

**Commercial Solar Stakeholder Meeting
Monday, December 21, 2009
Town Lake Center Assembly Room
Minutes**

Agenda Item 1: Introduction

Leslie Libby, Manager of Austin Energy Solar Programs, opened the meeting at 8:30 a.m. Introductions of all attendees were made.

Agenda Item 2: Review of Meeting Notes

Attendees reviewed meeting notes from the last Commercial Stakeholder's meeting held on December 14, 2009, and offered no edits or corrections.

Agenda Item 3: Commercial Performance Based Incentive (PBI) Details

Ms. Libby stated that the number everyone pretty much agreed was \$0.16 per kWh. Initially, for the first year, we will issue the payments as Check Requests and employ the same process as is currently in place with the Solar Rebate Program.

Ms. Libby stated that Austin Energy is still working out the details as to whether the new Commercial Program should be set up on a Production Based Incentive (PBI) model or perhaps a combination of the PBI and a Renewable Energy Credit (REC) purchase. The combo model would be beneficial to smaller commercial customers, but larger industrial users who are locked in to set rates may not be happy if they see the fuel factor lowered. The fuel charge (whether it is for nuclear, gas, coal, etc.) is a straight pass through to the customer. If the renewable energy fuel charge meets or even becomes lower than conventional fuel charges, the smaller commercial PV user would benefit.

Mr. Karl R. Rábago [Vice President, Distributed Energy Services] said Austin Energy's annual fuel bill is \$400 million per year. The fuel rate is usually updated on an annual basis, except when there are incidences of very high fuel charges like last summer when oil was so high. In such cases, Austin Energy will make periodic adjustments.

Incentive Reduction Schedule:

Mr. Rábago began discussion on the incentive reduction schedule. Five additional MW of solar for the next 5 years is the target.

Question: How do we [contractors] increase or participate more in the 100 MW goal put forth in the City's Strategic Plan?

Mr. Rábago: There are several pieces or categories of solar installations that make up that 100 MW goal:

- 1) Residential properties - probably another 5 MW.
- 2) Small commercial projects (under 20 KW) - \geq 5 MW.
- 3) Large commercial projects over 20 kW.
- 4) An additional utility scale solar farm (like Webberville) at least 20 MW or more.

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- 5) Capitol Investment Projects (CIP) such as those on municipal buildings, recreation centers, and libraries.
- 6) Solar for Schools Program, including multiple school districts within Austin Energy service territory and Austin Community College, should add another 6 MW.

This multi-pronged approach should get us very close to the 100 MW goal by 2020. As to the Incentive Reduction Schedule, there were several scenarios discussed.

Scenario I Time Based		Scenario II Capacity Based		Scenario III Market Based	
Year	Incentive	MW	Incentive	Module \$ \$/Watt	Incentive
1	16	1	16	2.5	16
2	12.8	2	12.8	2.125	12.8
3	9.6	3	9.6	1.75	9.6
4	6.4	4	6.4	1.375	6.4
5	3.2	5	3.2	1	3.2
	0		0		0

The various scenarios were discussed. Once a final decision has been made, a Resolution would be presented to the Electric Utility Commission, Resource Management Commission, and the Austin City Council. When a final draft is developed and when we are able to place it on the Commissions and Council’s agenda, Ms. [Stephanie] Sears will distribute the resolution to the Solar Commercial Stakeholders.

The above scenarios presented and discussed are just three ideas. We are open to other ideas, comments, and suggestions.

Question: Is there going to be a monthly or quarterly review process? Such as the “Plan for Periodic Adjustment” presented in the Stakeholders meeting on Dec. 3, 2009?

Mr. Rábago thought a quarterly basis was a good review period.

Mr. Weinnig (SRE) requested that Ms. Libby send him the Incentive Reduction Schedule referenced above.

Comment: A fourth option could be a “Budget Based” scenario. For example, the budget is \$100,000 and you have \$25K per quarter to allocate. The budget is closely monitored and if it goes too fast drop the incentive. Mr. Weinnig suggested attendees review the notes from the December 3, 2009 meeting, examine the “Plan for Periodic Adjustment” as presented by Mr. Stovall, and meet one more time before a final decision is made.

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Ms. Libby agreed and suggested sometime during the week after Christmas - mid-week preferably to give folks time to return from holiday travel. Ms. Libby will set the meeting and Ms. Sears will send out a reminder and this meeting notes before the holiday break.

Another issue Mr. Rábago discussed was the contract language. The new Commercial Solar Incentive Program would not be worded as an obligation (e.g. nuclear, coal, etc.) It is important to understand that all previous obligations to referenced fuel sources take precedence. Mr. Rábago would like someone from the legal team to attend the next meeting. Ms. Libby will see who is available and ask them to attend.

Question: Was there any truth to a rumor about a “time-of-use” billing method?

Mr. Rábago said we were looking at that idea, especially with a Feed-in-Tariff (FIT) program.

Ms. Libby thanked everyone again for attending. The next Commercial Stakeholder meeting is scheduled for the week after Christmas break, probably during the middle of the week to give everyone a chance to get back from vacation. The meeting adjourned at 9:35 a.m.

The next Commercial Stakeholder meeting is scheduled for Wednesday, December 30, 2009 from 2:00 p.m. to 3:00 p.m. in the Town Lake Center Assembly Room.