

Late Backup

Austin Energy Resource, Generation, and Climate Protection Plan to 2020

Update

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April 8, 2010

April 8, 2010



Update

- Present staff recommendation for the “***Austin Energy’s Resource, Generation, and Climate Protection Plan to 2020***”
- Highlight changes from the briefing presented in November
- Next steps

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Gate Backup



How have we gotten here?

- **AE's response to goals established in the 2007 Austin Climate Protection Plan (ACPP)**
 - **Generation/CO2 Reduction Planning Process**
 - Draft plan development - summer 2008
 - Cost evaluation of Plan by consultants
 - Dedicated web site-austinsmartenergy.com
 - Online generation planning game
 - Online customer survey - generation preferences
 - 10 utility-wide Town Hall meetings (Oct 2008-Sep 2009)
 - 14 customer group meetings (Oct-Dec 2009)
 - 35 customer one-on-one meetings (Oct 2009– Mar 2010)
 - 9-member Council appointed Task Force (met weekly Jul-Nov 2009)
 - AE staff review of customer and Task Force recommendations
 - **Budget process launches....new forecasts (financial, load)**



Austin Energy's Resource, Generation, and Climate Protection Plan to 2020

Guiding Values

MISSION STATEMENT:

To deliver clean, affordable, reliable energy
and excellent customer service



Key Principles of the PLAN

Dynamic and Flexible

- Austin Energy annual review, update and report on performance (clean, affordable, and reliable energy and excellent customer service)
- Biennial assessment of the Plan's progress and affordability, including a public forum
- Annual Budget process (load forecasts, financial outlook, etc.)

Key Principles of the PLAN

Financial Feasibility

- Financial Integrity
 - Financial stability and sustainability of Austin Energy
 - Benchmark comparable utility costs and rates
- Affordability
 - Develop affordability benchmark for customer bills
 - Evaluate impact on disadvantaged
 - Retain and attract businesses; economic development



Key Principles of the PLAN

Consistent and Timely Communications

- Competitive Matters Resolution Review
 - Hearings underway with the EUC
 - Austin Energy is committed to a detailed review of every element of the Resolution
- New Power Purchases and Development
 - Establish information to be provided
 - Bill impact, affordability impact, CO2 impact, etc.
 - Present actions to EUC, RMC and twice to City Council



Austin Energy's Resource, Generation, and Climate Protection Plan to 2020

Plan Summary

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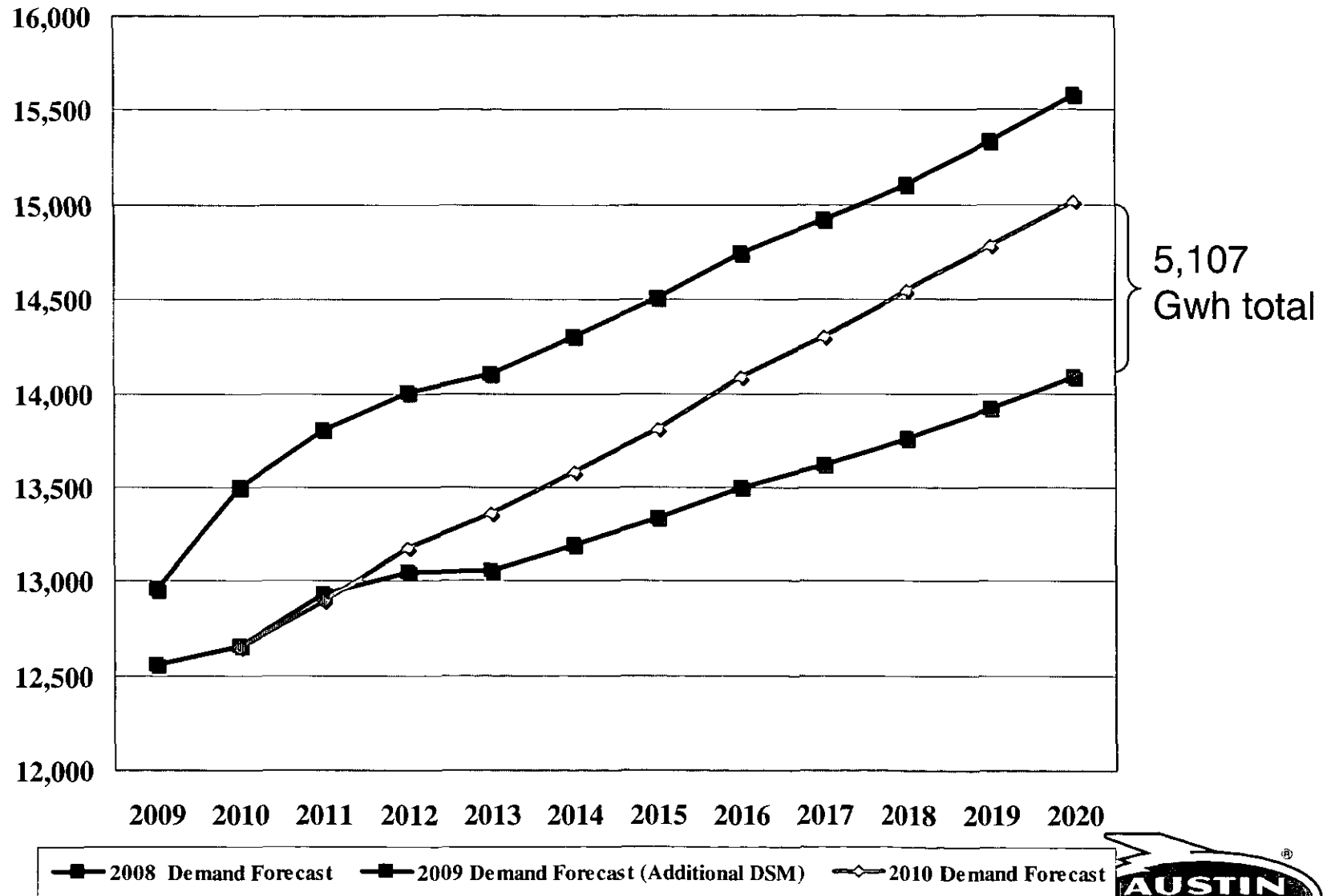
Goals Summary

