



Solar Incentive Program Review

AEUOC
August 27, 2015

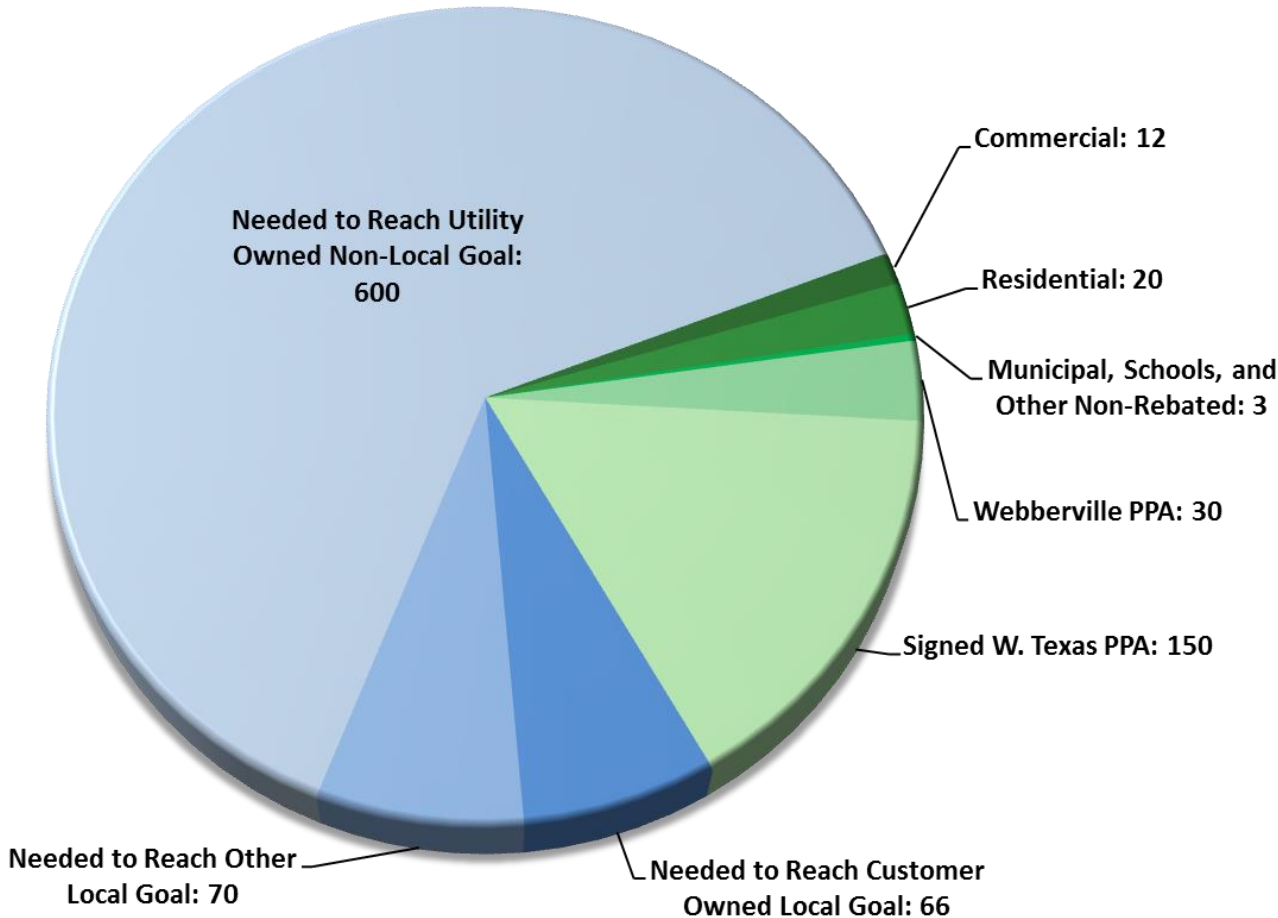




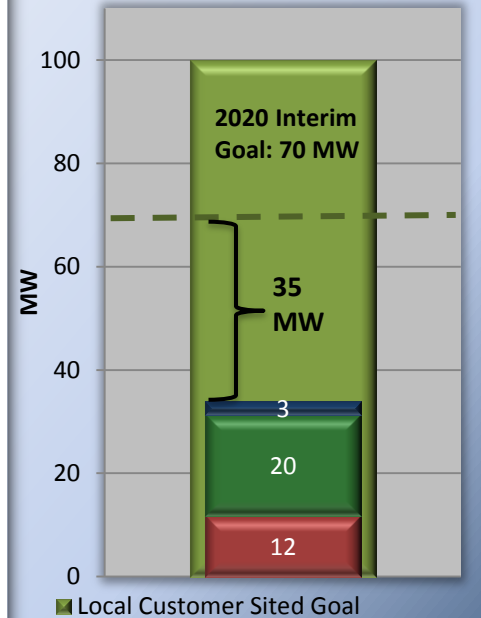
Progress Toward Solar Goals

2020 Goal: 110 MW Local Solar (incl. at least 70 MW customer-sited)

2025 Goal: 750 MW Utility-scale + 200 MW Local (at least 100 MW customer-sited), subject to affordability



2025 Local Solar Goal (Customer-Sited)



- Local Customer Sited Goal
- Municipal, Schools, and Non-Rebated Installed and in Progress (MW-ac)
- Residential, Installed and in Progress (MW-ac)
- Commercial, Installed and in Progress (MW-ac)



