

City of San Antonio



Minutes Municipal Utilities Committee

2021 – 2023 Council Members

John Courage, Dist. 9

Dr. Adriana Rocha Garcia, Dist. 4 | Melissa Cabello Havrda, Dist. 6

Ana Sandoval, Dist. 7

Tuesday, October 25, 2022

10:00 AM

City Hall Complex

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:00 AM. Deputy City Clerk Aurora Perkins took the Roll Call noting a quorum with the following Committee Members present:

Members Present: John Courage, *Chair*
Dr. Adriana Rocha Garcia, *Member*
Ana Sandoval, *Member*

Members Absent: Melissa Cabello Havrda, *Member*

Approval of Minutes

1. Approval of minutes from the September 27, 2022 Municipal Utilities Committee meeting.

Councilmember Rocha Garcia moved to Approve the minutes from the September 27, 2022 Municipal Utilities Committee. Councilmember Sandoval seconded the motion. The motion carried by the following vote:

Aye: Courage, Rocha Garcia, Sandoval

Absent: Cabello Havrda

Public Comment

Peter Onofre, member of the CPS Rate Advisory Committee (RAC), spoke in support of the Item and thanked CPS Energy and staff for working closely with the Committee in addressing issues addressed by the RAC.

Briefing and Possible Action on

2. Briefing on the CPS Energy Rate Advisory Committee work related to Generation Planning [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

- a. Status Briefing from CPS Energy Staff
- b. Update from Francine Romero, CPS Energy Board of Trustee liaison to the Rate Advisory Committee
- c. Update from Reed Williams, Chair of the CPS Energy Rate Advisory Committee

Francine Romero, Member of the CPS Board of Trustees, introduced the overview of the Rate Advisory Committee (RAC) update on future generation planning. She stated that the RAC was charged to learn and provide thoughtful input and perspective on generation planning. She reviewed the meeting schedule completed by the RAC and recommendations to be delivered in December 2022.

Benjamin Ethridge, CPS Energy Executive Vice President for Energy Supply, reviewed the power generation plan update and stated that the RAC worked closely with Charles Rivers and Associates (CRA) to review scenarios and recommendations. He noted different CPS Energy portfolio concepts and evaluation of those portfolios. He reviewed the timeline for the delivery of portfolios and scenarios reviewed. Ethridge spoke to the current generation planning process through 2030 and upcoming capacity retirements of certain energy plants.

Ethridge reviewed the CRA power generation resource planning approach which identified planning objectives, developed market scenarios, developed resource portfolios, portfolio modeling and determination of the preferred energy plan. Ethridge reviewed the metrics and evaluation criteria utilized by CRA and CPS Energy. He reviewed Electric Reliability Council of Texas (ERCOT) scenarios for different energy or market instances and related economic indicators.

Chair Courage asked if battery energy research was being considered. Ethridge stated that battery energy was not being considered currently but would be continued to be considered by ERCOT and CPS Energy.

Melissa Sorola, Vice President of Marketing and Communications for CPS Energy, provided an overview of communications conducted within the community and stated that a newsletter and other materials addressing the RAC meetings were distributed. She stated that an Open House was conducted on October 6, 2022 and that an additional survey was conducted to gain data from the community on energy generation concerns. She noted that 125 individuals had completed the survey as of September 17, 2022 and staff would continue to conduct outreach and survey completion and would update information as available.

Chair Courage asked if the survey would be utilized at future outreach events. He asked that a link to the survey be included in upcoming energy bills to customers.

Reed Williams, RAC Chair, provided closing comments of RAC meetings and stated that the RAC was charged with providing bridging decisions as recommendations to CPS Energy and City

leadership. He stated that two main objectives considered were to address aging plants and the replacement of coal energy generating plants while considering risks and costs associated with recommendations. He stated that the hiring of CRA provided transparency in the review process and was very useful to the RAC. He added that consultant Burns and McDonnell would be utilized to conduct peer review analysis.

Williams reviewed the approval process and timeline for the RAC of the recommendations and impact of risks and associated costs.

Councilmember Rocha Garcia asked for clarification on the fact that retirement of plant units needing to be approved by ERCOT and the true timeline of plant retirements. CPS Energy President Rudy Garza stated that there were several factors that impacted the timeline to include new technologies development and maintenance of current plants and added that ERCOT would be notified as dynamic model data was updated.

Councilmember Rocha Garcia asked how rate structure initiatives would be incorporated into the generation model. Garza stated that all energy resources were evaluated, and the removal of coal would mean an increase in gas and other resources.

Councilmember Rocha Garcia asked for elaboration on different portfolio feasibility. Ethridge noted that solar and wind energy concepts were the largest portfolios considered and reviewed all portfolio market feasibility options. Councilmember Rocha Garcia asked if energy market sales were considered in the portfolios. Ethridge stated that market sales were not a large component of the recommendations.

Councilmember Sandoval noted that the base case scenario for metrics and evaluation criteria included extreme weather but asked if it considered higher normal temperatures. Ethridge stated that all weather impacts were considered with the National Weather Service.

