

August 21, 2008

Mayor Will Wynn  
Council Member Lee Leffingwell, Place 1  
Council Member Mike Martinez, Place 2  
Council Member Randi Shade, Place 3  
Council Member Laura Morrison, Place 4  
Mayor Pro Tem Brewster McCracken, Place 5  
Council Member Sheryl Cole, Place 6  
P.O. Box 1088  
Austin, Texas 78767-8865

Dear Mayor and Council Members:

We strongly support Austin's efforts in clean energy but are concerned about a rush to action on the biomass energy plant. There are many process, price and environmental caution flags associated with this project that suggest action be delayed.

**PUBLIC INPUT HAS BEEN GROSSLY INADEQUATE - For this reason alone, this biomass decision should be pulled down.**

- What is City Council's standard for community input when committing \$2.3 Billion of public funds equivalent to \$6,000 per electric customer? The biomass proposal does not meet a reasonable standard for public input.
- The "must decide now in August" biomass decision has the appearance of circumventing Austin Energy's major public input initiative which starts the very next month: September 2008.

**EXPENSIVE POWER LOCKED IN AT THE HIGHEST PRICES**

- This power contract appears to be up to 2 to 3 times more expensive than other major power source the city currently uses. This \$115 million per year commitment dwarfs Austin's investment in all other clean energy efforts for efficiency, wind power, solar power and landfill gas. It is our understanding that the FY2007 budget for renewables was \$18.6 million.
- Electricity prices in Texas are strongly linked to natural gas prices. Within the past 2 months, natural gas prices were a dramatic 70% higher than today (peaked above \$13.50 and presently about \$8). Locking in biomass prices negotiated during record high natural gas prices may have negative repercussions.

- Austin's willingness to commit to contract for biomass power without any incentives would seem to significantly lessen the likelihood that Texas will fund (HB1090) state biomass incentives in the future.

### **THIS DOES NOT SEEM TO BE THE BEST TECHNOLOGY FOR AUSTIN**

- Fluidized bed technology has been used by coal plants for nearly 30 years. Austin would lock into this mature technology through 2032 producing up to 602 tons of NOx per year and consuming over 1.3 million gallons of water per day. More advanced biomass technologies that are cleaner and have much higher operational flexibility (and work more compatibly with wind and solar power) seem a better fit for Austin's goals.
- Why is 100 MW of East Texas biomass a better investment than 650 MW of local solar installations? (Austin Energy's Q&A document distributed immediately before the recent town hall meeting said: "*The same investment in solar PV could be expected to build 650 MW of solar arrays.*")
- If circumstances arise such that Austin decides prior to 2032 to get out of this contract (as it tried to with STNP), what will it cost citizens to cancel the contract?

Aside from these process and price concerns, we would like to underscore our support for Roger Duncan and for Austin Energy's general commitment to increased use of renewable energy and energy efficiency. In this case, however, Austin should be able to get more for its limited resources by more carefully evaluating its opportunities.

Respectfully,

Mike Sloan, President  
Virtus Energy Research Associates

T. Paul Robbins  
Austin Environmental Directory

Mark Yznaga

Karen Hadden, Executive Director  
Sustainable Energy & Economic Development (SEED) Coalition

Brigid Shea

Robert Moorhead

Bob Murray