

Electric Utility Commission

Draft Resolution on a Required Update to the Resource Plan

November 14, 2022

WHEREAS, the Electric Utility Commission has been given the important task of reviewing and advising the City Council on progress on the Austin Energy Resource, Generation and Climate Protection Plan to 2030; and

WHEREAS, the Resource plan approved by City Council in 2020 includes a specific direction that the plan be updated in five years, unless conditions change warranting a need for a new update, stating “Austin Energy will conduct an update of this 2030 Plan in advance of its cost-of-service study in approximately five years from adoption of the 2030 Plan, or sooner if significant changes in technology or market conditions warrant. At the end of 2022 the EUC will decide whether there have been sufficient changes in circumstances that an interim update would be beneficial.”; and

WHEREAS, the plan laid out a vision for ending Austin Energy’s use of power from the burning of coal by stating “Austin Energy will maintain its current target to cease operation of Austin Energy’s portion of the Fayette Power Project (FPP) coal plant by year-end 2022. Austin Energy will continue to recommend to the City Council the establishment of any cash reserves necessary to provide for that schedule.”; and

WHEREAS, Austin Energy has not been able to meet this deadline of ceasing operation of Austin Energy’s portion of the Fayette Power Plant (FPP);

WHEREAS, the 2020 Resource Plan required Austin Energy to conduct a transmission study to look at how to boost the use of storage and renewables both within our load zone and from imported clean energy from outside our load zone and that transmission study is expected to be completed and reviewed by staff by June 2023; and

WHEREAS, since the plan was adopted by city council in 2020, other major changes have occurred, including impacts to the electric grid caused by Winter Storm Uri, and major changes implemented by both the Legislature and the Public Utility Commission of Texas which have and could further change our energy-only market and required ancillary services; and

WHEREAS, the Public Utility Commission is expected to take further action in early 2023 that could fundamentally change our energy and ancillary services market; and

WHEREAS, the cost of natural gas increased by roughly 288 percent between August of 2020 and August of 2022, creating both major expenses for Austin Energy and also opening up opportunities to invest in new technologies; and

WHEREAS, since the plan was adopted, the President of the United States has signed two major laws into existence, including the Infrastructure, Investment and Jobs Act of 2021, and the Inflation Reduction Act of 2022, both of which contain potential funding for important programs to increase programs related to energy efficiency, storage, renewable energy, green hydrogen, geothermal, electric vehicles and the transition away from fossil fuels; and

WHEREAS, the Electric Utility Commission finds that the inability of Austin Energy to cease operations of the Fayette Power Plan, coupled with increasing costs and changes in the electric market, lessons learned from the Austin Energy transmission study, and opportunities created by passage of federal legislation represent a material change to the conditions that led to the adoption of the 2030 Resource Plan;

NOW THEREFORE BE IT RESOLVED that the Electric Utility Commission finds that Austin Energy should begin an update to the 2030 Resource Plan as soon as possible and recommends that the Austin City Council adopt a resolution to begin the resource planning process with the following components:

1. Direct Austin Energy to conduct an update to the 2030 plan beginning in 2023 with an initial presentation to the Electric Utility Commission by no later than July of 2023 with results from the transmission study; and
2. Direct Austin Energy to work collaboratively with the Electric Utility Commission on potential modifications to the Resource Plan during the second half of 2023 and present an amendment or modifications to the Resource Plan with a preliminary update or draft plan presented to the EUC by November of 2023 for further discussion and review; and
3. After receiving input from the EUC and other stakeholders, direct Austin Energy to present the potential modifications or amendment to City Council for consideration by no later than the first quarter of 2024 which would address a new retirement date for Austin Energy's portion of the Fayette Coal plant, and additional changes to the Resource Plan warranted by changes caused both by legislative and regulatory changes in Texas, findings from the transmission study, and federal funding opportunities.

As part of the update to the 2030 Plan, the Electric Utility Commission may work collaboratively with the Resource Management Commission and other stakeholders with expertise in resource planning.