

City of San Antonio



Minutes

Municipal Utilities Committee

2021 – 2023 Council Members

Melissa Cabello Havrda, Dist. 6

Jalen McKee-Rodriguez, Dist. 2 | Phyllis Viagran, Dist. 3

Ana Sandoval, Dist. 7 | Clayton Perry, Dist. 10

Tuesday, April 26, 2022

9:00 AM

City Hall

Members Present: Ana Sandoval, *Member*
John Courage, *Chair*
Dr. Adriana Rocha Garcia, *Member*
Melissa Cabello Havrda, *Member*
Mario Bravo, *Member*

Members Absent: None

Approval of Minutes

1. Approval of minutes from the April 4, 2022 Municipal Utilities Committee meeting.

Councilmember Sandoval moved to approve the minutes from the April 4, 2022 Municipal Utilities Committee meeting. Councilmember Cabello Havrda seconded the motion. The motion carried by the following vote:

Aye: Sandoval, Courage, Rocha Garcia, Cabello Havrda, Bravo

Public Comment

Committee Members were provided written comments submitted by Cyrus Reed. There were no public comment speakers at the meeting.

Items for Consideration

2. Briefing by CPS Energy on customer assistance efforts to include the Affordability Discount Program and update on American Rescue Plan Act (ARPA) utility assistance [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

DeAnna Hardwick, CPS Energy EVP – Customer Strategy, provided an overview of the CPS Energy customer assistance efforts to include the Affordability Discount Program and update on the American Rescue Plan Act (ARPA) utility assistance. Hardwick noted that CPS Energy continued to conduct customer outreach to assist customers with financial assistance and payment plans due to economic impacts related to COVID-19 and other events. She stated that CPS Energy was working closely with the Department of Human Services and the San Antonio Housing Authority (SAHA) to identify customers needing assistance and registering them in programs. She noted that 65,000 customers should be registered by Summer 2022.

Chair Courage congratulated CPS Energy on their outreach efforts and community meetings conducted in various council districts. Chair Courage asked that future data include specific numbers of customers served and those requesting assistance. Hardwick stated that ARPA application data was still being verified and the data may include duplicates and that the \$20 million under ARPA would be allocated.

Councilmember Cabello Havrda noted her appreciation of customer outreach and events held and asked for clarification on the process for screening and prioritizing calls and applications of customers. Hardwick provided clarification on the screening and outreach verification processes.

Councilmember Rocha Garcia asked for clarification of the partners CPS Energy was working with to provide fiscal assistance. Hardwick stated that she would provide the list to the Committee. Councilmember Rocha Garcia asked about requirements for qualifications under the ARPA assistance programs. Ben Gorzell, Chief Financial Officer, stated that the City stressed the importance of serving the customers in most need and staff reviewed both the City and Federal guidelines to ensure they were met, vetted and applied. Gorzell reiterated the desire to meet the needs of those customers most in need and would continue to look at ways of improving delivery.

Councilmember Rocha Garcia asked how many requirements for ARPA assistance were Federal and how many were required by the City. Chief Financial Officer, Ben Gorzell, stated that the Federal requirement was to demonstrate an impact by COVID-19 and in the agreement with CPS Energy and SAWS, there were additional requirements in terms of documentation.

Chair Courage asked for clarification on the process of document verification to grant assistance. Hardwick stated that there were challenges to obtaining document verifications.

Councilmember Sandoval stated that she was pleased that staff continued to review the processes for customer awards and asked that surveys be performed to gather customer information on

services.

Councilmember Sandoval asked if there was any data on single-family vs multi-family homes metrics and issues. Hardwick stated that CPS Energy was working with SAHA to gather energy usage data at SAHA housing facilities.

No action was required for Item 2.

3. Briefing by CPS Energy on an update on the FlexPOWER Bundle Program [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Kevin Pollo, CPS Energy Vice President of Energy Supply and Market Operations, provided an overview and update on the FlexPOWER Bundle Program and related generation transformation. Pollo reviewed the CPS Energy current generation portfolio and technology opportunities being reviewed by CPS Energy to include solar energy, wind energy, energy storage, and firming capacities. Pollo discussed the opportunities and challenges associated with the comprehensive program to expedite energy portfolio transition to include replacing aging gas plants such as the Braunig Plants. Pollo reviewed the benefits of natural gas generation under the FlexPOWER Bundle program to include cost benefits and extended energy duration capabilities.

Pollo provided an overview of the key activities associated with driving toward CAAP goals by CPS Energy which included board briefings, obtaining public input, transparency, execution of plan and need for resiliency.

Chair Courage asked when the FlexPOWER Bundle RFP would be released. Pollo stated that the bids were due in February 2021 and reviewed by CPS Energy and noted that some respondent's plans were deemed too expensive or cost prohibitive to implement.

Chair Courage noted that recent news reports projected a 22% increase to energy bills and asked for clarification of the projection. Pollo stated that recent global events to include the war between Russia and Ukraine and the global impact of gas supply had caused energy costs to rise. Cory Kuchinsky clarified that CPS Energy normally hedged 50% of their natural gas position and because of this, was able to dampen the fiscal impact to customers and CPS Energy's bills were still lower than other energy entities in Texas. Chair Courage stated that more communications were needed to make customers aware of impacts to energy rates.

