

2020 REACH Update

Resource Management Commission Briefing

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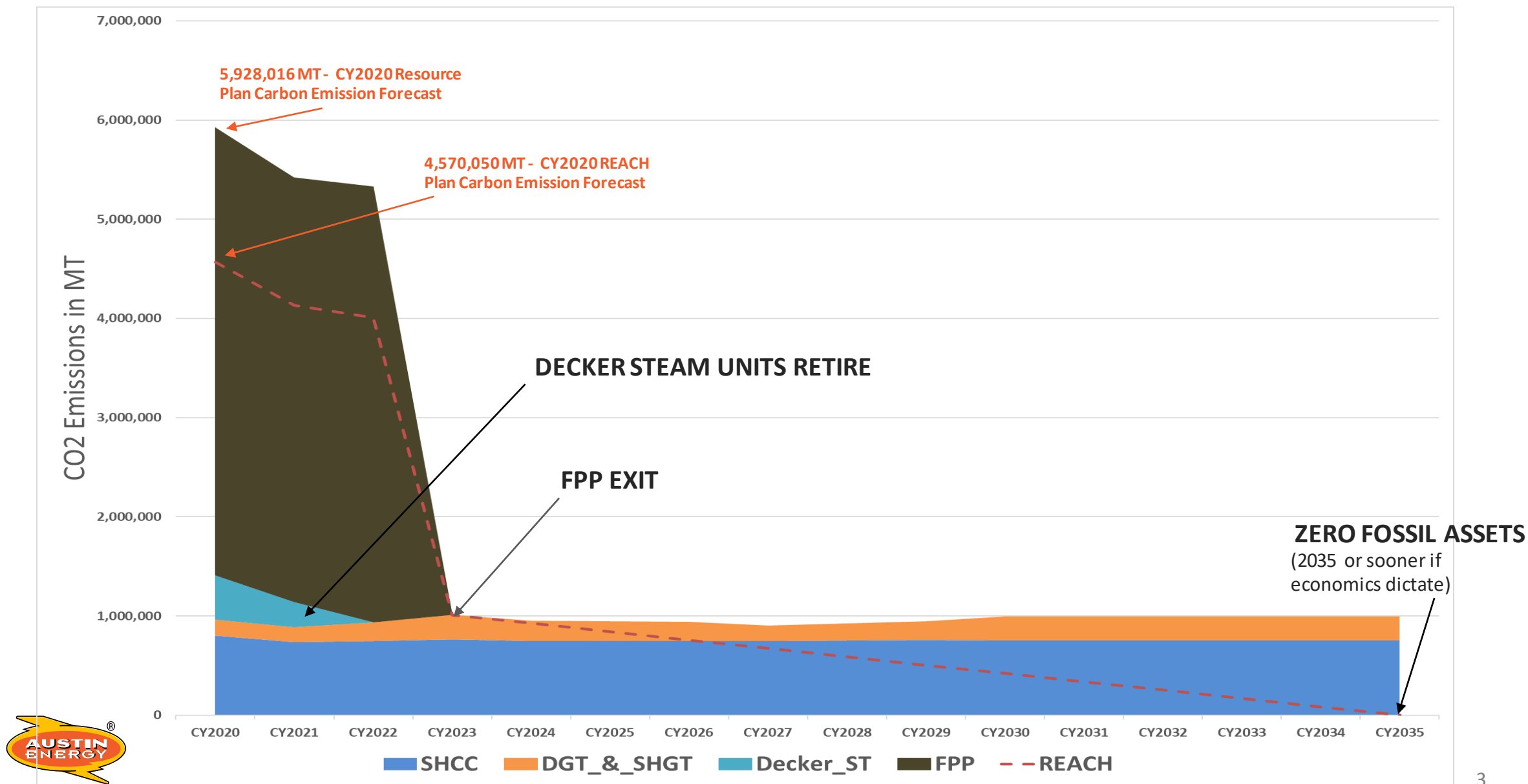
Carbon Reduction - REACH



