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Dear Client:

With contracts running as far into the future as 2040, the City of Austin is heavily invested in expensive wind, solar and biomass for sources of electricity for residential and commercial consumption. In fact, two new widely-separated wind farms started generating electricity for Austin in recent weeks. Wind is, by far, the biggest *renewable resource* supplier to Austin.

These two wind farms are built and operated by private, for-profit companies. **Austin Energy has contracted for 100% of their generating capacity.** The contract with the **Jumbo Road** wind farm in the Texas Panhandle runs to 2033. Several hundred miles away, in the Rio Grande Valley of South Texas, the contract with the **Los Vientos III** wind farm ends in 2040.

The Austin City Council, through the city-owned Austin Energy, has set goals of **relying on renewable energy for 35% of its electricity production by 2020, with the ultimate goal of 55% of renewable energy power supply to service its customers.** Right now, on any given day, renewable sources contribute only about 10%-20% of Austin Energy's electrical generation.

Austin began purchasing wind power in 1995. Since then, Austin Energy has added **nine additional wind contracts** in areas across Texas. Obviously this is a huge commitment by the City of Austin. And some say Austin Energy's **high residential and commercial electrical rates reflect this investment** in what, critics claim, is a yet-unprovable long-term source of reliable energy.

Currently Austin is getting a vast majority of the electricity it sells to you from reliable natural gas, coal and nuclear power plants. But, as you may recall, there have been continuing efforts to get Austin out of its coal-fired La Grange plant participation. And the nuclear power plant in Matagorda County has been the frequent target of those who oppose the nuke, even though it is often the cheapest and cleanest power source available to Austin.

As we have reported in the past, **Texas is projected to be the nation's leading provider of wind and solar energy.** (Biomass is another story, and it ain't pretty.) Add the state's nation-leading oil and gas production capacity and many believe the energy future for Texas is bright, indeed. But the *future* is out there somewhere. This is *now*. So how does Austin stack up *today* as it strives to be among the cities to lead the nation in renewable energy sources? Check out the next item.

What about solar power? How's that working out for the City of Austin? Uh, check back later. And how about biomass, as a source of electricity, how's that working out? Don't ask. Not good enough, let's tackle them anyway. Here's how they break out.

Neither solar nor biomass can come close to matching the city's reliance on wind power as a renewable energy source for the electricity it peddles to residential and commercial customers. First of all, the city has invested more heavily in wind power. Secondly, **solar power as a source has not yet reached a level to fully gauge its ultimate impact.** And, thirdly, biomass – uh, don't ask. **Many hope biomass will just go away, even though the city has signed a contract that runs to 2032.**

Let's tackle the sticky wicket first. **Austin signed a contract with the largest biomass plant in the US** – located near Nacogdoches in East Texas – **for 100% of its output**, starting in 2012. This plant is supposed to create carbon-neutral electricity by **burning wood waste that otherwise would decompose** and emit carbon compounds that some say contribute to climate change.

The cost? Austin Energy says it is a “**disproportion expense**” and it “**does not plan to invest additional dollars in biomass beyond the current contract.**” Meantime the city is on the hook for that contract until 2032. Kah-ching!!!

Moving on to solar power. The City invested in the **Webberville Solar Project**, on Austin's east side. It uses **photovoltaic panel technology** to generate renewable power. This was back in 2011. Then, in 2014, Austin Energy made a big jump and entered into a contract to create **Texas largest single solar facility that is five times the size of the Webberville system.** It's not yet up and running.

Let's put these renewable sources into perspective in terms of capacity. **Wind has an installed capacity of 1482.4 MW, Solar 180 MW** (after the new installation) and **Biomass 111.8 MW** (includes some minor landfill methane). So you can see the relative impact of these renewables.

Obviously, when the wind is not blowing and the sun is not shining, the output of wind and solar can gyrate dramatically. In fact, the output varies not only from day-to-day, but also from hour-to-hour. This is why, as a percentage of the total electrical generation, these renewable sources can fluctuate to the point that the old reliables of natural gas, coal and nuclear power must be relied upon to keep your lights on. **We are not yet at a point when technology can provide commercially-viable long-term storage of renewable energy.**

So, in effect, **the City of Austin is gambling big bucks on its future ability to deliver reliable electricity to its growing customer base.** Overlay this with the ups-and-downs of the oil and gas business, the criticism of coal's pollution and the always controversial nuclear power industry and you can see why Austin Energy needs to be at the forefront of scrutiny.

