



Overview of Austin Energy's Regulatory Framework

Austin Energy Utility Oversight Committee

November 13, 2017



Key Regulatory Agency Relationships

Federal

Federal Energy Regulatory Commission (FERC)

Reliability of Bulk Electric System

North American Electricity Reliability Council (NERC)

Reliability Standards
BES Protection Standards
Transmission Operation Standards

Department of Energy (DOE)

Bulk Electric System Event Reporting

Commodities & Futures Trading Commission (CFTC)

Derivatives Trading Standards

Nuclear Regulatory Commission (NRC)

Inspection, Licensing &
Decommissioning of
Nuclear Power Plants

Environmental Protection Agency (EPA)

Carbon Climate Policy
Conventional Pollutant Standards
Waste Disposal Standards
Water Quality Standards

State

Public Utility Commission

Wholesale Market Design
Transmission Ratemaking
Retail Rate Appeal

Electric Reliability Council of Texas (ERCOT)

Wholesale Market Rules
Wholesale Market Operations
Transmission Planning

Texas Reliability Entity (TRE)

Regulatory Enforcement of
NERC, PUC, ERCOT rules

Texas Commission on Environmental Quality (TCEQ)

Environmental Regulation
Operating Permits

Local

Austin City Council

Retail Rates
Retail Terms of
Service
Financial Standards
Municipal Civil
Service
Building and
Permitting
Budget Adoption

Climate Policy & Goals
Resource Plan & Goals
Land Use Standards
Distribution Routing &
Siting
Purchasing &
Procurement
Spending Authorization
Audit

