



Recommendation for Action

File #: 23-3342, **Agenda Item #:** 3.

11/30/2023

Posting Language

Approve issuance of a capacity-based incentive to Public Storage Orangeco Inc. for the installation of solar electric systems on 20 of its facilities in the Austin Energy service territory, in an amount not to exceed \$388,776 and approve issuance of a five-year performance-based incentive to Public Storage Orangeco Inc., in a total amount not to exceed \$1,024,185.28.

Lead Department

Austin Energy

Fiscal Note

Funding in the amount of \$593,614 is available in the Fiscal Year 2023-2024 Austin Energy Operating Budget. Funding for the remaining years of the agreements is contingent upon available funds in future budgets.

For More Information:

Amy Everhart, Director Local Government Issues (512) 322-6087; Tim Harvey, Customer Renewable Solutions Manager (512) 482-5386

Council Committee, Boards and Commission Action:

November 13, 2023 - Recommended by the Electric Utility Commission on a 7-0 vote with Commissioners Alvarez, Blackburn, and Seibert absent and one vacancy.

November 14, 2023 - Recommended by the Resource Management Commission on a 6-0 vote with Commissioners Bren, Davis, Johnson, and Stone absent and one vacancy.

Additional Backup Information:

Austin Energy requests approval to issue this Capacity Based Incentive (CBI) and this Performance Based Incentive (PBI) to Public Storage Orangeco Inc. (the Customer) for the installation of solar electric systems, detailed in the tables below at their facilities to produce renewable energy for on-site consumption. The table below provides a summary of the system size, cost, proposed incentive, and environmental benefits.

Aggregated Solar Systems Details*	
Total System Size (kW-DC)	2,062
Total System Size (kW-AC)	1,712
Annual Estimated Production (kWh)	2,890,624
Total System Cost (\$)	\$4,792,171
Total Incentive (\$)	\$1,412,961
Percent of Cost Covered	29%
Environmental Benefits** and Emission Reduction Equivalencies***	
Reduction of Carbon Dioxide (CO2) in tons	1360

Reduction of Sulfur Dioxide (SO2) in pound	2023
Reduction of Nitrogen Oxide (NOX) in pound	2023
Equivalency of Vehicle Miles Driven	4,704,714
Equivalency of Cars on Austin Roadways	408
Equivalency of Trees Planted	30,346
Equivalency of Forest Acreage Added	2,189

*All solar equipment meets Austin Energy program requirements

** Environmental Benefits based on the 'US Energy Information Associations state-wide electricity profile

<<https://www.eia.gov/electricity/state/texas/>>

*** According to the [Environmental Protection Agency Greenhouse Gas Equivalency Calculator](https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator)

<<https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>>

The Customer is a provider of storage units for personal, business and vehicle storage needs, with thousands of locations nationwide. Details on the 20 individual proposed systems are provided in the table below.

Nine Proposed Capacity-Based Incentive Projects (Under 75 kW AC)							
Site Address	Incentive Rate	System Cost	Austin Energy Incentive	Generation kWh/yr	System Size kW DC	System Size kW AC	Offset
2121 S IH 35 Austin, TX 78746	\$0.60	\$209,086	\$51,507	123,682	85.845	71.251	94%
5220 W US 29 Austin, TX 78746	\$0.60	\$203,180	\$50,052	115,957	83.42	69.239	104%
13675 N US 29 SVRD NB A 78729	\$0.60	\$209,086	\$51,507	121,577	85.845	71.251	92%
1300 W 5th St 78703	\$0.60	\$152,443	\$35,502	82,234	59.17	49.111	93%
10931 Research SVRD NB A 78759	\$0.60	\$196,312	\$47,724	114,556	79.54	66.018	98%
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937 Reinli St 78751	\$0.60	\$114,963	\$27,936	67,179	46.56	38.645	106%
12915 N US 29 SVRD NB A 78759	\$0.60	\$208,917	\$51,216	118,645	85.36	70.849	93%
10001 N IH 35 Austin, TX 78753	\$0.60	\$102,193	\$25,608	57,469	42.68	35.424	92%
Eleven Proposed Performance-Based Incentive Projects (Over 75 kW AC)							

Site Address	Incentive Rate	System Cost	Austin Energy Incentive	Generation kWh/yr	System Size kW DC	System Size kW AC	Offset
14002 Owen Austin, TX 78744	\$0.09	\$475,339	\$161,890	312,831	225.04	186.783	94%
6726 FM 224 TX 78744	\$0.09	\$247,218	\$75,070	145,063	104.76	86.951	93%
12318 N Mop SVRD SB D 78759	\$0.09	\$279,569	\$89,678	173,291	121.25	100.637	114%
1800 S Lamar TX 78704	\$0.09	\$270,108	\$82,308	159,049	114.46	95.002	92%
1321 W 5th St 78703	\$0.09	\$356,903	\$115,685	223,546	160.05	132.841	93%
2513 N FM 61 TX 78734	\$0.09	\$236,351	\$73,267	141,578	101.85	84.535	93%
4911 S IH 35 Austin, TX 78745	\$0.09	\$264,575	\$84,087	162,486	110.095	91.379	98%
1033 E 41st 78751	\$0.09	\$213,718	\$64,873	125,358	90.21	74.874	74%
2301 E Ben SVRD EB Au	\$0.09	\$270,435	\$82,997	160,381	117.37	97.417	104%
8101 N Lamar Austin, TX 78745	\$0.09	\$371,853	\$127,337	246,062	176.54	146.528	91%
3911 S FM 60 Cave, TX 78745	\$0.09	\$213,610	\$66,994	129,457	92.635	76.887	93%

According to the updated Austin Energy Resource, Generation and Climate Protection Plan, approved by Council in March 2020, "Austin Energy will achieve a total of 375 MW of local solar capacity by the end of 2030, of which 200 MW will be customer-sited (when including both in-front-of-meter and behind-the meter installations)." In order to meet these goals, Austin Energy has funded the Solar Photovoltaic (PV) Programs, which are designed to reduce the amount of electricity Austin Energy must purchase from the market and reduce associated greenhouse gas emissions.

The purpose of the Austin Energy Solar PV CBI Program is to expand adoption of solar by nonprofit organizations and small businesses by helping to offset the capital investment of solar installation. Under this program, solar systems under 75 kW AC are eligible to receive \$0.60/W-DC. Per program guidelines, the installation is expected to continue producing for a minimum of 20 years or may be subject to repay the incentive at a pro-rated amount, if it stops producing for any reason short of the stated minimum.

The purpose of the Austin Energy Solar PV PBI Program is to expand adoption of customer-sited solar by commercial customers for system sizes over 75 kW AC. The PBI solar program offers commercial customers payments based on the metered solar production of their approved PV system for the first 5 years of operation. Payments are made as a monthly billing adjustment to the customers' electric account. Due to the performance-based aspect of the incentive, if the customer fails to generate solar electricity, the rebate will not be fully paid. Per program guidelines, the installation is expected to continue producing for a minimum of 20 years, 15 years beyond the incentive.

These projects will advance the stated goals of expanding locally-sited solar, carbon reduction and resiliency, extend the adoption of solar to entities historically excluded from the investment benefits of solar, and continue

to demonstrate the value and importance of renewables as part of the individual and collective generation portfolio in Austin Energy territory.