

RESOLUTION NO.

WHEREAS, through the Federal Energy Independence and Security Act of 2007 (EISA), the United States Congress amended the Public Utility Regulatory Policies Act of 1978 (PURPA)(16 U.S.C.A. § 2601 et seq.) to require City of Austin, as the owner of an electric utility, to consider implementing certain standards for integrating energy efficiency resources into its resource planning and adopting cost-effective energy efficiency as a priority resource; modifying its rate design to promote energy efficiency investments; and making smart grid information available to its customer and others.

WHEREAS, on October 11, 2009, the City of Austin published notice in the *Austin American-Statesman* and caused notice to be posted by the City Clerk of the City of Austin that public hearings would be conducted on October 19, 2009, before the Electric Utility Commission and on October 20, 2009 before the Resource Management Commission to consider Austin Energy's recommendations regarding whether to implement (with or without modification) or decline to implement the above federal standards set forth in the EISA , and whether to thereafter make a recommendation to the Austin City Council; and

WHEREAS, on October 19, 2009 and October 20, 2009, pursuant to notice duly given, the Electric Utility Commission and Resource Management Commission conducted public hearings pursuant to 16 U.S.C.A. § 2621; and

WHEREAS, the integrated resource planning standard of 16 U.S.C.A. § 2621(d)(16) requires that each electric utility integrate energy efficiency resources

into its resource planning and adopt policies establishing cost-effective energy efficiency as a priority resource; and

WHEREAS, the City Council has already adopted and the City Manager has implemented policies that integrate energy efficiency into utility resource planning and establish cost-effective energy efficiency measures as a priority resource that should be reaffirmed and not replaced and exceed the requirements of § 2621(d)(16); and

WHEREAS, the rate design modification to promote energy efficiency investment of standard of 16 U.S.C.A. § 2621(d)(17)(A) requires that each electric utility design its rates in a way that would align its incentives with the delivery of cost-effective energy efficiency and promote energy efficiency investments by its customers by consideration of the following policy options of subpart (17)(B): (1) eliminating the “throughput” incentive and other regulatory and management disincentives to energy efficiency; (2) providing incentives for the successful management of energy efficiency programs; (3) including the impact on adoption of energy efficiency as one of the goals of retail rate design, recognizing that energy efficiency must be balanced with other objectives; (4) adopting rate designs that encourage energy efficiency for each customer class; (5) allowing timely recovery of energy efficiency-related costs; and (6) offering home energy audits, offering demand response programs, publicizing the financial and environmental benefits associated with making home energy efficiency improvements, and educating homeowners about all existing federal and state incentives, including the availability of low cost loans, that make energy efficiency improvements more affordable; and

WHEREAS, current Council policy calls for the implementation of aggressive energy efficiency programs such as that contemplated in subpart (d)(17)(B)(2), including incentives for implementing such programs; and

WHEREAS, the policies of subparts (d)(17)(B)(1), (3), (4) and (5) are directed at rate making authority and it would not be proper, at this time, to adopt subparts (1), (4), and (5) as the chosen means of achieving the purpose of standard 17 outside the context of a full rate proceeding taking into consideration all other policy objectives and rate design methodologies; but adoption of subpart (3) would be proper and consistent with current City policy, while at the same time leaving intact the City Council's broad rate-making discretion in any future rate proceedings; and

WHEREAS, with the exception of the requirement to offer home energy audits, the demand response and energy efficiency goals of subpart (B)((6) of standard 17 complement policies already adopted by the City. Home energy audits are offered by private third-parties and required by law in many circumstances under City Code Chapter 6-7, or should be encouraged on a voluntary basis in conjunction with Austin Energy's energy efficiency rebate programs; and

WHEREAS, the smart grid information standard of 16 U.S.C.A. § 2621(d)(19) requires that all electric customers have access to certain information from the utility. The information required to be provided in subpart (19)(B) includes: (1) time-based electricity prices in both the retail and wholesale markets; (2) the number of kilowatt-hours of electricity purchased by the customer; (3) not less than daily updates on prices and usage, including hourly prices and use

information if available, and a day-ahead projection of such price information to the extent available; and (4) annual reporting of the utility's generation resources by type of generation, including the amount of greenhouse gas emissions associated with each type of generation, for intervals during which such information is available on a cost-effective basis. Subpart (19)(C) would also require Austin Energy to provide 24/7 internet access to this information but access to customer-specific usage information may be limited to the customer; and

