



# Update on Austin Energy Plans for Exiting the Fayette Power Project

Austin Energy Utility Oversight Committee  
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# Fayette Power Project Background



Co-owned by Austin Energy and the Lower Colorado River Authority (LCRA)

Sited on 6,400 Acres near La Grange, Texas  
(50/50 Ownership of site)

- Includes an existing 2,400 acre cooling lake and land for future 1,400 acre lake

Operated by the LCRA subject to the FPP Participation Agreement (established 1974)

- Approximately 121 staff support Units 1 & 2

3 generators fueled by Low Sulfur Powder River Basin Coal

- Unit 1 600 MW began operation in 1979 (50/50 Ownership)
- Unit 2 600 MW began operation in 1980 (50/50 Ownership)
- Unit 3 440 MW began operation 1988 (100% LCRA)
  - Austin opted not to participate in Unit 3



*FPP represents about 24% of AE's annual power production and 75% of AE's carbon output*



# Why we're here today

- The Austin Energy, Generation, Resource and Climate Protection Plan to 2025 approved by Council in December 2014 included:
  - A commitment to begin a process to retire Austin Energy's share of the Fayette Power Project by the end of 2022
  - Subject to maintaining affordability and competitiveness



# Why we're here today

- The Joint Agreement on Rates approved by Council in August 2016 included commitments by Austin Energy to:
  - Present an update to Council by the end of January 2017 with a report and timeline on development of the options, roadmap, and assessment of legal considerations.
  - Target the end of June 2017 to present options, recommend a preferred path, including anticipated budgetary impacts for FY18
  - Earmark \$5 million of the Contingency Reserve in the FY17 budget to manage debt service at FPP



# Update

- Several executive level meetings with LCRA regarding approaches
- Met with stakeholders
- Revisited 2013 legal assessment and engaged outside legal counsel to review several legal considerations



# Legal Considerations

- Participation Agreement
  - No provisions for retirement or exit outside of a sale
- Debt
  - Need & timing for debt defeasement (\$165M outstanding today)
- Rates
  - Rate treatment & Public Utility Commission considerations
- City Charter
  - Provisions related to conveyance, sale or lease of assets

Details provided by memorandum



# Next Steps & Timeline

- Continue discussions with LCRA to narrow options to those that are most viable
- Continue stakeholder engagement
- Conduct additional economic, technical and legal assessments of likely options
- June 2017 briefing on options and recommended path