



Austin Energy Resource, Generation and Climate Protection Plan to 2035

Implementation Recommendation

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Deputy General Manager & Chief Operating Officer

May 2026
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Agenda

1

Challenges and Risks

2

All-In Strategy Outlined in the
Resource Generation Plan

3

Implementation Progress

4

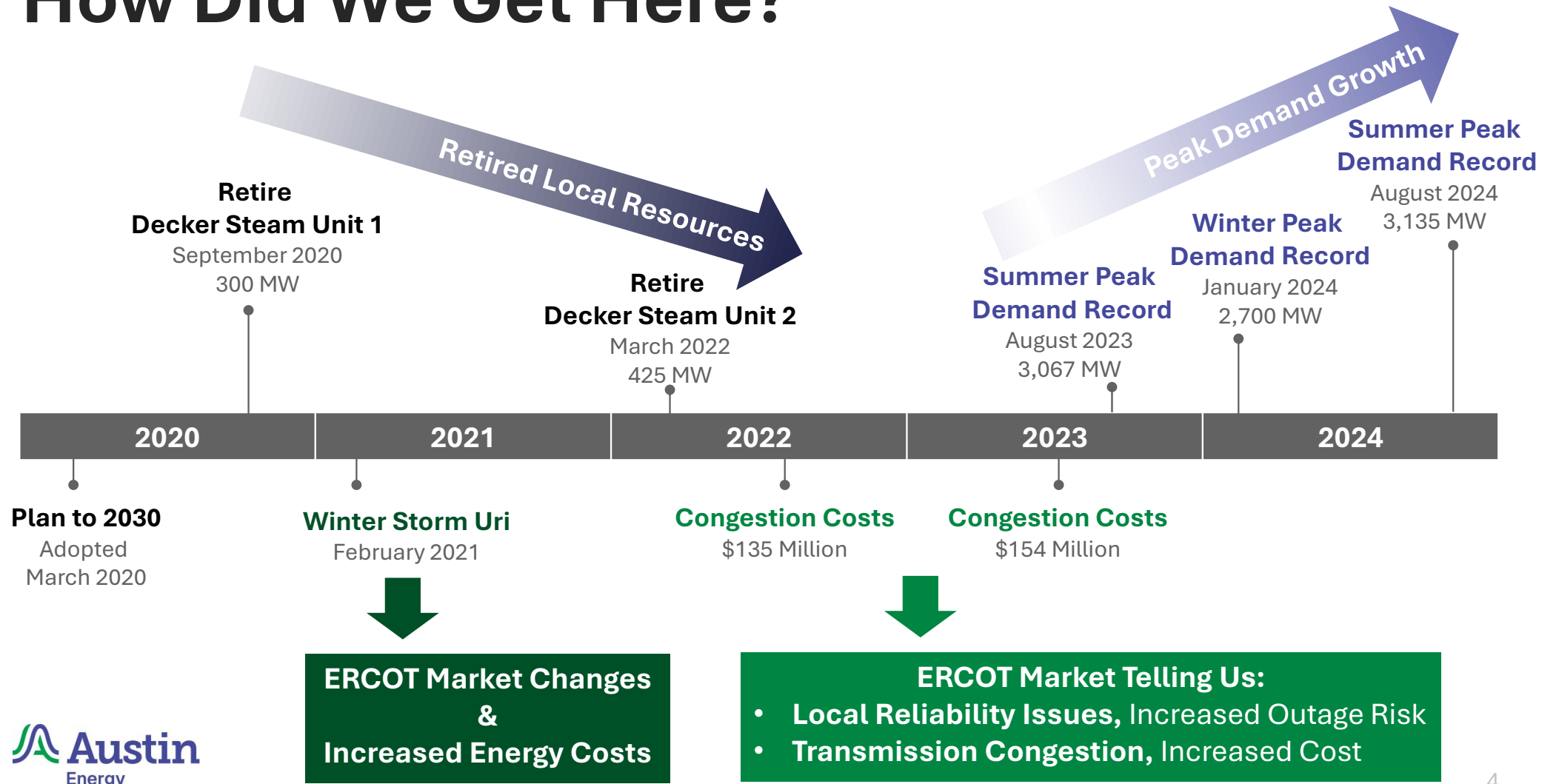
Community Input

5

Recommended Solution

Challenges and Risks

How Did We Get Here?



Resource Generation Plan: Shifts & Challenges Since Plan Adoption



Federal Changes Increased Costs and Challenges for Renewables



Significant ERCOT Changes due to Projected Load Growth



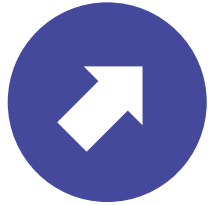
Extreme Weather Concerns & Reliability Focus Continues



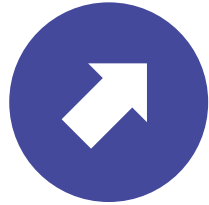
Improved Market Efficiency, but High Price Event Risk Remains

Resource Generation Plan:

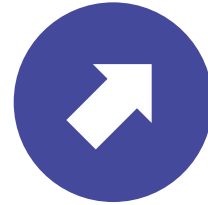
Key Risks Have Increased and Grown in Number



