

RESOLUTION NO. 20111006-059

WHEREAS, the City of Austin and the Lower Colorado River Authority (LCRA) are joint owners of the Fayette Power Plant (FPP), with the City owning 50% of units 1 and 2, and LCRA owning 50% of units 1 and 2 and 100% of unit 3; and

WHEREAS, in April 2010, the Austin City Council unanimously adopted the *Austin Energy Resource, Generation, and Climate Protection Plan to 2020* (the *Generation Plan*); and

WHEREAS, implementing the *Generation Plan* would reduce the amount of energy Austin Energy receives from FPP by about 24% by 2020; and

WHEREAS, Austin Energy is required to reassess the *Generation Plan* in a public forum every two years, and the 2012 review will include Item 40 of the *Additional Objectives and Initiatives* section of the *Generation Plan*, which specifies a goal of accelerating the phase-out and eventual closure of the city's share of FPP by 2020, if economically and technologically feasible;
NOW THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the City Manager and General Manager of Austin Energy are directed to prepare a report analyzing various strategies for near-term resource, generation, and climate protection goals relating to FPP and other resources. The report should include scenarios specific to Item 40 of the *Generation Plan* and FPP that examine the affordability, environmental, and legal impacts on Austin Energy, the City of Austin, and electric ratepayers of:

- the potential impact of the EPA Cross-State Air Pollution Rule and other proposed EPA regulations that could impact FPP's costs of operation;
- the feasibility of selling the City's share of FPP to LCRA or a third party; and
- the feasibility of "mothballing" the City's share of FPP.

The analysis should discuss:

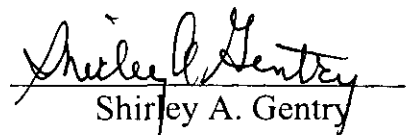
- the potential revenue and operational savings from the potential sale of the City's share of FPP;
- the carbon reduction effects and value upon closure;
- the projected revenues from sales of FPP output into the ERCOT wholesale market; and
- the future costs to adhere to environmental regulations such as local water curtailment, fly ash regulations, or federal clean air standards should the Austin area or the plant fall out of compliance.

BE IT FURTHER RESOLVED:

That the City Manager shall present the report to the Electric Utility Commission at its September 2012 meeting, and to the City Council at the following regularly scheduled Austin Energy quarterly update.

ADOPTED: October 6, 2011

ATTEST:


Shirley A. Gentry
City Clerk