

# Austin Energy Utility Oversight Committee (AEUC) meeting Transcript – 1/30/2024

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>> Thanks, mayor. I'm Leslie pool and I chair the Austin energy utility oversight committee, and I call the meeting for January 30th, 2024 to order at 9:01 A.M. We have a full dais with one person on off . I want to see, council member Ellis is remote, so everyone is

[9:01:47 AM]

Ellis is remote, so everyone is here today. We have we have three speakers. We will start with public communications on one remote nova. Jones and two in person. Al Braden and Diana proctor. Can I toss this over to our, council liaison to help us? Committee liaison to help us with calling these folks to our remote? >> Speaker is not on that yet. So let's start with in person. First. Speaker is Al Braden. >> Mister Braden, welcome. >> Good morning. Chairwoman pool . Mayor Watson, as usual, council members, you'll have three minutes. I'll speak quickly. I'm Al Braden, a district seven voter and member of ucs working group. Speaking for myself this morning, you'll hear a brief timeline of our efforts from general manager khan. In December 2022, council directed the city manager to

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directed the city manager to collaborate with the PUC in updating the generation plan. Austin energy has cooperated in providing a meeting space and written answers to questions. They've modeled two working group scenarios, covering time frames of 2030 and 2035. Of these contributions helped, but I must stress the word cooperative as strongly contrasted with our 2020 plan, where Austin energy collaborated with the working group, we met directly with staff who took an active part in the work. Staff presented key topics and model working group proposals along with their own. We challenged each other and produced I believe, a far better plan. Importantly, we committed to never build another fossil fuel plant. The elephant in the room at the time was a lack of battery us. Fast forward to 2023.

Ercot reports a battery Q of over 120 gigawatt with over 140gw of solar to charge them up . This year's working group wants to put those batteries to

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wants to put those batteries to work for Austin to move wind and solar to times of day, where it's needed most, avoid congestion and price separation to store our local power for rush hour use. Stabilize our local grid, help the generation mix help reliability and avert avoid ercot price spikes. Surprisingly Austin energy looks to be looking for an environmental off ramp. They've modeled a new fossil fuel gas plant to be located in our load zone. That means inside Austin likely either at decker and district one or sand hill, and district two, whose sites have infrastructure for such a plant. It would create more nox in east Austin, more carbon emissions overall, perhaps at some time in the future, it might be converted to run on some or all green hydrogen. And of course, hydrogen has its own emissions. Nox and greenhouse contributions. The PUC and Austin energy will meet to discuss these divergent proposals. Ralls perhaps some

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proposals. Ralls perhaps some better joint plan will emerge. I certainly hope so. Please stay engaged with this process. It's also possible that it won't resolve into a clean package. It could be a gas plant proposal from Austin energy and a separate PUC plan based on batteries, solar wind, energy efficiency, demand response and transmission improvements. I ask three important things from you one. Hold the line on Austin commitment to end the use of fossil fuels, especially not by approving any new gas plant that could run for 40 years. Two demand a full study of Austin energy of the working group's plan with its clean energy and battery proposal, and three ask why ercot has 120gw of battery projects and not one has our name on it. Thank you, Mr. Braden. >> Your time is up. Thank you. >> The next speaker is Diana proctor. >> Good morning, mayor. City

[9:05:55 AM]

>> Good morning, mayor. City manager and council members this morning I emailed you a link to an article that I thought was exciting. I got from rocky mountain institute. It's about solar energy in San Antonio. And so I'm just here to read you a couple of sentences from that article. And if you like it, you can find the link in your email. How cities can scale on site solar with new federal incentives. Last year, San Antonio set a new record of 75 days at or above 100°f. The city of San Antonio has made history by approving a major deal to put an estimated 13 megawatt of solar on 42 city owned facilities and parking lots. These projects will offset about 11% of the electricity consumption for city operations. San Antonio

will be one of the first cities to take advantage of the direct pay mechanism, also called elective pay, made possible by the inflation reduction act. Ira to take