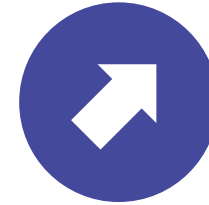
Growth in Energy
Consumption



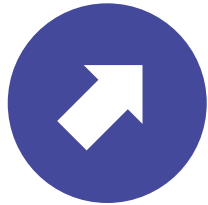
Extreme Weather /
Climate Risk



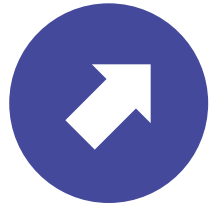
Local
Reliability Risk



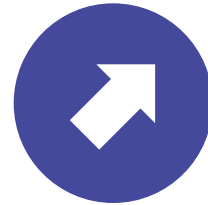
Financial
Risk



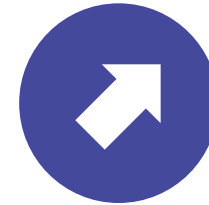
Transmission
Congestion



ERCOT Market
Changes



Federal
Changes



Large
Customer Loads

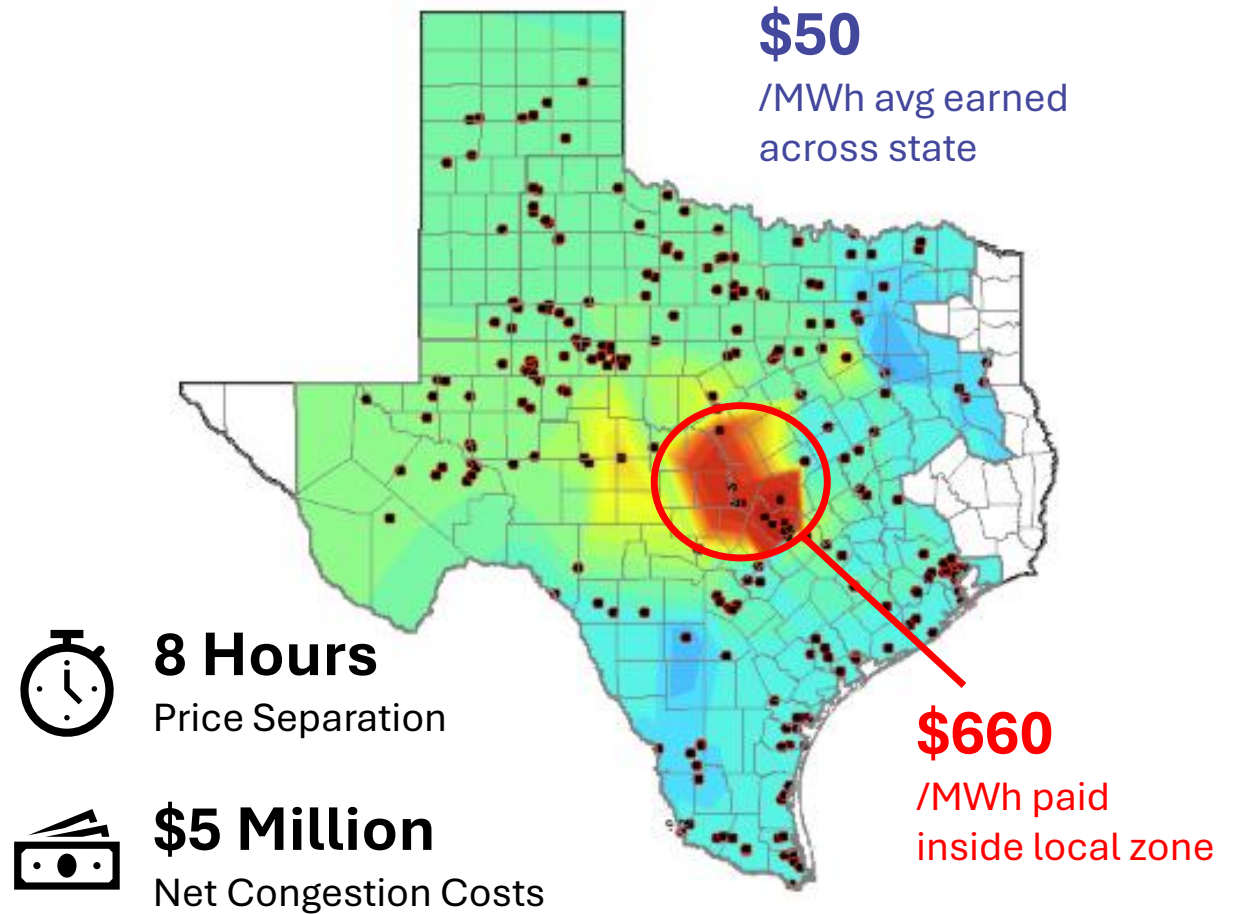
Real-World Risk: Load Zone Price Separation

The situation when the ERCOT market is signaling – through pricing – that we have insufficient supply to meet customer demand.



Locational Prices in ERCOT Market

September 22, 2025



Real-World Risk: Local Controlled Outages

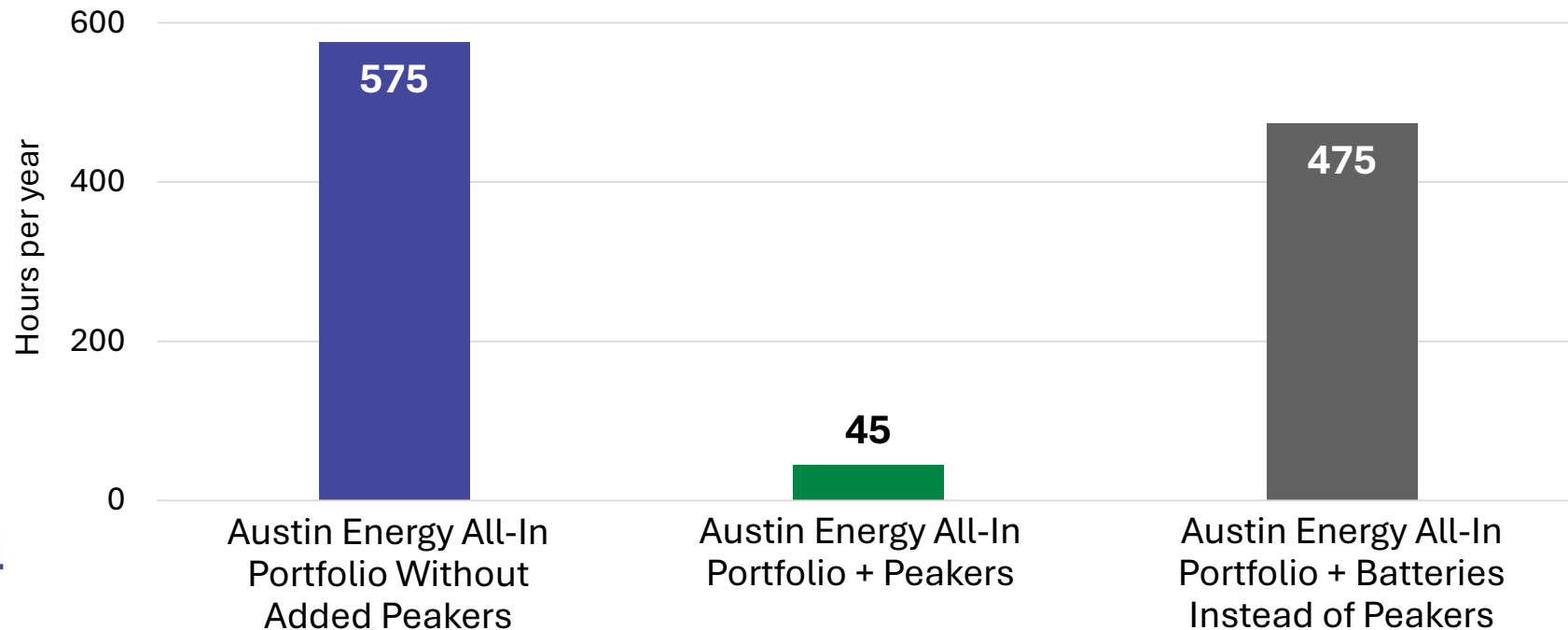
The risk of local power outages in Austin while the rest of ERCOT is unaffected because we don't have enough local generation.



Real-World Risk: Local Controlled Outages

The risk of required customer power outages in Austin while the rest of ERCOT is unaffected.

Reliability Risk Hours Per Year



Real-World Risk: Financial Exposure

During a period of extreme weather, the financial performance of Austin Energy's portfolio is critical to avoid high price exposure in the ERCOT market.



THE WALL STREET JOURNAL.

