WHEREAS, Austin Energy’s portion of the coal-fired Fayette Power Project is responsible for 80 percent of the utility’s greenhouse gas emissions and 28 percent of all Austin’s greenhouse gas emissions; and

WHEREAS, the Austin Community Climate Plan’s Resource Technologies action #2 prioritizes investment in zero carbon-emitting resources; and

WHEREAS, the Fayette Power Project requires 5 billion gallons of water to operate; and

WHEREAS, the Austin City Council passed Resolution 20140828-157, calling for the reduction of CO2 emissions to zero from all city-controlled generation resources by 2030, following a glide path against the year 2010 as a baseline; and

WHEREAS, the Austin City Council made a commitment in 2014 to retire Austin Energy’s portion of the Fayette plant by 2023 in the Austin Energy Resource, Generation and Climate Protection Plan to 2025 (the Plan); and

WHEREAS, the Plan includes the establishment of a process for ending the use of coal by starting the retirement process for Austin Energy’s share of the Fayette Power Project by the end of 2022, contingent upon setting aside a fund to pay off the outstanding debt; and

WHEREAS, the Plan supports the creation of a cash reserve fund for Fayette Power Project debt repayment; and

WHEREAS, the Plan recognizes that the establishment of a cash reserve account in advance of the retirement will require funding as part of the annual budgeting process; and

WHEREAS, Austin Energy staff have indicated that a total of $143.3 million in debt linked to Fayette will remain at the end of 2022. An estimated $75 million in additional future interest payments may also be
required when repaying that debt early, bringing the total to $218.5 million, depending on the exact terms of the bonds; and

WHEREAS, Austin Energy has not created a cash reserve fund for Fayette Power Project retirement as of yet;

NOW THEREFORE, BE IT RESOLVED that the Joint Sustainability Committee recommends that:

1. The City Council establish a dedicated debt defeasance fund for Fayette Power Project retirement and to propose a funding plan that will allow the plant to be retired in 2023.
2. The City Council direct the City Manager to negotiate to change the joint participation agreement with LCRA to allow for the retirement of Austin Energy’s portion of the Fayette Power Plant.

Date of Approval: July 27, 2016
Record of the vote: Unanimous on an 8-0 vote
Attest: [Signature]