

Power Supply Adjustment

Application:

Applies to all electric service whose point of delivery is located within the limits of Austin Energy’s service territory, unless otherwise stated. The rates for this pass-through charge are effective November 1, 2020.

Character of Service:

The Power Supply Adjustment (PSA) provides for the recovery of the preceding year’s expenditures for (PSA Costs):

- Electric Reliability Council of Texas (ERCOT) Settlements – charges and credits from ERCOT, other than the Administrative Fees.
- Fuel Costs – costs for fuel, fuel transportation, and hedging gains and losses.
- Net Purchased Power Agreement Costs – costs and offsetting revenues (such as, bilateral sales and GreenChoice) associated with short- and long-term purchased power agreements, and costs for distributed generation production.

As part of the City of Austin’s annual budgeting process, which includes a public hearing, the PSA is determined by calculating the sum of all net power supply costs divided by the historical twelve-month period service territory sales, plus any existing over- or under-recovery of PSA Costs balance divided by projected service territory sales preceding the effective date of the PSA. This results in an annual uniform system rate per kWh that is adjusted for voltage level and applied to each of the customer classes.

At least once each year, the City Manager will publicly present a report to the City Council that provides the underlying calculations for the PSA by system voltage level. The PSA Cost calculation will break out Fuel Costs, ERCOT Settlements, and Net Purchased Power Agreement Costs; it will also show the extent of over- or under-recovery of PSA Costs for the previous twelve months.

From the effective date of the last PSA adjustment, the PSA may be adjusted to eliminate any over- or under-recovery if the balance of net PSA Costs recovered is either over or under 10 percent of the actual PSA Costs incurred during such period. If such over- or under-recovery is projected to remain either over or under 10 percent after 12 months from the effective date of the last PSA adjustment, then the PSA shall be adjusted to eliminate the amount of the over- or under-recovery balance within the next 12 months. Within 30 days of any adjustment of the PSA to eliminate over- or under-recovery of PSA Costs, the City Manager will publicly present a report to the City Council that provides the underlying calculations for the PSA, both pre- and post-adjustment by system voltage level.

The PSA charges by voltage level are:

Voltage Level	Adjustment Factor	Power Supply Rate (\$/kWh)
<i>System Average</i>	1.0000	\$0.03063
<i>Secondary</i>	1.0049	\$0.03078
<i>Primary</i>	0.9821	\$0.03009
<i>Transmission</i>	0.9696	\$0.02970

Renewable Offtake Agreement Option:

Qualifying customers who desire to purchase and receive additional renewable energy and associated renewable energy credits (RECs) to meet their sustainability targets may enter into a contract with Austin Energy backed by a renewable power purchase agreement (RPPA) between Austin Energy and a third-party generator for a specified MWh amount, depending upon market availability. The customer’s PSA charge will be adjusted by Austin Energy’s ERCOT-settled net

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financial gains and losses from the RPPA (the positive or negative difference between the RPPA MWh price and settled nodal price for each generated MWh) for the contracted amount in the month following ERCOT settlement. In the event an adjustment would reduce the PSA charge to below zero in a given month, the negative amount will be carried forward as a credit to be applied to future PSA charges. Austin Energy will retire any associated RECs on the customer's behalf.

To qualify for a RPPA-backed contract, the customer shall (1) maintain during the contract term an average monthly billed demand of at least 75,000 kW and an average annual load factor of at least 85 percent, and (2) have (or provide through an affiliate guarantee) a creditworthiness no lower than a rating of BBB- by Standard & Poor's Rating Group or Baa2 by Moody's Investor Services, Inc., or provide other appropriate security backed by a qualified financial institution as approved by Austin Energy.

Additional contract terms and conditions, related QSE and other fees, financial security requirements, and other matters shall be determined by Austin Energy. All energy, demand, customer, and other charges shall be billed as set forth in the applicable rate schedule.