

# Energy Efficiency & Renewables

**Innovative Approaches to Climate Change  
Policy: Workshop on State-Federal  
Interactions**

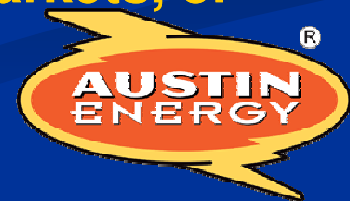
**Thursday, June 25, 2009**

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# Appropriate Roles

- **Federal policy supports national markets, efficiency through standardization, and broad public funding support**
- **State policy supports locally-appropriate strategies, delivery of essential public interest functions**
- **Because Federal law is supreme, the concern is that it should not frustrate meritorious initiatives in the States.**
  - **Example: Federal climate change legislation and voluntary markets**
  - **Example: Federal RPS/EES and voluntary markets, or State RPS/EES programs**



# Lessons Learned

- **Change is the only constant, because technology and economics are key drivers**
- **Voluntary & mandatory markets can co-exist, if done right, can strengthen each other**
- **There is a logical build that starts with voluntary pilots, adds broad goals, and then adds codification; again, they are not mutually exclusive**
- **Hurdle rates to clean energy adoption remain high**
- **There remains a lot to be learned about what things cost, what customers want, and how to align incentives**
- **Only public policy can take the long views necessary to rationalize climate-friendly approaches**



# Texas Lessons

## ■ Efficiency

- Full separation of the sector (delamination) frustrates the economic drivers behind energy efficiency
- Biennial legislature is an inefficient way to drive efficiency program goals
- Transmission and distribution utilities would benefit from decoupling, but still paid per kWh
- Current \$80/kWh target for efficiency caps market

## ■ Renewables Portfolio Standard

- RPS targets of 2,000 & 5,000 MW easily surpassed
- Voluntary market has always been at least 20% of total market
- REC prices moderated by existence of parallel voluntary and compliance markets
- Deregulation of generation sector good for large renewables, and brought along non-competition utilities



# Effective Policies

- Efficiency and renewable improvements at the local level must be reflected in cap adjustments
- The entities that face the economic trade-offs should be the ones that bear the burden of the mandate (LSEs, not generators)
- Federal tradable certificate markets should layer on top of State initiatives
- Federal policy should set the floor without setting the ceiling
- Federal policy should not punish early-adopter States and utilities
- Federal policy can set higher standards for low performers to “level the playing field”



# Stimulus Funds

- Supplement for economy-created shortfalls
- Bridge the economic slowdown
- Launch new paradigms (e.g. carbon-tuned EE programs, PEVs, smart grid)



# Austin Climate Protection Plan

## Objective: Green the Grid Goals for 2020

- 30% Renewable Energy
- 100 MW Solar
- 15% Energy Efficiency
- 700MW Demand Reduction



# Austin Climate Protection Plan

## Objective: Green the City



- 2012 – City facilities 100% renewable
- 2015 – Zero net energy building code
- 2020 – City vehicle fleet carbon neutral



# Special Issues – Muni Utility

- Close connection to customers through local political process
- Long-term policy commitments easier to secure and maintain
- Vertical integration means benefits of efficiency and stable fuel prices are appreciated more directly and rapidly
- High capital investment projects less attractive
- Efficiency seen as a real, first-preference resource; now to be tuned for climate
- Interdepartmental coordination is challenging but rewarding