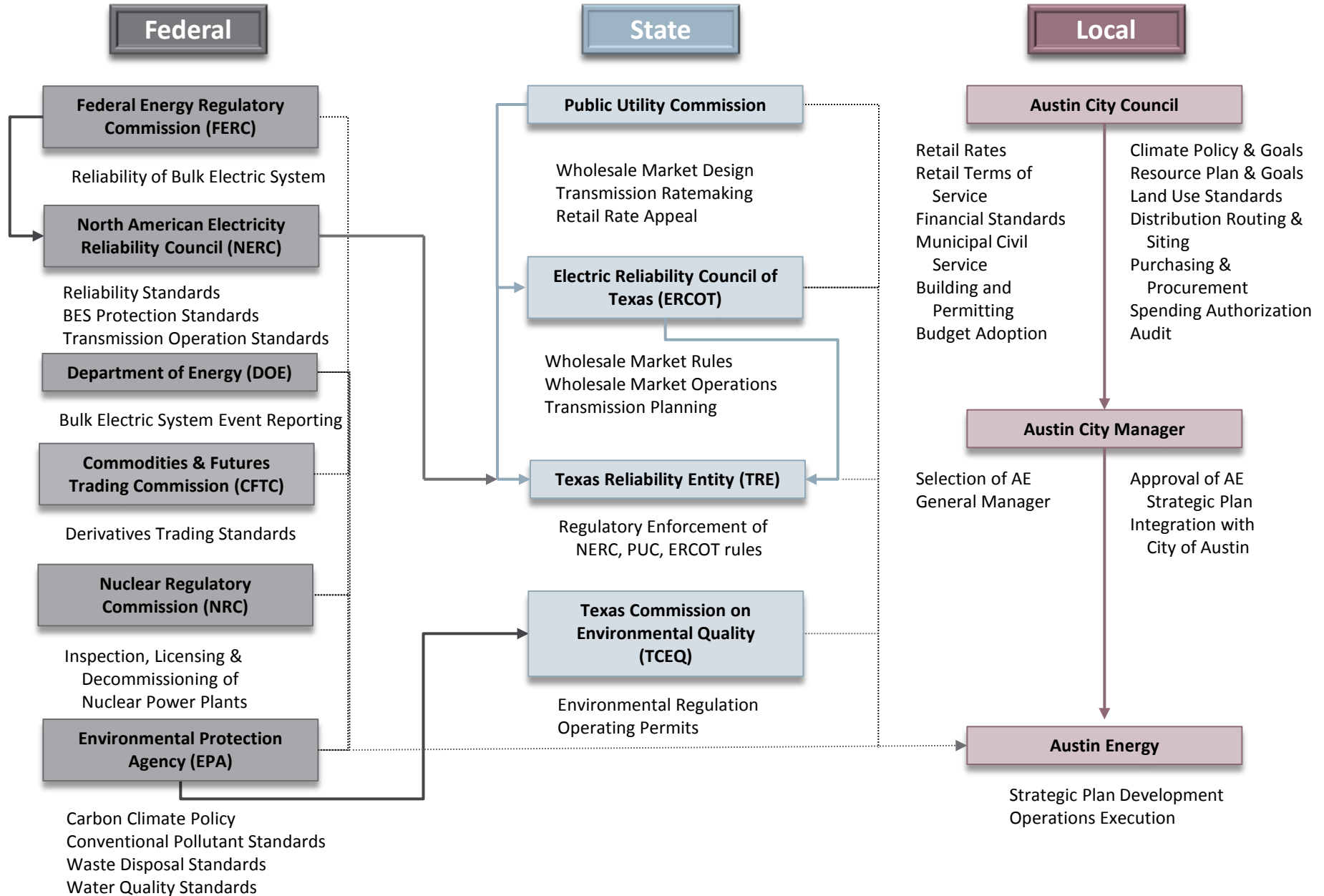
Austin City Manager

Selection of AE
General Manager

Approval of AE
Strategic Plan
Integration with
City of Austin

Austin Energy

Strategic Plan Development
Operations Execution



Other Authorities

Other Federal Authorities

- U.S. Department of Labor
- Equal Employment Opportunity Commission
- U.S. Energy Information Administration
- Federal Aviation Administration
