

City of San Antonio



Minutes Municipal Utilities Committee

2021 – 2023 Council Members
Dr. Adriana Rocha Garcia, Dist. 4, Chair
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6 John
Courage, Dist. 9 | Marc Whyte, Dist. 10

Tuesday, April 22, 2025

10:00 AM

Council Briefing Room

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:01 a.m. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

Members Present: Dr. Adriana Rocha Garcia, *Chair*
John Courage, *Member*
Melissa Cabello Havrda, *Member*
Marc Whyte, *Member*

Members Absent: Teri Castillo, *Member*

Approval of Minutes

1. Approval of minutes from the March 25, 2025 Municipal Utilities Committee Meeting

Councilmember Whyte moved to Approve the minutes of the March 25, 2025, Municipal Utilities Committee meeting. Councilmember Cabello Havrda seconded the motion. The motion carried by the following vote:

Aye: Courage, Cabello Havrda, Rocha Garcia, Whyte
Absent: Castillo

Briefing and Possible Action on

2. CPS Energy on the impacts of infrastructure growth to transmission planning. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Elaina Ball, Chief Strategy Officer with CPS Energy, provided an update on the substantial load growth and interconnection requests which created demand for additional substation and

transmission infrastructure. She stated that the presentation would cover drivers for infrastructure growth, Electric Reliability Council of Texas (ERCOT) market landscape and industry trends, system growth, the San Antonio Reliability Electric Transmission Line expansion, and next steps.

Ball reiterated that the area was experiencing population growth and was expected to grow by 4.9% by the year 2030. She stated that energy demand and data center demand had drastically increased and would have impacts to energy load within the next 10 years. Ball added that the drivers of infrastructure growth, which were population increase, rising system load, data center demand, renewable energy expansion and planned power generation retirements, would underscore CPS Energy's proactive transmission planning approach.

Ball stated that ERCOT anticipated an increase of 152 gigawatts (GW) of new load by 2030. She noted that there were 1,775 active generation interconnection requests in queue totaling an additional need for 346 GW. She added that the ERCOT region forecasted tremendous electric demand growth over the next 5-7 years, which was driving the need to adapt and plan differently for the future.

Ball reviewed data center electric load growth and noted that Texas was second in the nation for commercial demand for electricity led by data centers. She noted that total electric consumption by data centers in the U.S. would double by 2028 increasing the need for more baseload generation.

Ball stated that CPS Energy was seeing a significant increase in system load growth over the next several years leading to an increase in capital projects and investment required.

Ball spoke to regional transmission growth which was due to ERCOT approving two new 345kV/138kV switching stations and multiple new or upgraded transmission lines. She noted that there was a need for an investment of \$1.4 billion over the next five years which would support the approximate 1GW of forecasted load growth by 2029. She added that ERCOT was reviewing a new Extra-High Voltage (EHV) 765kV system to address overall growth.

Ball reviewed electric transmission line expansions which included the Howard Road to San Miguel new double circuit 345kV transmission line, and the Spruce to Pawnee to Tango rebuild of a single 345kV circuit to a double circuit. She added that multiple projects had been approved in South Texas to improve system reliability and the ability to transfer power from generation resources to major load centers across ERCOT.

Ball spoke to the next steps for CPS Energy to address load demand which included an increase in Requests for Proposals (RFP) to meet demand, continued execution of substation and transmission projects, and power generation preparation for load growth. She indicated that the significant increase in projects and investment would require collaboration across multiple business areas.

DISCUSSION

Chair Rocha Garcia thanked CPS Energy for the presentation and asked of the status of land acquisitions for these products. Ball spoke to the processes for land acquisition and noted that

there was always a public input process in place to gain input and present factors in the expansions. She noted that the public input process began at inception steps and CPS Energy looked to long term expansion efforts.

Chair Rocha Garcia asked if ERCOT assisted in expansion effort costs. Ball clarified that all entities that benefited from expansion were responsible for a portion of expansion based on usage or energy pulled from the expansion.

Chair Rocha Garcia asked if there were new requirements for energy load that could benefit from solar energy. Ball stated that there were several factors that impacted load to include those needed from data centers and manufacturers. Ball spoke to current legislation being reviewed to address load impact and energy resources that CPS Energy was following. She confirmed that CPS Energy was looking at all energy sources to include solar, battery storage, and nuclear energy to make sure that energy sources were diverse and ready to meet demand.

Councilmember Courage asked for clarification on power unit shutdowns and transmission efforts. Ball stated that ERCOT and CPS Energy always reviewed energy units to look at energy sources for reliability and meeting of energy load demands. She noted that the State of Texas also reviewed energy sources, energy meeting efficiencies, and unit retirements.

