



City of San Antonio

Agenda Memorandum

Agenda Item Number: 1

Agenda Date: June 3, 2022

In Control: Municipal Utilities Committee

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

CPS Energy's new Energy Efficiency & Conservation Program.

SUMMARY:

CPS Energy is proposing a new Energy Efficiency & Conservation Program (the "New Program") with a focus on energy demand reduction, customer bill savings equity, emissions reduction, and innovative technologies. The New Program's name is still being determined. The New Program was reviewed and approved by the CPS Energy Board of Trustees on May 23, 2022.

BACKGROUND INFORMATION:

CPS Energy has been offering customers energy efficiency and conservation programs under its Save for Tomorrow Energy Plan (STEP) since May 2009. The STEP program was designed to incentivize customers to be more efficient and thereby reduce energy demand by 771 MW, the equivalent of a large power plant.

The original STEP goal was achieved in 2019, a year earlier than the original goal of 2020 and \$130 million under the original budget of \$849 million. The STEP program was extended in 2020 to allow time for CPS Energy to design and propose a new program and again in 2021 due to delays created by COVID-19.

Through the STEP program, CPS Energy has implemented over 20 energy efficiency and conservation products and services that provide financial incentives, rebates and programs to residential and

commercial customers for energy saving enhancements (weatherization) and appliances; undertake energy conservation measures (demand response); and participate in solar programs. Since inception, the STEP program has delivered community benefits, including:

- 980 MW of customer demand savings from energy behavior modification and efficiency improvements to homes and businesses;
- Nearly 30,000 homes have been weatherized through the Casa Verde program, helping families save approximately \$450 on their electric bill every year;
- 150,000 smart thermostats have been installed in customer homes, helping reduce energy demand on the hottest days of summer;
- 29,000 solar systems have been installed on homes and businesses across the City, supporting a solar industry that has grown to 87 installers employing 1,000 local workers; and
- Significantly enhanced air quality in the Greater San Antonio area through emissions reductions.

On May 23, 2022, the CPS Energy Board of Trustees approved a 5-year, \$350 million dollar replacement program with an estimated annual cost of \$70 million, \$9 million of which will be recovered through base rates and the additional amount to be recovered through an adjustment in the fuel surcharge.

The New Program aligns with the City of San Antonio's Climate Action and Adaptation Plan (CAAP) and contributes to emissions reduction. The proposed New Program continues proven energy savings initiatives while adding new strategic categories to include multifamily weatherization, non-traditional solar options, electric vehicle managed charging, battery storage and customer education/behavioral programs.

The New Program includes targets of 410 MW of incremental demand reduction, 1.00 percent of energy savings per year relative to annual retail electric sales and 16,000 single family homes to be weatherized over the next 5 years.

The \$70 million proposed budget for the New Program is consistent with historical spending; therefore, there is little to no impact expected on the average residential bill relative to the New Program.

ISSUE:

Briefing by CPS Energy on the new Energy Efficiency & Conservation Program approved by the CPS Energy Board of Trustees.

The rate funding mechanism for the current program (STEP) expires July 31, 2022. It is anticipated that the New Program will be presented to City Council on June 16, 2022, requesting authorization.

ALTERNATIVES:

This is a briefing only.

FISCAL IMPACT:

This is a briefing only.

RECOMMENDATION:

This is a briefing only.