

**Motion Sheet #1: Austin Energy Additional Direction**

I move to provide the following direction as a part of the adoption of the 2022 base rates for Austin Energy:

1. The City Manager is directed to comply with the terms of the agreement entitled “Joint Recommendation on Other Austin Energy Issues” and attached to this motion sheet.

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## Joint Recommendation on Other Austin Energy Issues

1. Line Loss Study: Austin Energy shall conduct a new System Loss Study (Line Loss Study) to derive both peak demand and energy loss factors by service level (transmission, substation, primary, and secondary) prior to the next comprehensive base rate review.
2. Primary Substation Tariff: Austin Energy shall develop a Primary Substation tariff that would apply to those customers who are served directly from an Austin Energy substation through dedicated feeders and present the rate for consideration in its next base rate review. Initially, the Primary Substation rate will be available to the three customers in the  $\geq 20$  MW 85% annual load factor class. The only distribution costs to be recovered in the Primary Substation rate shall consist of a proportional share of distribution substations and the actual cost of any dedicated feeders, and any other appropriate costs, consistent with cost-causation and accepted industry practice. Austin Energy may also develop alternative versions of the Primary Substation tariff. The parties, including Austin Energy, reserve their rights to take whatever positions they wish with respect to any proposed Primary Substation tariff.
3. Transmission Service: Austin Energy shall provide a pathway for Primary  $> 20$  MW HLF customers to purchase the facilities necessary to upgrade to transmission service. Austin Energy shall provide this pathway no later than one year after City Council action approving the settlement in this base rate review.
4. Value of Solar:
  - a. 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 shall be approved, with the exception that Value of Solar Societal Benefits will continue to be collected through the Power Supply Adjustment.
  - b. Austin Energy will base the avoided costs of the Value of Solar rate on a rolling five-year average. Austin Energy agrees to conduct the Value of Solar avoided cost assessment annually but commits to reevaluate the rate every three years (not necessarily in conjunction with a base rate review), and change it as appropriate, based on a rolling five-year average of avoided costs.
  - c. Austin Energy commits to engage a qualified third party with experience in calculating the value of local distributed solar energy to facilitate a collaborative, public stakeholder review process and analysis to identify and incorporate avoided and incurred costs that may not be currently captured in the proposed methodology, and develop a Policy Driven Incentive (PDI). This process will begin no later than January 2025 and conclude by December 2025 and include periodic updates to the EUC and RMC for review and feedback. Future battery adoption and utilization policy goals may influence the development of a time-based PDI, incentives, or new rate designs to enable goal achievement.
  - d. Attachment 2 reflects the agreed Value of Solar rate change procedures.

- e. Upon approval of the Value of Solar tariff, Austin Energy will initiate a public stakeholder process to develop a standard offer program for local distributed community solar. This process will include periodic updates to the EUC and RMC for review and feedback, with the intention of developing a program to be effective by October 1, 2023.
- 5. PRI-2 HLF Tariff: Austin Energy's PRI-2 HLF tariff is approved.
- 6. Additional Solar and Storage Issues: Austin Energy commits to work with interested stakeholders on issues related to storage and solar + storage raised in the base rate review.
- 7. Customer Assistance Program (CAP): Austin Energy will enhance marketing and outreach efforts to increase participation of eligible customers in the CAP.
- 8. Outside City Issues: Upon approval of the rate allocating \$5 million to outside City of Austin customers, Homeowners United for Rate Fairness will not prepare, fund, or support an appeal of the rate ordinance to the Public Utility Commission.

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