Councilmember Courage asked if the Spruce Unit was still being retired. Ball stated that the Spruce Unit were still being considered for retirement and that CPS Energy was reviewing when the best time was to retire that and other units based on energy demand. She noted that units were continuously being considered for update or transition from coal to natural gas or other resources.

Councilmember Courage expressed concern regarding the impact of data centers growth in Bexar County and asked what was being done to address growth. Ball spoke to current proposed legislation being considered to address energy load growth and concerns. She addressed planned forecast for increased data center energy needs. CPS Energy President Rudy Garza stated that there were currently 20 data centers in the que for development consideration and that CPS Energy was having discussions with the Legislature to address concerns and needs to meet needed energy demand. He noted that he expected 10 of the 20 data centers to be completed and approved.

Councilmember Courage asked if Impact Fees and other impacts to energy were being paid for by the data centers and not residential customers and that growth paid for growth energy needs. Garza stated that there was always discussion on how centers were being funded and that the projects were discussed collaboratively with the State, data centers, ERCOT, and other stakeholders to meet the demand need for different types of data centers and crypto currency centers. Ball stated that there were not currently any crypto currency centers in the service area and spoke to the collaborative efforts of all stakeholders to address data center and other manufacturer demands, incorporate solutions, and address development requests.

Councilmember Courage expressed concern regarding large data centers energy demand and asked what the impact of data centers was compared to residential customers. Ball stated that in terms of a megawatt unit it normally provided energy to 200 to 300 homes based on

seasonal demands and consumption. Ball spoke to load profiles and consumption for both commercial and residential customers and equations for energy load sourcing.

Councilmember Whyte asked what CPS Energy did to make sure that residential customers were not paying for industrial demands. Ball spoke to processes to model energy demand and mixed costs for energy demand using cost structure studies. She noted that the proposed Senate Bill 6 was well thought out and that the Legislature was also very keen on reviewing costs to residential customers. Ball reiterated that CPS Energy was dedicated to meet the needs of residents and commercial customers and they continuously looked at energy forecasting in order to properly apply costs for usage and impact.

Councilmember Whyte asked if there was consideration for future rate increases to address energy demand. Ball indicated that transmission investments went through a State of Texas review process and that local growth was addressed through the budget and business plan for CPS Energy. She reiterated that the process looked to fairly allocate costs to usage and projected growth.

Councilmember Whyte asked if the City Council's new policy when out of market sales met a certain level and those funds were reinvested in CPS Energy needs. Ball confirmed that those dollars would be leveraged for reliability projects for generation and grid automation which addressed outages.

Councilmember Cabello Havrda noted that Council District 6 was experiencing growth of data centers within the council district. She asked if CPS Energy worked with developers and zoning stakeholders to identify where the best locations were for data centers. Ball stated that CPS Energy did work with the developers to provide input but that ultimately it was up to the developer on where to build centers or any business. Ball stressed the need for collaboration and input on zoning and resources for any industry expansion or build.

Councilmember Cabello Havrda stated that data center development had high negative impact on residential areas due to time to build and construction impact to areas where infrastructure was needed to meet energy demand and that there needed to be a closer look at those impacts.

Councilmember Cabello Havrda asked for clarification on the projected increase of forecasted energy need due to new data centers. Ball reviewed CPS Energy's analysis on anticipated increased energy load by 2030 of 152 GW.

Councilmember Cabello Havrda requested further clarification on costs associated for energy load sales and spread of gained revenue across the system. Ball stated that high load customers for data centers and manufacturers normally had large sales revenues which were spread across the entire cost of utility and could be helpful across the system. Rudy Garza, President and Chief Executive Officer for CPS Energy clarified that CPS Energy did not want residential customers to pay for transmission load expansions and that the current models were built for balance and growth to be paid by industrial or commercial customers allowing for affordable energy to rate payers.

Councilmember Cabello Havrda asked if data centers made residential energy less reliable. Ball stated that CPS Energy always looked at energy reliability to make sure that energy was

not impacted to residential customers and that they conducted energy studies to ensure that energy connectivity meets demand for all customers to include residential.

This item was for briefing only so no action was taken.

1. CPS Energy on the Evolve: Enterprise Resource Planning (ERP) business transformation program. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Evan O'Mahoney, Chief Information Officer for CPS Energy, provided an update on the Evolve: Enterprise Resource Planning (ERP) Transformation Program. He noted that the presentation would review Evolve Program drivers, progress to date, financial summary, and discussion with the Committee. He added that the ERP Transformation Program was moving forward as planned with all partners engaged and resources mobilized. He added that CPS Energy had now transitioned the Program into the implementation phase.

