

DRAFT

12-16-04
#2

RESOLUTION NO. _____

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

The City Council approves a resolution establishing the following Emissions Allowance Policy for Austin Energy:

Austin Energy, the City of Austin's electric utility, generates power from gas, fuel oil and coal, which results in emissions of NO_x, CO₂, mercury and SO₂. The Environmental Protection Agency and Texas Commission on Environmental Quality have established emissions trading programs applicable to Austin Energy for SO₂ and NO_x, respectively. Currently, these are the only two pollutants covered under such a program, but opportunities to trade CO₂ and mercury may arise from EPA regulating CO₂ and mercury emissions in the future through similar type cap and trade strategies or voluntary emissions trading markets.

In keeping with the utility's long-recognized leadership role as an environmental steward, Austin Energy shall have the authority to manage the trade of emissions credits and the resulting revenue to provide

- (A.) As a first priority, conservation, renewable and innovative distributed generation projects that reduce emissions from power generation.
- (B.) Investments in technologies that further reduce emissions from fossil

fueled power generating facilities.

As in the case of SB-7 allocated NOx allowances, Austin Energy will retire allowances on a case-by-case basis as part of a strategy to further reduce the impact of a specific pollutant.

ADOPTED: _____, 2004 **ATTEST:** _____

Shirley A. Brown
City Clerk