Texas Co-op Brazos Advances Chapter 11 Settlement of Winter Storm Uri

Brazos would pay power generators 76% up front or 100% over 30 years for electricity it bought during winter storm Uri

By *Soma Biswas*

Sept. 14, 2022 5:53 pm ET | **WSJ PRO**

Forbes

Uri Fallout: Texas' Rayburn Electric Is First Co-op To Securitize Uri Debt; Still Expected To Sue

Llewellyn King Contributor

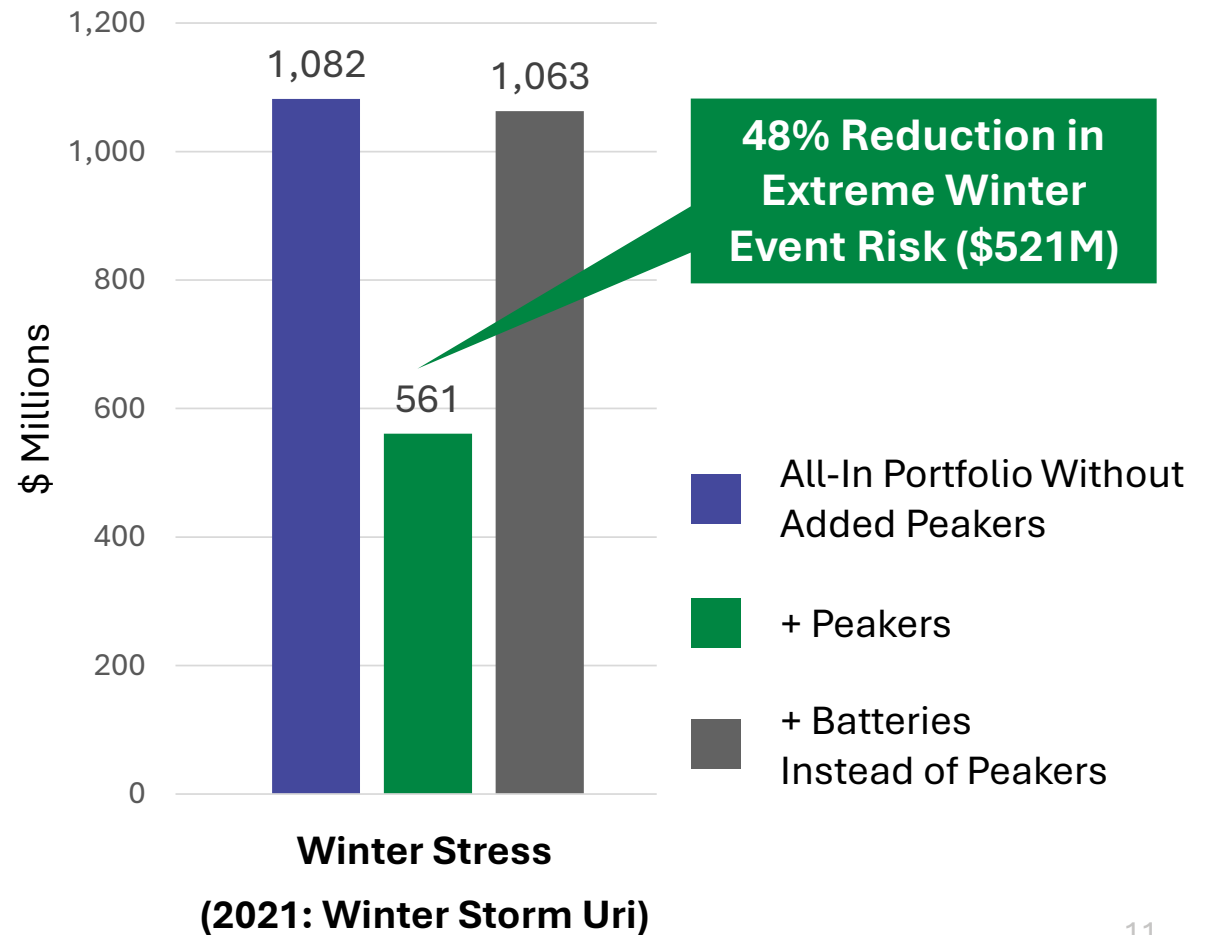
I've been a player in energy since founding The Energy Daily in 1973.

Real-World Risk: Financial Exposure

During a period of extreme weather, the financial performance of Austin Energy's portfolio is critical to avoid high price exposure in the ERCOT market.



Extreme Weather Financial Risk



Real-World Risk: Extreme Weather

Climate change continues to create extreme weather, hitting central Texas worse than ever and bringing difficult and sometimes devastating results.



Real-World Risk: Inequitable Impacts

Vulnerable populations:

- Face more significant obstacles during an outage
- Face health complications without power
- Face higher relative costs from outages



All-In Strategy Outlined in the Resource Generation Plan



**We must meet Austin's rising energy needs
while enabling an equitable clean energy transition
reflecting our community's values.**

The 2035 Plan

Our all-in strategy to keep energy reliable, affordable, and cleaner for everyone in our community.



Prioritize Customer Energy Solutions



Leverage Local Solutions



Achieve Decarbonization



Further Our Culture of Innovation



Implementation Progress

Milestones Since 2035 Plan Adoption



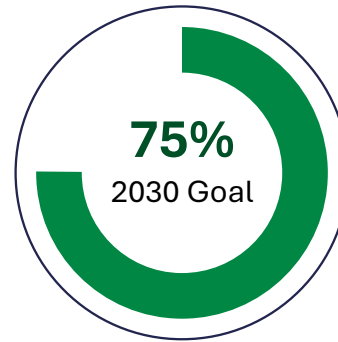
Resource Plan Goal Progress

As of FY2025 Year End

Energy Efficiency



Thermal Energy Storage



Demand Response



Local Solar



Local Battery Storage



Work Completed: Prioritizing Customer Energy Solutions



- ✓ Local Solar Install Annual Record of 18.8MW in FY25
- ✓ Demand Response Annual Record of 57MW in FY25
- ✓ Energy Efficiency Programs Saved 24MW in FY25
- ✓ Solar Standard Offer Program Launched
- ✓ 2024 International Energy Conservation Code Adopted
- ✓ 195 City Facilities Enrolled in Demand Response Program
- ✓ Green Choice® Grew to Incorporate Solar Energy
- ✓ First Commercial Solar Standard Offer Project Unveiled
- ✓ Power Partner Thermostat Program Incentives Increased
- ✓ Solar Insights Tool Launched Empowering Residential Customers
- ✓ Solar Interconnection Experience Streamlined
- ✓ Residential Solar Leasing Option Launched

Work Completed: Developing Local Solutions



- ✓ 195 City Facilities Enrolled in Demand Response
- ✓ Battery Request for Proposals Completed
- ✓ Solar on City Facilities Contracts Approved
- ✓ Import Capacity Project Submitted to ERCOT
- ✓ 100MW, 4-hour Battery Project Approved
- ✓ 40 MW Distributed Battery Project Approved
- ✓ Landfill Solar Project Approved
- ✓ Black Start Contract Renewed
- ✓ All Resource Request for Proposals Completed
- ✓ Worker Protections Included in RFPs and Contracts

