



BOARD/COMMISSION RECOMMENDATION
Joint Sustainability Committee

Resolution 20240925-xx on Solar Standard Offer Program

WHEREAS, Austin Energy needs more clean renewable local generation; and

WHEREAS, Google Project Sunroof estimates that Austin has about 7,900 MW of rooftop solar potential, with about 4,000 MW coming from rooftops with capacity for less than 50 kW;¹ and

WHEREAS, the vast majority of Austin's rooftop solar potential is still unrealized; and

WHEREAS, opportunities to build new solar farms or other clean renewable energy production within the Austin Energy Load Zone are limited; and

WHEREAS, while Austin Energy's solar incentive programs have been successful in deploying local rooftop solar for those with access to capital, many residential and commercial property owners do not have enough capital to take advantage of these programs; and

WHEREAS, Austin Energy started working with stakeholders, including from the Resource Management Commission, in 2018 to identify a way to expand access to rooftop solar for residential properties; and

WHEREAS, Austin Energy's last two local solar requests for proposals have not yielded new local solar developments; and

WHEREAS, Austin does not currently offer a solar program that allows property owners to host rooftop solar owned by others without utilizing the host's own capital, even though such a program would enable more solar development on sites that cannot participate in the current solar incentive programs for financial reasons; and

¹ While actual potential is likely less once the downtown network and older buildings are excluded, the potential is still large enough to make a significant contribution to Austin Energy's generation needs.

WHEREAS, Austin Energy could significantly increase the amount of solar development within the Austin Energy Load Zone by facilitating solar development on more rooftops in Austin, where solar developers lease the rooftop from the property owner; and

WHEREAS, Austin Energy supports new behind-the-meter solar projects under 10 MW with photovoltaic incentives, treating the Value of Solar payment for all PV generation as a bill credit (which renders it non-taxable income), and including the 2.3 cent/kWh societal benefits portion of the Value of Solar tariff; and behind-the-meter rooftop PV projects are exempt from property tax; and

WHEREAS, Austin Energy's proposed Solar Standard Offer program will apply to new solar projects under 10 MW connected to Austin Energy's distribution system on the grid side of the customer meter, but will not offer any solar incentive, the solar project will be subject to property tax, the compensation for solar production will be a stand-alone payment that counts as taxable income, and the proposed compensation will not include a the societal benefits portion of the Value of Solar; and

WHEREAS, Austin Energy therefore proposes to deliver substantially lower benefits to new local distributed solar energy projects under the upcoming Solar Standard Offer program than the Value of Solar tariff, despite the value of the energy being identical; and

WHEREAS, rooftop solar systems installed through the Solar Standard Offer program will be more expensive for the developers because they won't receive incentives, will be subject to property taxes on the solar portion of the host property, and earnings will be subject to income taxes; and

WHEREAS, all local solar production below 10 MW injected into the Austin Energy grid has equal value regardless of whether it is interconnected behind or in front of the meter; and

WHEREAS, it would be inequitable to provide less value for local solar production from systems installed under the Solar Standard Offer program, which offers few advantages to reduce the costs of rooftop solar development other than the opportunity for a third party to develop rooftop solar on properties that might otherwise not be developable; and

WHEREAS, Austin should strive to provide equitable access and equitable compensation to rooftop solar programs for all property owners;

NOW THEREFORE, BE IT RESOLVED that the City of Austin Joint Sustainability Committee recommends that the full applicable Value of Solar rates be used to compensate for energy produced by all solar systems under 10 MW within Austin Energy's Load Zone, whether interconnected behind-the-meter or through the Solar Standard Offer program.

BE IT FURTHER RESOLVED that the Joint Sustainability Committee recommends that Austin Energy initiate stakeholder meetings in December 2024 to determine how to expeditiously

expand the Solar Standard Offer program to all solar projects connected to the Austin Energy distribution system between three (3) kilowatts (kW) and less than 10 megawatts (MW) by January 1, 2026.

BE IT FURTHER RESOLVED that the Joint Sustainability Committee recommends that the City Council request quarterly written updates on implementation of the Solar Standard Offer program, including any challenges and additional staffing needs.