- Federal Communications Commission
- Federal Trade Commission
- U.S. Army Corps of Engineers
- U.S. Fish and Wildlife Service

Other State Authorities

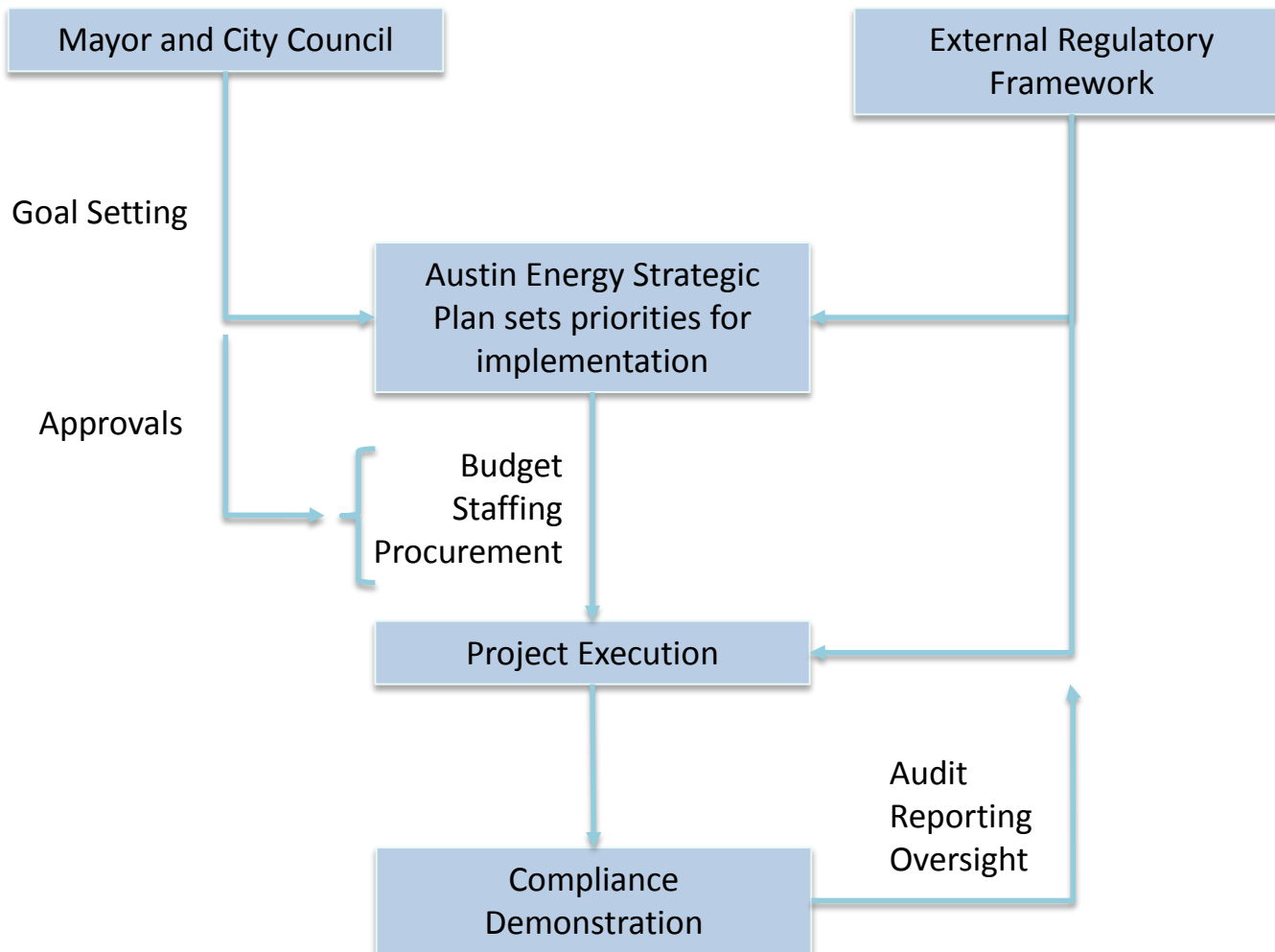
- Texas Attorney General
- Texas Comptroller of Public Accounts
- Texas Department of Insurance
- Texas Department of Motor Vehicles
- Texas Historic Commission
- Texas State Library and Archives Commission
- Texas Workforce Commission