O'Mahoney reviewed the current state overview of legacy systems which included the SAP ERP technology platform which was implemented in 2001. He noted that the current technology landscape had over 400 applications and data integrations with some legacy business processes and sub-optimal platform configurations. He indicated that the core ERP system of SAP would be finished with standard support from the vendor in 2027.

O'Mahoney stated that CPS Energy had established a digital strategy which anchored to Vision 2027 and Horizon 2050 initiatives. He reviewed strategic outcomes for customer service, system enhancements, enhanced technology for reliability and resiliency, meeting changing industry standards, and improving operational processes and efficiencies. He added that established business outcomes would measure improvements in software savings, process efficiencies, customer satisfaction, and other in-scope areas.

O'Mahoney reviewed the planning activity roadmap for the ERP Program from FY 2021 through FY 2026 which would lead to the global design stage of the new system. He noted that to date \$34.6 million had been allocated to the development of the Program. He stated that Oracle had been selected as the technology partner vendor and Accenture as the implantation partner in 2025.

O'Mahoney reviewed the selected partner ecosystem which leveraged industry expertise to deliver the new ERP Program and noted that they had been evaluated, selected, and onboarded in advance of the Global Design Phase. He reiterated that Oracle had been selected as technology partner, PricewaterhouseCoopers as the change management partner, Accenture as the implementation partner, and Gartner as the independent validation and verification partner. O'Mahoney reviewed the scope for each partner and how they were interconnected for the final implementation of the ERP Program.

O'Mahoney reviewed the ERP implementation planned process from FY 2026 through FY 2029. He noted that the phased process would begin with global design and incorporate three separate process releases for different areas of business. O'Mahoney stated that the Release 1 (Human Resources, Finance and Budget) would be done in FY 2027, Release 2 (Customer Support and Billing) would be done in late FY 2028, and Release 3 (Enterprise Asset

Management and Field Services) would be done in mid FY 2028.

O'Mahoney stated that internal staff was key to the development of the implementation of the new system and that over 40 staffers from different divisions had been identified as key subject matter experts to work alongside the selected vendors. He added that over 200 other staffers would provide input to domain areas and over 300 process design workshops were scheduled for configuration input.

O'Mahoney spoke to the business outcomes and planned scope which were for each phased release and noted that the schedule and scope of each release would be finalized at the end of the global design, and outcomes would be achieved once system and processes were fully operationalized.

O'Mahoney reviewed the ERP financial investments made on the improvements, which would total \$304.3 million at completion of the project. He stated that \$34.6 million would be spent for FY 2021 through FY 2025 and that \$269.7 million would be spent to the end of the project.

Garza recognized the work done by staff and the CPS Board of Trustees on the planning and implementation of the initiatives. He reinforced that the planning was done in a transparent manner and stressed his gratitude for the support from the City and stakeholders.

DISCUSSION

Chair Rocha Garcia expressed her support of the improvements and spoke to efforts to meet security for cyber-attacks. O'Mahoney stated that CPS Energy had been very thoughtful on the development of the RFP for services and the need and expectations for data security for all levels of business operations. He spoke to expectations and experience of the Oracle Team on meeting security expectations.

Chair Rocha Garcia asked if CPS Energy anticipated any closure to resident payment options to include current sites used by senior residents or those that did not have digital access. O'Mahoney stated that while digital options would be enhanced, the paper bill statement would still be available and payment options would continue to be equitable and allow for residents to pay at area HEB stores and other locations in person.

Chair Rocha Garcia asked for clarification of examples of real time notifications that were presented. O'Mahoney stated that real time push notifications would be available for customers to be aware of energy usage or other key messaging.

Councilmember Whyte asked if outsources to several vendors was more cost efficient rather than keeping inhouse and using internal staff. O'Mahoney stated that through the entire process key staff was included in all phases and that the usage of several vendors for different phases brought on efficiencies and expertise. Garza stressed that the Board requested that balance was maintained for all phases and that an audit provision was included with reviewing the process and stressed that there was no over hiring of positions for the project.

Councilmember Whyte asked what controls were set in place to not exceed the \$304.3 million price tag of the project. O'Mahoney stressed that staff and audit and validation vendor would provide monthly and quarterly program performance of project status and act as a checks and balance through the entire project implementation.

Councilmember Courage asked how the \$304.3 was being funded. O'Mahoney stated that all project costs were funded through revenue from the last two rate increases and that there were no scheduled rate increases to fund this project. Councilmember Courage asked if there would be any rate increases in the near future. O'Mahoney reiterated that there would be no rate hikes for this initiative.

This item was for briefing purposes only so no action was taken.

Executive Session

No Executive Session was held.

Adjournment

There being no further discussion, the meeting was adjourned at 11:07 a.m.

Approved

Dr. Adriana Rocha-Garcia, Chair

Debbie Racca-Sittre
City Clerk