



## Recommendation for Action

**File #: 22-2948, Agenda Item #: 3.**

**9/29/2022**

### **Posting Language**

Authorize negotiation and execution of contracts with terms of up to 15 years for capacity and energy with certain Austin Energy customers with on-site backup generation as part of a Resiliency-as-a-Service pilot program, for an aggregate contracted capacity of up to 25 megawatts and estimated annual contracted amount of \$3,375,000.

### **Lead Department**

Austin Energy

### **Fiscal Note**

There is no unanticipated fiscal impact.

### **For More Information:**

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### **Council Committee, Boards and Commission Action:**

September 12, 2022- Recommended by the Electric Utility Commission on a 9-0 vote, with two vacancies.

### **Additional Backup Information:**

The Resiliency-as-a-Service (RaaS) program is a proposed regulatory project associated with statutory obligations established by Senate Bill (SB) 398, under which Austin Energy (AE) and other municipally owned electric utilities (MOUs) as well as electric cooperatives (Coops) must allow and facilitate certain customer back-up generation projects supporting the food supply chain.

This legislation was driven by post-Winter Storm Uri customer interest in on-site back-up generation. Grocers advocated for the adoption of legislation, ultimately passed as Section 3 of SB 398, to provide the opportunity to install on-site generation sited at grocer facilities in a manner similar to their installations in retail competitive areas of the State as well as some municipal services territories. Under this arrangement, grocers who are customers of MOUs and Coops are allowed by law to contract with power generation companies to install and manage on-site natural gas generators that can be used as backup power when needed, including during emergency situations such as hurricanes or emergency load shed events. To bring down the up-front costs to the customer, these generators are allowed to export energy from the resource to be sold into the ERCOT grid at times when the customer does not need it.

The requested action will allow AE to establish an RaaS program similar to that already put in place by other MOUs. These will consist of generation with a capacity between 250 kW and 10 MW. This will allow AE to use the capacity - which the customer already has the legal right to install and operate - at opportune times to reduce its transmission load on the ERCOT system and pass those savings on to the AE customer base at times when not in use for on-site backup purposes.

**Strategic Outcome(s):**

Government that Works for All.