Other Advisory Authorities

- Department of Homeland Security
- Federal Emergency Management Agency
- Governmental Accounting Standards Board
- Institute of Electrical and Electronics Engineers
- Internal Revenue Service
- National Automated Clearing House Ass'n
- Securities and Exchange Commission



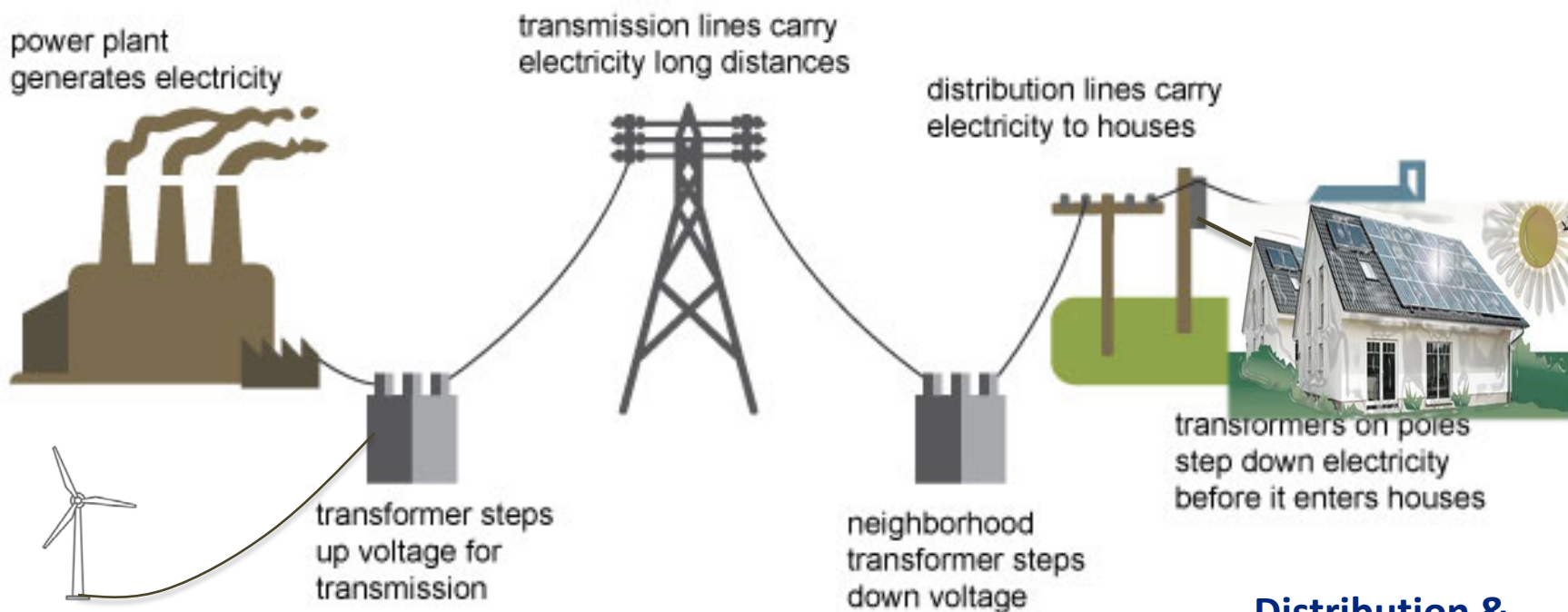
Council Policy and External Regulatory Framework Drive AE Planning & Execution





