

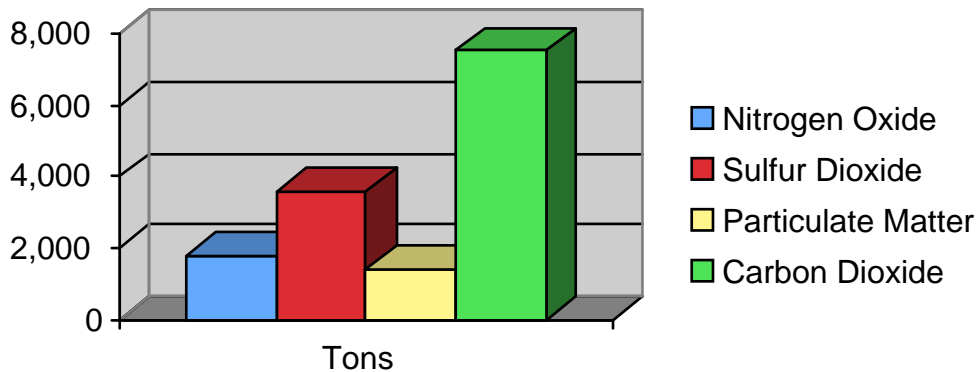


LCRA: Invest in Conservation, Efficiency and Renewables, Not New Coal Plants

On June 6th, 2008 the Lower Colorado River Authority (LCRA) announced they had reached an agreement to purchase an equity position of 100 MWs in the Dynege Sandy Creek 900 MW plant being constructed near Waco, Texas, as well as a power purchase agreement for an additional 100 MWs.

The Lone Star Chapter of the Sierra Club is concerned about the implications of investing in coal-burning technology at a time when the impacts of global warming, as well as ozone pollution on Austin, Dallas and San Antonio, are so apparent. With global warming legislation in Congress likely, the cost of this investment may rise substantially, affecting both LCRA its wholesale business and retail customers.

Tons of Criteria Pollutant and Thousand Tons of Global Warming Gases from Sandy Creek Plant



Source: TCEQ permits or permit applications. ** CO₂ emissions data derived from EPA report: Environmental Footprints and Costs of Coal-Based Integrated Gasification Combined Cycle and Pulverized Coal Technologies (July 2006).

Energy Conservation and Renewables: A Better Approach

Recent reports by ACEEE, Optimal Power, Kema Energy and others have shown that Texas can meet its energy demand through energy efficient plants, demand response, on-site renewables and better building codes, and create jobs.

Off-site renewables – including the wind resources that LCRA has already invested in – are also becoming more cost-effective. The LCRA as a wholesale and transmission electric power company should explore how they can work with the municipal and

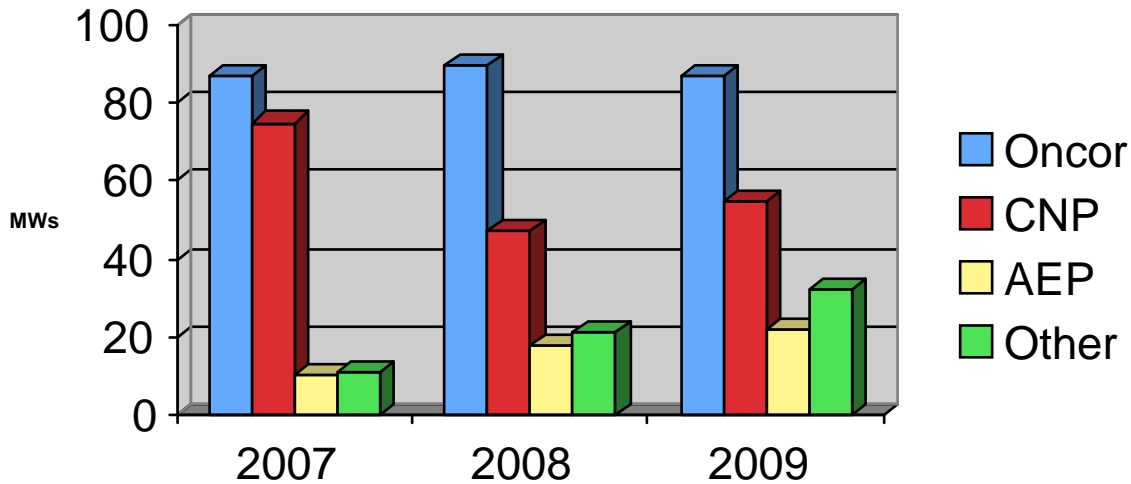


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electric cooperative retail providers to deliver efficiency programs that will be cheaper, more reliable, and less polluting. Currently, in Texas, investor-owned T & Ds are required to meet part of their energy demand through demand-side and energy efficiency market and standard offer programs, saving more than 200 MWs in 2007.

**Historical and Planned Demand Savings from Energy-Efficiency Programs
at Investor-Owned Utilities in ERCOT**



Among the potential areas LCRA could explore:

- Invest in an off-site Concentrated Solar Plant as Austin is exploring;
- Expanding investment in off-site wind power from West Texas
- Increasing efficiency at existing coal and natural gas plants, including through capture of waste heat through new technologies;
- Offering time-of-energy use pricing to reduce demand
- Expanding solar in school program
- Working with on-site solar industry to offer a program that would reduce costs on the transmission side of energy delivery
- Working with cooperatives and municipalities to offer energy efficiency programs at the customer side

The Sierra Club, Lone Star Chapter, and Public Citizen –Texas Office believe that LCRA should take advantage of the opportunity to invest in efficiency and renewable energy now, instead of old-style coal plant technology. We look forward to working with LCRA to make the legislative changes needed to make energy efficiency profitable for the wholesale and transmission electric market, as we have done for investor-owned utilities. See <http://texas.sierraclub.org/> for more information.