

Recommendations from Electric Utility Commission on Retirement of Austin Energy's Portion of the Fayette Power Project

April 2022

Members of the EUC met with members of the RMC, the public and representatives of upper management of Austin Energy regarding the Fayette Coal-fired power plant and its future operations. While certain matters could not be fully discussed given a non-disclosure agreement and ongoing negotiations, we believe there is a path forward to continue to meet the parameters of the 2030 Resource Management Plan adopted by City Council. We provide the following direction to City Council on fulfilling that plan:

1. Recommend Austin Energy explore every avenue available to achieve closure of Austin Energy's portion of Fayette as quickly as possible.
2. Recommend that Austin Energy continue to utilize strategies to lower carbon emissions from its portfolio of resources to continue to meet the goals of the 2030 resource plan.
3. Recommend that Austin Energy continue to issue annual RFPs for all renewable resources and evaluate the results of the RFP for up to 200 MWs of storage that was recently issued. As part of its RFP process, the EUC recommends that Austin Energy seek geographic diversity of resources and explore dispatchable renewable emerging technologies such as geothermal energy that will enhance our portfolio and move us closer to the zero-carbon goal. The EUC requests that a presentation be made once results from the latest storage and renewable resources RFPs are available.
4. Recommend that Austin Energy seek input from city council on annual budgets and expenses that come to the Fayette Management Committee to avoid making any long-term investments in the plant.
5. Include the costs of decommissioning as part of the upcoming cost of service study and upcoming rate case.
6. Evaluate the plant's current emissions and compliance with current and proposed environmental regulations, as well as current and likely future monitoring and other compliance costs at Fayette due to:
 - ELG (Effluent Limitation Guidelines)
 - CCR (Coal Combustion Residuals)
 - Regional Haze (SO₂ - PM stuff)
 - MACT (Maximum Achievable Control Technology)
 - Ozone
 - "Good Neighbor" Plan (Cross-State Air Pollution Rule (CSAPR) NOX Ozone Season Group 3 Trading Program)
 - Other Federal Regulations as appropriate.

The EUC asks AE to prepare an analysis and presentation related to these current environmental performance, compliance measures and costs, including expected future compliance issues.