Final energy note: drilling movement is occurring in the massive South Texas Eagle Ford shale oil and gas play. And it could signal a more optimistic future. Or not.

The Baker Hughes rig count released in the last week shows an *increase in new drilling activity for the first time since November*. But. And this is not to be taken lightly: the US Energy Information Administration's most recent report says Eagle Ford **oil production has fallen by about 73,000 barrels since January**. These up-down numbers mean stay tuned.

Phones are getting smarter. But you can't necessarily say the same about drivers. According to a national report released this week, a large number of drivers do more than texting. Not only do they use Facebook, Snapchat and Twitter, some drivers take selfies and even shoot videos. If it isn't phone *addiction*, phone usage is certainly *habit-forming*.

Look around you as you ride around Austin. The recent "distracted driving" laws that went into effect in Austin this year doesn't appear to have done much to curtail phone activity behind the wheel. **And with Austin cops concentrating on new efforts to ease roadway congestion, pulling drivers over to ticket them for these offenses seems counter-productive.**

It will take much more than a "buckle-up"-type campaign to change these distracted driving habits. Why? Because, many social scientists believe there is **strong social pressure these days to stay connected**. And you are bombarded with **marketing messages touting new technology that encourage constant connectedness**, according to a *New York Times* report this week.

It's not about distracted drivers within the Austin city limits. Other cities in the metro area are passing similar ordinances. In fact, Texas may be about to enact a statewide "distracted driving" ban to go along with at least 45 other states. **Texas' long-standing motto of "Drive Friendly" may need to be changed to "Drive Verrrry Carefully!"**

The Texas *dirt* drought that started in 2010 is over, but not the *water* drought. The good news on drought relief keeps rolling in, just like the storm weather fronts. The ground is no longer dry. It is very moist. But, hydraulic reservoirs are still far from full.

Buchanan and Travis reservoir lakes are slowwwwwly rising. Lake Travis just hit the 41%-full mark for the first time in years. And the short-term outlook is positive. As we have kept you updated for some time now, the El Nino weather condition is working its magic and triggering more frequent and substantial rains. The National Weather Service says there's a **90% chance of El Nino conditions continuing through the summer and, importantly, an 80% chance to continue through the end of the year**. Keep your fingers crossed.

“Oh Give Me A Home, Where The Rhinos Roam...” Rhinos? Just down the road from Austin? Could be. And not just a few of the huge beasts. Maybe a thousand. There’s a move afoot to move endangered rhinoceroses from South Africa to South Texas.

According to a recent *Texas Monthly* report, **as many as three rhinos are killed every day for their horns** – even though the species is endangered. After all, one rhino horn can bring more than \$350,000. Quite a temptation for poachers in a country where the average annual income is around \$1,700. **The rhino population is down nearly two-thirds since 1970 and at the current “kill” rate, there might not be any more rhinos in 25 years.**

The Exotic Wildlife Association indicated South Texas has a climate and terrain similar to South Africa. **And bringing the rhinos here would serve to conserve and propagate the breed.** The plan calls for them to never be sold or hunted and they would be protected and not allowed to “roam around the countryside.”

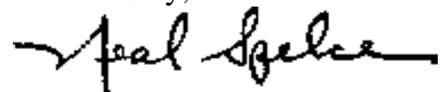
Building a sanctuary is not under consideration. **The thought is to have primarily-young white rhinos, many orphans, placed on private ranches.** Raising rhinos won’t be cheap. And it won’t be easy. New facilities will most likely be needed on these ranches.

These animals are huge – roughly five times the size of a dairy cow and more than double the size of an adult bull. **An adult white rhino could weigh as much as 5,100 pounds – more than a Toyota 4-Runner SUV and many pickup trucks.**

There are still hoops to be jumped through before the rhinos can be transported in crates – really big, strong crates – via aircraft to Texas. For instance, the US Department of the Interior and the South African government need to reach agreement. And what will it take to line up Texas ranchers to participate in this plan? It will be interesting to watch this unfold.

Dr. Louis Overholster echoes the feelings of a number of Texas ranchers when he says “we have enough gun control – what we need is idiot control!”

Sincerely,



Editor/Publisher