



Austin Local Solar Advisory Committee Recommendations

Background

Since the City Council established Austin's current solar goal in 2007, the solar industry has evolved rapidly with the average installed cost of solar in the U.S. declining by more than 55 percent.ⁱ

The Austin City Council created the Austin Local Solar Advisory Committee (LSAC) in April 2012, charging the Committee with developing "a strategic plan with specific recommendations to ensure the optimum utilization of Austin's local solar energy resource base."

The LSAC consisted of 20 members appointed by the City Council representing a broad cross-section of the Austin community, including representatives of the solar industry, Chambers of Commerce, environmental non-profit community, consumer advocate community, and one representative each from both the Electric Utility Commission and the Resource Management Commission.

LSAC Plan Approved Unanimously

In November 2012, the 20 LSAC members **unanimously** approved a Strategic Plan for Local Solar in Austinⁱⁱ. Committee members agreed the Plan was **fiscally sound and affordable**, supportive of the local electric utility, and would **result in net economic and environment benefits** for the community.

LSAC Key Recommendations

- Establish a goal of obtaining 5.2-6.0% of Austin Energy's projected annual energy requirement from at least 400 megawatts (MW) of solar resources by 2020, including 200 MW of local solar. This is estimated to offset projected growth in electric demand
- Continue to improve residential and commercial solar programs and expand access to solar by developing improved financing options (including on-bill financing), a community solar program and solar leasing.
- Increase transparency, efficiency and compatibility between programs (allow solar customers access to time of use rates).
- Establishing a floor to the Value of Solar (VOS) rate.
- Review solar goals and programs regularly to consider increasing local goals as market conditions and environmental requirements change.

Local Economic Development Impact

The Committee concluded this goal was technical and economically achievable within the utility's current affordability goals, and would enable Austin to meet projected demand growth through 2020 with solar energy. After accounting for the costs of rebates and performance based incentive (PBI) payments, developing 200 MW of local solar would yield over **\$300M in net local economic benefits**, which are not fully accounted for in the cost benefit analysis of current fuel and energy purchases by Austin Energy.

Developing 200 MW of local solar is estimated to result in the creation of:

- 3,364 local job-years (2,514 of these are direct jobs, 850 are induced)
- Average wages of approximately \$46,000 per year
- Total local wages through 2020 of \$157 million with a net present value (discounted at 5%) totaling \$124 million.
- A total local economic output of **\$360 million**, with a net present value (discounted at 5%) of \$285 million.

Other Benefits of Solar

- Health and environmental benefits both inside and outside of Austin as a result of displacing fossil fuel generation with solar
- Reduced water consumption relative to traditional generation
- Reduced fuel costs and operating and maintenance costs for Austin Energy
- Stability of energy costs and a hedge against fuel price volatility
- Maintain the City's position as a clean energy leader

Costs and Savings

The LSAC estimates achieving the recommended goal will cost Austin Energy approximately \$36 million through 2020, but would achieve savings at the utility of over \$50 million by 2030.ⁱⁱⁱ The majority of short-term costs would come from incentives for residential and commercial installations. Savings would come primarily from utility scale installations. Prices for utility scale solar in west Texas are already competitive with natural gas generation.

ⁱ SEIA Fact Sheet: <http://www.seia.org/research-resources/case-solar-investment-tax-credit-itc>

ⁱⁱ <http://bit.ly/LSACreport>

ⁱⁱⁱ The LSAC assumed that utility scale solar in west Texas would reduce in cost to 6.3¢/kWh by 2020. Austin Energy's 2014 contract with Sun Edison for 100-150 MW of west Texas solar is for 4.8¢/kWh. The LSAC was very conservative with its assumptions.

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