



BOARD/COMMISSION RECOMMENDATION

Electric Utility Commission

Recommendation No. 20240930-002

Recommendation 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

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

¹ While actual potential is less once older buildings are excluded, and the hosting capacity of the distribution grid accounted for, the potential is still large enough to make a significant contribution to Austin Energy's generation needs.

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, capacity installed through the Solar Standard Offer program will be sold through the Community Solar program, which customers pay a premium to subscribe to and that premium should go towards supporting the installation of more local solar; 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 will by design serve property owners who are unable to utilize the solar incentive programs; 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 Electric Utility Commission enthusiastically recommends implementation of the Solar Standard Offer program without delay and recommends that compensation for energy provided through the program be set at an introductory rate based on the average avoided costs from 2021, 2022, and 2023. Starting in March of 2026, the rate should reset to the average avoided costs for the previous five years of assessments.

Moving forward, the rate should be updated once every three years on the same cycle as the Value of Solar tariff.

BE IT FURTHER RESOLVED that the Electric Utility Commission supports Austin Energy's commitment to 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. Austin Energy will consider in collaboration with stakeholders how to best utilize revenue generated by Community Solar subscribers to further compensate residential hosting.

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

Date of Approval: September 30, 2024

Vote: 10-0

For: Commissioner Dave Tuttle, Chair; Commissioner Kaiba White, Vice Chair; Commissioner Ayo Akande; Commissioner Raul Alvarez; Commissioner Cesar Benavides; Commissioner Jonathon Blackburn; Commissioner Randy Chapman; Commissioner Chris Kirksey; Commissioner Cyrus Reed; Commissioner Joshua Rhodes

Against: None

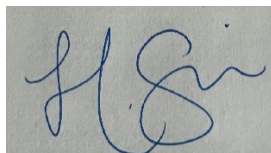
Abstentions: None

Off Dais: None

Absences: None

Vacancies: Mayor's Office

Attest:



Natasha Goodwin, Staff Liaison