

**Austin Energy
Independent Review of Resource Plan
Reconciliation of EUC Recommendations to the Final RFP Language**

	EUC Working Group Recommended Language	Adopted Language Used in the RFP	Discussion
1	<p>1. Purpose The assessment shall include the costs and benefits of alternatives such as large-scale and distributed storage, renewables, energy efficiency and demand response, and purchased power with future and/or forward hedging.</p>	<p>1. Purpose The assessment shall include the costs and benefits of alternatives such as large-scale and distributed storage, renewables, and demand response, and purchased power.</p>	<p>AE concurs that distributed storage is a clarification to the less inclusive term large-scale storage. It has been added to all references regarding the alternatives to be assessed.</p> <p>AE found the inclusion of energy efficiency to be a substantive change in scope to the City Council approved SOW and elected to have the Consultant utilize the approved energy efficiency goals contained in the Generation Plan (see line 8).</p> <p>AE found the inclusion of hedging to be a substantive change in scope to the City Council approved SOW. Hedging is used to manage the risk of price fluctuation.</p>
2	<p>2. Background In addition to a new gas plant, the review should consider storage, renewables, power purchase, energy efficiency and demand response.</p>	<p>2. Background In addition to a new gas plant, the review should consider large-scale and distributed storage, renewables, demand response, and purchased power.</p>	<p>AE found the inclusion of energy efficiency to be a substantive change in scope to the City Council approved SOW and elected to have the Consultant utilize the approved energy efficiency goals contained in the Generation Plan (see line 8).</p>

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3	<p>2. Background The review is intended to provide an economic cost/benefit perspective of a new plant taking into consideration the construction and operating costs, changes in emissions and water usage, along with potential wholesale market revenue and benefits to the AE load zone and costs and risks as further detailed in the scope below.</p>	<p>2. Background The review is intended to provide an economic cost/benefit perspective of a new plant taking into consideration the construction and operating costs, changes in emissions and water usage, along with potential wholesale market revenue and benefits to the AE load zone and costs and risks as further detailed in the scope below.</p>	<p>AE agreed that the original reference to “the” new plant presumed a decision had already been made and the use of “a” is a clarification to the City Council approved SOW.</p>
4	<p>2. Background The review is intended to be shared on a public basis provided that certain specific competitive elements may be treated as confidential and shared only in executive sessions or non-public settings which are open for participation by members of the EUC.</p>	<p>2. Background The review is intended to be shared on a public basis provided that certain specific competitive elements may be treated as confidential and shared only in executive sessions or non-public settings.</p>	<p>AE interprets the original language that the City Council approved for the RFP is broad enough to include any Commission, Committee or the City Council itself, that has executive session privileges may review the information in such a manner.</p>
5	<p>3. Scope of Work The assessment shall include the costs and benefits of alternatives such as purchased power and large-scale and distributed storage, renewables, energy efficiency and demand response.</p>	<p>3. Scope of Work The assessment shall include the costs and benefits of alternatives such as large-scale and distributed storage, renewables, demand response, and purchased power.</p>	<p>AE found the inclusion of energy efficiency to be a substantive change in scope to the City Council approved SOW and elected to have the Consultant utilize the approved energy efficiency goals contained in the Generation Plan (see line 8).</p>

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6	3.A. The expected and hi/lo sensitivities for construction costs of the gas plant, including direct and financing costs, including costs of decommissioning prior generation in conjunction with or prior to new gas plant construction.	3.A. The expected and hi/lo sensitivities for construction costs of the gas plant, including direct and financing costs.	AE found the inclusion of decommissioning costs to be a substantive change in scope to the City Council approved SOW. AE will include an estimate for decommissioning in the affordability analysis after the results are provided by the Consultant (see line 19).
7	3.B.III. Expected and hi/lo sensitivities for on-going operating costs including operations and maintenance, fuel and fuel hedging, and financing.	3.B.III. Expected and hi/lo sensitivities for on-going operating costs including operations and maintenance, fuel, and financing.	AE found the inclusion of hedging to be a substantive change in scope to the City Council approved SOW. Hedging is used to manage the risk of price fluctuation.
8	3.C. The impact to revenue, cost and associated risks in the AE load zone under the scenarios below, incorporating the generation plan goals for solar, energy efficiency, storage and demand response, that include:	3.C. The impact to revenue, cost and associated risks in the AE load zone under the options below, incorporating the generation plan goals for solar, energy efficiency, storage and demand response as presented in the approved Generation Plan, that include:	AE concurs that further clarification can be provided and extended the clarification by instructing the Consultant to specifically utilize the City Council approved Generation Plan goals for their assumptions.
9	3.C.IV. A retirement of the Decker steam units, and getting ERCOT to designate Sand Hill as a part of the Austin Energy load zone, and running Sand Hill at 70-80% capacity.		The analysis of the option recommended is not relevant since Sand Hill is already a nodal within the Austin Energy load zone and the level of actual generation is based upon economic dispatch in a competitive market.