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reduction act. Ira to take advantage of tax credits to reduce upfront project costs, something that was not possible before the Ira passed in August 2022. Prior to the Ira, the city was exploring a complicated third party structures because it could not purchase the solar panels and claim the clean energy tax credits as a tax exempt entity. However, direct pay opened up a new pathway of funding for projects like this, allowing the city to own these. These solar projects rather than contract with a third party on an is as hot as San Antonio. This is my voice. I hope you are considering a similar program of city owned solar at parks and libraries for our fair city. Thank you. >> Thanks, miss proctor, has miss Jones joined us? No, no. Okay miss Jones, if you do, dial in, please do send us your

[9:08:00 AM]

in, please do send us your remarks, if you like, by email. And that link is on the main page of the city's website. All right, before we get started, I wanted to bring to everyone's attention on my message board post from yesterday day, to give some insights into what we will be talking about today, specifically the resource generation plan briefing will be on the agenda for February 27 because the recommendations are not yet ready from the working group. And as a result, staff hasn't yet had a chance to see them. So we will, expect that at our next meeting. And I do believe that the working group intends its recommendation to be available for presentation, at the next auc meeting, which is, I believe, February 12th. And, let's see, I, first item then is approval of our minutes from December 12th, 2023, the meeting

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December 12th, 2023, the meeting of the Austin energy utility oversight committee. And looks like I have a motion from council member harper-madison and a second from council member Kelly. Any comments? Changes objections or abstentions on the adoption of these minutes? Seeing none, they are adopted. And now we will move into our briefing. Mr. Khan, our general manager. I'll hand the floor over to you and you can fill us in on the timeline. For the gen plan and give us the briefing of the general manager's report. Thank you. >> Good morning, chair Powell. Vice chair vela. Bob khan, general manager, Austin energy. And the first thing I want to talk about is just, an update on our resource generation, timeline. And I want to kind of visit what we've been doing since last spring just to refresh your memories. So so, last spring in 23, we had a meeting with the oversight

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meeting with the oversight committee, and we kind of reviewed our generation portfolio where it's at at that time. The next thing we did during the summer, as you may recall, in July, we had a lengthy transmission briefing at the electric utility commission. We had a study done on where transmission was. And at that meeting, the electric utility commission working group was also established. Also in the summer, we started our public engagement process. We had four stakeholder meetings, and we conducted a community survey. We waited a month or two and we got results back from that survey. There are over 7500 respondents. We also did at that each meeting. We presented, some modeling that we had done and where we thought we might be going with our recommendation, burns in December, our, we presented our resource generation update with initial recommended actions to

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initial recommended actions to the PUC and then of course, last month we also presented our recommendation to you, and we were going our initial recommendation because we're still waiting to get the working group recommends actions. When we get that, we'll see what that might do to what we finally recommend. In February. We had a panel discussion, a week or so ago on January 22nd, of experts that discuss our generation resource plan that went very well. And of course, today we're we're hopeful to receive the recommendation from the working group, from that today. And a day or two is fine if they run a little late. And then the plan is on February 12th, we will all, have reviewed their plan and make our recommendation to the PUC on what we want to do going forward with our generation resource plan. As far as next steps go. February 27th is when we plan to come back, to

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is when we plan to come back, to the oversight committee and make our recommendation. And then on the 29th, we plan to come to city council and ask for you to consider our recommendation and approve it. And I'll be glad to answer any questions on that issue. >> Gotcha. Council member alter Allison alter. >> Good morning. Thank you, for this update. A couple things. First of all, I'm, I'm concerned about the time frame that you're talking about. For us to make a decision for folks, if they have not been following the process, I initiated the process. So I've been following, you know, what's been going on in the working group? There's a lot of really technical material. And I think that for transparency with the community, etc, it's unfortunate that that we don't have the presentation today with your recommendations. But given that, I would ask that we have a presentation on February 13th,

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presentation on February 13th, which is our work session, either as the council or as the a oversight body. So that we have some time to have some conversations and raise questions. It doesn't give us a lot of time to surface concerns that we have amongst ourselves. After that process. If we are asking us to, to have an oversight meeting on the 27th and then make a decision on on the 29th, thank you. >> Council member, and we'll take that under advisement. I have some other questions, but if you want to comment on that particular thank you. >> Councilmember alter, I just want to echo that I do think the time frame is a little too condensed, especially knowing what you laid out was that we would be briefed on the 27th. And then two days later, an account two days later in a council meeting would be expected to take a vote on the update to the plan. So just I think that's that's way too short of a timeline. >> I think part of what's happening here, and thank you for that. Council member Fuentes is, aa is trying to stick to the timeline that had initially been

