

Electric Utility Commission

Resolution 20241118-XXX on Austin Energy Resource Plan

WHEREAS, on August 8, 2019, the Austin City Council adopted a resolution declaring a climate emergency and calling “for an immediate emergency mobilization to restore a safe climate” and directing the city manager to take a number of steps to accelerate local greenhouse gas emissions reductions, including from Austin Energy; and

WHEREAS, in 2020, the Austin City Council adopted the Austin Energy Resource, Generation and Climate Protection Plan to 2030, which states that “Austin Energy will maintain an energy supply portfolio sufficient to offset customer demand while eliminating carbon and other pollutant emissions from its electric generation facilities as rapidly as feasible within the limitations set by the Austin City Council.” and states that “and all generation resources will be carbon-free by 2035;” and

WHEREAS, the Austin Energy Resource, Generation and Climate Protection Plan to 2030 also states that “Austin Energy will no longer purchase, contract for or build long-term generation or storage resources that emit new carbon”; and

WHEREAS, in 2021, the Austin City Council adopted the Austin Climate Equity Plan, which includes community-wide greenhouse gas reduction goals to achieve net-zero emissions by 2040, with about 75% reduction by 2030; and

WHEREAS, electrification is a key strategy for reducing and eliminating greenhouse gas emissions in many sectors and Carbon-Free electricity is needed to achieve those goals; and

WHEREAS, on June 8, 2023, the Austin City Council adopted a resolution endorsing the Fossil Fuel Non-Proliferation Treaty and a plan for “transitioning to a 100 percent clean energy economy, phase out fossil fuel production, and invest in communities on the frontlines of environmental injustice;” and

WHEREAS, ground level ozone and particulate matter air pollution in the Austin region already exceed the health-based standards set by the U.S. Environmental Protection Agency and CAPCOG has identified that increased NOx emissions from electric generating units, including Austin Energy's power plants, as highly correlated with high local ozone measurements; and

WHEREAS, the Austin Energy Resource, Generation and Climate Protection Plan to 2030 references an affordability goal and affordability remains important to many customers, but the workshops that Austin Energy hosted as part of this process to update the Austin Energy Resource, Generation and Climate Protection Plan revealed that a large majority of participants are supportive of allowing rate increases beyond the current goal of two percent per year, so long as low-income customers are shielded from greater increases; and

WHEREAS, Austin Energy operates as a participant in the Electric Reliability Council of Texas (ERCOT) grid and it is therefore not possible for Austin Energy to fully ensure reliability; and

WHEREAS, customer-sited generation and energy storage that can operate independently from the grid during outages can mitigate ongoing grid reliability challenges for medically vulnerable customers and other critical customers, such as hospitals, nursing homes, fire stations and grocery stores, among others; and

WHEREAS, customer-sited investments in energy efficiency and demand response is another effective way to help mitigate reliability challenges for all customers, including medically vulnerable customers and other critical customers, such as hospitals, nursing homes, fire stations and grocery stores, among others; and

WHEREAS, it is necessary to invest in transmission and distribution improvements that increase the capacity to move electricity in and out of Austin Energy's load zone to lower prices and improve reliability;

NOW, THEREFORE BE IT RESOLVED that the Electric Utility Commission recognizes that there is significant uncertainty with many variables that go into modeling portfolios and scenarios and that the Austin Energy Resource, Generation and Climate Protection Plan (Resource Plan) is a vision for the utility's future and achieving that vision requires continual evaluation of markets, technologies and other factors to ensure that reliability, sustainability and affordability are all achieved. The Resource Plan should do the following:

1. Maintain the existing goal to meet 100% of Austin Energy Load while achieving zero greenhouse gas emissions by the end of 2035 with reductions in emissions between now and then, with the understanding that additional technology advancement and deployment - including long-duration storage - are needed to achieve this goal; and
2. State that Austin Energy' portion of Fayette will be shut down as soon as possible; and
3. Establish methods to reduce emissions from all of Austin Energy's natural gas units starting in January 2025; and
4. Establish a goal of reducing local air pollutants, including nitrogen oxides (NOx), from Austin Energy owned and contracted generation to get to (near) zero by 2035, with reductions between now and then; and
5. Maintain the goal to meet 65% of load with renewable energy by 2027, including solar built within the Austin Energy load zone, and add a goal to meet 75% of load with renewable energy by 2030; and 85% by 2035, inclusive of all renewable resources whether located in or outside the load zone; and
6. Move as quickly as possible to invest in transmission improvements that will improve the inflow and outflow of energy from Austin Energy's load zone, therefore improving reliability and lowering costs; and
7. Continue to increase investments in and make policy, rate and program updates to maximize deployment of local carbon-free resources including local solar, energy

efficiency, demand response and storage that can help reduce demand and increase local generation without contributing to local air pollution; and

8. Establish that if Austin Energy is unable to achieve acceptable reliability with a combination of transmission upgrades, zero-emissions generation, energy storage, energy efficiency, and demand response investments to facilitate the retirement of its gas-fired generation by 2035, then any remaining gas-fired generation should continue operating while utilizing carbon capture and sequestration (excluding for enhanced oil recovery) if that is the most affordable option.

BE IT FURTHER RESOLVED that the Electric Utility Commission recommends that the Austin City Council reevaluate the affordability goal for Austin Energy and establish a new goal that:

1. Reflects Austin Energy's past success and continued emphasis on energy efficiency by tying the goal to total bills, instead of rates, at least for residential customers; and
2. Reflects the reality of past, present and future inflation; and
3. Reflects the realities of cost drivers within the electric utility sector that are beyond Austin Energy's control; and
4. Continues to aim for all-in, system-wide electric rates that are below the Texas average.

It should be established that the affordability goal should be reviewed as part of each update to the Austin Energy Resource, Generation and Climate Protection Plan.

BE IT FURTHER RESOLVED that the Electric Utility Commission recommends that a review of the Resource, Generation and Climate Protection Plan be conducted every two to three years to help take advantage of emerging opportunities to advance the transition to clean, affordable and reliable electricity and be responsive to changing market conditions.