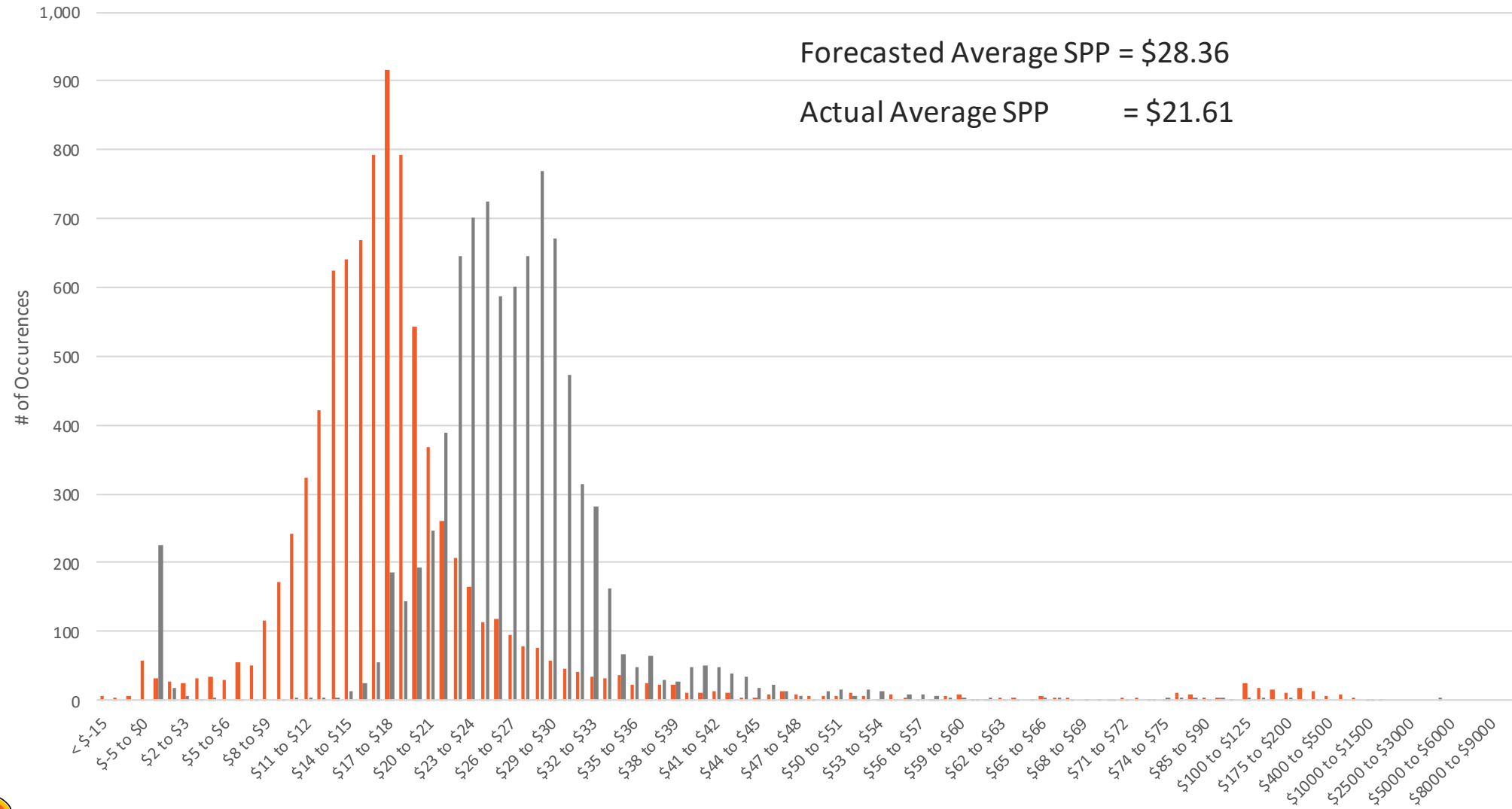
- Reduce Emissions Affordably for Climate Health (“REACH”) incorporates a cost of carbon in the generation dispatch price and reduces generation output during low-margin periods while making resources available for high-margin periods.
- Allocate an annual budget amount of approximately 2% of the prior year’s PSA
- *The savings for 2020 after plan approval was expected to be 1.36 million metric tons*
- REACH was designed to reduce the utility’s carbon emissions by 30% or approximately 4 million metric tons between now and Austin Energy’s exit from FPP.
- Thereafter, the REACH plan is expected to reduce carbon emissions by 8% each year while maintaining the flexibility to protect our customers’ rates in periods of high prices in the wholesale market until achieving zero carbon emissions by 2035.



