

Proposed Resolution

Chairman Bernfeld Jan. 24, 2013

WHEREAS, in April 2010, the Austin City Council unanimously adopted the Austin Energy Resource, Generation, and Climate Protection Plan to 2020 (the Generation Plan); and

WHEREAS, implementing the current Generation Plan would reduce the amount of energy Austin Energy receives from Fayette Power Plant by about 24% by 2020;

WHEREAS, on September 17th, 2012, Austin Energy presented a report and recommendations to the Electric Utility Commission and to the City Council on October 16th responsive to City Council Resolution No 2011006-059 regarding our current and future use of FPP;

WHEREAS that report recommended that one strategy that would meet the affordability matrix and Climate Protection Plan requirements would be to sell Austin Energy's share of the Fayette Power Plant and build, purchase or contract approximately 1,000 MWs of natural gas capacity;

WHEREAS the study also report did say that another strategy would be maintaining ownership in the Fayette Plant but reducing its output is also economically and technologically feasible and is a slightly more affordable option than a sale of FPP;

WHEREAS the report noted that mothballing or retiring Austin Energy's share might be difficult given both LCRA's role and ERCOT's role, but the report did not assess the potential to work with LCRA on a phased retirement to retire at least one unit of the coal plant rather than simply selling it;

WHEREAS, the Electric Utility Commission on September 17th unanimous approved a motion that any generation built, bought or contracted by Austin Energy to replace the electrical output of the Fayette Power Plant "include hybrid and renewable solutions when RFPs are issued."

NOW THEREFORE, BE IT RECOMMENDED BY THE ELECTRIC UTILITY COMMISSION TO CITY COUNCIL THAT:

The City Manager and Austin Energy continue to assess the Fayette Power Plant resource and begin high-level discussions with LCRA on how to jointly manage their resource in the future, including the potential to retire one or more of the FPP units on or before 2018; and

That any future purchase, sale, contract or RFP issued by Austin Energy for the purpose of replacing power output from the Fayette Power Plant should request and include information on and consider:

- all energy and fuel options, including a renewables option, a hybrid traditional/renewables option, and a natural gas option;
- to the extent it is available, energy storage technology as a way to make renewable energy less of a variable resource;
- that RFPs will be scored on cost, water use, and air emissions;
- and that proposals may incorporate divesting Austin Energy's interest in the Fayette Power Plant through sale versus maintaining Austin Energy's Fayette Resource, including the option of relying on it less over time as new generation resources come on-line.