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timeline that had initially been offered, but there are some delays based on the work and the presentation that's being or the recommendations that's being drafted by the working group. And so we are trying to do both things, both give them the time that they have clearly needed. And I met with two members of that committee, the, kiba white and Cyrus Reid, on Friday to talk about this. And they appreciate having the additional time to get their report written and their recommendations crafted. And, I am happy to work with the general manager to see how things play out, because if in fact, they're not able to get the report completed by mid-month, they expect to and they hope to, but it's possible that they can't. Then we will need to adjust our timeline so if we could give everyone a little bit of that grace to kind of work through this with the working group, the work is being done hand in hand time wise, with the, the efforts of the working group. I appreciate

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working group. I appreciate y'all's concerns and I share them. Thank you. Are there any other questions? Council member alter Allison. >> Thank you. I also believe that on February 13th it would be really useful for us to have a executive session on the fayette power plant. We have not collectively, had that conversation and executive session. I think it's a key part of some of the questions being raised, about the generation plan. And I think we need to be able to have, that discussion. It needs to be an executive session for a variety of reasons . And so I think that would be useful. And I would request that also, for the, for the 13th, in the backup that was sent to everyone in the packet. But not online. Their answers to some questions that I, raised and it also answered that I would call attention to for my colleagues. But can we get a q&a process going here? I know other colleagues are asking questions. Luz. But we're not seeing the

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Luz. But we're not seeing the answers and the resource group may need the answers to those questions. Burns. This is really complicated. Stuff. And there's a lot, of lot of moving parts. I've been had the opportunity in the benefit of talking with some folks, at the UT energy, my commissioners, chair of the PUC, and you have to put there's a lot of things that we're solving for here, with the generation plan. So I think we very much need, that q&a space. My questions are not yet posted online. They are posted in the packet, but not online. And I'd like to see that, in exactly how you want to do that. If you want to do it like the budget q&a or you want to do something different, I think I think that would be okay. I do also have some questions. If other people don't have, with regard to the q&a, that sounds reasonable and certainly expect staff has been expecting to do that. >> I would ask, my distinguished colleagues on the dais to

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colleagues on the dais to please, when you do submit questions, if you could review to see which questions have already been asked so that we can, ask unique questions going forward. Because the q&a process does take staff time and resources. So we want to make sure that our staff's efforts are being spent in the most productive and efficient way. Thanks for that. >> Yeah, we'll post those sure. >> That's that's great. Thank you so much. Are there other questions. Yes. Council member Ryan alter. >> As long as, yeah. Thank you. So I'll, I'll just lead off. I don't need a pile on. I to think two days is probably not enough, but it sounds like we're going to take care of that. So I appreciate the chair's willingness to work with us to make sure that happens. I wanted to ask two questions related to council member Allison alters. Questions that she just referenced. The first question was about, looking at the emissions and the way she had asked. It was kind of cost

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asked. It was kind of cost modeling those emissions into, you know, when we run what? I am wondering separately, when you come forward with the recommendations, are you able and or planning on including here's our anticipated emissions as kind of as a package for each. If there are multiple options for those options or just for the one recommendation, here's here's what we imagine. This will look like from an emissions report or perspective. >> I'm hesitating. I, I have an answer. I could say this and Lisa could come up here if, if we need some help, but I will say this. We have done some really not modeling. It's we've taken some past days in July, which was a kind of a normal day. And then we took high demand days and we looked at what happens with emissions if we put in these new peakers.

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we put in these new peakers. Right. And on a net basis, emissions are reduced. Right. Because it sounds like you already know that. So they they are reduced because they're more efficient and Eid. As far as models Lang what we're going to other year. Good morning. >> Lisa martin chief operating officer of Austin energy. So in terms of I just want to be clear that, the resource generation plan is not going to have, like one of the portfolios that were run as a selected option. Where then that portfolio is put into a model and there can be anticipate Ed emissions. There's too many unknowns. And it's a really more of an iterative process. So while we're planning to look out to 2035 for the purposes of coming away with key takeaways about how to drive the roadmap that gets written into the updated resource gen plan, it's really more guidelines as opposed to we'll build this here, then we'll do that because

