

Generation Portfolio Update

Fayette Power Project, Decker Unit 2 and
Nacogdoches Power Project

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Announcement Highlights

- Negotiations stall over Fayette Power Project
- Decker 2 steam unit to shut down in March 2022
- Nacogdoches biomass plant to be available year-round



Fayette Power Project

Photo courtesy LCRA



Decker Creek Power Station



Nacogdoches Power Project



Negotiations stall over Fayette Power Project (FPP)

- Background: Austin Energy co-owns FPP with LCRA; Austin Energy's portion is 50% of two of the three units; LCRA manages the plant.
- Joint ownership agreement does not set out how one party can retire only its share of the project.
- Unable to reach terms that would allow Austin Energy to shut down its share.



Negotiations stall over Fayette Power Project



- What's next?
 - Austin Energy will continue to run its portion of FPP but will minimize scheduled output using REACH
 - The REACH strategy considers the cost of carbon in utility's offers to sell generation from FPP.
 - Continue to negotiate with LCRA to retire Austin Energy's share of FPP.



Decker Steam Unit 2 to Close March 2022

City Council approved closure in 2017



Age

Increasing difficult to maintain, secure replacement parts and technical expertise



Less Efficient

Requires more natural gas per megawatt hour of power compared to newer, more efficient units



Lower Carbon Emissions

Part of comprehensive resource plan and commitment to lower carbon footprint



Decker Steam Unit 2 to Close March 2022

City Council approved closure in 2017

- Notice of Suspension of Operations (NSO) to ERCOT
 - Required at least 150 days prior to anticipated retirement date.
 - Effective retirement date: March 31, 2022.
 - If ERCOT determines unit needs to continue operating, it can pursue a Reliability Must-Run (RMR) commitment with Austin Energy.
- What's next?
 - Decker's four 50 MW gas turbines continue to be available and can be quickly dispatched when needed.

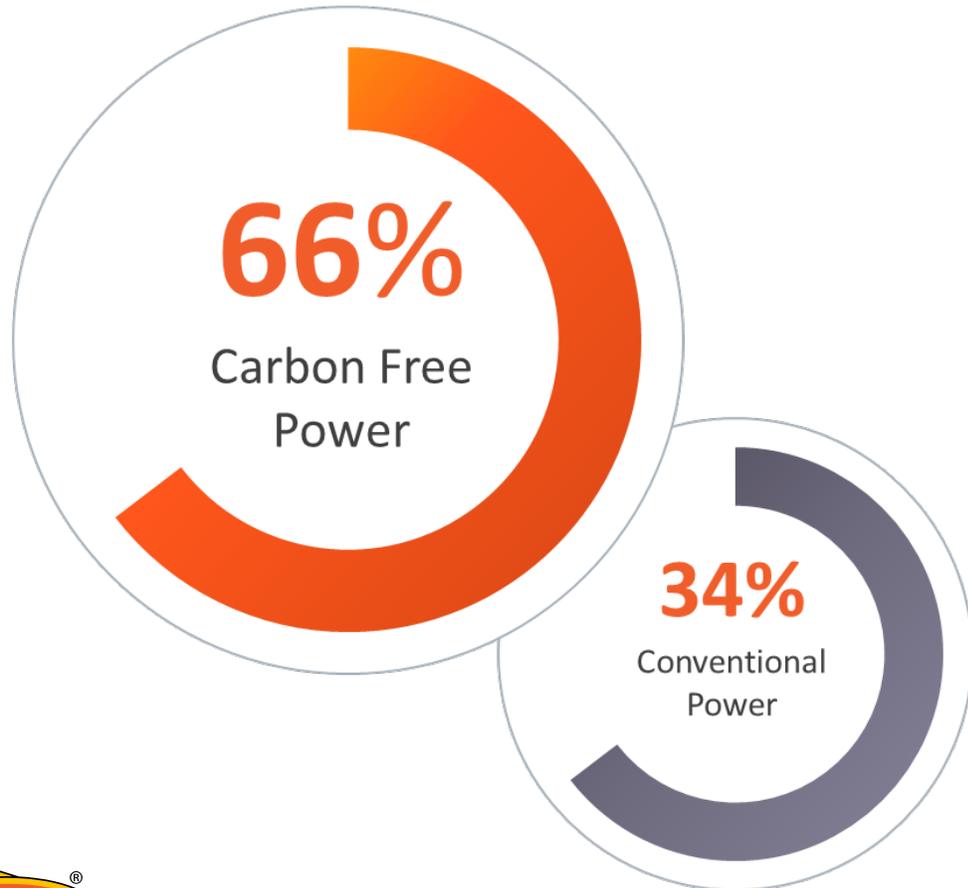


Nacogdoches Biomass Plant Available Year-Round

- **Background:**
 - Plant powered by wood waste fuel.
 - Previously under “seasonable mothball” status, meaning it was made available to run only during high energy demand summer months.
 - Utility purchased plant in 2019.
 - Purchasing the plant saved the utility ~\$275M in additional costs over the remaining term of a previous agreement.
- **Improved operations + current market conditions = more economical to be available year-round.**



Current Austin Energy Generation Portfolio



March 2022 Portfolio

- Seven solar farms (966 MW)
- Eight wind projects (1796 MW)
- South Texas Nuclear Project (430 MW)
- Sandhill Energy Center (570 MW)
- Fayette Coal Plant (590 MW)
- Nacogdoches Biomass Plant (100 MW)
- Decker quick start gas turbines (200 MW)

*71% carbon free after March 2022





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