Primary Regulatory Influences from Production to Consumer

Electricity generation, transmission, and distribution



Generation

PUC & ERCOT: Wholesale Market Rules
EPA & TCEQ: Emissions, water quality
NERC: Reliability Standards

Transmission

NERC: Reliability Standards
ERCOT: Planning, Reliability & Operations
PUC: Trans. Rates, Certification
EPA & TCEQ: Spills, waste trans, disposal

Distribution & Customer Service

City Council: Goals, Retail Rates, Permitting, Routing & Siting, Terms of Service, Local Solar Programs & Rates
Fed. Trade Commission: FACTA compliance
EPA & TCEQ: Spills, waste trans, disposal



La Loma Community Solar (at Kingsbery): Scope of Regulatory Interactions

Local:

Planning & Zoning—Rezone, site plan permit approval
Land Development Code & Environmental Criteria Manual—Compliance demonstration, tree protection plan, secure transportation pathways
Heritage Tree Ordinance—Mitigation plan
Watershed—Environmental inventory study, construction inspections

Federal:

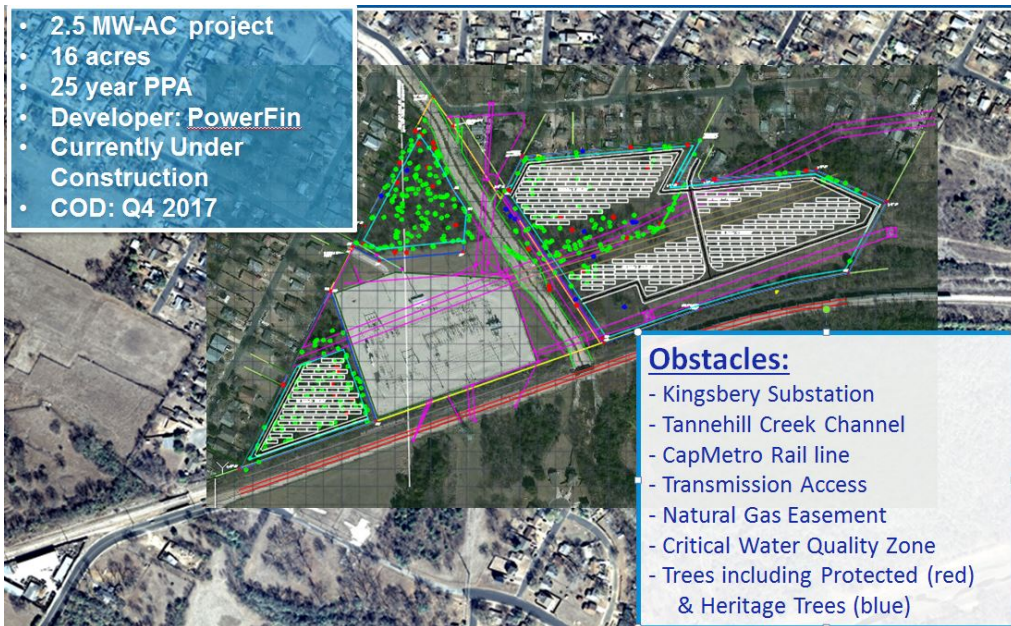
FEMA—Flood plain verification
Army Corps of Engineers—Waters of the U.S. assessment
FAA—Flight hazard assessment