Resource Plan Carbon Emission Forecast vs. REACH CO2 Reduction



2020 Distribution of Price – Resource Plan Forecast v Actual



Model to Market

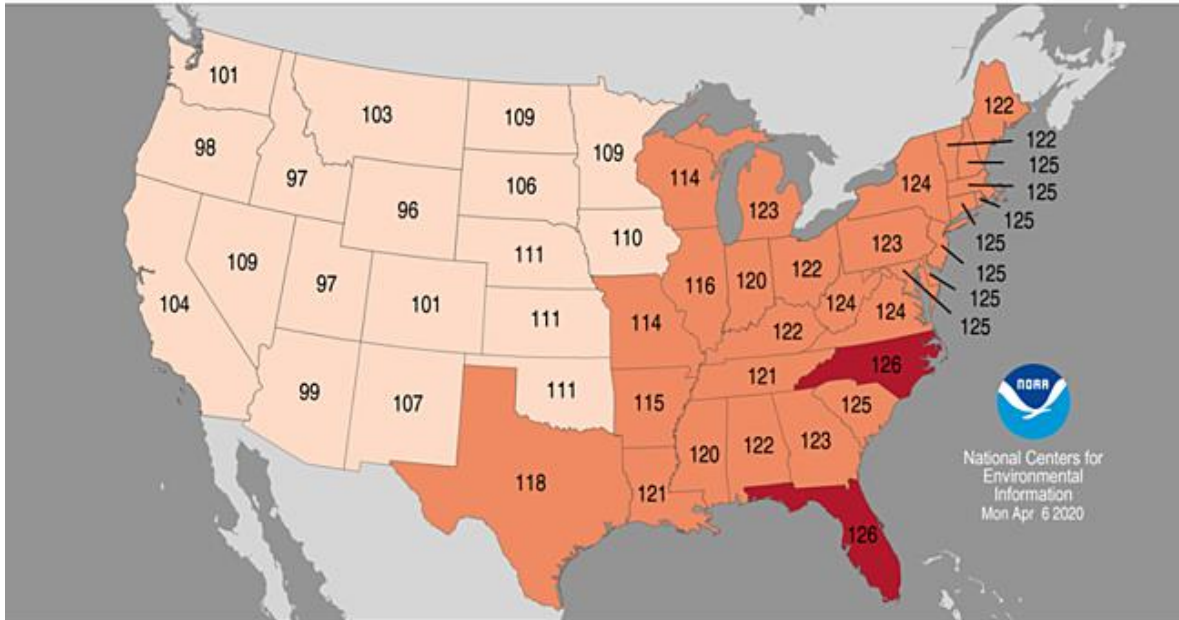
- Resource Plan Forecast - August 2019
 - Goals derived from Base Forecast and Assumptions
- COVID-19 Impacts Demand for Energy
 - Crude oil has negative monthly settlement for the first time in history
- Natural Gas prices 26% lower than base assumption by ~25%
 - July NYMEX Natural Gas Settles \$1.495
- Extremely mild 2020 Winter and mild end to the summer
 - 17th coolest September on record (out of 126)