Work Completed: Continuing Commitment to Decarbonization



- ✔ 73% Carbon-Free Electricity Generated in FY25
- ✔ Served 65% of Customer Usage with Carbon-Free Energy in FY25
- ✔ 165 MW Wind Power Purchase Agreement Renewed
- ✔ Wind Request for Proposals Launched
- ✔ Continuing Efforts to Exit Coal
- ✔ Total Stack Emissions Remain at Record Lows
- ✔ 60% Reduction in Carbon Dioxide Emissions Since 2007

Work Completed: Furthering Our Culture of Innovation



- ✓ Battery Demand Response Pilot and Battery Incentives Launched
- ✓ Geothermal Pilot Revived and Expanded to 9.9MW after Regulatory and Financial Uncertainties
- ✓ Distributed Energy Resource Management System (DERMS) Requirements Developed and RFI Launched
- ✓ Engagement with Nuclear Researchers, Manufacturers and Utilities
- ✓ Technology Readiness Assessment Updated
- ✓ Research and Development Partnerships with University of Texas, the Electric Power Research Institute and eSource

Utility-Scale Generation Implementation Phases



Enabling Efforts

- Battery Request for Proposals
- Landfill Solar Request for Proposals
- Wind Request for Proposals
- All Resource Request for Proposals
- Peaker Feasibility & Pre-Development Work

All-Resource Request for Proposals



Seeking Local Solutions

- Can carbon-free resources effectively meet energy and risk mitigation needs?
- Open to all technology types
- Our energy and risk mitigation needs call for resources that are
 - Local
 - Long Duration
 - Commercially Proven

All-Resource Request for Proposals

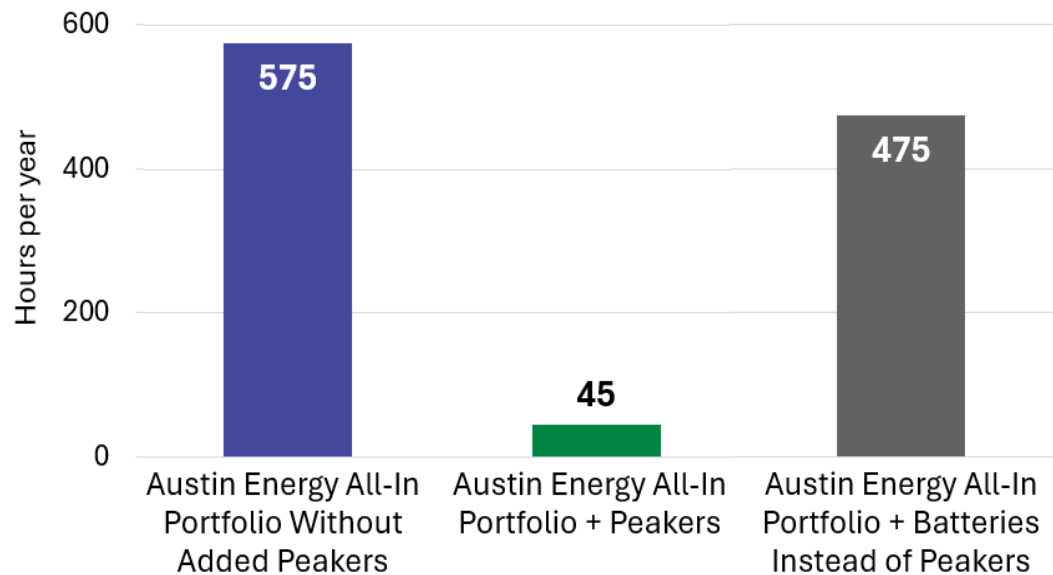
- 7 battery storage projects
- 5 projects for natural gas technologies
- No proposals for local solar
- Austin Energy is recommending a third battery project for City Council approval

Summary of Proposals

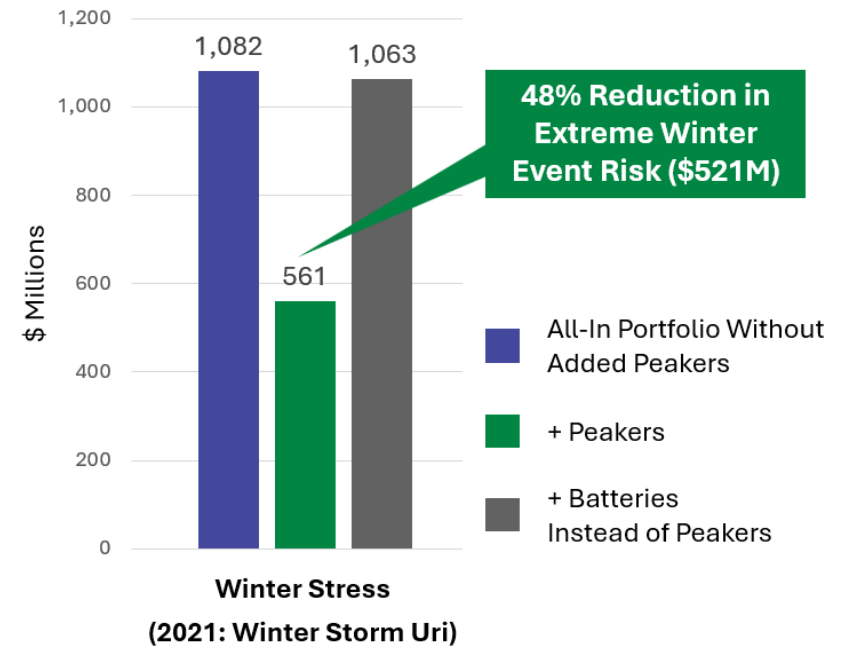
Analysis Confirms All-Resource RFP Results:

No carbon-free alternative currently available to meet Austin's energy and risk mitigation needs