Flood of Applications w/ Step-Down

- 2-hour notice of solar incentive reduction on June 26 led to a flood of incentive applications
 - Residential applications roughly in line with capacity goals and available budget
 - Commercial applications greatly exceeded capacity goals (for FY15 and 16), and budget availability

<i>Solar Incentive Applications</i>	Residential	Commercial
FY15 Applications prior to 6/26	800	41
FY15 Capacity installed & reserved prior to 6/26	3,500 kW-ac	4,400 kW-ac
Applications received 6/26 alone	85	51
Capacity applied for 6/26 alone	490 kW-ac	6,840 kW-ac
FY15 Capacity Goal	4,000 kW-ac	4,000 kW-ac

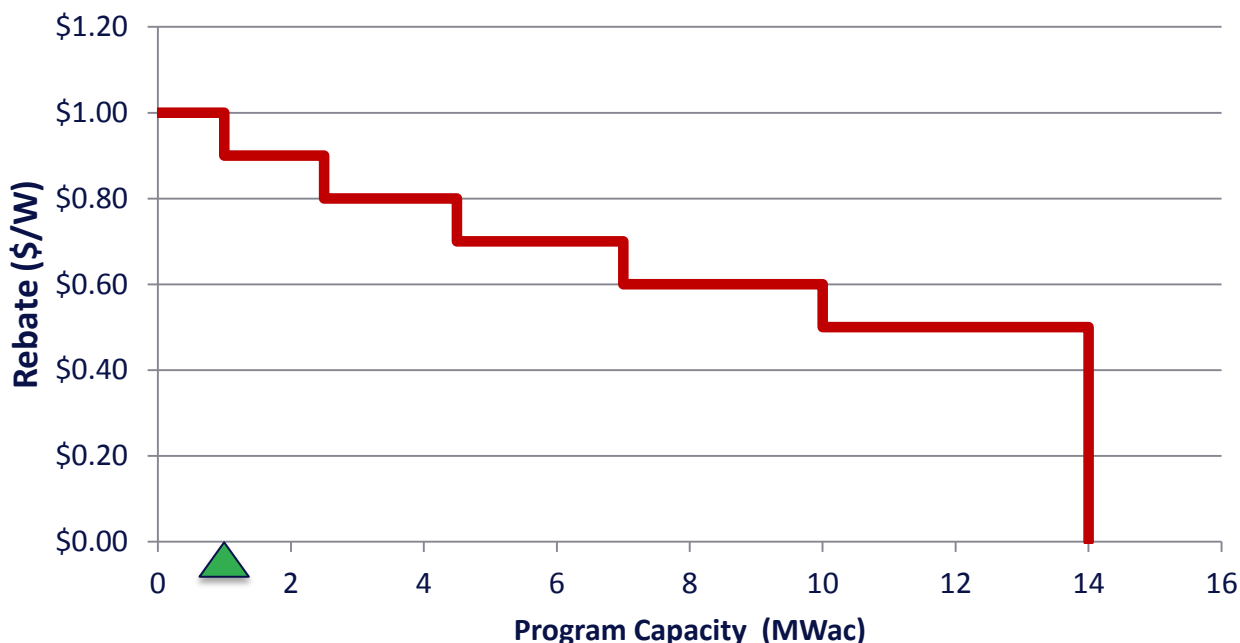
- Triggered modification of incentive structure



Residential Rebates

- Residential incentives will continue to be gradually reduced over time
- Capacity-based ramp down provides notice to customers and contractors of pending incentive reductions
- Between June 26th and August 24th AE received 1 MW of residential incentive applications. We are now in Step 2, receiving applications @ \$0.90/W for the next 1.5 MW-ac

Residential PV Rebate Projected Ramp Down



Residential Rebate		
Step #	Rebate (\$/W)	Capacity (MW-ac)
1	\$1.00	1.0
2	\$0.90	1.5
3	\$0.80	2.0
4	\$0.70	2.5
5	\$0.60	3.0
6	\$0.50	4.0
Total New Capacity:		14 MW





Commercial Incentive: Increasing Project Cap

- Previous incentive cap of 200 kW/site/year
 - Some customers split larger projects up and install over time to receive incentives for full system
- Customers interested in installing solar before federal tax credit decreases at end of 2016
- Increasing cap to <1,000 kW (1 MW)
 - Better economies of scale for customers
 - More efficient for contractors to sell and install full systems at one time
 - Less administrative time and inspections by City and Austin Energy