Councilmember Sandoval asked if energy efficiency was considered in the models. Garza reiterated that energy efficiency and usage of the STEP program adjustments were always considered. Councilmember Sandoval asked when the recommendations would be brought forward to the City Council and CPS Board. Chief Financial Officer Ben Gorzell stated that it was anticipated that the City Council would be briefed in January 2023 and then brought forward to the CPS Board for a vote.

Councilmember Sandoval asked if more accessible communications would be developed. Sorola stated that CPS Energy would schedule meetings to discuss recommendations. Councilmember Sandoval asked for clarification on how consultant Burns & McDonnell would be utilized in the process. Williams reviewed the process and noted that Burns & McDonnell would be working closely with CRA to complete peer review open sessions which would be completed virtually and in person.

Councilmember Sandoval asked that Burns & McDonnell evaluate if the closure of the Spruce Plant could be conducted sooner and consideration of associated constraints. Williams stated that the cost minimalization model would be reviewed and reported to ERCOT.

Chair Courage asked if replacement by 2030 would be completed one for one or at a higher level of delivery. Garza stated that work in the Flex Power Bundle provided initial data on strategic energy purchases and recommendations for power generation and possible plant closures. Chair Courage asked if energy source conversions included an increase in long term gas contracts. Garza confirmed that source conversions were considered for long term needs.

Councilmember Sandoval asked if reserve margin and energy generation were being adjusted as data came in. Ethridge stated that the study already conducted was very useful and that ERCOT energy generation was considered and matched the CPS Energy reservation levels which were consistent with that of ERCOT. Councilmember Sandoval stated her concern of models provided by CRA and asked that continued evaluation be conducted to ensure confident recommendations were provided. Garza stated that appropriate stress testing would continue to be conducted and that CPS Energy was confident with the work conducted to date.

No action was required for Item 2.

3. Update by CPS Energy on the Energy Efficiency & Conservation Program approved by City Council on June 16, 2022 [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Ricardo Luna, CPS Energy Director of Technology & Product Innovation, provided an overview of the CPS Energy efficiency and conservation efforts to include the Sustainable Tomorrow Energy Plan (STEP). He noted that the new five-year STEP Program took effect in August 2022. He reviewed the timeline for the delivery of the STEP benefits to customers which included continued weatherization of homes. He reviewed the new STEP metrics and associated dashboard which provided data on demand savings, energy savings and costs.

Luna provided an overview of STEP programs to include home energy assessments, HVAC Tune-Ups Program, and retail lighting discounts. He stated that a new outreach campaign for residential and small business customers had been developed. Luna reviewed demand response efforts during peak Summer demand periods and the delivery of services. Chair Courage asked if residents with central HVAC systems would be automatically be enrolled in energy efficiency thermostat installations. CPS Energy President Rudy Garza stated that CPS Energy's approach was to provide customers with the choice of enrollment but would consider an automatic enrollment process.

Luna reviewed on-going engagement with stakeholders and customers to include community fairs and contactor events. He noted that the next phase of the STEP Program focused on growing equity-focused programs to include the redesigned weatherization program, Multi-Family Weatherization efforts and non-traditional solar rebates and addressing of barriers to solar access. Luna reviewed STEP Program participation registration options.

Chair Courage stated that it would be beneficial to have a dashboard that would present data on utilization of different STEP programs to demonstrate the value of each program. Luna stated that CPS Energy would develop the requested dashboard and report back to the Committee. Chair Courage thanked the team for the presentation.

Councilmember Rocha Garcia asked how many CPS Energy employees participated in the STEP Programs. Luna stated that the programs were communicated to their employees and highlighted for their use. Councilmember Rocha Garcia asked that program briefings be provided to City of San Antonio employees.

Councilmember Rocha Garcia asked that communications language accessibility be reviewed to make sure that all residents, to include senior residents, be considered. She requested that HEB Grocery retail sites be included in retail outreach efforts.

Councilmember Sandoval asked if energy evaluations were available to customers or only low to moderate income customers. Luna confirmed that this service was available to all customers.

Councilmember Sandoval requested a heat map to illustrate where solar rebates and other services were being utilized. Luna stated that a heat map would be provided.

Chair Courage stated that he conducted an energy efficiency analysis on his home but expressed concern on the timeliness. Luna stated that improvements had been made to the process.

No action was required for Item 3.

4. Briefing on the Dedicated Resiliency, Energy Efficiency and Sustainability Fund Established in the FY 2023 Adopted Budget [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Chief Financial Officer Ben Gorzell stated that under the FY2023 Adopted Budget a dedicated Resiliency, Energy Efficiency and Sustainability Fund was established which addressed priority energy topics to include urban heat island effects. He stated that an update to the City Council would be provided on December 14, 2022 and that no funds had been distributed to date.

Councilmember Rocha Garcia asked for clarification on overlapping programs with the CPS Energy STEP program. Councilmember Sandoval stated that the Program would fill in gaps from the STEP Program and identify other needs for energy efficiency. Councilmember Rocha Garcia asked that the Neighborhood and Housing Services Department be included in program development discussions.

No action was required for Item 4.

Executive Session

No Executive Session was held.

Adjournment

There being no further discussion, the meeting was adjourned at 12:14 PM.

John Courage, Chair

Debbie Racca-Sittre, City Clerk

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