Adding Peakers Reduces Reliability Risk Hours by more than 90%



Adding Peakers Reduces Extreme Winter Event Risk by 48% — \$521 Million

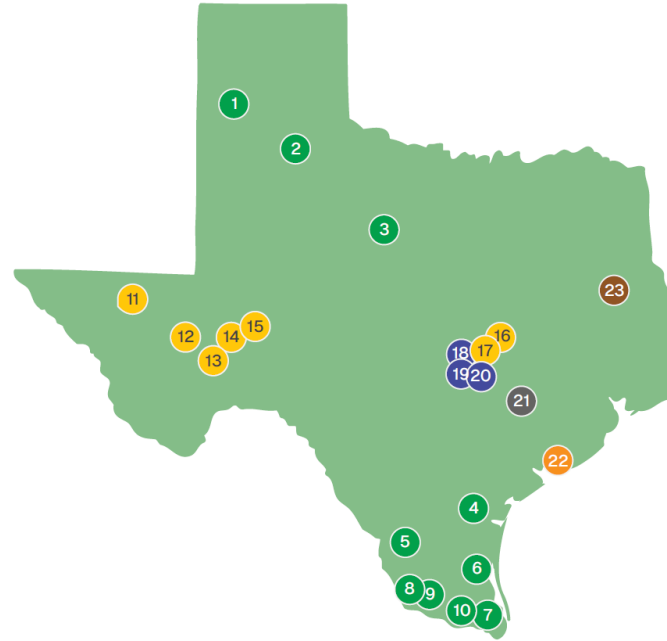


Utility-Scale Resource Additions

1. Solar: 8 MW
2. Battery: 100 MW
3. Battery: 40 MW
4. Battery: 100 MW
5. Wind: 149 MW
6. Wind: 150 MW
7. Peakers



EXISTING GENERATION PORTFOLIO

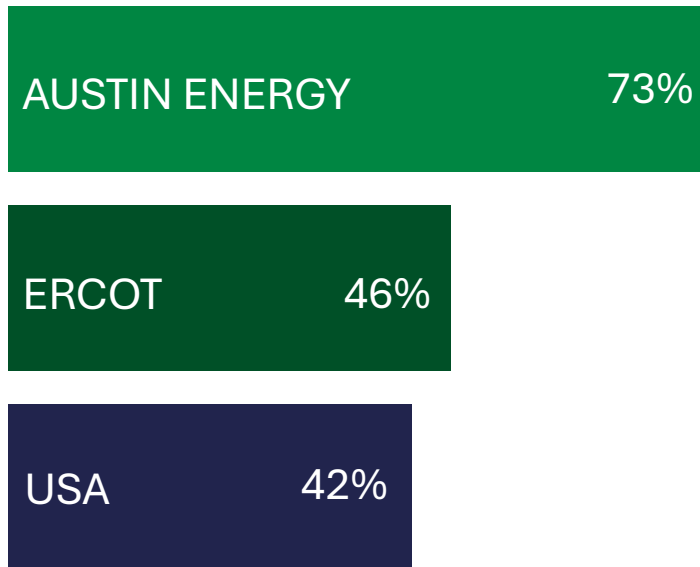


- Wind: ~1800 MW
- Solar: ~1000 MW
- Natural Gas Peakers: 500 MW
- Other Technologies: 1135 MW

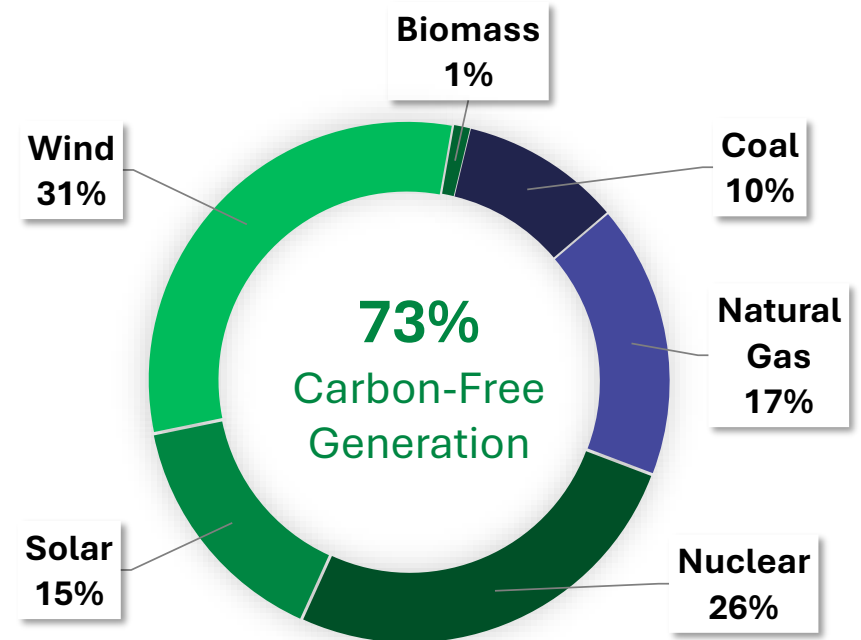
| | NAME | TYPE | INSTALLED CAPACITY (MW) |
|----|----------------------------|-------------|-------------------------|
| 1 | Jumbo Road | Wind | 299.7 |
| 2 | Whirlwind Energy Center | Wind | 59.8 |
| 3 | Hackberry Wind Project | Wind | 165.6 |
| 4 | Karankawa | Wind | 206.6 |
| 5 | Whitetail | Wind | 92.3 |
| 6 | Gulf Wind | Wind | 170.0 |
| 7 | Los Vientos 2 | Wind | 201.6 |
| 8 | Los Vientos 3 | Wind | 200.0 |
| 9 | Los Vientos 4 | Wind | 200.0 |
| 10 | Raymond | Wind | 200.0 |
| 11 | Aragorn | Solar | 180.0 |
| 12 | Roserock | Solar | 157.5 |
| 13 | Waymark | Solar | 178.5 |
| 14 | East Pecos | Solar | 118.5 |
| 15 | Upton | Solar | 157.5 |
| 16 | East Blackland | Solar | 144.0 |
| 17 | Webberville Solar Project | Solar | 30.0 |
| 18 | Decker Creek Power Station | Natural Gas | 200.0 |
| 19 | Mueller Energy Center | Natural Gas | 5.0 |
| 20 | Sand Hill Energy Center | Natural Gas | 595.0 |
| 21 | Fayette Power Project | Coal | 600.0 |
| 22 | South Texas | Nuclear | 430.0 |
| 23 | Nacogdoches | Biomass | 105.0 |

Austin Energy is a Leader on the Path to Carbon Free

Carbon-Free Generation FY2025



Energy Generated from Austin Energy Assets FY2025



Why are Peaker Units Necessary?



- Essential insurance.
- Complement batteries to cover long-duration events.
- A critical reliability backstop mitigating extreme risk.
- Enable more renewable investments.
- Provide necessary black start capability.



Emissions Guardrails

1

Prioritize Renewables

Peakers never displace renewables that can reach the point of customer demand.

2

Batteries Deploy First

Batteries deployed first for short-duration needs, when demand peaks and prices rise, if they are charged.

3

New Peakers Before Old

New, more efficient peakers dispatch when needed, then Sand Hill peakers, then Decker peakers, if necessary.

4

Run-Time Limitations

Peakers have run-time limitations based on air permits. New peakers will have best emission controls.

