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MEMORANDUM

TO: Mayor and Council Members

FROM: Bob Kahn, General Manager, Austin Energy *BK*

DATE: July 6, 2023

SUBJECT: Austin Energy 2023 Resource Plan Update

Per [Resolution No. 20221201-040](#), City Council directed the City Manager to update the 2030 Austin Energy Resource, Generation and Climate Protection Plan (the "Resource Plan"). This memo provides background on the process and proposed path forward.

Background

Austin Energy actively manages a diverse portfolio of power supply resources in the Electric Reliability Council of Texas (ERCOT) wholesale market. Austin Energy's goal is to continue to balance affordable, reliable, clean energy to provide stable-priced power to customers. Austin Energy regularly evaluates its energy generation mix and updates the Resource Plan. In November 2022, the Electric Utility Commission recommended to Council that conditions were present to warrant an update to the Resource Plan. The current Resource Plan was adopted by Council in March 2020.

Next Steps

Austin Energy plans to present proposed 2030 Resource Plan amendments to the City Council in February 2024 and collaborate with the Electric Utility Commission (EUC) to receive their input. The process for the EUC to provide input is described below.

On July 10, 2023, Austin Energy will present to the EUC results of the transmission study called for under the Resource Plan. The transmission study was conducted over the last 18 months by an outside consultant to assess transmission resources that would be necessary for a complete transition away from natural gas generators with the ensuing technical, affordability, and reliability implications of doing so. In addition to presenting these results at the July EUC meeting, Austin Energy will present the timeline and process for updating the Resource Plan. This timeline and process will include opportunities for input and collaboration with the EUC and the public. Austin Energy anticipates two special-called EUC meetings in September and October 2023 for input, status updates, and additional information. Doing so will allow all EUC commissioners the opportunity to provide feedback prior to making a recommendation on Resource Plan updates.

Plan Updates

This month, Austin Energy will begin its assessment of Resource Plan requirements and changes needed, considering the market conditions, legislation, technical constraints, environmental stewardship, wholesale market dynamics, and load zone price separation impacting affordability for our customers. This will refresh the Resource Plan in a way that operates the utility effectively while supporting the Resource Plan's goals and policy objectives. Austin Energy has the technical knowledge and expertise in-house, along with market data and modeling tools to determine, operationally, how to balance all the requirements of the utility's power supply portfolio with our community's existing environmental policy goals. Thus, Austin Energy's plan is to formulate proposed 2030 Resource Plan amendments using internal resources.

With this update, Austin Energy does not intend to revisit or revise the community's overarching policy goals. Therefore, Austin Energy will not be using an outside working group process in order to make these technical updates. Instead, through this update, the utility can plan how it operates the utility to meet existing goals in a way that best protects our market exposure and considers resources' operational and technical limitations. To accomplish the proposed Resource Plan update, Austin Energy staff will use in-house fundamental and probabilistic models to assess risks of a set of scenarios to the portfolio that will assist in establishing acceptable pathways that can meet the overall objectives stated in the City's established Resource Plan. In addition, Austin Energy will assess opportunities from the federal Inflation Reduction Act passed last year to leverage those opportunities in its portfolio planning.

Austin Energy will provide updates to the EUC prior to returning with a final plan and will solicit EUC feedback on policy goals and objectives along the way at special meetings. In addition, Austin Energy is committed to engaging our customers through meetings and direct surveys to ensure we are reflecting the community in our Resource Plan amendments.

We look forward to this process and the community conversation to update Austin Energy's 2030 Resource, Generation and Climate Protection Plan.

cc: Jesús Garza, Interim City Manager