ATTACHMENT 2

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	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.	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.	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. 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). 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.
2	2. Background In addition to a new gas plant, the review should consider storage, renewables, power purchase, energy efficiency and demand response.	2. Background In addition to a new gas plant, the review should consider large-scale and distributed storage, renewables, demand response, and purchased power.	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).

1. The generation plan approved by City Council on Dec. 11 2014 includes energy efficiency. It is mentioned twice. We ask to follow City Council's direction and put energy efficiency back in.

2. The generation plan approved by City Council on Dec. 11 2014 includes the following statement about cost for the gas plant: "Expected and hi/lo sensitivities for on-going operating costs including operations and maintenance, fuel, and financing." Hedging falls within operating cost, fuel and financing. We have seen from backcast for a 500MW gasplant that hedging cost are relevant and tied to the use of gas by Austin Energy in the past. Also, all costs are included in PPA's so why not for a non PPA resource. This makes it reasonable to assume it is relevant for the future. We ask to put hedging cost back in.

3. Same comment as under 1.

ATTACHMENT 2

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
3	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.	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.	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.
4	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.	2. Background Th a pu ain sp be tre nly in lic se 4. The EUC expects to be invited to any executive sessions relevant to the work in the RFP. Please make sure that proper announcement times and procedures are followed for scheduling.	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.
5	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.	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 5. Same comment as under 1.	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).

ATTACHMENT 2

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

	EUC Working Group Recommended Language		Discussion
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.	6. The generation plan approved by City Council on Dec. 11 2014 includes the following statement about cost for the gas plant: "including estimates of power plant construction and operating costs." Site preparation that is relevant to the construction of a gas plant, would also include the cost for decommissioning of an existing facility that needs to be removed of that is relevant to a specific site. We ask to put hedging cost back in.	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. 7. Same comment as under 2.	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.

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
10	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.	3.C.I. A retirement of its Decker steam units and FPP without a new generator in the AE load zone. 8. Same comment as under 1.	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). 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).

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
11	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.	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: 9. Same comment as under 1 and 2. We ask the proposed language of the EUC Working Group to be accepted. 10. The last recommended sentence has been deleted and not commented on by Austin Energy. We ask the proposed language of the EUC Working Group to be accepted.	AE concurs that the City Council approved four scenarios and has included the approved language regarding the combinations. 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). 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.
12	3.D.1. Purchased new or used wind facilities		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.DII. (see lines 13 & 14).
13	3.D.2. Lowest cost combination of solar and wind energy, with and without storage	3.D.I. Lowest cost combination of solar and/or wind energy (new or used facilities) with storage.	AE concurs but has separated the scenarios of with and without storage (see line 14).

ATTACHMENT 2

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
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	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.		E concurs that clarifying the period of nalysis is beneficial. However, AE has efined the period as 20-years so that all PV's can be compared. 20-year NPV the standard methodology used in the urrent Generation Plan approved by ity Council.
17	3.F.I. Resultant water use and impacts on water quality.		E 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/

11. It is relevant. Austin Energy's net purchases of power from ERCOT are around 15% and could easily be lowered or increased as has been the case over the years. The comment is aimed at the possibility that for a (short) period of time more power could be purchased. This is relevant as Austin Energy does not have to own any generation, it could just buy all from the ERCOT market. We ask the proposed language under topic 14 and 15 of the EUC Working Group to be accepted.

12. The idea of an analysis up to the lifespan of the longest living is that all cost are included, including O&M over that period, including decommissioning, including scenarios for parameters that change with time, think of fuel cost, environmental compliance like carbon price etc. In the end the rate payer has to pay for all the cost associated with a decision for a generation resource. We ask the proposed language of the EUC Working Group to be accepted.

13. IF water quality impact leads to changes to the design of the plant due to permitting constraints, for example for water temperatures, then impacts on water quality are relevant for the total cost of ownership and should be part of the analysis. We ask the proposed language of the EUC Working Group to be accepted.

14. City Council has directed the following during the council meeting on Dec. 11 2014 (recording Item 10 (Part 3 of 3) from 32.00 minutes) http://austintx.swagit.com/play/12112014-648 "we would be interested in the impacts on our ability our goal in achieving net zero climate emissions". Khalil agreed. Council agreed. Spellman concludes "we have an understanding to what the meaning of this phrase is". We ask to include this clarification in the RFP using the following language: …such as climate change, and more specifically how emissions relate to the city goal of achieving net zero climate emissions for

ATTACHMENT 2

Reconciliatio

15. Affordability has been of key concern of City Council and the affordability projections where more then relevant for the council decision in Dec. 11 2014 and will continue to be relevant for Council going forward. A clear impact on affordability is needed to evaluate any outcome from the study. We ask Austin Energy to perform similar analyses of the rate impact of all studied scenarios and make that available to the EUC and council for consideration for their decision making process.

	EUC Working Group Recommended Language		
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. 16. The EUC requests the weekly status reports to be provided in a timeline fashion and would deem 3 working days after receiving the weekly report timely.	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.

17. Other comments related to the RFP.

a. The role of the EUC should be included in the RFP as the consultant will have to respond to comments and suggestions and review of the draft and final report from both Austin Energy and the EUC. The Appendix A passed by council is specific and it has an impact on time and perhaps timeline. We ask to include the language from Appendix a where it relates to the role of the EUC.

b. Under "D. **Demonstrated Applicable Experience**: " some relevant experience and capabilities are listed as required and some as expected. We are not sure what the difference is as the terms are not defined. We suggest removing both terms from the list and leave "preferred" as is.