Key Account Customer Meeting

June 24, 2020
• Safety Minute – Elton Richards
• Welcome & Introductions – Jackie Sargent
• Austin Energy Financial Briefing – Mark Dombroski
• Summer Preparedness & Austin Energy Resources
  o Michael Enger: ERCOT update
  o Erika Bierschbach: Resource Plan, REACH
  o Manny Garza: Load Co-op Overview
• E-Source survey timing – Debbie Kimberly
• Q&A
Safety Minute

Elton Richards, VP Electric System Field Operations
The Dangers of Energy Drinks

Excessive Caffeine (4-5 times a cup of coffee) and sugar

- Increased heart rate
- Dehydration
- Seizures
- Cardiac arrest
- Irregular sleep patterns
- High blood pressure
- Stress levels
- Interaction with other chemicals within the body
- Artificial caffeine
Welcome and Introductions

• General Manager Welcome

• New Executive Team Members
  • Tom Pierpoint, V.P. Electric System Engineering & Technical Services
  • Elton Richards, V.P. Electric System Field Operations
  • Tammy Cooper, V.P. Regulatory Affairs and Corporate Communications
  • Bill Connor, Interim Manager, Commercial & Key Accounts
Financial Briefing
Mark Dombroski, Chief Financial Officer
Commercial Load During Pandemic

Stay home/Stay Safe

Gigawatt Hours (GWh)

- Actual
- Model
- 2019
- 3 per. Mov. Avg. (Actual)

Excludes Primary and Transmission Voltage level commercial customers
FY 2020 Retail Energy Sales

Year to date: 100.16% of forecast
$35 million in Electric Bill Relief for FY 2020

- $5M: Transfer $5M to the Plus 1 financial aid program from the discount program balance
- $1M: Increase the CAP Discount from 10% to 15%
- $25M: Reduce the Regulatory Charge for residential and commercial customers now rather than during the FY21 budget process
- $4M: Set all residential rates for Tiers 4 and 5 to the current Tier 3 rates for use over 1000 kwh to the inside city Tier 3 rate to reduce premium pricing for those using more energy under Stay Home – Work Safe
# City of Austin Fiscal Year 2021 Budget Timeline

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>FEB</td>
<td>MAR</td>
<td>APR</td>
<td>MAY</td>
<td>JUNE</td>
<td>JULY</td>
<td>AUG</td>
<td>SEPT</td>
<td>OCT</td>
<td>NOV</td>
<td>DEC</td>
</tr>
<tr>
<td><strong>Austin Energy</strong>&lt;br&gt;FY21 Forecast Development</td>
<td><strong>City Council</strong>&lt;br&gt;Council Briefing/Report: Forecast Presentation</td>
<td><strong>City of Austin</strong>&lt;br&gt;Budget Development</td>
<td><strong>City Council</strong>&lt;br&gt;City Manager Proposed Budget Presentation&lt;br&gt;EUC Proposed Budget Presentation&lt;br&gt;City Council Public Hearings</td>
<td><strong>City Council</strong>&lt;br&gt;Council Budget Work Session &amp; Set Max Rate</td>
<td><strong>City Council</strong>&lt;br&gt;Council Budget Work Session</td>
<td><strong>City Council</strong>&lt;br&gt;Council Budget Work Session</td>
<td><strong>Austin Energy</strong>&lt;br&gt;FY21 Forecast Development</td>
<td><strong>City of Austin</strong>&lt;br&gt;Fiscal Year 2021</td>
<td><strong>Austin Energy</strong>&lt;br&gt;Pass-Through Rate Change Effective</td>
<td><strong>Austin Energy</strong>&lt;br&gt;FY21 Forecast Development</td>
<td><strong>City of Austin</strong>&lt;br&gt;Fiscal Year 2021</td>
</tr>
</tbody>
</table>

- **24th - 8th**
- **9th**<br>City Council Briefing/Report: Forecast Presentation
- **13th**
- **13th**
- **23rd & 30th**<br>City Council Public Hearings
- **28th**<br>City Council Budget Work Session
- **4th**
- **12th**
- **12th**
- **1st**
- **1st**
- **1st**
## Retail Revenue Summary

