



City of San Antonio

Agenda Memorandum

File Number: 23-189116

Agenda Item Number: 18

Agenda Date: January 12, 2023

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the work undertaken by CPS Energy's Rate Advisory Committee (RAC) and CPS Energy staff to review options for future power generation and the resulting recommendations. The recommendations were submitted to the CPS Energy Board of Trustees during their December 19, 2022 meeting for consideration and future approval. The RAC's power generation recommendations were decided upon at the committee's meeting held on December 15, 2022.

SUMMARY:

A briefing on the power generation recommendations submitted to CPS Energy's Board of Trustees. CPS Energy's Rate Advisory Committee Chair, Mr. Reed Williams, and CPS Energy staff will present.

BACKGROUND INFORMATION:

The CPS Energy Rate Advisory Committee (RAC) was established by the CPS Board of Trustees on April 22, 2021, to provide thoughtful input and perspectives to CPS Energy Management and to the Board of Trustees on rate structure, rate design, proposed rate increases, and generation planning. The RAC is made up of 21 members comprised of 11 appointees by the CPS Energy Board of Trustees, including Mayoral appointees and 10 City Council appointees.

The bylaws of the RAC define its purpose as:

“Members of the RAC will devote the necessary time and energy to learn about the utility business and the rate design function in order to understand and provide thoughtful input and perspectives to CPS Energy Management and Board of Trustees on rate structure, rate design, proposed rate increases and generation planning issues.”

Since early 2022, the RAC has been considering Generation Planning options. Specifically, they have been evaluating CPS Energy’s existing and future generation portfolio to meet the communities need for power over both the short-term and long-term planning horizon. Working with CPS Energy staff and two consulting firms, they have considered key factors such as: plant retirement dates, future generation technologies, future bill impacts to customers, and many others.

The RAC evaluated nine generation portfolios in a range of market conditions including extreme weather. The RAC adopted evaluation criteria and scoring weights, ranking the criteria in the following order: reliability, environmental sustainability, affordability, flexibility, and workforce impact. CPS financial stability was converted from a criterion to a requirement, where all portfolios had to ensure CPS was financially stable to be considered.

On December 15, 2022, the RAC voted to recommend generation portfolio #2 to the CPS Energy Board. Portfolio #2 is a generation planning portfolio with a blended mix of natural gas, solar, wind, and storage.

ISSUE:

A briefing on the power generation recommendations submitted to CPS Energy’s Board of Trustees. CPS Energy’s Rate Advisory Committee Chair, Mr. Reed Williams, and CPS Energy staff will present.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

This item is for briefing purposes only.

RECOMMENDATION:

This item is for briefing purposes only.