Joint Sustainability Committee

Recommendation 20241120-006 on Austin Energy Resource, Generation and Climate Protection 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, especially during extreme weather events; 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; and

WHEREAS, renewable energy and energy storage costs have declined significantly over the past several decades and are projected to continue to decline; and

WHEREAS, carbon capture and sequestration is technologically challenging, energy intensive and expensive and is not well suited for use on peaker plants because of their inconsistent operating patterns; and

WHEREAS, Austin Energy's existing gas-burning power generators at the Decker Creek Power Station and the Sand Hill Energy Center are located in East Austin, in close proximity to lower-income communities of color and a school that predominately serves children of color, and adding more gas-burning generators that would increase pollution in either of those communities would be an environmental injustice and would be contrary to the commitments of the Austin Climate Equity Plan;

NOW, THEREFORE BE IT RESOLVED that the Joint Sustainability Committee 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. Maintain the existing commitment to not contract for or build long-term generation or storage resources that emit new carbon; and
3. State that Austin Energy' portion of Fayette will be shut down as soon as possible and commit to quarterly updates to the Austin City Council on progress being made to achieve this goal; and
4. Establish methods to reduce emissions from all of Austin Energy's natural gas units starting in January 2025; and
5. 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
6. Maintain the goal to meet 65% of load with renewable or nuclear energy by 2027, including solar built within the Austin Energy load zone, and add a goal to meet 75% of load with renewable or nuclear energy by 2030; and 85% by 2035, inclusive of all renewable resources whether located in or outside the load zone; and
7. 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
8. Establish robust goals, and 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

BE IT FURTHER RESOLVED that the Joint Sustainability Committee 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 (while accounting for beneficial electrification), instead of rates, at least for residential customers because using less electricity at a slightly higher rate can result in lower bills, as is currently the case for the average residential Austin Energy customer; 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 Joint Sustainability Committee 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.

Motion: Kaiba White
Second: Chris Maxwell-Gaines
Vote: 10-0
Yes: Anna Scott, Charlotte Davis, Chris Maxwell-Gaines, Kaiba White, Marissa Bell, Haris Qureshi, Amy Noel, Lane Becker, Rodrigo Leal, Christopher Campbell
Abstain: Diana Wheeler
Off Dias: Heather Houser
Absent: Yure Suarez, Alberta Phillips, Natalie Poindexter, Melissa Rothrock

Attest:

Angela Baucom, Staff Liaison