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>Basis for Rate</th>
<th>When Adjusted</th>
<th>Last Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Rates</strong></td>
<td>Includes Customer, Energy and Demand Charges: Recovers O&amp;M, G&amp;A and debt service for generation/power supply, distribution, customer services and corporate services</td>
<td>Cost of Service for Test Year</td>
<td>Rate review performed every 5-years</td>
</tr>
<tr>
<td><strong>Power Supply Adjustment</strong></td>
<td>Recovers net ERCOT settlements, fuel, hedging, PPA’s, GreenChoice® and VoS</td>
<td>Actual Expenses</td>
<td>Annually during Budget or if Recovery is ±10%</td>
</tr>
<tr>
<td><strong>Regulatory Charge</strong></td>
<td>Recovers ERCOT transmission and related administrative charges/credits and NERC/TRE regulatory fees</td>
<td>Actual Expenses</td>
<td>Annually during Budget</td>
</tr>
<tr>
<td><strong>Community Benefit Charge: Service Area Lighting</strong></td>
<td>Recovers cost of street lighting, operations of traffic signals and certain Park lighting</td>
<td>Actual Expenses</td>
<td>Annually during Budget</td>
</tr>
<tr>
<td><strong>Community Benefit Charge: Energy Efficiency Services</strong></td>
<td>Funds the cost of energy efficiency rebates and related costs, weatherization, solar incentives, and the Green Building program</td>
<td>Actual Expenses</td>
<td>Annually during Budget</td>
</tr>
<tr>
<td><strong>Community Benefit Charge: Customer Assistance Program</strong></td>
<td>Funds projects that help qualifying low-income and other disadvantaged residential customers through bill discounts, payment assistance (Plus 1), arrearage management, and weatherization services</td>
<td>Actual Expenses</td>
<td>Annually during Budget</td>
</tr>
</tbody>
</table>
### Initial Look: Preliminary Summer 2020 Resource Adequacy Outlook (released March 5, 2020)

<table>
<thead>
<tr>
<th>Summer 2020</th>
<th>Forecasted Season Peak Load(^1)</th>
<th>Forecasted Season Peak Load / Extreme Generation Outages(^2)</th>
<th>Forecasted Season Peak Load / Low Wind Output(^3)</th>
<th>Extreme Peak Load(^4) / Typical Generation Outages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Resources</td>
<td>82,417 MW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peak Load</td>
<td></td>
<td>76,696</td>
<td>79,947</td>
<td></td>
</tr>
<tr>
<td>Unavailable Capacity</td>
<td>4,069</td>
<td>7,001</td>
<td>9371</td>
<td>4,069</td>
</tr>
<tr>
<td>Capacity Available for Operating Reserves</td>
<td>1,652</td>
<td>(1,280)</td>
<td>(3,650)</td>
<td>(1,599)</td>
</tr>
</tbody>
</table>

\(^1\) Based on normal weather from 2004 - 2018  
\(^2\) Based on typical generation outages (average historical planned and forced outages during peak hours for June-September weekdays, starting in 2017), plus additional forced outages at 95\(^{th}\) percentile  
\(^3\) Based on 5\(^{th}\) percentile of wind output during 100 highest Net Load hours for the 2015-2019 summer seasons (1,622 MW)  
\(^4\) Based on 2011 summer weather
So how does that affect this summer?
Final Summer 2020 Resource Adequacy Outlook
(released May 13, 2020)

<table>
<thead>
<tr>
<th>Summer 2020</th>
<th>Forecasted Season Peak Load(^1)</th>
<th>Forecasted Season Peak Load / Extreme Generation Outages(^2)</th>
<th>Forecasted Season Peak Load / Low Wind Output(^3)</th>
<th>Extreme Peak Load(^4) / Typical Generation Outages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Resources</td>
<td></td>
<td>82,199 MW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peak Load</td>
<td></td>
<td>75,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable Capacity</td>
<td></td>
<td>4,069</td>
<td>7,001</td>
<td>9,088</td>
</tr>
<tr>
<td>Capacity Available for Operating Reserves</td>
<td></td>
<td>2,930</td>
<td>(2)</td>
<td>(2,089)</td>
</tr>
</tbody>
</table>

Preliminary Summer 2020 Assessment

| Capacity Available for Operating Reserves | 1,652 | (1,280) | (3,650) | (1,599) |

Final Summer 2019 Assessment

| Capacity Available for Operating Reserves | (150) | (2,815) | (4,088) | (3,453) |

Source: ERCOT
ORDC Change

Loss of Load Probability (LOLP)

