Comments from Janee Briesemeister to Electric Utility Commission Resource Planning Working Group meeting of February 7, 2017

My priority as a representative of residential and low income customers is affordability for the system as a whole and the residential class, maintaining reliability and minimizing risk, while achieving environmental goals and making sure low and low moderate income people get a fair share of program benefits.

My Guiding Principles:

- Make sure programs and benefits reach customers who would not be otherwise able to afford to participate in programs and contribute to the city's environmental goals. According to the 2014 Generation Task Force Report about 60 percent of Austin Energy's residential customers are low income or low moderate income making it difficult or impossible for them to invest in energy efficiency, solar power and electric vehicles. Can AE meet its goals without including 60 percent of residential customers? We should identify and track costs and benefits across income ranges. I'm referring to both direct benefits from the programs and policies and any anticipated or promised "system benefits." The details of programs are not appropriate for this plan, but these principles should be included.
- Maintain flexibility. We can set meaningful and achievable goals, but we must maintain the flexibility to address changing circumstances. Changes in technology, the markets, and politics are coming and we won't be able to accurately predict what lies ahead. We don't want to get locked into another bad investment. We also do not want to lose opportunities for clean, low cost energy that we aren't able to predict today. Accountability can be built into a flexible plan.
- Identify and eliminate or minimize stranded costs and implementation costs. There are costs or potential costs I'm not sure are being factored into these discussions. There are costs associated with integrating Distributed Energy Resources (DER) into the grid. There are potential "stranded" costs under grid modernization, such as replacing meters or infrastructure that is not yet fully depreciated. I'd like to see these costs identified and incorporated into an affordability analysis.

  Identify and eliminate or minimize subsidies. One person's incentive is another person's subsidy. That is, an incentive is a subsidy someone else is paying, whether ratepayers or taxpayers. Incentives provided by Austin Energy through rates causes other ratepayers to pay extra to support early adopters. EVs, EV charging stations and EV charging rates are an

example. There is ample evidence that EVs are primarily purchased by wealthier households. We should be up front about the costs paid by ratepayers in the form of subsidies and document the benefits received by the general body of ratepayers, including low and low moderate income households. Just as AE is transparent about the Energy Efficiency program and the CAP program, so should we be about subsidies to EVs and other DERs adopted by households and businesses. Ratepayers know how much they subsidize each of these programs, they know why, and the benefits are regularly reported. It is clear that incentives/subsidies are being paid to support EVs, but not at all clear how much these are costing other ratepayers and what benefit ratepayers receive. Are we subsidizing public charging during peak periods? Is AE earning revenue from increased load? Further, over-reliance on subsidies is likely to cause problems later on. Removing incentives that are in place proves controversial, as the beneficiaries, not surprisingly, do not want to pay more. (See for example, Norway).

- We should be careful to identify those policies and programs that might have potential to achieve goals, but require further analysis and discussion. EVs as storage is a good example. We had previous discussions about the battery warranties not being honored when the battery is discharged into the grid; there are grid integration issues as well. The resource plan should not rely on unproven or premature technology to set or meet goals—to do so creates the risk of pushing forward prematurely and at excessive cost. I agree with carefully planning for these potential resources, meaning that we identify barriers, costs, etc, but do not take action until costs and risks are minimized. For example, I would agree with exploring EV as storage, but not agree with the plan stating that X% of storage will come from EVs in year X. We don't know enough at this time.
- We should strive for clarity in definitions. For example, I've asked a lot of questions about Demand Response (DR). The current programs AE describes as DR, are Direct Load Control only. DR is broader than DLC alone, and includes rate designs such Peak Time Rebate and Critical Peak Pricing. New rate designs and programs such as PTR and CPP deserve a separate discussion and should not assumed to be approved under a plan that sets a DR goal. That is why defining what we mean here is important. Also, my view is that DR should be voluntary for residential customers, as there are health and safety implications for many customers when reducing energy usage in response to peak time pricing.
- Rate design changes should not be part of the resource plan, nor assumed under the resource plan. Rate design is too complex and creates winners and losers. Rate design can and does

impact resource needs and create incentives for DER. Indeed, reducing energy usage is the intent of our tiered rate structure. But some rate designs offered in the name of saving energy, have, in my view and that of other advocates, negative impacts on consumers. Prepaid service is one example, and mandatory time of use rates is another. Rate designs should be discussed separately and implemented in the rate case process.

- Finally, I am not in agreement with supporting a change in Austin Energy's business model as part of the resource plan. A business model is not a resource goal. It's a term open to interpretation that is generally related to revenue recovery. Like rate design, the business model is related to resource planning, in particular DER, but is not a resource goal. Some interpretations of the term "new business model" include high customer charges, Straight-fixed variable rate design, residential demand charges and other policies that I and most residential advocates don't agree with. I would like to see this reference removed, and addressed in another forum. In the recent rate case AE proposed changes in the tiered rates that increased the revenue collected from the first tier. That was a move toward a "new business model" and was, as we recall, the only controversial part of the settlement and not fully supported by Council.

Summary

I support the City's commitment to improving the environment through the adoption of new energy technologies while at the same time maximizing customer energy efficiency through proven energy efficiency measures. As I stated above, my priority is affordability for the system as a whole and for the residential class, maintaining reliability and minimizing risk, while achieving environmental goals and making sure low and low moderate income people get a fair share of program benefits.