



# Austin Energy Quarterly Report for Electric Utility Commission

**Mission:** *Deliver clean, affordable, reliable energy and excellent customer service.*

Larry Weis, General Manager  
January 24, 2011



# Topics

- **Rate Review and Redesign Update**
- **Renewable Energy Acquisitions**
- **Forecasting an Affordable Resource Plan**
- **Near Term Strategies**



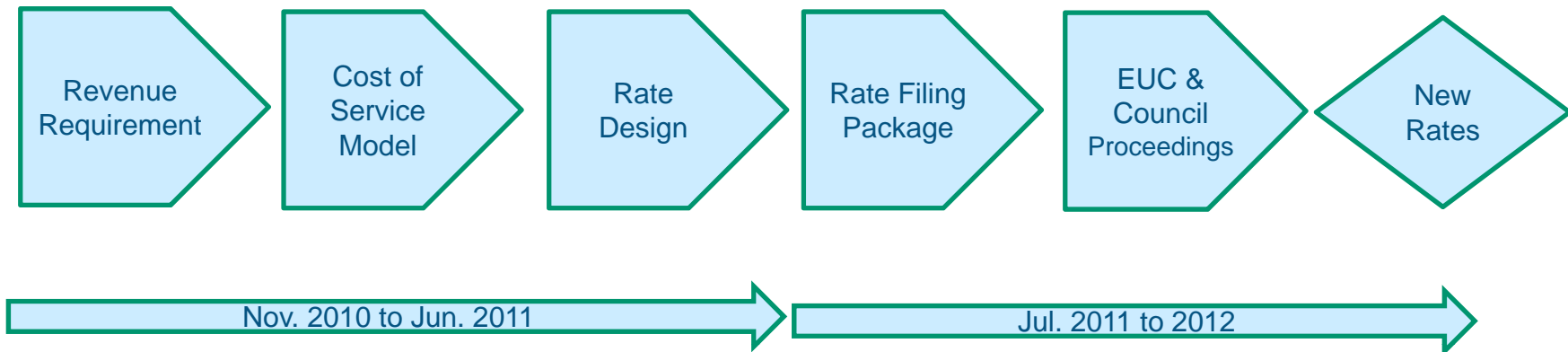
# Rate Review Goals

**Ensure AE can successfully continue to provide clean, affordable, reliable energy and excellent customer service**

- **Provide affordable and competitive rates**
  - Tool to sustain and attract jobs to Austin area
  - Help disadvantaged customers
- **Costs are distributed fairly among customer groups**
- **Redesign rates to meet business objectives**
  - Encourage efficient energy use
  - Net-metered distributed generation
  - Electric vehicles and other innovations
- **Maintain the utility's financial health**
- **Involve the public**



# Rate Review Timeline



Date	Meeting Topics
Winter & Spring 2011	Public Involvement Committee (PIC)
Summer & Fall 2011	Outreach to interested civic and other groups
October 2011	Update for Public Involvement Committee (PIC)
October-November 2011	Electric Utility Commission Review & Recommendation
December 2011	Council Review, Public Proceedings & Action



# Public Involvement Committee (PIC)

- Diverse, 14 member committee represents all customer groups & includes residential rate advocate
- Objective
  - Education – White Papers, Presentations, Q&A
  - Represent the interests of their customer group
  - Input on rate structure & issues
- Public meetings with independent facilitator
- Scheduled time for member dialogue
- Website [www.rates.austinenergy.com](http://www.rates.austinenergy.com)



# Public Involvement Committee Schedule

- **Location - Town Lake Center Shudde Fath Conference Room**
- **6:00 p.m. to 9:00 p.m.**

Date	Public Involvement Committee Meeting Topics
January 13, 2011	Rate Review Overview
February 2, 2011	Customer Types and Rate Philosophy
March 2, 2011	Class Revenue Requirements and Cost of Service
April 6, 2011	Residential Rate Structures
May 4, 2011	Commercial and Industrial Rate Structures
June 1, 2011	New Rates Implementation Plan
October 2011	Update on Rate Review



# **Renewable Energy Project Acquisition Update**

---

# Renewable Energy Update

- **Energy resource plan approval pending affordability measure**
- **Status of projects**
  - Biomass – 100 MW online mid-2012
  - Webberville solar – 30 MW online end of 2011
- **New acquisitions**
  - Request for Proposals (RFP)
  - Investigating wind acquisitions
  - Two wind projects in plan
    - 200 MW in 2011 to replace expiring 77 MW contract
    - 150 MW in 2013