$\mu' = \mu + 0.25 \sigma$
$\mu'' = \mu + 0.5 \sigma$

Operating Reserve Demand Curve (ORDC)
Energy Emergency Alerts

• Designed to protect the reliability of the electric system as a whole

• Emergency Alert Levels
  • EEA Level 1
    • Operating reserves < 2,300 MWs and are not expected to recover within 30 minutes
    • Grid operators can call on additional available power such as HRUC, DC Tie import capacity, ERS-30
  • EEA Level 2
    • Operating reserves < 1,750 MWs and are not expected to recover within 30 minutes
    • ERCOT can reduce demand (RRS – Load Resources) and deploy ERS-10 and any unused ERS-30
  • EEA Level 3
    • Operating reserves < 1,430 MWs
    • ERCOT to utilize any measure associated with EEA Levels 1 & 2 not already implemented and firm load shed
2030 Resource Plan & REACH

Erika Bierschbach, V.P. Market Operations & Resource Planning
2030 Plan Delivers *Faster* Carbon Reduction

01

No New Austin Energy Carbon Generation Assets

*Will not purchase, contract for or build long-term generation or storage resources that emit carbon.*

02

Carbon-Free Generation

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Now</td>
<td>63%</td>
</tr>
<tr>
<td>2025</td>
<td>86%</td>
</tr>
<tr>
<td>2030</td>
<td>93%</td>
</tr>
<tr>
<td>2035</td>
<td>0%</td>
</tr>
</tbody>
</table>

03

Timing

*Move more rapidly if technology, affordability and risks to utility customers allow.*
Remain Committed to Cease Operations

Decker Steam Unit 1  After Summer 2020
Decker Steam Unit 2  After Summer 2021
AE’s Share of Fayette  By end of 2022

All dates assume ERCOT approval.
• NSO for Season Mothball for Nacogdoches
  • Received by ERCOT and approved
  • Unit will be seasonally available for summer
  • Anticipate savings of $400k to $500k per year

• NSO for Retirement for Decker Steam Unit 1
  • Received by ERCOT and approved
  • Decker 1 will cease operations no later than October 31, 2020
Austin Energy Generation Emissions

Decker Steam Units Retire

FPP Exit

Zero Fossil Assets (2035 or sooner based on economics)
REACH Update

Average Hourly Generation - Actual v Forecast (April)

Average Hourly CO2 Emissions - est. Actual v Forecast (April)
# REACH Update

## REACH: CO2 EMISSIONS SAVINGS (TONNES)
20200101 to 20200614

<table>
<thead>
<tr>
<th>Grand Total</th>
<th>EMISSION RT</th>
<th>EMISSION ECONOMIC ESTIMATION</th>
<th>EMISSION RT - EMISSION ECONOMIC ESTIMATION</th>
<th>REVENUE FOREGONE ($)</th>
<th>REACH COST/TONNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FPP1</td>
<td>1,079,455</td>
<td>1,431,284</td>
<td>-351,829</td>
<td>1,500,750</td>
<td>$4.27</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>75,452</td>
<td>75,452</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>03</td>
<td>147,624</td>
<td>160,722</td>
<td>-13,098</td>
<td>70,673</td>
<td>$5.40</td>
</tr>
<tr>
<td>04</td>
<td>87,780</td>
<td>156,555</td>
<td>-68,775</td>
<td>350,692</td>
<td>$5.10</td>
</tr>
<tr>
<td>05</td>
<td>76,094</td>
<td>140,788</td>
<td>-64,694</td>
<td>246,206</td>
<td>$3.34</td>
</tr>
<tr>
<td>06</td>
<td>44,540</td>
<td>71,496</td>
<td>-26,956</td>
<td>103,180</td>
<td>$3.83</td>
</tr>
<tr>
<td>FPP2</td>
<td>148,357</td>
<td>148,357</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01</td>
<td>146,555</td>
<td>146,555</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>02</td>
<td>151,683</td>
<td>153,690</td>
<td>-11,927</td>
<td>64,746</td>
<td>$5.43</td>
</tr>
<tr>
<td>03</td>
<td>94,464</td>
<td>156,928</td>
<td>-62,463</td>
<td>240,012</td>
<td>$5.44</td>
</tr>
<tr>
<td>05</td>
<td>58,719</td>
<td>120,562</td>
<td>-61,843</td>
<td>237,720</td>
<td>$3.31</td>
</tr>
<tr>
<td>06</td>
<td>48,207</td>
<td>71,286</td>
<td>-23,078</td>
<td>87,521</td>
<td>$3.79</td>
</tr>
</tbody>
</table>
• Portfolio market risks are shifting
• Goal continues - provide stable, affordable rates
• Utilize diversified portfolio approach in constructing the renewable supply portfolio
• Utilize market based solutions
• Utilize emerging technologies as they mature
Hub North Forward Market – 15 June 2020

$/MWH

$160

$140

$120

$100

$80

$60

$40

$20

$-

OnPeak

OffPeak

Cal 2028 ~ $22.88

Cal 2029 ~ $22.62

Cal 2030 ~ $21.28
Load Co-op Overview
Manny Garza, Interim Director, Energy Efficiency Services
What is Load Co-op?

