

# 2020 REACH Update

## *Resource Management Commission Briefing*

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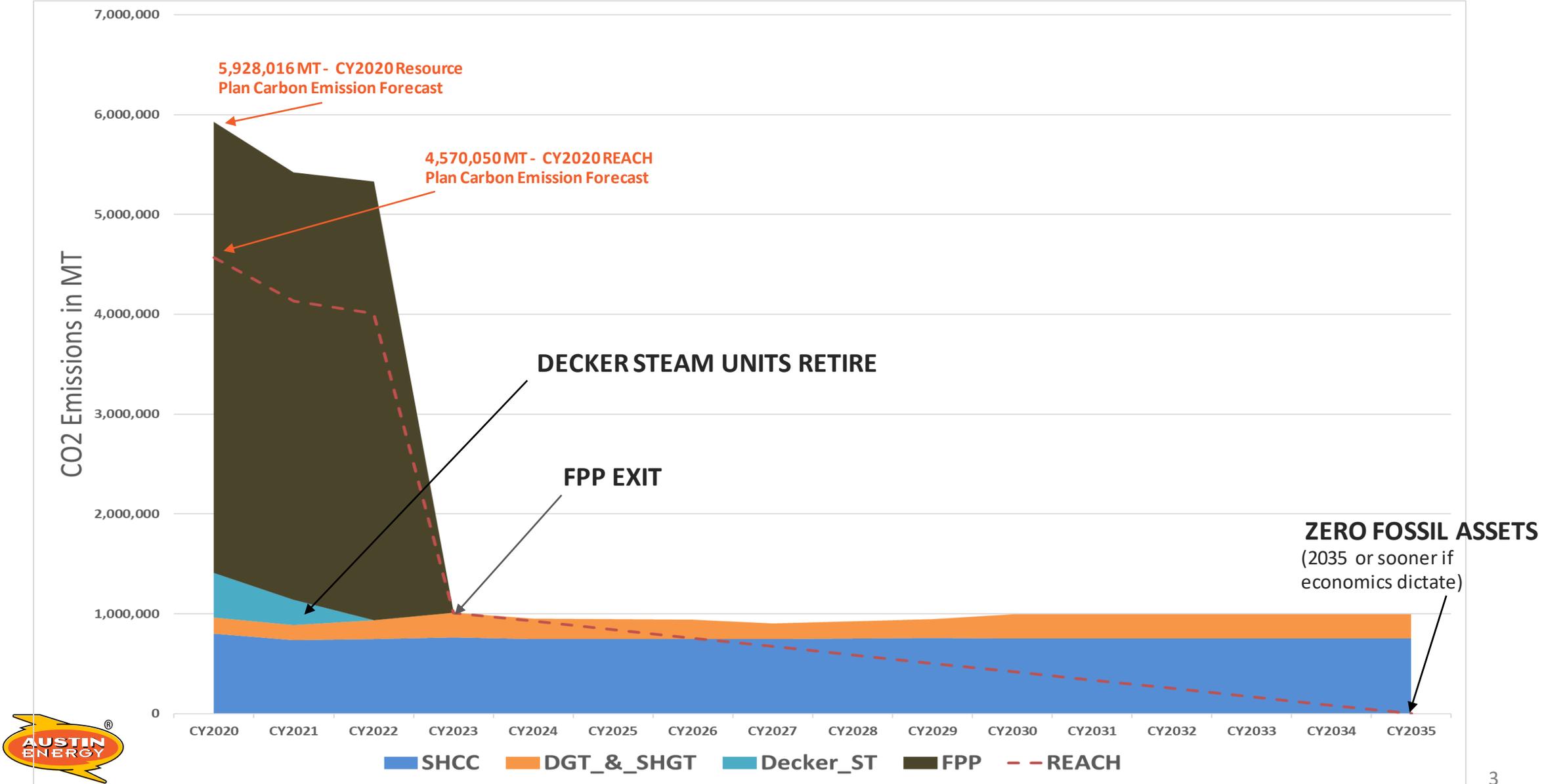
# Carbon Reduction - REACH



