

Austin Energy Competitive Matters Resolution

Electric Utility
Commission

January 25, 2010



Senate Bill 7

- Contained several provisions to help level the playing field for public power in the wholesale and retail markets
 - Procurement
 - Real Estate
 - Inter-local contracting authority
 - Hedging
 - Open Meetings and Records



Government Code §552.133

- Protects records that “reasonably relate” to a competitive matter
- Super-disclosure provision does not apply
- Applies regardless of whether the municipal utility is engaged in retail competition



Definition

- A matter is “competitive” if it is:
 - determined by the governing body
 - in good faith
 - to relate to a competitive activity
 - disclosure would give advantage to competitors [or prospective competitors]



Exclusions

- 13 categories are deemed to never be competitive, for example:
 - Transmission and distribution system information
 - Reliability information and standards
 - Aggregate financial information
 - General fund transfers
 - Public regulatory filings
 - General courses and methods



Austin's Resolution

- First adopted in 2001 after a public process, including task force involvement
- Minor revisions made in 2005
- Resolution No. 20051201-02
- Specifies additional non-competitive categories
 - Generally excludes audited financial information in aggregate form
- Designates categories and rationales
- Disclosure schedule



Purpose

- AE competes in the wholesale power market
 - Fuel and generation categories
- De-regulation is always possible within a two-year window
 - Old utility paradigm is gone
 - Customer information and product strategy
- AE competes in non-traditional businesses
 - District cooling



Existing Safeguards

- Requires AE to provide an annual report providing summary or aggregate information regarding its generating system:
 - Average heat rate, fuel cost, production cost
 - Aggregate revenues
 - Fuel cost by source
- As much disclosure as possible without revealing unit-specific data
- Council and Commission oversight



Existing Safeguards

- Austin Energy required to provide a report *every two weeks* listing all record requests received and the reason for denial, if any
- Report is provided to Council and posted by the City Clerk and on AE's website
- Disclosure schedule



Typical Requests

- Since 2008, AE has received 143 formal records requests, of which 42 (30%) concerned competitive subject matters
 - Customer information and consumption data
 - Including Key Accounts and customers of Green Building and Energy Efficiency Services
 - Generation costs (fuel, CIP, O&M)
 - Fuel, STP, Fayette
 - Purchase power agreements
 - Load research
 - Land acquisitions



Fuel and Generation

- Fuel / Hedging
- Generation
 - Unit-specific performance and cost data
 - Maintenance, outage, and dispatch
 - Large component prices
 - Specific planned capital improvements
 - Property purchases
- Wholesale power
 - PPA pricing
 - Pricing strategies



Fuel

- Key component of marginal cost used in determining market bids
- Gives potential suppliers advantage regarding:
 - Price points
 - Level of need
- Hedging positions



Generation

- Marginal cost components
- Outage information
 - Shows AE's need for replacement power
- Prevent competitors from exploiting AE planning
- Need to obtain information from co-owners of joint facilities



Wholesale Power

- These are often long-term contracts
- Prevent AE competitors from obtaining information regarding potential transactions
- Marginal cost information
- Disclosure would undermine position in potential competitive retail market



Retail Activities

- Customer information, including consumption
 - May already be confidential under State Law
- Sales and revenue information on competitive products (including contract terms)
 - District cooling
 - Services that could be provided by private companies
 - Product development strategies
- Market and product research
- Load profiling



Customer Information

- Prevent marketing to AE customers
 - Both electric customers and those using other services
 - Assure customers of non-electric services that their information will not be used by marketers
- Prevent potential competitors from being able to target particular customers
- Credit reports and other sensitive information



Market and Product Development

- Non-energy product research and development
- Sales contracts
- Product strategies
- Market research
- Load research
- IP and proprietary tools and products



Certain Financial Information

- Does not include aggregated information in audited financial statements
- Debt allocation strategies
- Business plans relating to generation and retail services
- Acquisition plans

