



RESOURCE, GENERATION AND CLIMATE PROTECTION PLAN TO 2035 FREQUENTLY ASKED QUESTIONS

What is a resource generation plan?

A resource generation plan is a comprehensive strategy developed by an electric utility to determine how it will meet current and future energy needs. This plan outlines the mix of energy resources that the utility will use to generate and deliver electricity to its customers.

Why is a resource generation plan important?

A resource generation plan is important because it serves as a roadmap for ensuring a reliable, affordable and environmentally sustainable energy future. It analyzes risks, costs, technologies and opportunities around future power supply and demand possibilities so a utility can meet energy needs and priorities.

What will Austin Energy's resource plan mean for its customers?

- Cleanest energy portfolio in Texas
- Industry-leading customer energy solutions
- Promotes reliability, affordability and sustainability
- Protects our most vulnerable
- Resilient to extreme weather
- Flexible and innovative
- Built to adapt to changing conditions
- Community-informed plan

Why can't Austin Energy rely on existing local generation?

The reliability and affordability risks we're facing are happening now. Until we get additional generation, we remain at an elevated risk. Additional generation, including natural gas peakers, will allow us to address local reliability issues and help manage price volatility for our customers.

Are you changing the carbon free by 2035 goal?

The goal hasn't changed—it's always been 100% carbon free as a percentage of load. This approach ensures sufficient carbon-free generation to meet demand, avoiding reliance on ERCOT's less clean and costly energy. The percentage of the load means we need to have sufficient carbon-free generation to offset our load. This helps mitigate affordability and environmental risk. Otherwise, we could reach the goal of 100% by having nothing but carbon-free resources but not enough to serve our load. Then we'd be purchasing power from the ERCOT market, and that isn't a very clean fuel mix but could also come at a very high cost. Owning generation acts as a hedge against ERCOT market prices and extreme weather risk. Owning generation also means we have more control over the emissions on the path to carbon free.

Why doesn't Austin Energy increase its efforts toward demand-side management?

We've maximized potential for energy efficiency, demand response, and local solar, but barriers like costs, workforce availability, and supply chain challenges limit further expansion without significant investment.

How urgent is the current risk of local reliability issues on high-demand days?

The risk is immediate. Voltage is the “pressure” that pushes electricity through the system. It needs to remain stable for the grid to function properly. Without local generation, voltage could cause localized outages on very hot and very cold days. Localized outages mean power outages would be occurring only in the Austin area.

I’ve heard a lot of discussion around peakers.

What are they and how do they align with Austin Energy’s goals?

Think of peakers as jet engines. Peakers are small, flexible natural gas units designed to run only during peak demand or emergencies, about 12% of the time, or six weeks out of the year. Additionally, Austin Energy could impose self-regulated limits for when they run. Peakers ensure local reliability, help manage price volatility, and provide critical black start capability to restart Austin’s grid during outages. Owning the peakers allows us to control emissions and operational decisions, unlike relying on third parties or ERCOT’s less clean energy mix. While adding peakers involves some emissions, they would replace less efficient units, and their limited use aligns with Austin Energy’s broader goals of increasing renewable energy, demand-side management, and reducing overall carbon emissions. Peakers can also be sold if no longer needed.

How is this an improvement from the current plan if it proposes adding new sources of emissions?

With robust energy efficiency and demand-response programs, plus local solar and batteries, Austin Energy will do even more to help customers use less electricity. The plan needs additional local solar solutions to avoid local outages and maintain affordability. In addition to local transmission, solar and batteries, the plan proposes adding limited natural gas peaker units to help reliability and affordability while pushing the transition to a cleaner energy future. Over time, Austin Energy would reduce overall emissions by using new peakers to replace older, less efficient units, and using them sparingly. Without local generation, Austin Energy would have to purchase power from ERCOT whose portfolio has higher emissions..

What is blackstart and how does it relate to the resource generation plan?

Blackstart refers to the process of restarting a power grid from a complete shutdown. In a grid failure, most power plants cannot restart on their own because they require electricity to power their auxiliary systems (e.g., pumps, controls). Blackstart-capable units, like peakers, are specialized resources designed to jumpstart the grid in these situations. Without these units, Austin would have to wait for another utility to bring power to us, instead of being an active part of the solution from the start. As the capital of Texas, it’s our responsibility to be prepared.

What happens if another Winter Storm Uri occurs and Austin Energy doesn’t have enough dispatchable generation?

In an extreme weather event like Winter Storm Uri, if we didn’t have enough generation to provide energy over multiple days, we could face significant financial risks. ERCOT could require near-immediate payment of hundreds of millions of dollars, and if we didn’t have the ability to pay those costs, it could put the City in significant financial hardship.