Chair Courage asked of the status of battery storage efforts and studies with Southwest Research Institute (SWRI). Pollo stated that CPS Energy was still working with SWRI to expand battery storage. Chair Courage asked for an updated report of the work and studies performed with SWRI. Rudy Garza, CPS Energy Interim President and CEO, stated that a report would be provided and expanded on the efforts with SWRI and the desire to expand storage needs. Janie Gonzales, CPS Board Chair, reiterated that partnerships with outside entities were monitored and reviewed by the Board. Chair Courage stressed the importance of receiving an updated report.

Councilmember Rocha Garcia asked how much of the energy technologies briefed were owned by CPS Energy. Pollo reviewed the facility ownership of the current portfolio and specifics of partner facilities. Councilmember Rocha Garcia requested a meeting to discuss the portfolio specifics.

Councilmember Bravo asked for information on planned retirements of older facilities and associated timelines. Pollo stated that the information would be provided to the Committee. Councilmember Bravo asked about the status of energy partnering contracts. Pollo stated that contracts were currently being reviewed and it was a priority to provide contracts to senior leadership for signature.

Councilmember Bravo noted that it was risky to invest in long term coal and natural gas facilities and the impact on energy rates associated with operating those facilities and not expanding battery storage faster. Garza stated that it was still vital to keep natural gas facilities as back up energy capacity to maintain reliability of services. Councilmember Bravo asked of the ability of CPS Energy to expend battery storage in the Downtown area. Garza clarified that CPS Energy was working on contracts including battery storage efforts.

No action was required for Item 3,

4. Briefing by CPS Energy on the Save for Tomorrow Energy Plan (STEP) [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Rick Luna, CPS Energy Director of Technology and Product Innovation, provided a briefing on the CPS Energy Efficiency & Conservation Program (also known as STEP) which was established in May 2009 and highlighted the STEP evolution. Luna reviewed current programs associated with STEP and noted that the program was set to end in July 2022. Luna noted that STEP was currently being evaluated to determine the future of the program and that it was anticipated to continue and would be brought before the City Council for consideration. Luna reviewed the key decision points, program goals achieved, and feedback received in determining the continuance of the STEP.

Luna reviewed two program options provided to the CPS Energy Board and the costs associated with each option. He noted that the future program design would align CPS Energy programs to STEP revised goals based on feedback and conducted program analysis. Luna reviewed the estimated five-year term budgets for the two options considered and briefed the Committee on the benefits for both options.

Councilmember Rocha Garcia asked why solar rebates were to be discontinued in both options provided. Luna stated that the cost of solar systems has been greatly reduced and become more affordable to customers and thus the need for solar rebates had been reduced. Rudy Garza clarified that net metering still provided benefits to customers seeking solar options and CPS Energy would continue to support efforts like community solar.

Chair Courage asked for clarification on demand reduction and costs associated with both options and the impact on the need to replace certain plants. Pollo clarified that demand reduction allowed for expanded usage of current plants and reduced overall cost savings, on which Garza further expanded. Chair Courage asked for clarification on the costs and revenue for commercial clients under these options. Luna provided an overview of the projected costs and savings for the different type of commercial users and stated that an expanded report would be provided to the Committee.

Councilmember Sandoval asked for clarification on the funding sources associated with the options provided. Garza stated that CPS Energy hoped that they could maximize funding available from the City or the Federal Government and would continue to identify all sources of funding to expand programs to customers.

Councilmember Sandoval stated that there could be code development options to be considered and explored to expand cost savings to customers. Luna stated that a deep analysis and collaboration with the City's Development Services Department was needed to identify future incentives or cost savings. Garza committed to provide the technical assistance to the City in discussing any future code amendments. Chair Courage asked that CPS Energy analyze the possible options for new home construction building code amendments for consideration of energy savings and to provide that to the City for consideration.

Councilmember Sandoval requested that incentives provided to customers first utilize the PACE Program and then utilize the STEP program if additional funding was needed.

Councilmember Bravo asked for an analysis on energy efficiencies and equity scores associated with both programs to demonstrate any cost savings. Councilmember Bravo asked that cool roof technology opportunities be considered for residential customers when replacing roofs. Councilmember Bravo stated that he would like to end incentives to homeowners and builders for installing natural gas appliances.

No action was required for Item 4.

5. Briefing by the CPS Energy Rate Advisory Committee Councilmember liaison, Councilwoman Ana Sandoval [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Councilmember Sandoval provided an overview of the CPS Energy Rate Advisory Committee (RAC) Liaison Report to include membership updates and highlights from recent RAC meetings. Councilmember Sandoval noted the CPS Energy Board member updates to include recent appointments and resignations. Councilmember Sandoval reviewed recent RAC activities and meeting discussions and noted that Committee Members were provided a report on the discussed updates. Councilmember Sandoval discussed the next steps of board meetings.

Chair Courage asked for clarification on the process being addressed by the Board to determine

next steps needed by the RAC for consideration and in the approval of presented STEP options and other programs. Rudy Garza, CPS Energy Interim President and CEO, stated that CPS Energy leadership was discussing changing proposed meeting dates to assure that the RAC reviewed program options prior to presenting to the Board and ultimately City Council for approval.

No action was required for Item 5.

Executive Session

No Executive Session was held.

Consideration of items for future meetings

Adjournment

There being no further discussion, the meeting was adjourned at 11:06 AM.

John Courage, Chair

Respectfully Submitted

Debbie Racca-Sittre, Interim City Clerk