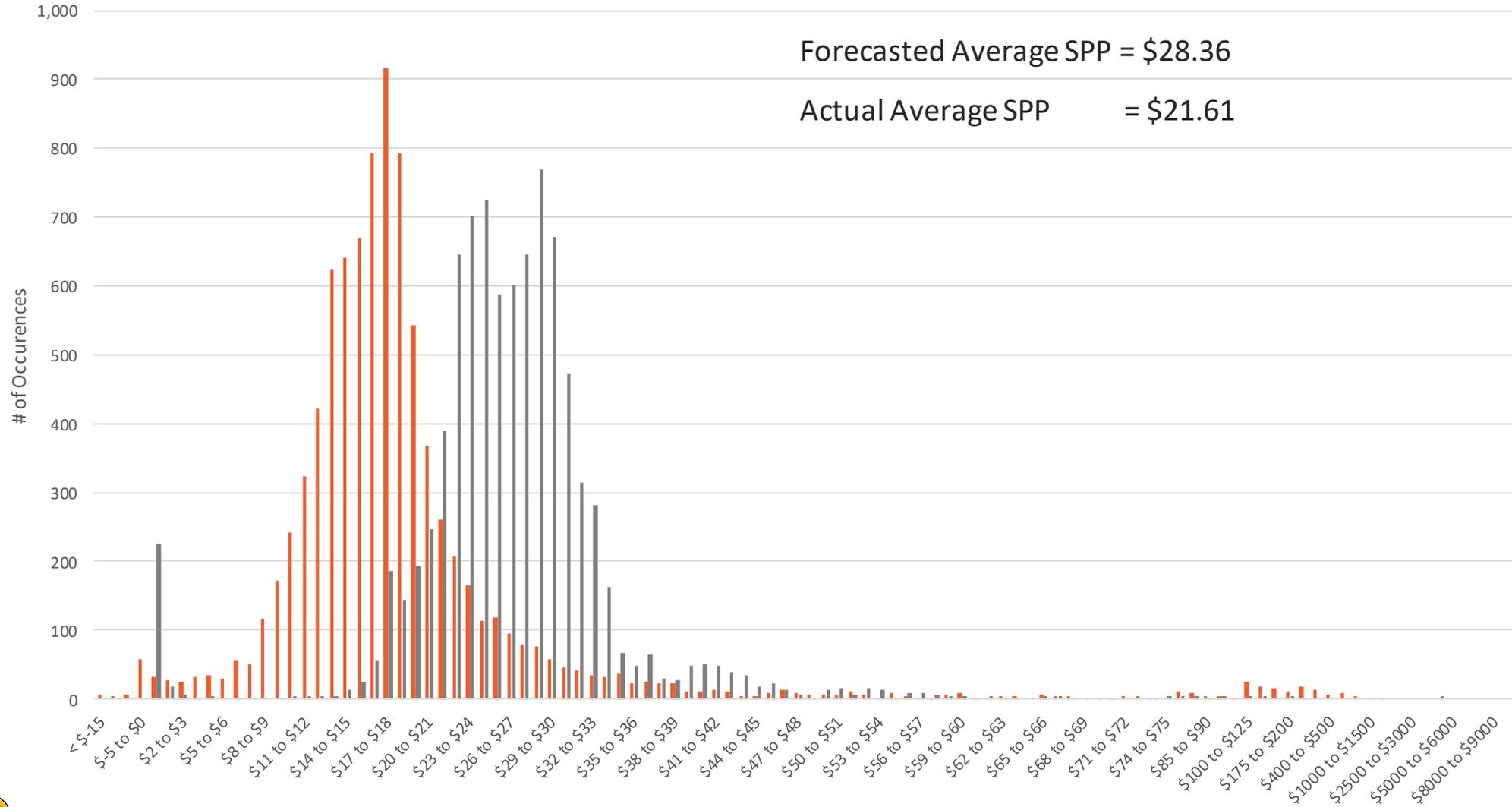
- Reduce Emissions Affordably for Climate Health (“REACH”) incorporates a cost of carbon in the generation dispatch price and reduces generation output during low-margin periods while making resources available for high-margin periods.
- Allocate an annual budget amount of approximately 2% of the prior year’s PSA
- *The savings for 2020 after plan approval was expected to be 1.36 million metric tons*
- REACH was designed to reduce the utility’s carbon emissions by 30% or approximately 4 million metric tons between now and Austin Energy’s exit from FPP.
- Thereafter, the REACH plan is expected to reduce carbon emissions by 8% each year while maintaining the flexibility to protect our customers’ rates in periods of high prices in the wholesale market until achieving zero carbon emissions by 2035.