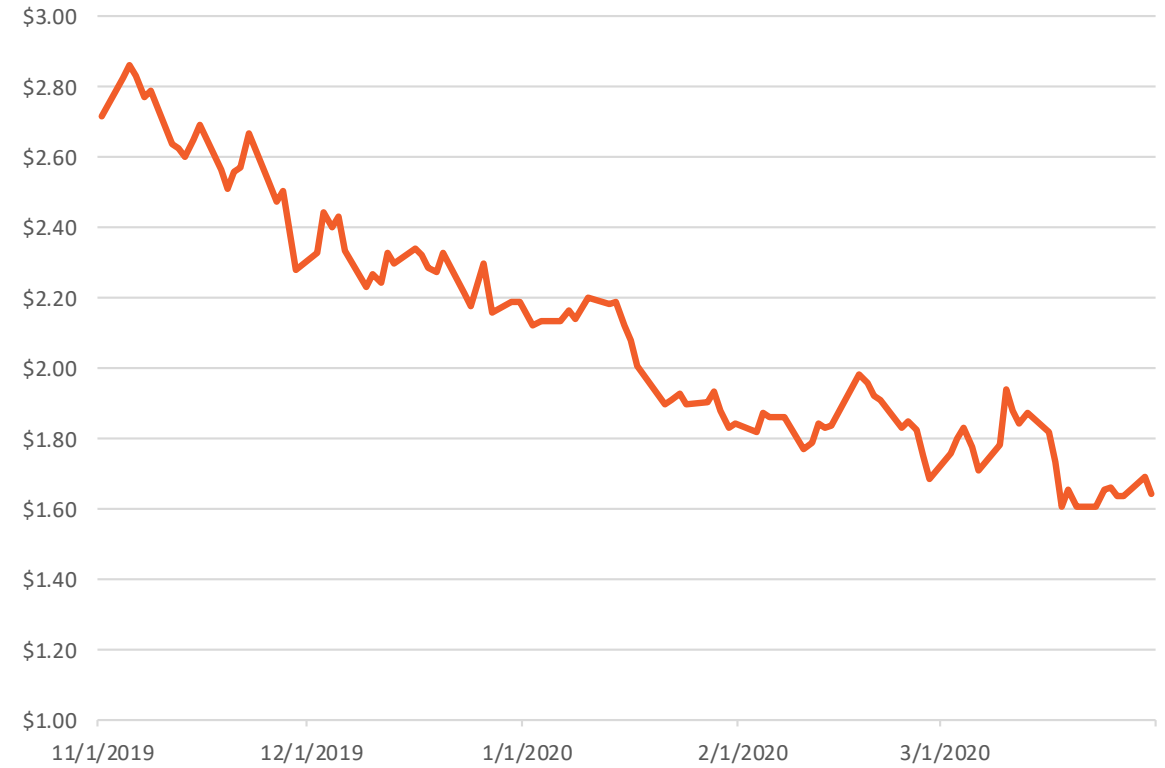
Statewide Average Temperature Ranks

January–March 2020

Period: 1895–2020

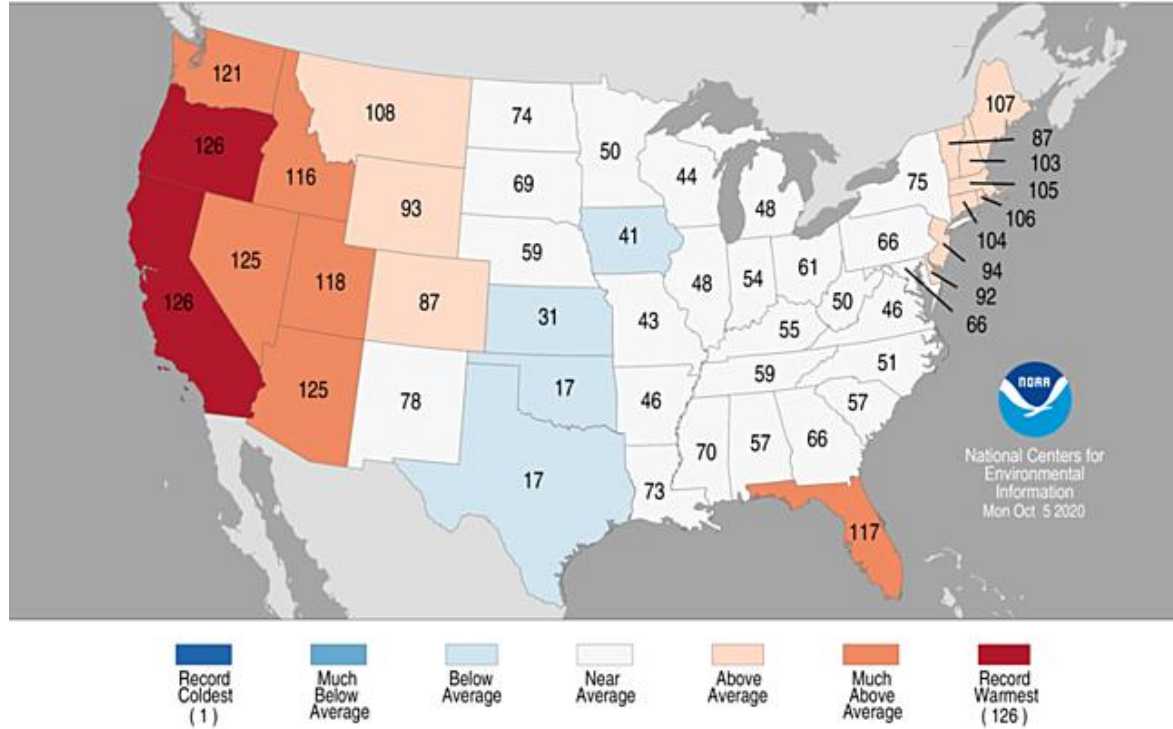


NYMEX Natural Gas Daily Settlements

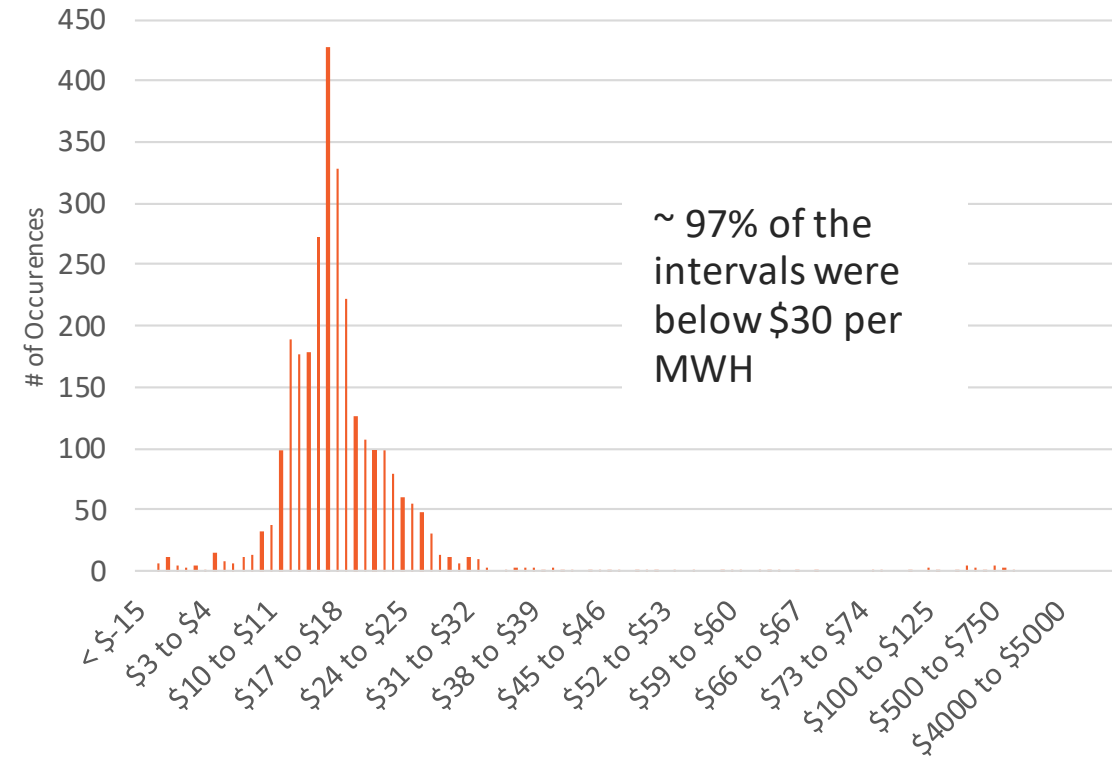


Statewide Average Temperature Ranks

September 2020
Period: 1895–2020



LZ_AEN 15 Minute Real-time SPP

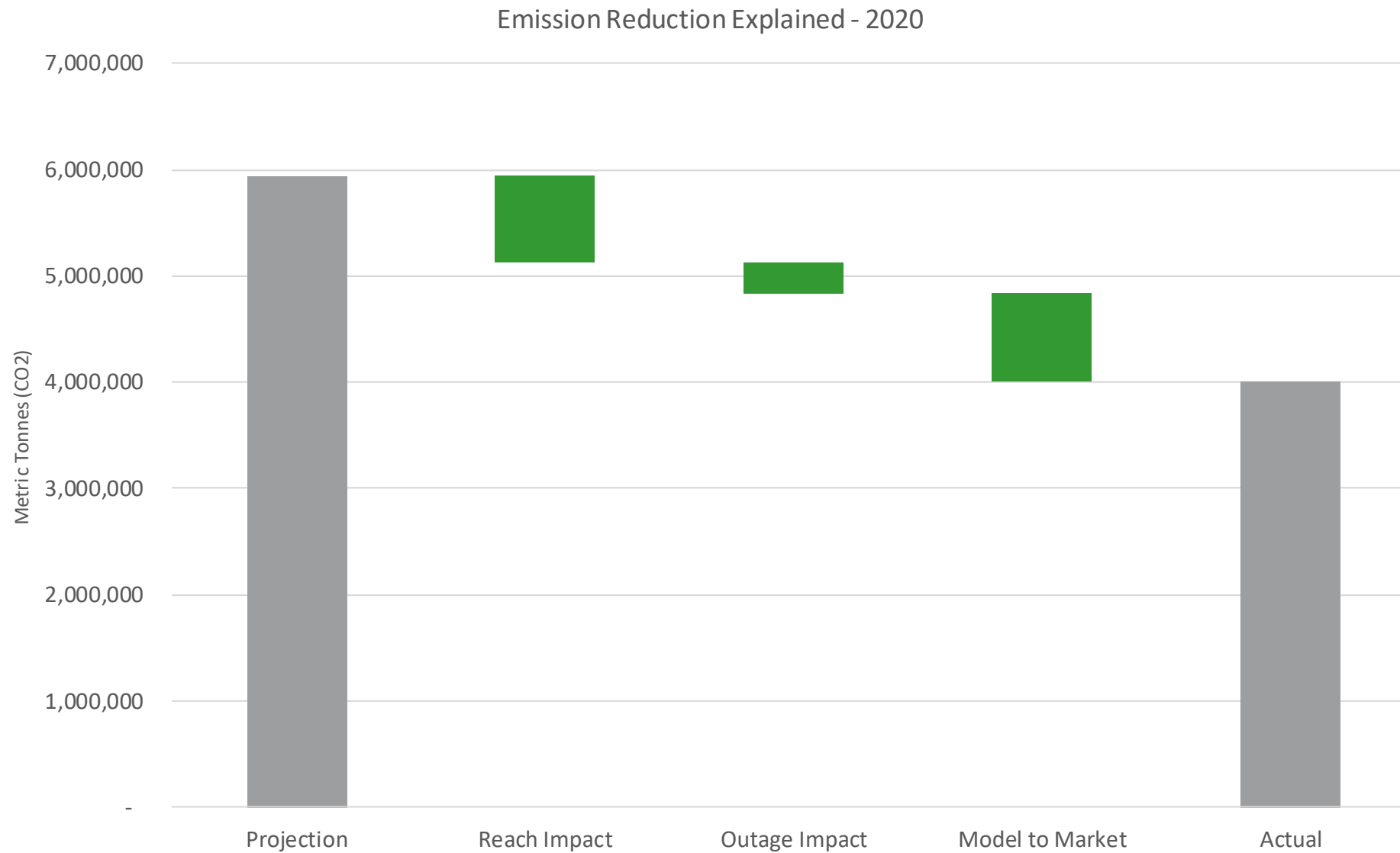


