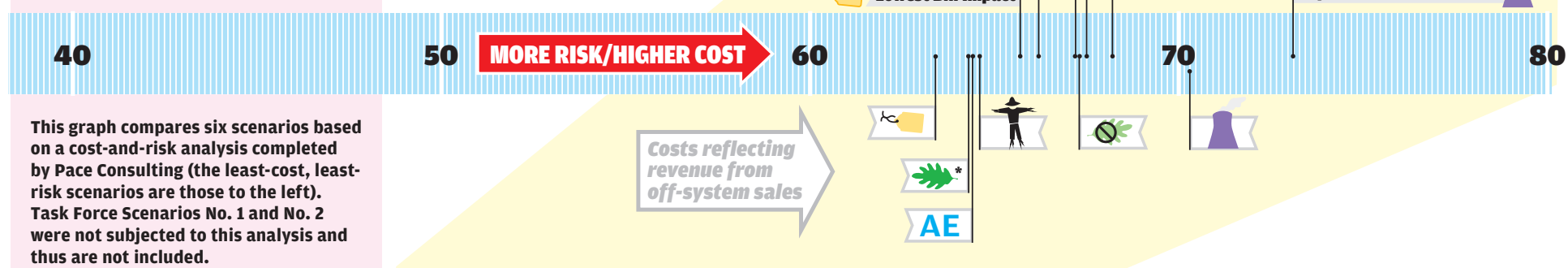


Cost per Megawatt Hour, Adjusted for Risk

(given in 2007 dollars)
FPP=Fayette Power Project

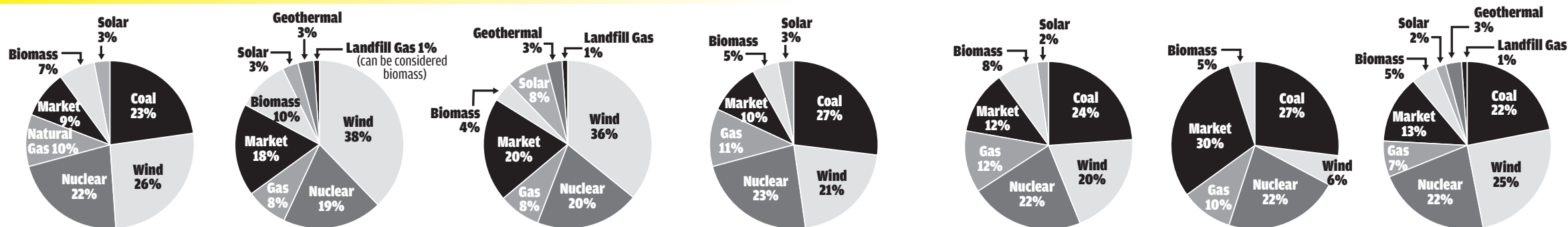


This graph compares six scenarios based on a cost-and-risk analysis completed by Pace Consulting (the least-cost, least-risk scenarios are those to the left). Task Force Scenarios No. 1 and No. 2 were not subjected to this analysis and thus are not included.

OFF-SYSTEM SALES Scenarios below the ruler show the decreased costs and risks of each scenario in the event that AE sells to the market the power it does not include in the 2020 Generation Plan portfolio. For instance, the “AE Recommendation” plan proposes that by 2020, the utility will generate only two-thirds as much electricity from Fayette as it does today; the off-system sales version of that scenario shows what would happen if AE still generated 100% but sold a third of it to the power market.

* All off-system sales scenarios assume AE would sell to the market through 2030, except the “Replace FPP With Renewables” scenario, which assumes sales only through 2020.

2020 Scenarios, Side by Side



	Austin Energy Recommendation	Replace FPP With Renewables, 2020	Task Force Scenario No. 1 (Replace FPP, 2014)	Task Force Scenario No. 2	Strawman	No New Generation (Status Quo)	Lowest Bill Impact
Cost per MWh**	\$58.15	\$57.96	\$62.59	\$60.08	\$57.97	\$56.51	\$56.01
Est. cost per MWh, with risk adjustment**	\$67	\$68	n/a	n/a	\$66	\$68	\$66
Est. cost, with risk adj./ off-system sales**	\$64	\$65	n/a	n/a	\$65	\$67	\$63
Percentage renewables	36%	54%	52%	30%	30%	11%	35%
CO ₂ reduction, compared to 2005	-18%	-62%	-61%	-14%	-6%	+27%	-16%
Capital costs (\$ in billions)	\$2.42	\$3.95	\$3.30	\$1.73	\$1.80	\$0.07	\$2.18
	Ramps down Fayette by about a third by end of 2020.	Retires Fayette by end of 2020.	Retires Fayette by end of 2014.	Expands Fayette “planning horizon” to 2035 or beyond.	Satisfies the Austin Climate Protection Plan’s minimum requirements.	Does not satisfy ACP’s criteria; notably, cost is higher than lowest bill impact.	Notably, exceeds ACP’s 30% renewables target.

Note: Data was not available for all of the scenarios Pace analyzed, including the “Replace FPP With Nuclear” scenario seen in the cost/risk graph at top.

2020 SCENARIOS

The chart at right shows seven scenarios analyzed by Pace for Austin Energy’s generation portfolio for 2020.

The average household uses about one megawatt hour of power a month. Costs shown could approximate what a household in 2020 might spend per month for power generation (which doesn’t include all costs on a bill), though actual rates for different classes of ratepayers are set by City Council.

** “Cost” represents levelized net present value, in 2007 dollars, of portfolio costs (revenue required to recover costs of generation).