# Resource Plan Carbon Emission Forecast vs. REACH CO2 Reduction



# 2020 Distribution of Price – Resource Plan Forecast v Actual



# Model to Market

- Resource Plan Forecast - August 2019
  - Goals derived from Base Forecast and Assumptions
- COVID-19 Impacts Demand for Energy
  - Crude oil has negative monthly settlement for the first time in history
- Natural Gas prices 26% lower than base assumption by ~25%
  - July NYMEX Natural Gas Settles \$1.495
- Extremely mild 2020 Winter and mild end to the summer
  - 17<sup>th</sup> coolest September on record (out of 126)



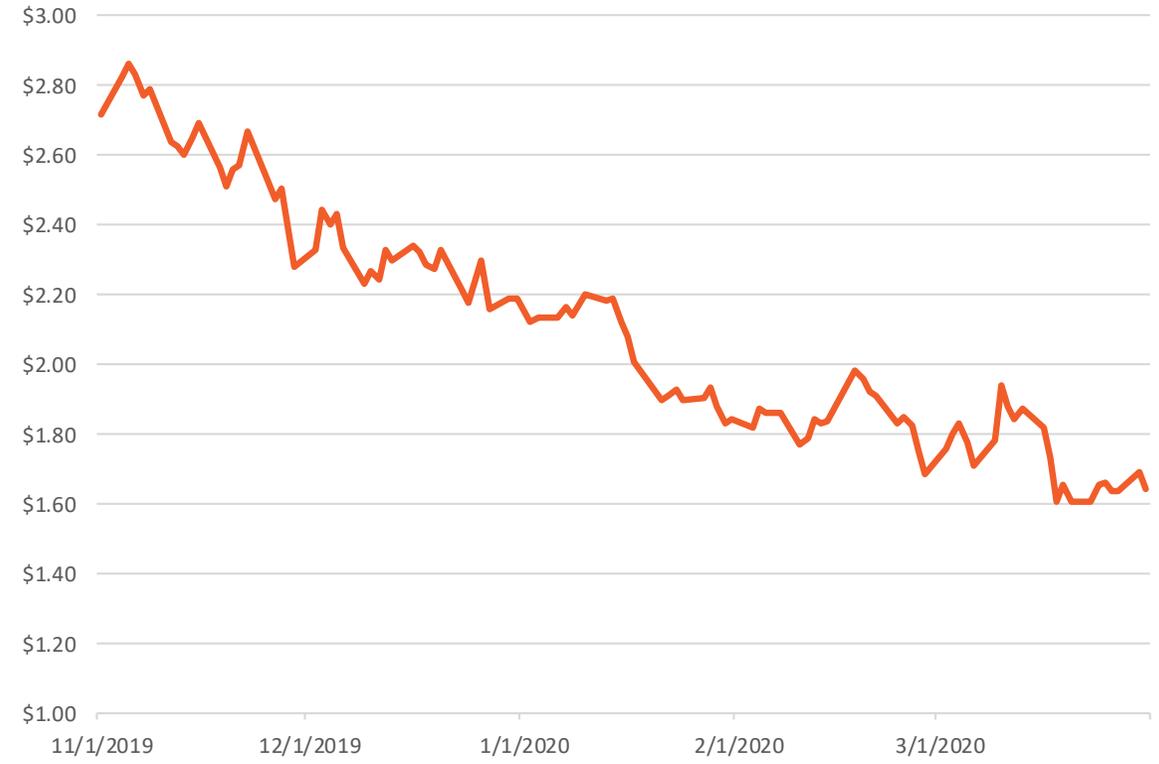
# Statewide Average Temperature Ranks

January–March 2020

Period: 1895–2020



# NYMEX Natural Gas Daily Settlements



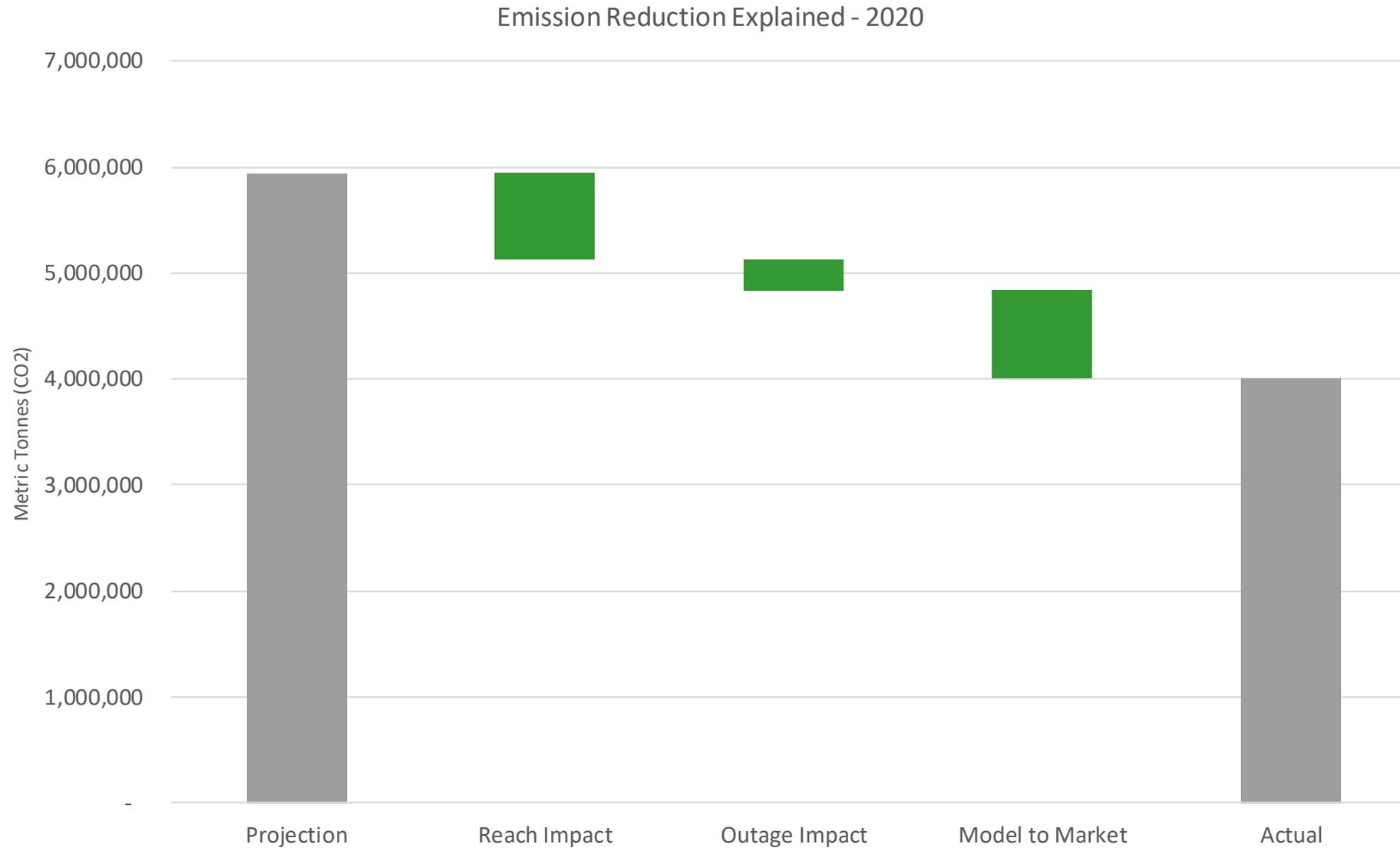


# Overall REACH Performance

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Emission Reduction (Tonnes)	Percentage Below Forecast
<b>Total</b>	5,928,010	4,806,255	3,992,107	1,935,903	32.5%
Coal	4,516,877	3,684,190	2,870,042	1,646,835	36.5%
Natural Gas	1,411,133	1,122,065	1,122,065	289,068	20.5%



# REACH Performance Explained



# FPP REACH Performance

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Reduction (Tonnes)	Net Revenue Foregone	Cost per Tonne
<b>Total</b>	4,516,877	3,684,190	2,870,042	814,148	\$2,696,670	\$3.31
FPP1	2,266,964	1,749,506	1,320,370	429,136	\$1,443,911	\$3.36
FPP2	2,249,913	1,934,684	1,549,672	385,012	\$1,252,759	\$3.25





**Customer Driven.  
Community Focused.<sup>SM</sup>**

