

AGENDA



Thursday, August 20, 2009

**Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION****Item No. 62**

Subject: Conduct a public hearing and consider an ordinance amending the pricing of GreenChoice® Batch 6 in Schedule A of Ordinance No. 20080908-006.

For More Information: Cheryl Mele, Chief Operating Officer, 322-6062.

Boards and Commission Action: To be reviewed by the Electric Utility Commission on August 17, 2009.

Prior Council Action: September 8, 2008 - Approved Ordinance No. 20080908-006; December 11, 2008 - Approved Ordinance 20081211-118 amending the Electric Rate Schedule in Exhibit A of Ordinance No. 20080908-006 to add a Batch 6 Green Power Charge to the GreenChoice® Energy Rider.

The current Batch 6 GreenChoice® price, set in December 2008, is 8 cents per kilowatt hour (kWh) for a 5-year term or 9.5 cents/kWh for a 10-year term. The price included congestion costs based on what had been a year of significantly greater transmission congestion. The estimated congestion costs in the original pricing assumed that the Hackberry wind plant which supplies Batch 6 would be assigned to ERCOT's "West Zone" for congestion purposes and would therefore have higher congestion costs. However, Hackberry was ultimately assigned to the North Zone, thereby reducing its exposure to transmission congestion costs. In addition, ERCOT implemented protocol and grid operational changes which have resulted in reduced transmission congestion statewide.

Austin Energy proposes a revised tariff for GreenChoice® Batch 6 of 5.7 cents per kilowatt-hour for a five-year term. This price reflects the cost of the contracted wind energy, ERCOT fees and charges associated with the energy, and Austin Energy's GreenChoice® administrative costs. Transmission congestion costs associated with importation of Batch 6 wind energy from West Texas would be recovered through the standard fuel charge. Recovering Batch 6-related transmission congestion costs through the fuel charge is necessary because while congestion has decreased, some congestion is expected.