- Increase the energy efficiency goal from 700 MW to 800 MW by 2020
- Increase the renewable energy goal from 30% to 35% by 2020
- Increase the solar component of the renewable energy goal from 100 MW to 200 MW by 2020
- Establish a CO₂ reduction goal of 20% below 2005 level by 2020

Updated Information

- In developing information for Budget Preparation for FY 2010-2011...
 - New Load Forecast:
 - Projected Energy Demand has increased from 2009 Forecast

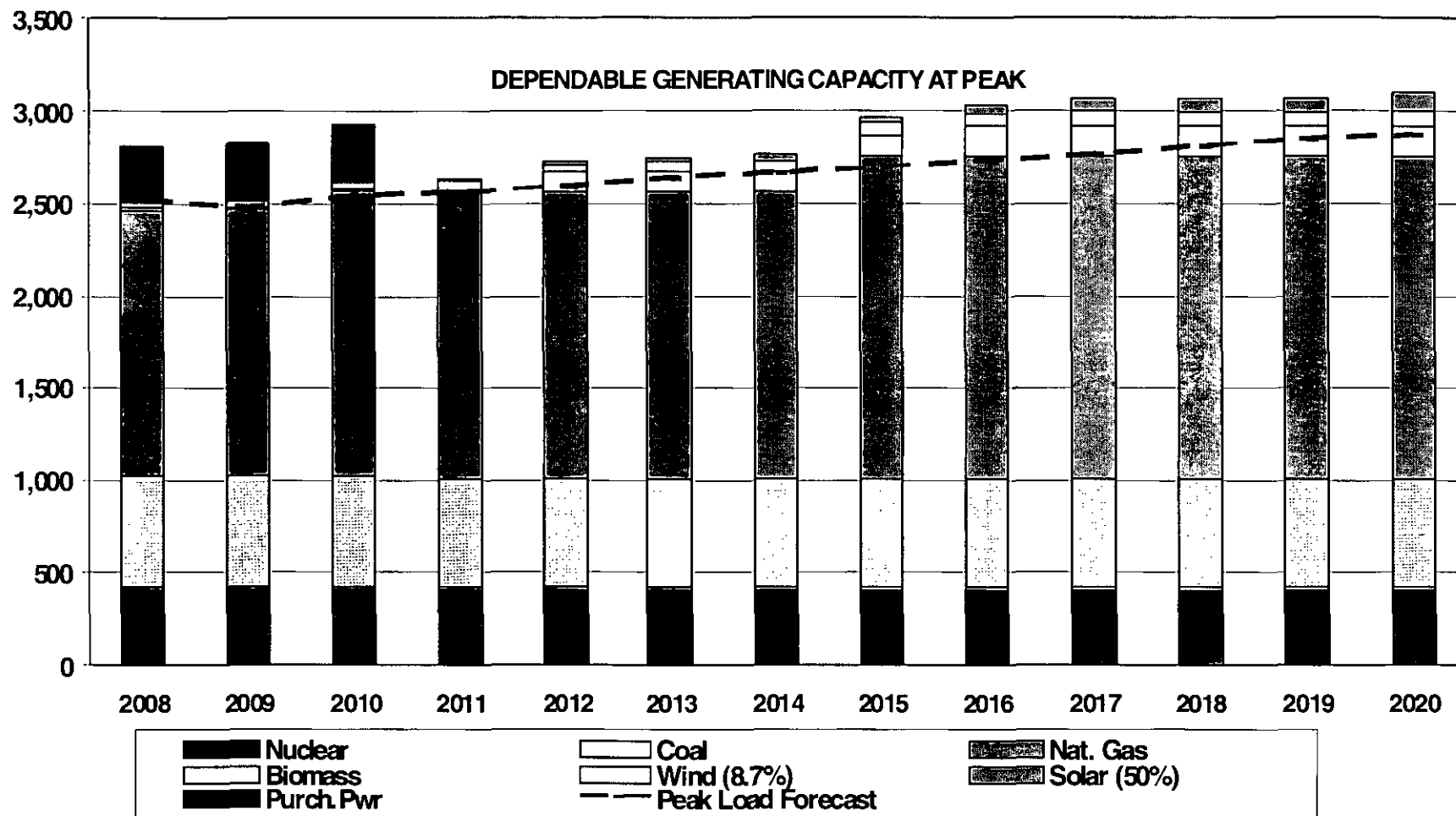
Change in Energy Demand Forecasts



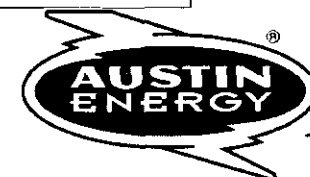
