

Electric Utility Commission

Resolution 20241202-XX 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, but should do its best to lower risks through local resources, transmission and distribution investments and resilient buildings; 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 predominantly serves children of color, and adding more gas-burning generators that would increase pollution in either of those communities and would be contrary to the commitments of the Austin Climate Equity Plan;

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. 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 near zero by 2035, with reductions between now and then; and
6. Before any investment in resources that produce air pollution, Austin Energy will conduct a third-party analysis to assure that the investment cannot be met with demand-side or non-polluting resources, and also assess the economic and environmental - including local air pollution - impacts of such an investment. The analysis will include the monetary impact of the projected pollution. If the analysis still shows the need for the resources, Austin Energy will issue an all-resource RFP to meet the energy and/or capacity needs identified by Austin Energy.
7. To the extent that any new investment could increase air pollutants, such as nitrogen oxides, Austin Energy must utilize the maximum achievable control technology and must run their owned and contracted units in a way to minimize local air pollution. If it is not possible to reduce air pollution from its own sources, Austin Energy will pay a set fee per ton (based on the cost of local air pollution reduction projects funded by the Texas Commission on Environmental Quality) to the Austin Office of Sustainability to be used to reduce local air pollution from other sources.
8. Austin Energy will continue to support utility industry organizations working to develop best practices to prevent methane and hydrocarbon leaks in natural gas fields and in pipelines, and support implementation of the adopted EPA methane rule intended to reduce methane emissions by more than 80 percent from oil and gas infrastructure.
9. 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
10. 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;
11. 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, lower reliability hours and risks, and increase local generation without contributing to local air pollution.
 - a. Maintain or establish the following goals for 2030:
 - i. Energy efficiency: at least an additional 205 MWs of peak demand reduction between 2025 and 2030, with a target to get to at least 295 MWs of peak demand reduction if technically achievable and affordable

- ii. Demand response: At least 130 MWs peak demand reduction capacity, with a target to get to at least 180 MWs if technically achievable and affordable
 - iii. Local solar: 375 MW of local solar capacity by the end of 2030 (with 200 MW customer-sited)
 - iv. Electric energy storage: at least 250 MW/1000 MWh
 - v. Thermal energy storage: 40 MW
 - vi. Meet at least 1 percent of its load through energy efficiency and demand response programs on an annual basis
- b. Establish the following goals for 2035:
- i. Energy efficiency: at least 360 MW peak demand reduction by 2035, while aiming for a target of 540 MW
 - ii. Demand response: 269 MW peak reduction capacity, while aiming for a target of 473 MW
 - iii. Local solar: at least 500 MW local solar capacity (with 400 MW customer-sited), while aiming for 700 MW (with 600 MW customer-sited)
 - iv. Electric energy storage: 500 MW/2,000 MWh
 - v. Thermal energy storage: 50 MW
 - vi. Meet at least 1 percent of its load through energy efficiency and demand response programs on an annual basis
 - vii. Austin Energy will continue to study the technical and economic feasibility of investing in higher levels of emerging technologies, including dispatchable renewable energy, geothermal resources, distribution-level energy storage, transmission-level long-duration storage as a non-wire alternative to transmission facilities, aggregated demand response, and Vehicle-to-Grid.

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 (while accounting for the impact of beneficial electrification), instead of only 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.