilities Commission.

- Exceeded portfolio energy savings targets (2009, 2010, 2011 and 2012).

RICHARD BARTHELEMY GÉNECÉ

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Page Two

Residential Portfolio Manager (continued)

- Led cross-business Strategic Planning effort, developed Lighting Strategy for entire business, underscoring importance of Lighting to overall strategy as source of more than 50% of energy savings, worked with multiple leaders and organizations throughout company. Successfully presented to Senior Executives.
- Spearheaded establishment of proper controls and checks across Portfolio to minimize risk and Audit findings.
- Quickly assessed, organized and created functional, performance-driven organization promoting from within, hiring external managerial candidates, and driving results to exceed targets.
- Conducted radio and television interviews promoting Southern California Edison (SCE) programs and services; also requested to appear in company sponsored videos and speak at trade shows and conferences.
- Led successful optimization of key programs within the Residential Portfolio (e.g. Upstream Lighting, Multifamily, Bus. and Consumer Electronics, Community Language Efficiency Outreach, Mobile Energy Unit).
- Recognized by ENERGY STAR® and contributed to SCE's record 11 ENERGY STAR® Awards.
- Led creation of first and only integrated Residential, Business, Demand Response and Solar Audit Tool in CA.

GENERAL ELECTRIC COMPANY

2001 – 2008

Hospitality Segment Leader / Ecomagination Leader / Enterprise Leader, Pleasanton, CA (2006 – 2008)

Designated key executive charged with sales of commercial grade appliances, air conditioners, and water systems to hotels and motels across the U.S. and Canada.

- Led GE green initiatives to solve world's greatest challenges from an EE standpoint.
- Created an intensive sales training program in selling skills, competitive negotiations, and customer development/retention and presented it to over 150 sales professionals nationwide.

Region Manager, Pleasanton, CA (2005 – 2006) GE Consumer and Industrial Appliances

Led 19 direct sales professionals. Directed the appliances sales and marketing activities to develop new markets and provide consistently high levels of service to existing accounts. Guided business strategy, brand positioning, product marketing, advertising, online/offline direct marketing, and public relations.

- Captured \$272K in past due accounts by prioritizing and focusing on the largest accounts (i.e. developers, distributors, government, OEM, etc.) where there was high probability to collect past due accounts.
- Drove second highest price realization in U.S. in all segments by revising terms and conditions of contracts and negotiating win-win solutions in terms of best locks in price increases.

Director of Residential Vertical Marketing, St. Paul, MN (2002 – 2005) GE Security

Supervised four direct product and marketing staff. Led sales target projections and appropriate lead generation.

- Achieved \$600K gross within one month of launch of the new Allegro security panel.
- Drove \$1.6M in sales, led product management and the integration of new Smart Connection Center products.

Director of Marketing, Schaumburg, IL (2001 – 2002) GE Financial Assurance, Partnership Marketing Group

Held full P&L management accountability for multimillion-dollar product line. Directed product management, pricing, retention, and channel marketing elements for the largest ancillary health care product line. Formulated and implemented long-range strategic market plans using knowledge of markets, technology, and competition.

EDUCATION

INDIANA UNIVERSITY – KELLY SCHOOL OF BUSINESS, Bloomington, IN

MBA, International Marketing & Management Information Systems

CARNEGIE MELLON UNIVERSITY – COLLEGE OF HUMANITIES & SOCIAL SCIENCE, Pittsburgh, PA

Bachelor of Science (BS), Information & Decision Sciences**ADDITIONAL INFORMATION**

- Senior Warden, CCEP (2019)
- Consortium for Energy Efficiency Board Member (2013 – 2016)
- American Association of Blacks in Energy (2012 National Conference Co-Chair)
- GE Six Sigma Quality Process Improvement Certification (Green Belt)
- Top National Black MBA Scholarship Winner
- Consortium for Graduate Study in Management Fellowship Winner
- National INROADS Alumni Board Member

Austin Energy's Response to SCPC's Fourth RFI

SCPC 4-3: Confirm that the efficiency measures that Austin Energy funds through the Energy Efficiency Service program, including, but not limited to, demand response, energy efficiency and onsite solar projects, reduce costs for all customers, including large customers under the PRI-2 HLF rate option. If not confirmed, provide all documentation supporting the assertion that those efficiency programs do not reduce costs for all customers.

ANSWER: In the short-term, the Customer Energy Solutions programs described reduce costs for all customers through savings from transmission cost allocation avoidance from ERCOT as a result of reduction of peak and Austin Energy's load share ratio. Additionally, customers who directly lower energy consumption experience cost reductions. In the long term, demand that would have been imposed on the system but for the demand savings from participation in energy efficiency programs would enable Austin Energy to avoid or defer certain distribution capacity investments that otherwise would have been made. Because distribution capacity costs are allocated broadly among customers, avoided or deferred capacity costs reduce costs for all customers in classes who take service from that type of system capacity, and in this scenario many customers may benefit from the programs. If Austin Energy's costs of the energy efficiency, on-site solar, etc., programs are less than the avoided system costs, then customers may benefit economically. If the accumulated costs of these programs to Austin Energy is greater than the avoided system capacity costs, then customers will be economically harmed. Any savings or additional costs are dependent on the efficiency and effectiveness of the programs.

Prepared by: JHO / RG

Sponsored by: Richard G  nec  