# Energy Resource Plan (in Megawatts – MW)

Year	Coal & Nuclear	Gas	Biomass	Wind	Solar	Total	Renewable Portfolio
2009	1,029	1,444	12	439	1	2,925	10%
2010		100			30	130	10%
2011				(77)* / 200		123	15%
2012			100			100	17%
2013				150		150	25%
2014					30	30	25%
2015		200		100		300	28%
2016			50		20	70	30%
2017				(126)* / 200	30	104	33%
2018					20	20	32%
2019					30	30	32%
2020				115	40	155	35%
<b>TOTAL</b>	<b>1,029</b>	<b>1,744</b>	<b>162</b>	<b>1,001</b>	<b>201</b>	<b>4,137</b>	

\* Wind contracts expire.

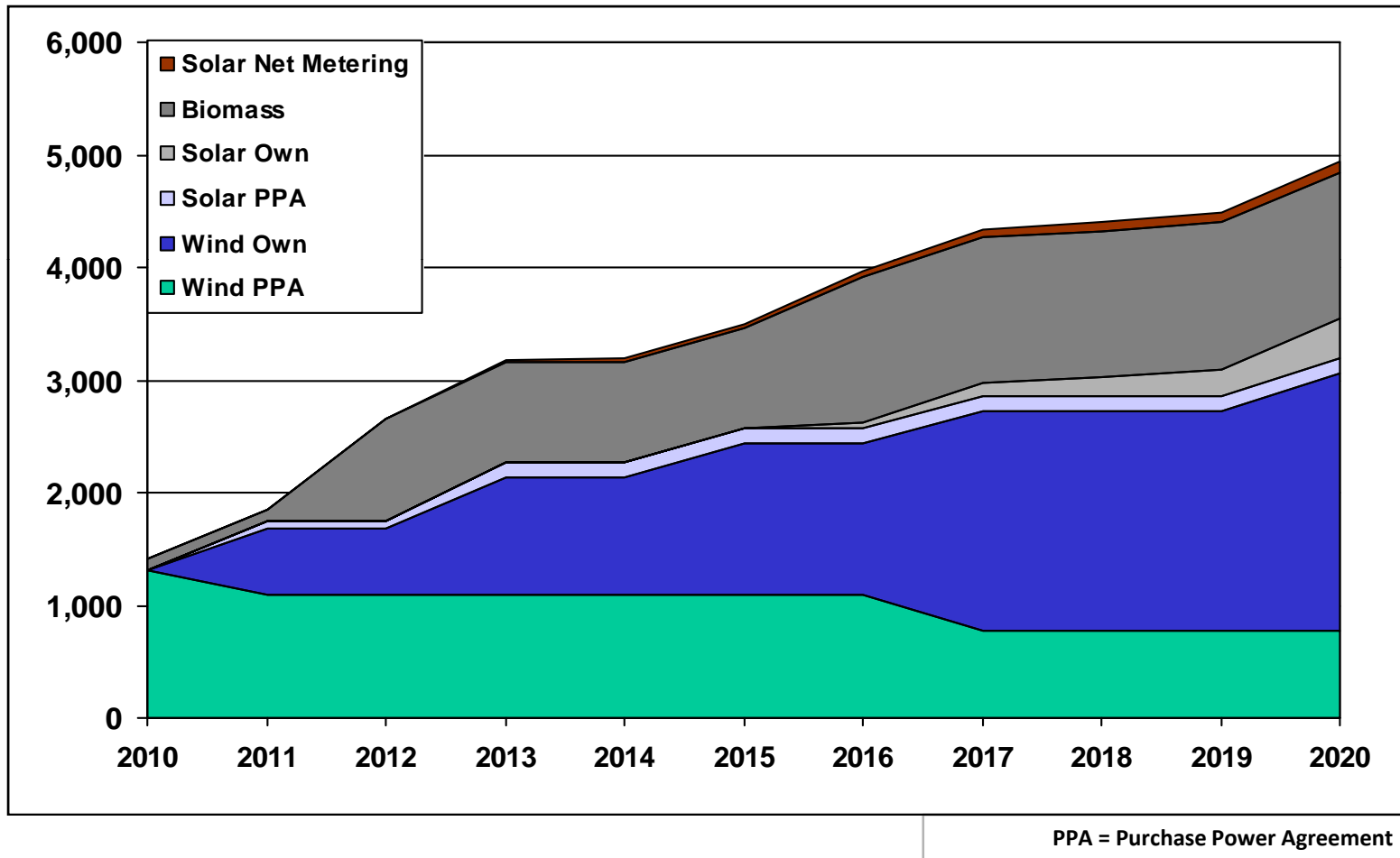
**Plan goal - 35% of annual energy supply from qualifying renewable sources.**