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here, then we'll do that because it will be an iterative approach to see. We put in the first, 200mw, then then how much more renewables or demand response, how does that all play into the next step that has to be taken. So it's hard to model it all the way to 2035. What Bob is describing is something we can do and talk about explaining how . So, the initial plan in net should be a benefit in terms of emissions. >> So then how do y'all go about determining whether or not recommendation meets? Obviously you can you can look at the very end and say at 35, we either will or will not have, any, any generation that's emitting, carbon or greenhouse gas. But, you know, we have the, the goal for 2030 to be at a, I think it's 93. And so how do we know that whatever recommendation is made is meeting our, our benchmark along the way? Well, we can track where we are on

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we can track where we are on carbon free generation. I know we can track it real time, but but projecting out how like when you come to us in a month and we say, okay, so do we think by 2030 this is going to be what percent carbon free are you able to tell us that based on your your the data, you have? >> So I think it's back to what Lisa just said, that it's an iterative process. We're going to put in the 200. We're hoping to put in the 200mw, and then we'll go from there and see how that works out. Okay. So it's hard to say standing here today, but but I can tell you we are going to be carbon free by 2035, right. >> The second question, and it's also, piggybacking on a question that councilor Allison alter asked and that was related to your wind and solar ppas are, are is the current contemplation to just replace the amount we have on the books or to exceed what is currently, the megawatt hour or megawatt? Are you

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hour or megawatt? Are you talking about wind and solar or just wind and solar? I'm sorry, wind and solar. >> We're always looking at rfps for wind and solar going forward. I mean, that's our goal to have more wind and solar, but in order to have more wind and solar, we really need the backup dispatchable generation, right? >> I just didn't know if y'all had a current plan of where we have some expiring. And so we're gonna, you know, get new contracts or if in addition to that, you're saying we're going to make those replacements or kind of renewals and look beyond that as well. So I just trying to understand where we are. >> We're always looking at the market. And if something makes financial sense, we purchase. It. >> Okay. >> I appreciate it. Thank you very much. Chair. And I anticipate that a pretty good explanation of all these elements will accompany our larger and more robust conversation and presentation in February. >> And, okay. Rev any other questions? Council member Allison alter I have several

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Allison alter I have several questions. >> I'll, I'll send most of those electronically, but there are a couple that I did want to ask today. So as we approach the a gen plan, one of the things that there's been some lack of clarity on is how we're thinking about the goals. And so what are some of the areas where we can set meaningful and specific goals beyond zero carbon by 2020, 2035? And do you want to go ahead and lay out all the questions? >> Because I think Mr. Khan may not be prepared to answer. I'm not sure at this point when you say other goals besides. >> So like, are we going to accelerate our solar goals? Are we going to accelerate our utility scale? Are we accelerating our storage goals? There's been confusion over whether our only goal is, you know, carbon free by 2035. And this plan or whether we're going to be setting, specific goals for some of the, buckets of generation as we move forward. >> Well, like I said, as far as

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>> Well, like I said, as far as goals go, we're always issuing rfps from our solar or wind. We have goals in our plan as far as emissions over the years and that's what we're focused on as far as carbon free emissions. Councilmember alder mentioned 93% by 2030. So we're we bake those into our plans going forward. And it's a combination of solar, wind, energy efficiency, demand response. In order to reach that 93% or whatever the percentage by year did miss martin want to? >> I wasn't sure Lisa, behind you. >> Okay, I was just going to say so the existing plan does have goals that are renewable set. >> And then there are a lot on the demand side, management and part of our recommendation that will present to the PUC and then later to council will include an update on those goals as well. >> Thank you. And. Then one of the things that we discussed

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the things that we discussed during the rate case was, is the rate structure. And really trying to eventually move towards a more of a real time rate structure so that the price signals that we could provide, our customers could have a bigger impact. But to do that, I understand you need to rework the entire billing system. What plans do we have to move in that direction and redo the billing system? >> Are you referring to a time of use or. >> Yeah. Okay >> I guess that's something we'd have to look at. That might have been just before my time when I was here. So we can get back with you on that. Okay. And then this one, you may have to get back to me, but, you know, it within ERCOT. >> I understand they are expecting a huge growth in the amount of electric Ann or, electricity demand that will be needed over time because the