State:

PUC—Renewable Energy Credits (REC) certification
ERCOT—Registration, Interconnection Standards, Metering, REC reporting
TCEQ—Environmental site assessment, reporting and compliance with SHINES state grant terms



- 2.5 MW-AC project
- 16 acres
- 25 year PPA
- Developer: PowerFin
- Currently Under Construction
- COD: Q4 2017



Obstacles:

- Kingsbery Substation
- Tannehill Creek Channel
- CapMetro Rail line
- Transmission Access
- Natural Gas Easement
- Critical Water Quality Zone
- Trees including Protected (red) & Heritage Trees (blue)

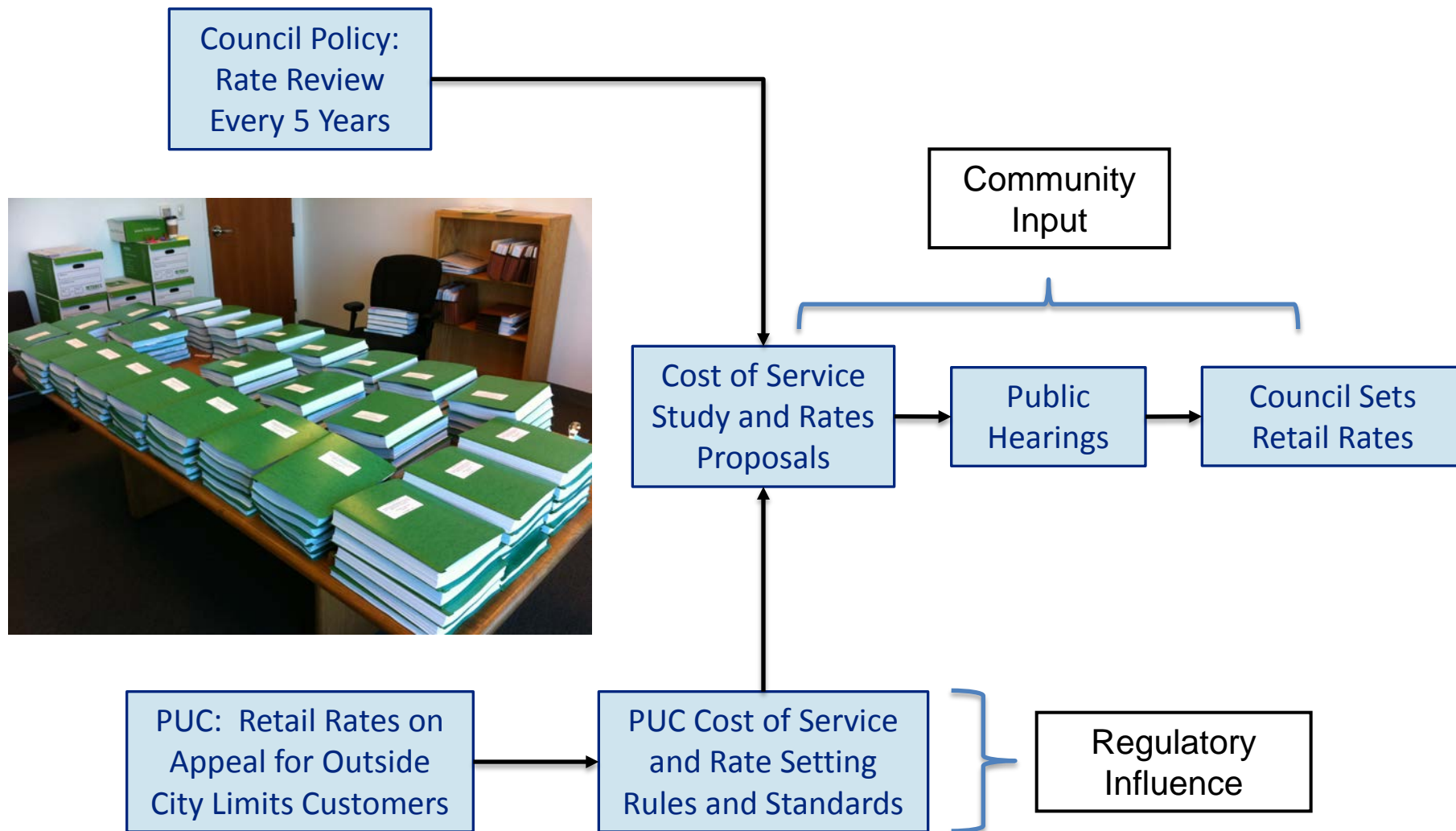


Power Plant Decommissioning: Scope of Regulatory Interactions





Retail Rate Setting: Scope of Regulatory Interactions



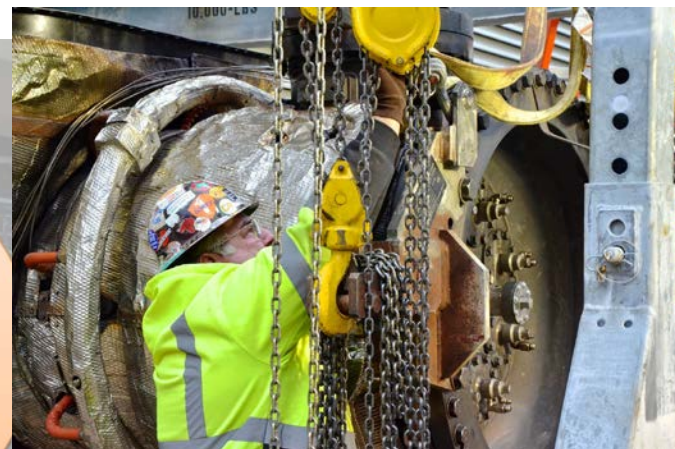
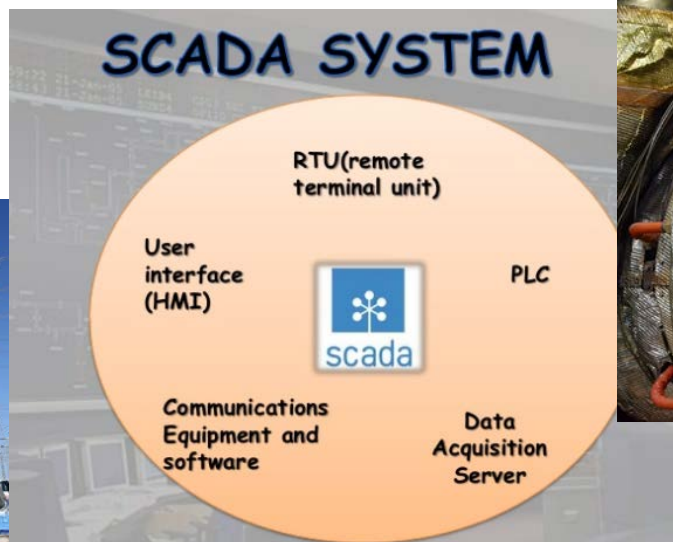


NERC Compliance—Develop Cyber Systems Baseline: Scope of Regulatory Interactions

NERC Standard:
Develop Cyber
Systems Baseline

Implement New
Data Collection
Tool

TRE: Compliance
Demonstration



System Needs
Assessment and
Solicitation

RCA for Council
Approval

Product
Implementation &
Compliance
Demonstration



Take Aways

- Austin Energy operates in a highly regulated and structured environment.
 - Multiple regulatory touchpoints.
 - Priority to develop and maintain staff expertise in each regulatory area.
- Failure to meet certain operational standards and regulatory compliance obligations can have severe consequences.
- Staff's job is to implement goals from Council while mitigating risks and demonstrating compliance with regulatory requirements.