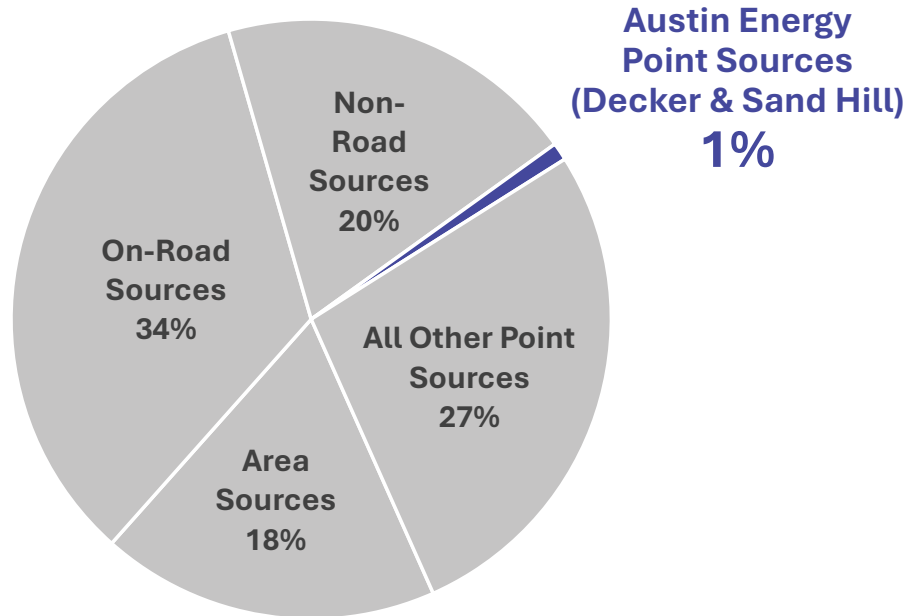
5

Carbon Intensity Guardrails

All peakers are guided by carbon intensity guardrail metrics.

Austin Energy Produces Less Than 1% of Total Local Emissions in the Greater Austin Region

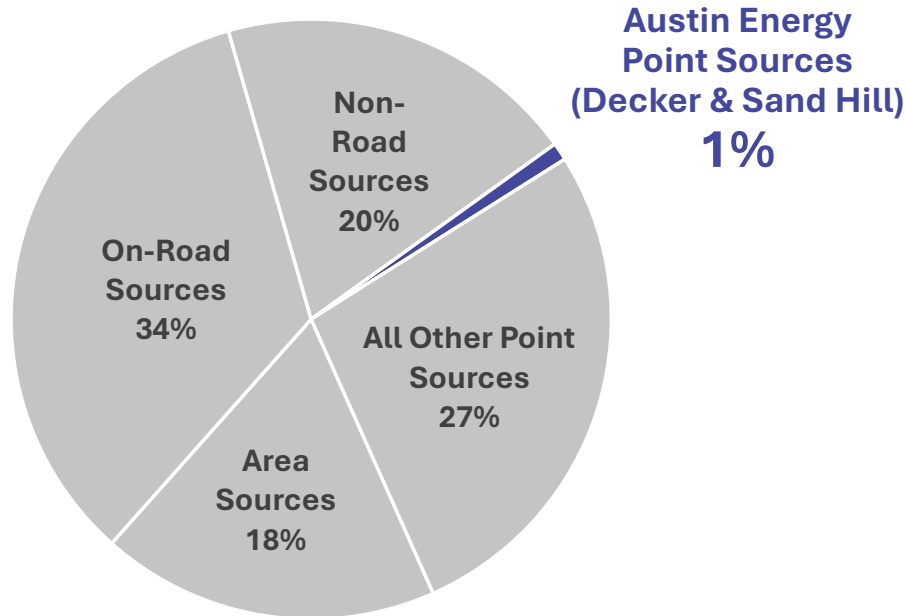
Local NOx Emissions by Source



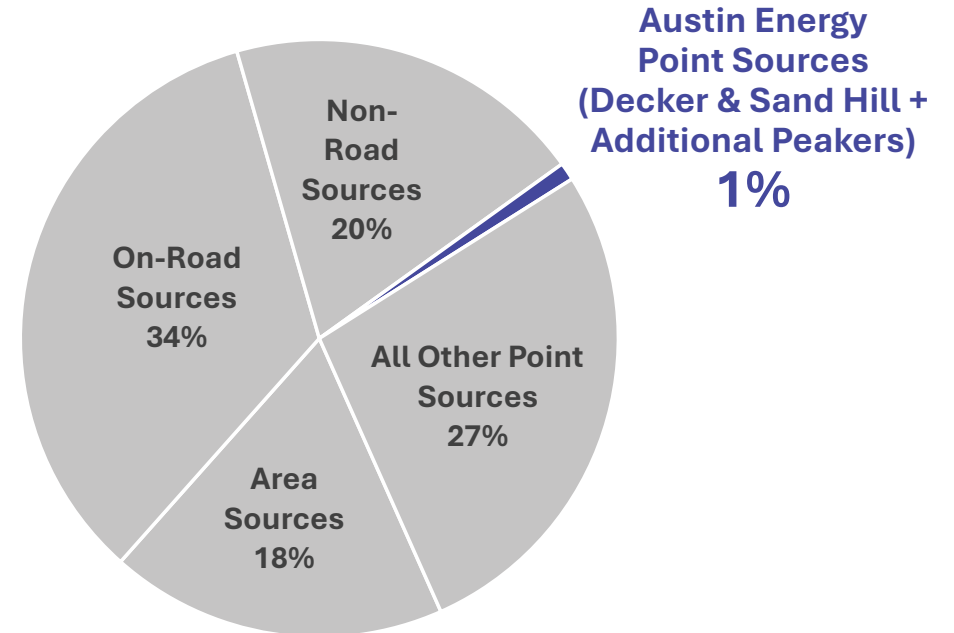
Source: 2023 CAPCOG Air Quality Annual Report

Austin Energy Produces Less Than 1% of Total Local Emissions in the Greater Austin Region