WHEREAS unless and until time-based rates are available to the City's customers, the adoption of subpart (19)(B)(1) with respect to real-time retail rates would be of little value, and the cost of implementing such a capability would not be justified; and there is not value in providing wholesale price information, as wholesale prices do not necessarily correlate with customers' usage, given that Austin Energy is a vertically integrated utility with its own generation capacity; and

WHEREAS the City currently offers its customers online information regarding the number of kilowatt-hours purchased required in subpart (19)(B)(2) and the City's electric utility is also nearing completion of a system-wide installation of automated meters that will allow two-way communication between the utility and customers' meters; and

WHEREAS the utility is exploring technologies that would enable customers to obtain near real-time information regarding their usage levels, whether through Austin Energy's own web portal, third-party applications, or in-home display devices and deployment of these systems and technology will allow Austin Energy to provide the information specified in subparts (19)(B)(3); and

WHEREAS current City Council policy already requires Austin Energy to make available the information specified in subpart (19)(B)(4) on an annual basis, with the exception of greenhouse gas emission data, and Austin Energy also provides this information in its written annual report; and including overall greenhouse gas emission data associated with each resource would be a valuable service to customers and consistent with the goals of the City's Climate Protection Plan; and

WHEREAS Austin Energy's Smart Grid 2.0, defined by recommendations of the Pecan Street Project, will focus on the grid beyond the meter and into the premise with integration back to the City's electric utility grid with innovations that may include portals that provide customers with more information, alternatives, and decision support on a 24/7 basis, and with smart-metering implements the policies of subpart (19)(C); and

WHEREAS, the above reflect the determinations of the Electric Utility Commission and Resource Management Commission following consideration of Austin Energy's recommendations, discussion, and public input; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the Austin City Council adopts as the policy of the electric utility and directs the City Manager to take steps as may be reasonably necessary to implement the recommendations of the Electric Utility Commission and Resource Management Commission as indicated below:

1. That the City of Austin adopt 16 U.S.C.A. § 2621(d)(16), and (d)(17)(B)(2), (3) and (6), with the exception of home energy audits, as City policy to serve only as a minimum baseline for integrated resource planning and rate design modification to promote energy efficiency investments and to reaffirm, rather than supersede the policies already adopted by City Council on these matters and without requiring action by City staff not already required under existing City Council policies.
2. That the City of Austin decline to implement the standard of 16 U.S.C.A. § 2621(d)(17)(B)(1), (4), and (5) recognizing that the City should retain the full rate-making discretion with which it is currently vested by state law with the City Council free to consider and adopt the approaches of subparts (1), (4), and (5) when a full rate making proceeding is brought before it.
3. That the City of Austin decline to implement the standard of 16 U.S.C.A. § 2621(d)(17)(B)(6) with respect to the requirement to offer home energy audits because home energy audits are currently provided by private third-parties and in many circumstances are required by law or should be encouraged on a voluntary basis in conjunction with Austin Energy's energy efficiency rebates programs.
4. That the City of Austin adopt the standard of 16 U.S.C.A. § 2621(d)(19)(B)(2), (4), and (3) as these standards pertain to usage rather than price information.
5. That the City of Austin adopt standard 6 U.S.C.A. § 2621(d)(19)(C) as a goal to reaffirm, rather than supersede the policies already adopted by City Council on these matters and without requiring action by City staff not already required under existing City Council policies.

6. That the City of Austin decline to implement the standard of 16 U.S.C.A. § 2621(d)(19)(B)(1) and (3) related to time-based and day-ahead electricity prices because the adoption of these initiatives would be of little value to customers as recognized above and the cost of implementing such a capability would not be justified.

ADOPTED: _____, 2009 **ATTEST:** _____

Shirley A. Gentry
City Clerk