**800 MW energy efficiency by 2020 goal. Reduces growth in load forecast.**



# Renewable Additions 2020 (GWhs)

## 35% Total Energy



# Austin Energy Renewable Portfolio Cost

		Actual				
Renewable		2005	2006	2007	2008	2009
Wind	Mwh	515,247	639,215	584,347	835,175	1,253,161
	Energy Cost	\$ 12,853,154	\$ 17,536,695	\$ 16,116,203	\$ 27,234,811	\$ 50,412,115
	Congestion cost	\$ (2,549,355)	\$ (1,817,626)	\$ (1,121,113)	\$ 16,215,560	\$ 3,754,624
	Avg. cents/kWh	0.025	0.027	0.028	0.033	0.040
Solar	Mwh					
	Energy Cost	\$ -	\$ -	\$ -	\$ -	\$ -
	Avg. cents/kWh	-	-	-	-	-
Biomass	Mwh	91,586	66,136	66,309	65,752	53,691
	Energy Cost	\$ 2,283,068	\$ 1,781,334	\$ 1,628,588	\$ 1,601,343	\$ 1,090,444
	Avg. cents/kWh	0.025	0.027	0.025	0.024	0.020
Total	Mwh	606,833	705,351	650,656	900,927	1,306,852
	Energy Cost	\$ 15,136,222	\$ 19,318,029	\$ 17,744,791	\$ 28,836,154	\$ 51,502,559
	Avg. cents/kWh	0.025	0.027	0.027	0.032	0.039

Notes:

- 1) Biomass includes Landfill and Woodwaste resources



# Austin Energy Renewable Resource Cost

		Projected				
Renewable		2011	2012	2013	2014	2015
Wind	Mwh	1,857,436	1,726,602	2,390,749	2,438,724	2,785,404
	Energy Cost	\$ 71,561,808	\$ 68,304,207	\$ 93,063,083	\$ 81,820,756	\$ 94,415,572
	Congestion cost					
	Avg. cents/kWh	0.039	0.040	0.039	0.034	0.034
Solar	Mwh	70,520	70,659	70,520	138,766	138,766
	Energy Cost	\$ 11,600,612	\$ 11,623,432	\$ 11,600,612	\$ 22,213,484	\$ 22,213,484
	Avg. cents/kWh	0.165	0.165	0.165	0.160	0.160
Biomass	Mwh	87,862	550,343	876,262	876,262	876,262
	Energy Cost	\$ 3,422,233	\$ 45,231,841	\$ 76,319,189	\$ 77,933,917	\$ 79,605,325
	Avg. cents/kWh	0.039	0.082	0.087	0.089	0.091
Total	Mwh	2,015,818	2,347,604	3,337,531	3,453,752	3,800,432
	Energy Cost	\$ 86,584,653	\$ 125,159,480	\$ 180,982,884	\$ 181,968,157	\$ 196,234,381
	Avg. cents/kWh	0.043	0.053	0.054	0.053	0.052

Notes:

- 1) Biomass includes Landfill and Woodwaste resources
- 2) Projection includes resources under contract and new resources reflected in April 2010 Resource Plan
- 3) Future Transmission Congestion Costs are not known or projected



# **Forecasting an Affordable Resource Plan**

---

# Implement an Affordable Resource Plan

- AE's response to City's 2007 climate protection plan
- April 22, 2010 City Council approval dependent on developing method to measure the plan's affordability
- Flexible, dynamic and emphasizes affordability as a fundamental element

## Plan Goals – three components

- 35% of annual energy supply from qualifying renewables
- Affordable and predictable as possible
- Reach generation plan goals by 2020



# Implement an Affordable Resource Plan

- **EUC approved November 15, 2010**

30. Update regarding Austin Energy's rate review process and the development of an affordability forecast related to Austin Energy's Resource, Generation, and Climate Protection Plan, and possible action regarding the affordability forecast – Presentation by Larry Weis, General Manager, with suggestions and discussion by Commission members. Motion to approve by Commissioner Smaha, seconded by Commissioner Bernfeld, passed on a vote of 6-0.

- **December 9, 2010 Council Briefing**

Council discussion on balancing three components of Generation Plan Goals.

- **January 27, 2011 Council Briefing**

- **Council Action on Generation Plan to be scheduled**



# General Manager's Near Term Strategies

- **Rate review and energy resource plan with affordability measure launched**
- **Continue internal organizational & financial review**
- **In-depth review of capital improvement plan**
- **Improve communications and transparency**







# Questions