Local NOx Emissions by Source



Local NOx Emissions by Source With Additional Peakers



Source: 2023 CAPCOG Air Quality Annual Report

Expectations For New, Local Utility-Scale Resources



Workforce Protections

Including Workforce Safety and
Protection in All Agreements



Air Quality Standards

Protecting Local Air Quality



Equity Considerations

Incorporating Equity into
Siting Considerations

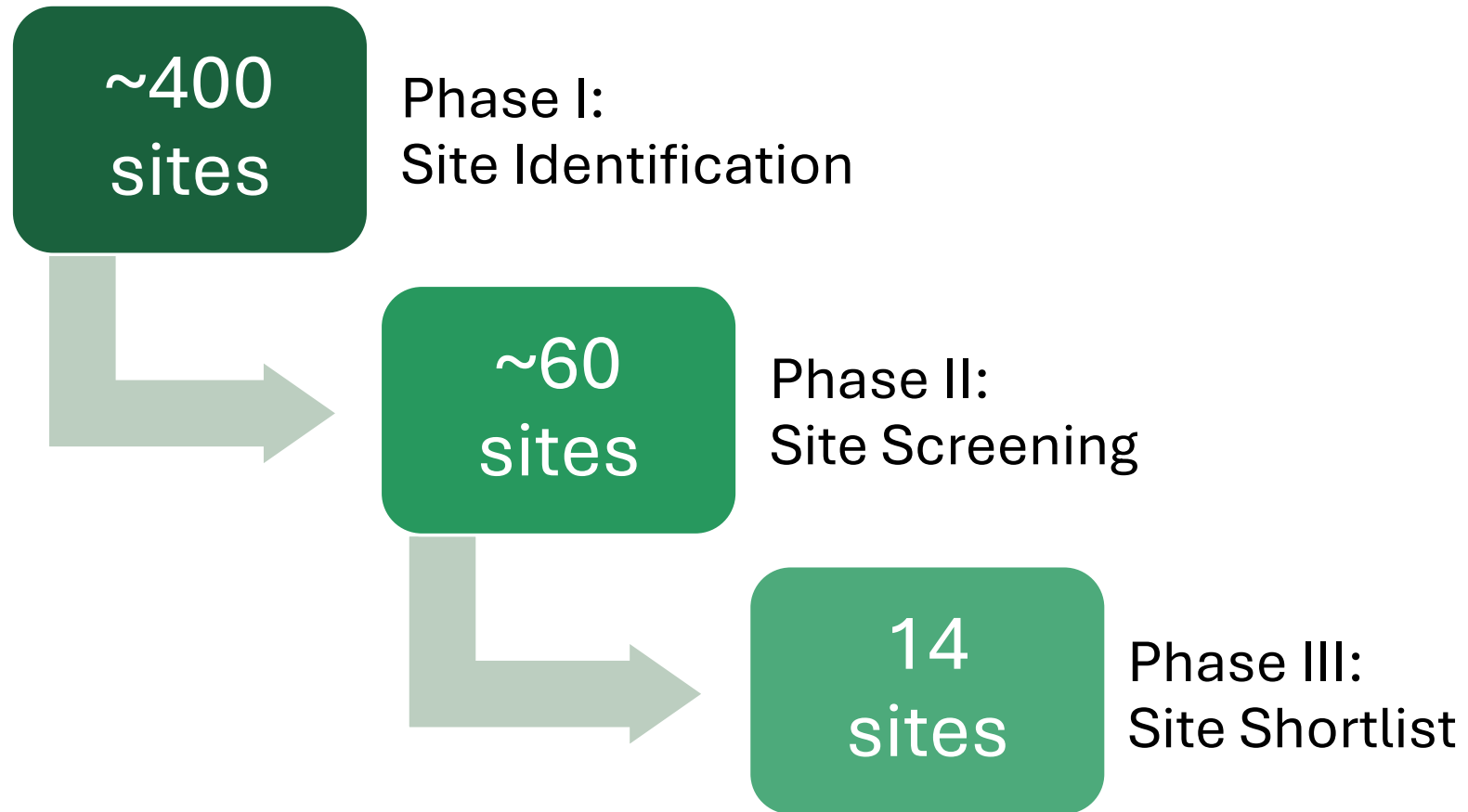
Siting Considerations

Site Evaluation Process

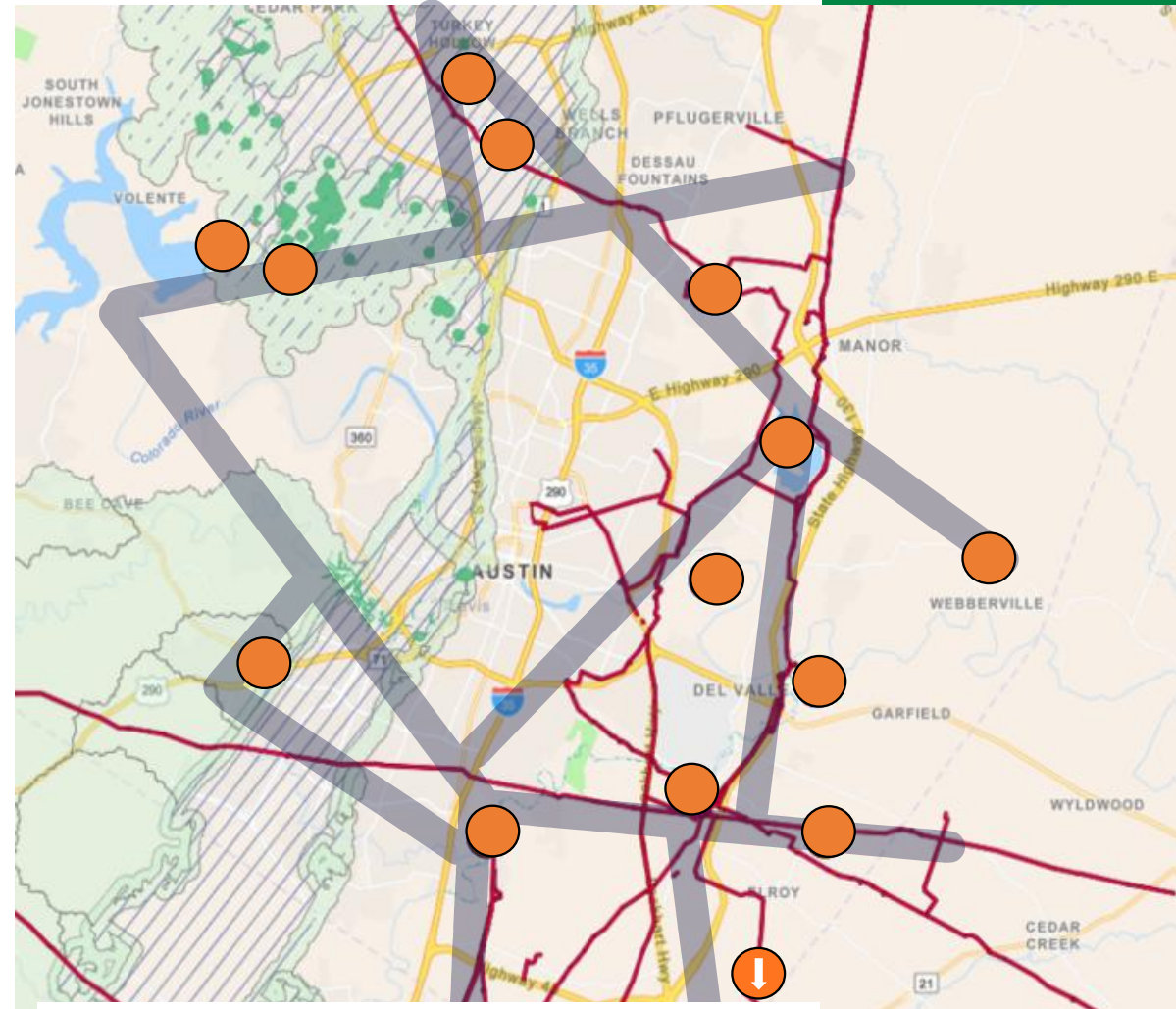
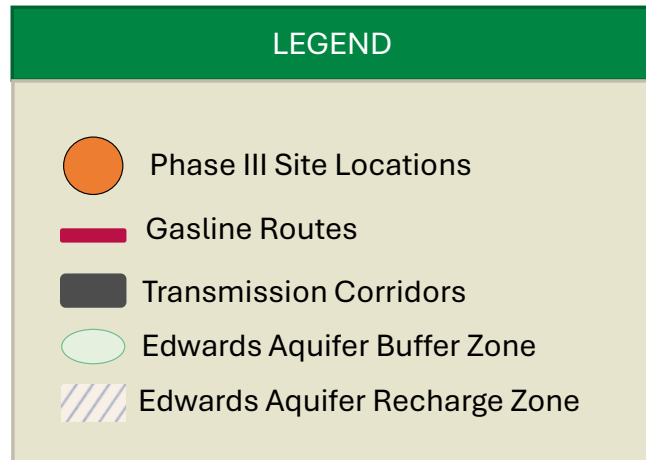
- **Challenge:**
Need for generation and energy storage resources locally
- **Approach:**
Phased process to identify & screen potential sites