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Generation Resources and 2010 Load Forecast



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Austin Energy Recommendation

Generation Resources in MW

Year	Coal/Nuclear	Gas	Biomass	Wind	Solar	Renewable Portfolio
2009	1,029	1,444	12	439	1	13%
2010		100			30	10%
2011				(77)* / 200		15%
2012			100			17%
2013				150		25%
2014					30	25%
2015		200		100		28%
2016			50		20	30%
2017				(126)* / 200	30	33%
2018					20	32%
2019					30	32%
2020				115	40	35%
Total	1,029	1,744	162	1001	201	

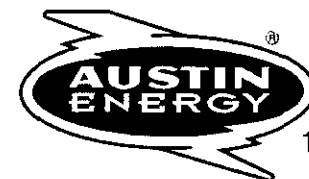
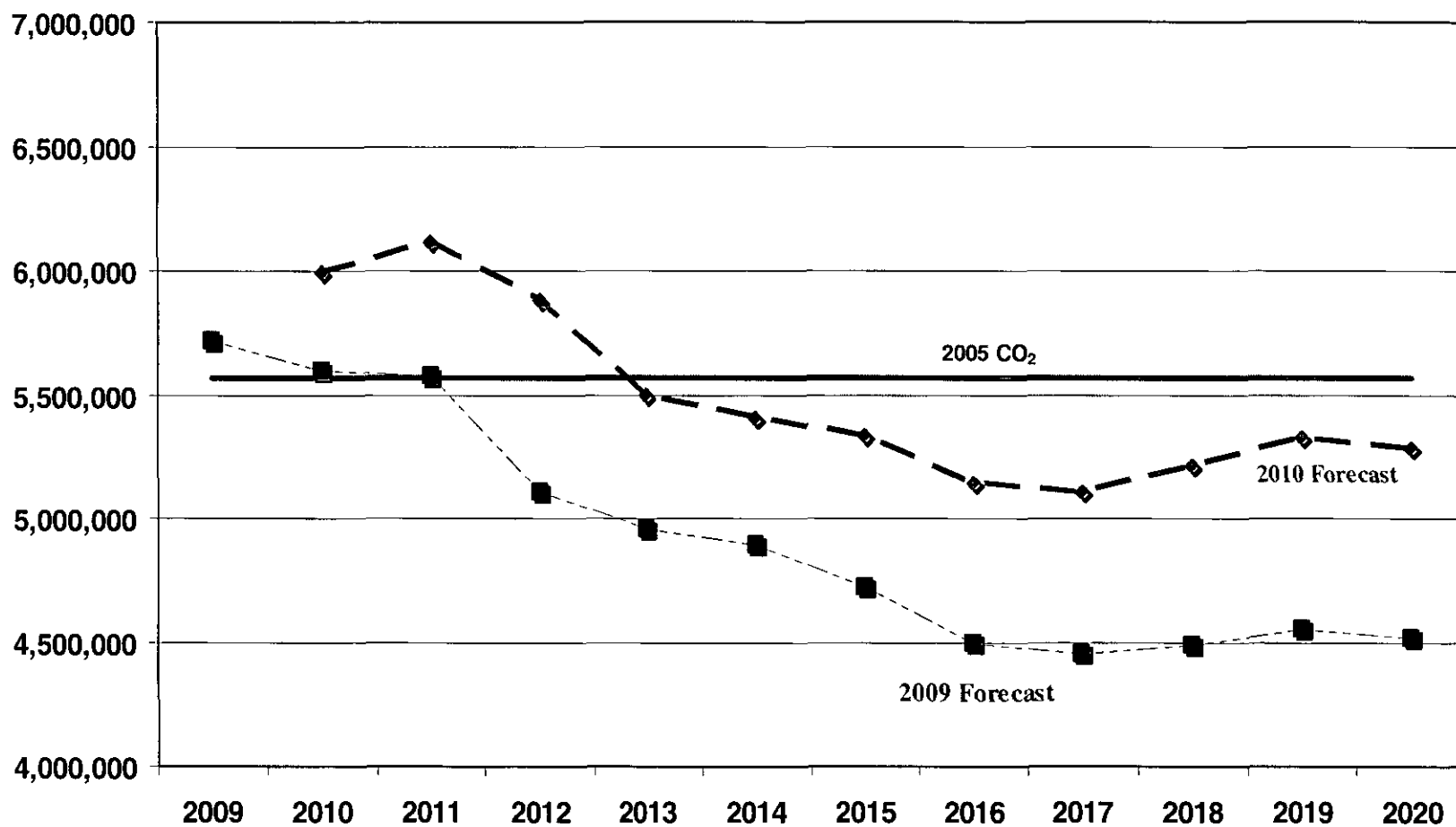
* Wind contracts expire.