Overall REACH Performance

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Emission Reduction (Tonnes)	Percentage Below Forecast
Total	5,928,010	4,806,255	3,992,107	1,935,903	32.5%
Coal	4,516,877	3,684,190	2,870,042	1,646,835	36.5%
Natural Gas	1,411,133	1,122,065	1,122,065	289,068	20.5%



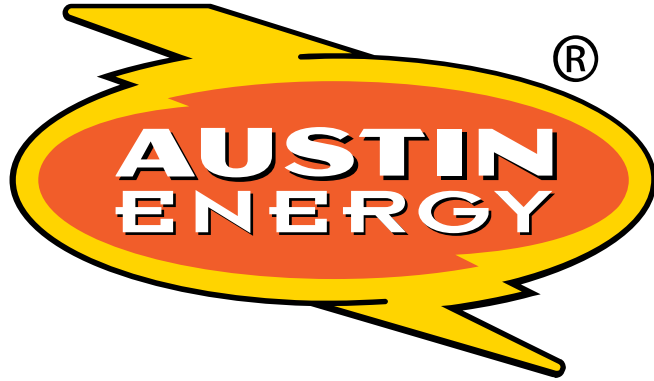
REACH Performance Explained



FPP REACH Performance

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Reduction (Tonnes)	Net Revenue Foregone	Cost per Tonne
Total	4,516,877	3,684,190	2,870,042	814,148	\$2,696,670	\$3.31
FPP1	2,266,964	1,749,506	1,320,370	429,136	\$1,443,911	\$3.36
FPP2	2,249,913	1,934,684	1,549,672	385,012	\$1,252,759	\$3.25





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