

Electric Utility Commission

Resolution on Value of Solar Tariff in Austin Energy Rate Case

November 14, 2022

WHEREAS, the Electric Utility Commission has been given the important task of reviewing and advising the City Council on the Austin Energy's proposed changes to base rates; and

WHEREAS, the Austin Energy Resource, Generation and Climate Protection Plan to 2030 and the Austin Climate Equity plan, both adopted by Council, include goals for increasing the use of local customer-sited solar energy in order to reduce greenhouse gas emissions and other pollution, improve resilience, and keep bills affordable; and

WHEREAS, Austin Energy has proposed important changes to the Value of Solar tariffs as part of its base rate that could impact these goals;

WHEREAS, the Value of Solar tariff is essential for facilitating the continued use of local customer-site solar energy; and

WHEREAS, it is important for the Value of Solar tariff to accurately compensate customers with on-site solar energy for the energy they produce, and to provide a rate that isn't too volatile, in order to attract investment in customer-sited solar; and

WHEREAS, if a portion of the Value of Solar fee is paid for by the Energy Efficiency Fee instead of the Power Supply Adjustment fee, then some customers will be exempted from their fair share of the costs since they are exempted from the Energy Efficiency Fee, creating the potential for a cross-subsidy;

WHEREAS, the Impartial Hearings Examiner found that while Austin Energy's proposed changes were reasonable, they also urged better consultation with stakeholders going forward;

NOW THEREFORE BE IT RESOLVED that the Electric Utility Commission recommends that the Austin City Council do the following when adopting the updated Value of Solar tariff as part of Austin Energy's base rate package:

1. Adopt Austin Energy's Value of Solar rate and methodology as proposed in its Base Rate Filing Package and as adopted by the Impartial Hearing Examiner in his Final Recommendation, with the exception that Value of Solar Societal Benefits should continue to be collected through the PSA.
2. Base the avoided costs of the Value of Solar rate on a rolling five-year average, and conduct the Value of Solar avoided cost assessment annually but require Austin Energy to change the rate not more frequently than every three years based on a rolling five-year average of avoided costs.

3. Direct Austin Energy to hire a qualified third party, with experience in calculating the value of local distributed solar energy and subject to City Council approval, to: A) facilitate a collaborative stakeholder process and analysis to identify and incorporate avoided and incurred costs that may not be currently captured in the proposed methodology; and B) develop a Policy Driven Incentive (PDI). This process should include periodic updates to the EUC and RMC for review and feedback.
4. Furthermore, Austin Energy should develop a standard offer program for community solar, and consider the development of future battery adoption and utilization policy goals as part of the development of any Policy Driven Incentive, other incentives, or new rate designs to enable resource goal achievement.