Site Evaluation Process



Phase III: Shortlisted Sites



Community Engagement Reliability Workshops

Workshop Outreach

Notifications for the three in-person and virtual **community workshops** through the following channels:

**172,000+
Customers**

Received emails with an initial invite and a follow-up reminder

**84
Stakeholder
Groups**

Received emails and phone calls. Included elected officials, neighborhood assns., schools and community organizations in areas near potential sites

**30+ Social
Media Posts**

Posted across all Austin Energy platforms: Nextdoor, Facebook, X, Instagram, LinkedIn

**Speak Up
Austin**

Posted workshop dates, materials and a comment form online for all to participate



What We Asked

What is missing in the evaluation criteria or site selection process?

What We Heard – Site Selection



- Distribute potential impacts fairly and demonstrate how community input shapes decisions
- Further consider the threat of wildfire risks due to implementation of batteries
- Consider proximity to emergency services and proximity to schools
- Include health, environmental, and equity analysis considerations
- Consider perpetuating impacts on low-income communities due to location of existing natural gas pipelines
- Consider impacts on outside City customers if putting utility-scale resource sites only on the edges of the service territory

What We Asked

- What are your concerns about potential sites?
- How can Austin Energy be a good neighbor in an area where a site is selected?

What We Heard – Concerns



- **Equity and disproportionate burden** — concern that East Austin and vulnerable communities bear more impact, concerns about ratepayer burden
- **Construction and community disruption** — traffic, infrastructure changes, and neighborhood character impacts
- **Health and environmental impacts** — air pollution, noise, safety risks, and long-term ecological effects
- **Peaker plants** — emissions, mission creep beyond “peaker” use, and fuel reliability/price volatility

What We Heard – Being a Good Neighbor



- Engage community early and establish education campaign prior to site selection
- Support fire management/risk training for Austin Fire Department
- Set clear guardrails on emissions, operations, and long-term use of facilities
- Mitigate impacts and share benefits locally
- Avoid condemnations when possible
- Implement public-friendly landscaping and consider agrivoltaics
- Provide air filters for residential homes
- Ensure that gas supply is clean to limit greenhouse gas emissions

What We Heard – General Feedback



- **Clarity on need, goals and alignment** — define total capacity needs, resource mix and consistency with 2035 carbon-free goals
- **Technology-specific evaluation** — clearer differentiation of impacts and suitability (peaker vs. battery vs. solar), not a one-size-fits-all approach
- **Cost and risk transparency** — include long-term financials, natural gas price volatility and full lifecycle comparisons
- **Process transparency and alternatives** — earlier notification of engagement opportunities, clearer decision framework and consideration of additional technologies and expanded distributed solutions (e.g. customer energy solution programs like distributed battery storage and rooftop solar)

Workshops in Action



Recommendation and Next Steps

Three Requests for Council Action

Continuing implementation of the Resource Generation Plan's all-in strategy to keep energy reliable, affordable and clean for everyone in our community.



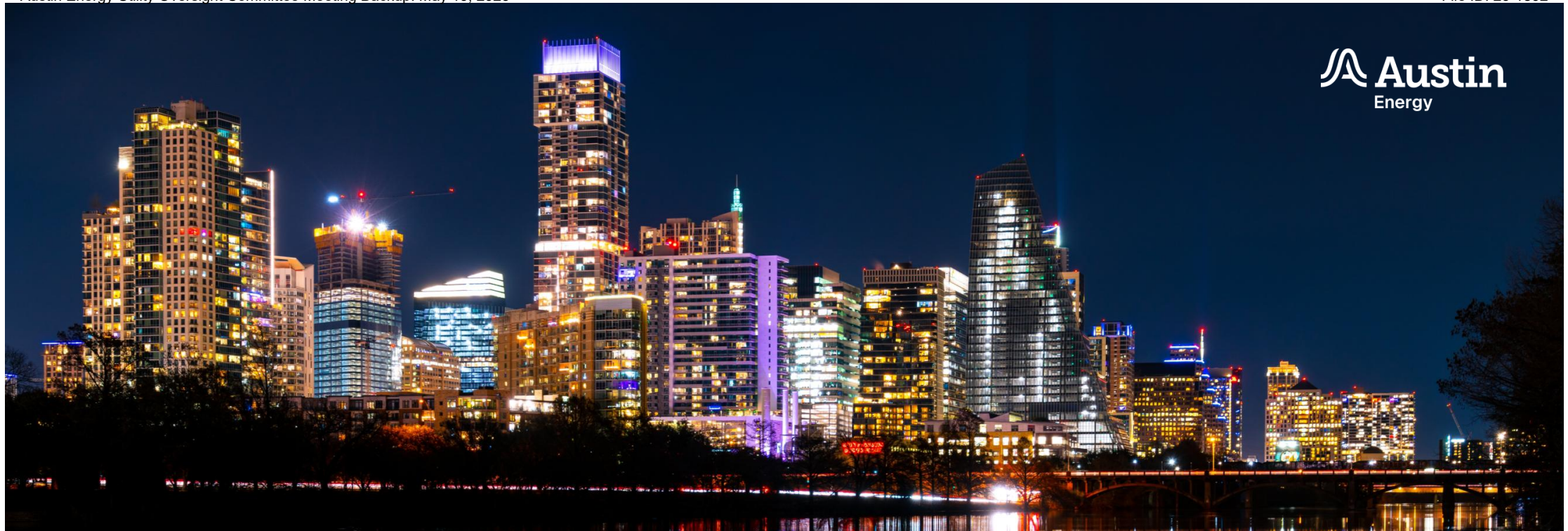
**Utility-Scale
Wind Projects**



**Utility-Scale
Battery Project**



**Efficient, Local
Natural-Gas
Peaker Units**



We must meet Austin's **rising energy needs** while enabling an **equitable clean energy transition** reflecting our community's values.



**Customer
Driven.**

**Community
Focused.**

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