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needed over time because the move we're moving from gas to electricity for cars and for our home needs and transportation, etc. What? And it's on the order of 2.5% to 2.5 times. What is it that we are assuming for the growth of the demand for electricity in this plan? >> I don't have that offhand. What what the growth is year over year for us. I can get back with you on that. I mean, we're we're growing a few percent a year. >> Okay. So I will I will submit, you know, because we have to be modeling our generation plan for the actual demand that we're going to be receiving. So, I think that is important. The other thing that I wanted to just surface today is that in the data that you gave us for the public opinion surveys or the surveys about this, one of the highest priorities was reducing electricity outages, improving reliability. Sometimes customers believe that grid reliability is

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believe that grid reliability is driven Ann from the generation plan when in reality most of the grid reliability problems are caused by distribution issues. We don't spend a lot of time on distribution issues in this area. Auc meeting, so I just think that we, we need to develop a plan for how you're going to be sharing some of those distribution chain challenges and sharing with us the status of things like the undergrounding plan, the status on vegetation management, the recloser plan, things that have to do with the distribution system. We need to be also talking about them. I understand we're talking about the generation plan, because that is the thing that is up. But there are, you know, obviously some of the generation links to reliability. But, you know, when we've seen a real reliance on the distribution system. So I would ask moving forward that we think about how we have those conversations. In this committee. >> Thank you. Yeah. We have a distribution resiliency team. >> And so we'd be glad to give you a briefing on that, that one

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you a briefing on that, that one of the oversight meetings. >> And one of the things that we always have to keep in mind is for the investment that we need to make for the distribution system, the E Austin energy needs to make sure that it creates a system by which enough income is made. So we can make those investments that are absolutely necessary for reliability. We always have to keep that in mind. And that's why this is a three legged stool. Its reliability, its sustainability and its affordability. And that's what I mean. So that's a complex equation that we're trying to solve for not just one variable but three variables. Right >> And I think that's, you know, one of the things that we're trying to get across in some of our questions is some of the complexity. So, you know, there there are all sorts of trade offs that we're that we're facing. And so if you look in my questions, one of the things you'll see is that there are frequency benefits of having the dispatchable generation here in our system that are valuable as well. And so there's a lot of there are a lot of different trade offs that we need to

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trade offs that we need to balance. And you know, going back to your your point about affordability, city manager, you know, when we have the question about storage, you know, storage can help us reduce our peak prices, which then reduces our contributions that we need to make the way ERCOT calculates our transmission costs. And so there there are tons of these variables. And, you know, we as a council as we as we as we face what may be competing proposals coming forward between the PUC and ACO, we need to be able to understand these different. >> And all I'm saying is the Austin energy's finances, when I arrived a year ago, were not in the shape it needed to be to make the investments that you're talking about. Council member. And I think we're working hard to figure out ways to do that. And we absolutely understand what you're asking, and we need to get you the information. And then so the whole council can be informed in terms of the complexity of this issue as you've described. Yeah, yeah. >> I heard you say about storage. And that's something we're always looking at. But storage is very expensive and short

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is very expensive and short duration typically a couple of hours. So like you said it's a balancing reliability affordability and sustainability. And so we just have to look at all three of those to make sure we get where we want need to be. >> Yeah. And yet lots of other municipalities I mean energy groups in the state are investing in storage at much faster rates than we are. And so there's some things there that we need to understand. And even if you do it for a couple hours, if you're trying to reduce the price at the peak, that can be helpful for that. So there are different types of uses for the storage. And we need to be making those investments as well. And so I'm very much looking forward to seeing what your proposal is. >> Thank you. Certainly. >> Look at that. Thank you, Mr. Connor. >> Are there any other questions? >> Well, there is one other thing I want to mention. We did issue a memo at our last

oversight committee meeting. There was some questions on our communication during long duration outages, and we had issued a memo to you late last week. And I just want to let you know that you all have that.

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know that you all have that. >> Thank you so much. Do we have any, items? We actually we do have some items for future meetings that have been discussed here. Any others off the top of anybody's head. All right. Very good. Good. Mr. Khan, thank you. Thank your staff for being here. I think that is it. It for our oversight committee meeting today. And I will adjourn us at 9:32 A.M. Thank you.