

AUSTIN ENERGY'S TARIFF PACKAGE: §
UPDATE OF THE 2009 COST OF §
SERVICE STUDY AND PROPOSAL TO §
CHANGE BASE ELECTRIC RATES §

BEFORE THE CITY OF AUSTIN
IMPARTIAL HEARING EXAMINER

AUSTIN ENERGY
2016 MAY 31 AM 8:54

DIRECT TESTIMONY

OF

MARK KAPNER

ON BEHALF OF PUBLIC CITIZEN AND SIERRA CLUB

May 27, 2016

(Supplementing Corrected Position Statement/Presentation on the Issues)

1 **Q: What is your name and where do you live?**

2 A: Mark Kapner. I live in Austin, Texas.

3 **Q: How are you currently employed?**

4 A: After retiring from Austin Energy in 2011, I have been working as a consultant
5 with my firm, MV Green Power.

6 **Q: Please describe your experience in the areas of renewable energy, energy
7 storage and demand response?**

8 A: I have over 30 years of experience working in two utility companies, including
9 Austin Energy. During that time, I have been involved in energy storage demonstration
10 projects, wind and solar project development, and electric vehicle programs. I lead the
11 team that developed Austin Energy's GreenChoice program and helped develop AE's
12 program for promoting thermal storage cooling.

13 **Q: Are you familiar with the position statement filed by Public Citizen and
14 Sierra Club related to energy storage and demand response tariffs?**

15 A: Yes. I am familiar with the existing thermal storage tariff designed in the current
16 Austin Energy rates, as well as the proposed Load Reduction Discount Rider proposed in
17 the 2016 Rate Tariff package. I am also familiar with Public Citizen and Sierra Club's
18 proposed changes to make the discount more transparent and to also create new tariffs or
19 discounts for residential and commercial customers who utilize technologies that help
20 reduce peak demand.

21 **Q: Do you agree with these proposals?**

22 A: Yes, shifting peak energy use to off-peak hours would save money for customers,
23 create revenue opportunities for the utility, and reduce our need to rely upon fossil fuel
24 power plants, which cause pollution, and can impact the health and well-being of
25 communities. Encouraging the use of thermal storage cooling, electric energy storage,
26 (battery systems) and demand response technologies will also help our community
27 continue to innovate in the way we manage our electric use, and the heating and cooling
28 of our buildings. Adding energy storage to the Austin Energy system would also add
29 flexibility that would also help the utility take advantage of lower-cost renewable power
30 like wind that is often abundant at the same times that storage systems are being
31 recharged.(i.e., middle of the night). Thus, it could be a key strategy in the incorporation
32 of renewables into our generation mix.

33 **Q: What do other participants in the rate case think about these proposals?**

34 A: I am not aware of any opposition to these proposals. Austin Energy recognizes
35 that Public Citizen and Sierra Club are in support of their proposed commercial energy
36 storage discount rider, and have acknowledged the desire to clarify the rider and give it a
37 more appropriate name. While AE has not directly opposed the creation of a new

1 residential storage rider, or new demand response tariffs, they have stated that it might
2 take time to develop and implement new programs within the confines of the present rate
3 case.

4 **Q: Do you agree that creating additional storage or demand response tariffs or**
5 **riders would take time to develop?**

6 A: I recognize that developing and implementing new programs and tariffs can be
7 difficult. However, as a former employee of Austin Energy, I know that Austin Energy
8 has developed demand response and thermal storage tariffs in the past. In fact, they have
9 even experimented with a Coincident Peak Reduction residential tariff in the Mueller
10 Development that would charge residential customers increased rates during peak hours
11 on certain days most likely to experience the highest ERCOT summer loads. Customers
12 were notified through text messages a day ahead of these occurrences enabling them to
13 reduce their loads through demand response technologies. Adopting these or similar
14 programs could be accomplished within the present rate case proceedings.

15 **Q: What other changes would you recommend?**

16 A. The designation of the time period defined as peak hours (3:30 to 6:30 pm weekdays)
17 may have to be adjusted in the future, to follow changes in the ERCOT coincident load
18 profile. As solar energy contributes increasingly to the Texas electric system, that load
19 profile will tend to shift – and the peak will move toward sunset (i.e., closer to 8:00 pm.
20 The peak period designated in the AE Load Shifting Storage Rider would have be
21 adjusted to follow this change.