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10	<p>3.C.V. A retirement of its Decker steam units and FPP without a new generator in the Austin Energy load zone and incorporating a 500MW gas combined cycle plant equivalent utilizing distributed solar, energy efficiency, storage and demand response technologies.</p>	<p>3.C.I. A retirement of its Decker steam units and FPP without a new generator in the AE load zone.</p>	<p>AE concurs that the option is consistent with the City Council approved SOW and should be included in the review. AE removed the second sentence since it is redundant with the scenarios outlined in section 3.D. of the SOW (see line 11).</p> <p>AE found the inclusion of energy efficiency to be a substantive change in scope to the City Council approved SOW and elected to have the Consultant utilize the approved energy efficiency goals contained in the Generation Plan (see line 8).</p>

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11	<p>3.D. A comparison with up to four scenarios that use reasonable combinations of energy storage, energy efficiency, demand response, and/or renewable energy in lieu of investing in a new natural gas plant, with inclusion, if appropriate, of time lags using power purchases with hedging transitionally before implementing these technologies. These scenarios should include elements of different technology permutations as well as roll-out/implementation timelines.</p>	<p>3.D. A comparison with up to four scenarios that use reasonable combinations of large-scale and distributed storage, renewables, demand response, and purchased power in lieu of investing in a new natural gas plant. Alternatives to be analyzed could include:</p>	<p>AE concurs that the City Council approved four scenarios and has included the approved language regarding the combinations.</p> <p>AE found the inclusion of energy efficiency to be a substantive change in scope to the City Council approved SOW and elected to have the Consultant utilize the approved energy efficiency goals contained in the Generation Plan (see line 8).</p> <p>AE found the inclusion of hedging to be a substantive change in scope to the City Council approved SOW. Hedging is used to manage the risk of price fluctuation.</p>
12	<p>3.D.1. Purchased new or used wind facilities</p>		<p>AE concurs that “new or used” is a clarification of wind facilities and consistent with the City Council approved SOW and has added the language to 3.D.I and 3.D.II. (see lines 13 & 14).</p>
13	<p>3.D.2. Lowest cost combination of solar and wind energy, with and without storage</p>	<p>3.D.I. Lowest cost combination of solar and/or wind energy (new or used facilities) with storage.</p>	<p>AE concurs but has separated the scenarios of with and without storage (see line 14).</p>

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14	3.D.3 Lowest cost combination of solar and wind, with energy efficiency, and demand side management, with and without storage.	3.D.II. Lowest cost combination of solar and/or wind energy (new or used facilities) without storage.	AE concurs but has separated the scenarios of with and without storage (see line 14).
15	3.D.4 Purchasing power from the ERCOT market, in combination with demand response and efficiency.		The analysis of the scenario recommended is not relevant because AE already purchases 100% of the power needed to serve its load from ERCOT.
16	3.E. A validation or documentation of inputs to be used for analysis over the period of the longest living studied generation asset.	3.E. A validation or documentation of inputs to be used for the 20-year Net Present Value (NPV) period of analysis.	AE concurs that clarifying the period of analysis is beneficial. However, AE has defined the period as 20-years so that all NPV's can be compared. 20-year NPV is the standard methodology used in the current Generation Plan approved by City Council.
17	3.F.I. Resultant water use and impacts on water quality.	3.F.I. Resultant water use.	AE found the inclusion of water quality impact to be a substantive change in scope to the City Council approved SOW. http://pubs.usgs.gov/fs/fs-027-01/
18	3.F.II. Resultant impact on local criteria pollutants and broader effects of these pollutants, such as climate change.	3.F.II. Resultant impact on local criteria pollutants and broader effects of these pollutants.	AE found the inclusion of climate change impact to be a substantive change in scope to the City Council approved SOW. http://climate.nasa.gov/faq/

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19	3.F.IV. Revenue benefits and costs to AE customers including comparison to AE's affordability goals.	3.F.IV. Revenue benefits and costs to AE customers	AE affordability goals are based upon average system rates which include many revenues and expenses that are outside the scope of the SOW. AE has the in-house ability to utilize the findings of this study to measure the impacts to affordability.
20	Weekly Status Reports: Contractor shall submit weekly status reports to the AE Project Manager and copies to the EUC.	Weekly Status Reports: Consultant shall submit weekly status reports to the AE Project Manager.	The AE Staff Liaison is designated as the point of contact between AE and the EUC and is responsible for providing requested documentation to the EUC. Weekly status reports can be provided to the EUC by the AE Staff Liaison once reviewed by the AE Project Manager for confidential, proprietary or erroneous information.
21	6. Budget AE anticipates a budget of approximately \$300,000 for this project.	5. Budget AE anticipates a budget of an amount not to exceed \$300,000 for this project.	AE concurs that \$300,000 is consistent with the City Council approval and has verified that the AE has the budget available. AE has elected to use its standard procurement language of "not to exceed" rather than "approximately" which may imply a target and limit competitive pricing.