Three-Tier Performance Based Incentive (PBI) Program

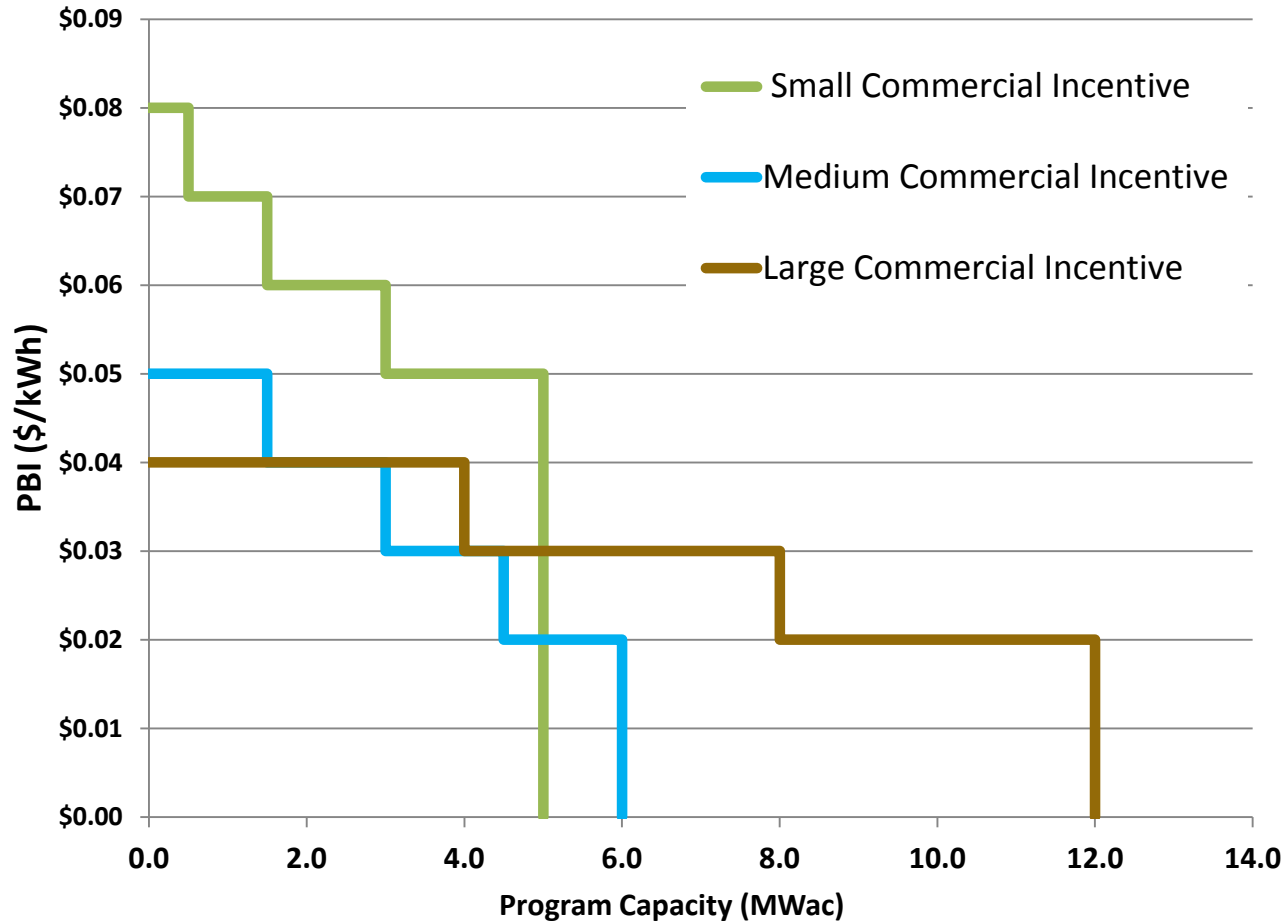
- **Small Commercial & Non-Profit PBI:**
 - For small commercial projects ≤ 75 kW
 - Non-Profits eligible for projects up to <400 kW
 - Continued ramp down of incentives from current 8 cents/kWh
- **Medium Commercial PBI:**
 - For medium commercial systems >75 kW, ≤ 400 kW
 - Lower PBI rate, starting at 5 cents/kWh
- **Large Commercial PBI:**
 - For large commercial systems 400 kW to < 1 MW
 - For fleets of systems >400 kW (owned by same customer)
 - Lowest PBI rate, starting at 4 cents/kWh, as such projects are able to achieve economies of scale, much lower installed costs
 - 20% cap per customer, per incentive step





Commercial PBI Incentive Levels

Commercial Solar PBI Ramp Down Projections



Small Commercial & Non-Profit

Step #	PBI (\$/kWh)	Capacity (MW-ac)
1	\$0.08	0.5
2	\$0.07	1.0
3	\$0.06	1.5
4	\$0.05	2.0

Medium Commercial

Step #	PBI (\$/kWh)	Capacity (MW-ac)
1	\$0.05	1.5
2	\$0.04	1.5
3	\$0.03	1.5
4	\$0.02	1.5

Large Commercial

Step #	PBI (\$/kWh)	Capacity (MW-ac)
1	\$0.04	4.0
2	\$0.03	4.0
3	\$0.02	4.0



Subject to change due to budget limitations or market changes that warrant incentive level review.



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Thank you

