



Thursday, January 11, 2007

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**Austin Energy  
RECOMMENDATION FOR COUNCIL ACTION**

**ITEM No 2**

**Subject** Approve a resolution establishing a single maximum annual rebate limit of \$200,000 for the implementation of energy efficiency measures by commercial customers, including thermal energy storage systems

**Amount and Source of Funding** There is \$2,000,000 budgeted in the Fiscal Year 2006-2007 for Austin Energy's Commercial Energy Efficiency Rebate Program and \$400,000 is budgeted for the Commercial Thermal Energy Storage Program

**Fiscal Note** There is no unanticipated fiscal impact. A fiscal note is not required.

**Additional Backup Material**  
(click to open)  
No Attachments Available

**For More Information** Fred Yebra, Director of Demand Side Management, 482-5305

**Boards and Commission Action** Recommended by the Resource Management Commission and the Electric Utility

**Prior Council Action** Council resolutions 920430-12, adopted April 30, 1992, 940224-13, adopted February 24, 1994, and 95116-68, adopted November 16, 1995

Austin Energy requests approval to combine the rebate funding for the existing commercial energy efficiency rebate program and commercial thermal energy storage rebate program and establish a combined annual rebate cap of \$200,000 per customer. Both programs currently have separate caps of \$100,000 per customer. By combining the programs with a single per-customer cap of \$200,000, commercial electric customers will have greater flexibility in choosing energy efficient technologies to install in their buildings. A customer will be able to use up to the combined rebate maximum to install either a larger thermal energy storage (TES) system or more non-TES energy efficiency measures, or a combination thereof.

The current TES rebate limit of \$100,000 has resulted in the installation of only four TES systems over the past 10 years because of the large up-front capital costs involved. TES systems deliver relatively large amounts of peak demand savings at a much lower cost per unit of energy saved than other technologies, and are thus of great benefit to the utility. The new rebate cap will encourage customers to install more of these systems.

Austin Energy has determined that combining the current rebates into a new, higher maximum limit is necessary to achieve its target goals for energy efficiency. Larger energy efficiency projects have a lower cost per unit of energy saved than smaller projects. Austin Energy's strategic goal, as approved by Council, is to achieve 15% energy efficiency by the year 2020. Through this new rebate funding limit, Austin Energy will see implementation of more large energy efficiency projects such as TES systems that will help the utility achieve its goal.