• Get paid to use less when the grid needs it most
• No risk
• No/Low cost of entry
• June - September
• Leverage existing assets to generate revenue
• No generation currently allowed (ERS program might be a fit)
Why does it exist?

• To reduce Austin Energy’s peak demand
  • kW saving program only

• To reduce our 4 CP load ratio share
  • ERCOT administers transmission cost based on the average ratio share based on the peak demand during the 4 summer months

• To reduce high price exposure
  • Moving to more dynamic load control programs to be able to better mitigate volatility in the market
Program Structure

**Standard Demand Response:** best for manual curtailment or those requiring more (1 hour) advance notice

**Fast Demand Response:** maximizes your incentive if you are able to curtail demand quickly (less than 10 minutes)

<table>
<thead>
<tr>
<th></th>
<th>Standard DR</th>
<th>Fast DR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Incentive Paid</strong></td>
<td>$45/kW reduced</td>
<td>$55/kW reduced</td>
</tr>
<tr>
<td><strong>Event Duration</strong></td>
<td>2 hours</td>
<td>2 hours</td>
</tr>
<tr>
<td><strong>Time Frame</strong></td>
<td>Between 4-7pm</td>
<td>Between 4-7pm</td>
</tr>
<tr>
<td><strong>Notice Given</strong></td>
<td>1 hour</td>
<td>10 minutes</td>
</tr>
<tr>
<td><strong>Number of Events</strong></td>
<td>Around 15; Max of 20</td>
<td>Around 15; Max of 20</td>
</tr>
<tr>
<td><strong>Automated DR</strong></td>
<td>Not required</td>
<td>required</td>
</tr>
</tbody>
</table>

kW is averaged over the entire season. Non-performance only reduces the average kW resulting in a lower payment.
Customer Example

Company A is a manufacturing facility with significant motor and pump load. They participated in 12 of the 14 demand reduction events last season. By shutting down their operation of their motors and pumps reducing their peak load by 360 kW.

Standard Program Outcome: $16,200

If they are able to curtail quickly via automated demand response (ADR)

Fast DR outcome: $19,800
Interested?

• Start by contacting your Key Account Manager
• Don’t fret, we’ll help you along the way
• Partner with us to reduce load and earn revenue!

• More info at: austinenergy.com/go/loadcoop
E-Source Commercial & Key Account Customer Survey

Debbie Kimberly, Customer Energy Solutions
E-Source Annual Survey of Commercial and Large Key Account Customers

• Survey fielded annually in June – July

• Have delayed timing to September – October due to pandemic impacts to business operations

• Results available in December – January – provides useful data on
  o Performance versus benchmark and best in class utilities
  o Key Account Manager support
  o Performance versus level of importance
2019 Performance vs. Level of Importance

Base: Businesses included in the benchmark.

Question S1_1: On a scale of 1 to 10, how important is it for a utility to have the following attributes? S1_2: On a scale of 1 to 10, please rate how well your utility performs on these attributes.
2019 Key Account Manager Performance

My utility account rep

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Rating</th>
<th>Best in class</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is trustworthy</td>
<td>9.8</td>
<td>9.4</td>
<td>-0.4</td>
</tr>
<tr>
<td>Effectively communicates during energy emergencies</td>
<td>9.4</td>
<td>9.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>Understands the needs and challenges of my business</td>
<td>9.6</td>
<td>9.2</td>
<td>-0.4</td>
</tr>
<tr>
<td>Is easy to reach</td>
<td>9.6</td>
<td>9.4</td>
<td>-0.2</td>
</tr>
<tr>
<td>Is a proactive energy advisor</td>
<td>9.4</td>
<td>9.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>Resolves my issues on first contact</td>
<td>9.2</td>
<td>8.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Communicates in a professional and courteous manner</td>
<td>9.5</td>
<td>9.7</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

Base: Businesses included in the benchmark.

Question S2_1: On a scale of 1 to 10, how important is it for your assigned utility account representative to have the following attributes? S2_4: On a scale of 1 to 10, please rate how well your assigned utility account representative performs on these attributes.
2019 Performance vs. Best in Class

Base: Businesses included in the benchmark.

Question S1_1: On a scale of 1 to 10, how important is it for a utility to have the following attributes? S1_2: On a scale of 1 to 10, please rate how well your utility performs on these attributes.
Questions?
Customer Driven. Community Focused.