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CO₂ Emissions to Serve AE's Load

Metric Tons



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Austin Energy System-wide Rate Impact per MWh Estimate

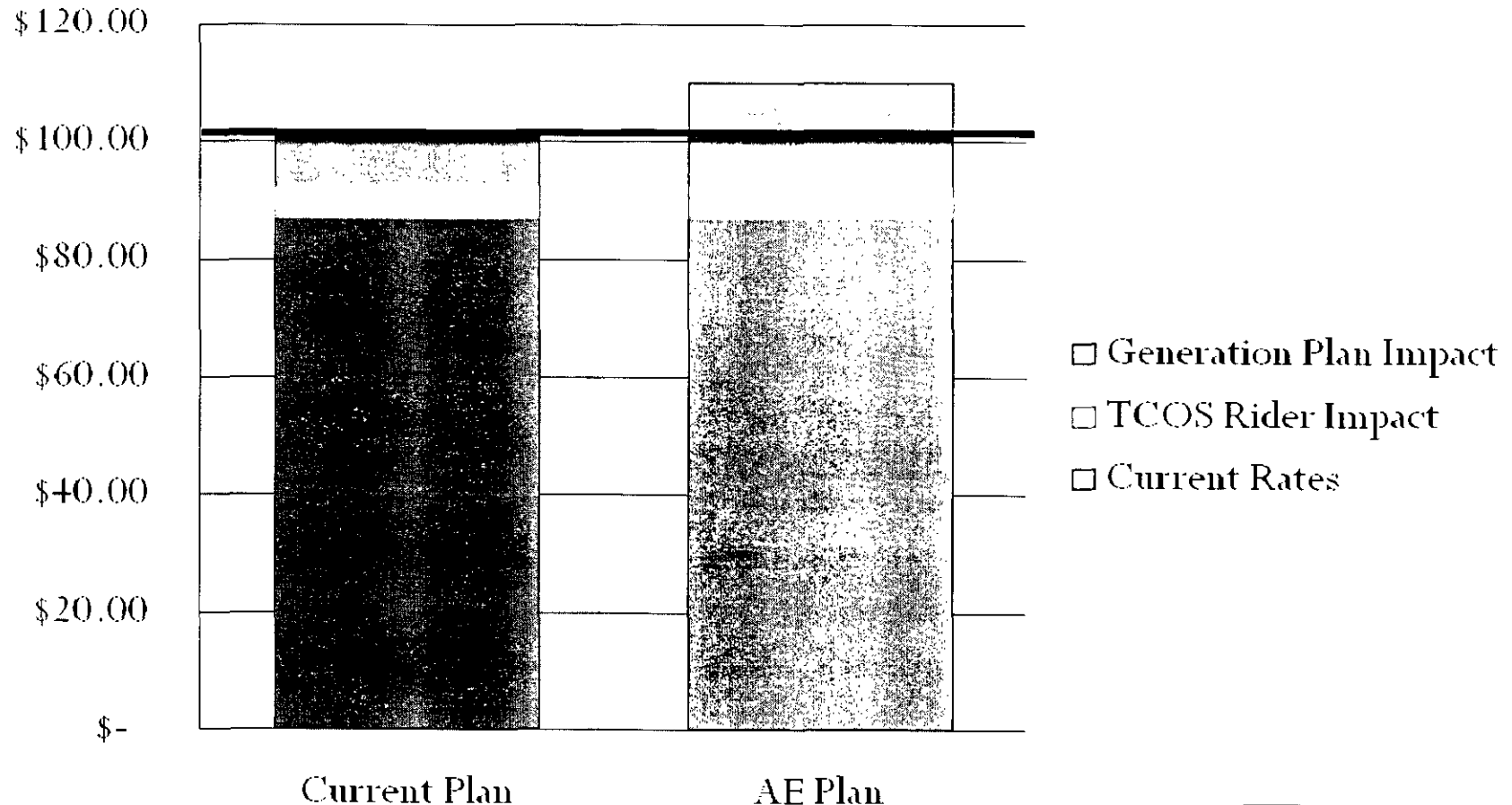
- TCOS rider impact is the same under any scenario, 6.7%
- Incremental cost over existing generation plan is 9.5%

	2020	2020
	Rate Estimate *	Percent Change
2009 Current Rates	\$ 86.96	
TCOS Rider Impact	5.84	6.7%
Current Generation Plan Incremental Cost	9.08	10.4%
Subtotal	\$ 101.88	17.2%
Proposed Generation Plan Incremental Cost	\$ 8.28	9.5%

* Excludes inflation



Estimated 2020 System-wide Rate per MWh by Component



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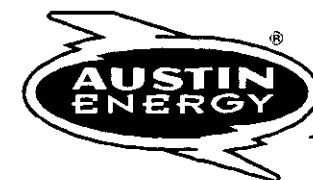


Historical Increase – Residential Class

Austin Energy
Residential Rate History
1,000 kWh

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Yearly Average Fuel	15.85	13.44	14.10	13.11	14.55	13.72	15.78	26.43	17.74	19.33	27.96	27.96	36.34	31.69	36.53	36.53
Yearly Average Base	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35	58.35
Total	74.20	71.79	72.45	71.46	72.90	72.07	74.13	84.78	76.09	77.68	86.31	86.31	94.69	90.04	94.88	94.88
Annual Change		-3.25%	0.92%	-1.37%	2.02%	-1.14%	2.85%	14.37%	-10.25%	2.08%	11.12%	0.00%	9.71%	-4.92%	5.38%	0.00%
Cumulative Change																27.87%
Annual Average Change																1.65%
No Base Rate change since 1994																
Prior to 1997, fuel factor was monthly																
CPI-U All Items	Dec-Dec %	2.50%	3.30%	1.70%	1.60%	2.70%	3.40%	1.60%	2.40%	1.90%	3.30%	3.40%	2.50%	4.10%	0.10%	2.70%
CPI-U All Items	Cumulative Change															44.25%
CPI-U All Items	Annual Average Change															2.47%
CPI-U Electricity	Dec-Dec %	2.70%	0.70%	-1.30%	-3.20%	0.70%	2.60%	6.10%	-1.90%	2.60%	2.10%	10.70%	7.50%	5.20%	8.60%	-0.50%
CPI-U Electricity	Cumulative Change															50.63%
CPI-U Electricity	Annual Average Change															2.77%

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Next Steps

April 22, 2010

- Council consideration of the Resource, Generation, and Climate Protection Plan to 2020
- Financial Action Plan
 - Phase 1 (May, 2010 start)
 - Initial financial analysis and affordability benchmarking
 - Phase 2 (August, 2010 start)
 - Review Austin Energy's rate structure
- Budget Process
 - AE Five Year Forecast April 28th

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Ongoing Steps

- Annual review, update and report on performance and affordability of the Plan
 - First update February, 2011
- Biennial assessment of the Plan's progress and affordability, including a public forum
 - January, 2012
- Annual Load forecast and Budget Process