



# ***ENERGY EFFICIENCY & CONSERVATION PROGRAM***

*PRESENTED BY:*

**Rudy Garza**

Interim President & CEO

&

**Rick Luna**

Director, Technology & Product Innovation

June 16, 2022

*Request for Approval*

# AGENDA



- **OPENING MESSAGE – RUDY GARZA**
- **OUR ROAD TO TODAY**
- **PROPOSED PROGRAM**
- **TARGETS & OUTCOMES**
- **FUNDING APPROVAL REQUEST**

**Our objective today is to request your funding approval for our new Energy Efficiency & Conservation program.**

# OUR FUNDING REQUEST TODAY



<b>Request</b>	We are requesting your funding approval of a new 5-year Energy Efficiency & Conservation program with continued funding through the fuel adjustment surcharge on customer bills
<b>Benefits for All Customers</b>	<p><b><i>Cost Savings</i></b> - the new program will benefit all CPS Energy customers by delaying the need for additional generation capacity &amp; reducing our overall system fuel &amp; transmissions costs.</p> <p><b><i>Carbon Reduction</i></b> - the plan will reduce carbon emissions in alignment with the City of San Antonio’s Climate Action &amp; Adaptation Plan (CAAP).</p> <p><b><i>Lower Bills</i></b> - customers who participate proactively in energy savings programs can also lower their energy use &amp; save on their monthly electric bills.</p>

The new program benefits all customers & will include multiple program options so everyone can participate & save.

# MEETING OUR ENERGY NEEDS

## THE ROLE OF ENERGY EFFICIENCY & CONSERVATION



- **Growing population** - projections indicate 1 million new residents in the next 20-30 years.
- **Diversified supply strategy** - energy efficiency & conservation is a key component to our overall generation strategy.
- **Operational flexibility** – programs like demand response give us flexibility to meet energy needs & reduce costs on peak days.
- **Reduced carbon** - lowering energy use enables the downward trend in carbon intensity, even as our energy needs increase.



Big Sun Community Solar carports at Rush Enterprises

# LOWER BILLS FOR OUR CUSTOMERS



## Reduced System Costs

- The STEP final assessment found the program resulted in \$1.93 of benefits\* for every \$1 invested by CPS Energy.
- Without STEP, customers would pay higher fuel, capacity & transmission costs.

## Direct Customer Bill Savings

- Customers who participate in programs also benefit from rebates & lower energy use.



In May, we presented the San Antonio Housing Authority (SAHA) with \$311,000 in energy efficiency rebates.

**“Over the past two years, we have received over \$50,000 in rebates from CPS Energy. That money goes right back to our kids.”**  
**– Guy McKeon, Idea Public Schools**

# ECONOMIC IMPACT



- 7,500 local jobs & \$312 million in labor income from FY2009 to FY2019.\*
- Industries supported include solar installation, weatherization, HVAC services, & program implementors.
- Hundreds of small businesses also benefit from providing services & equipment that qualify customers for rebates.

# Participating Businesses by Program	
Residential Rebates	392
Commercial Rebates	183
Registered Solar Contractors	87
Weatherization Contractors	6

**“The CPS Energy STEP programs have been a great benefit to our customers & helped our small business grow. Being able to provide our customers with instant rebates up front makes the decision easier for customers to improve their homes.” -Maria Contreras, Insulation Works**

\* Source: ICF Study, November 2019 [https://www.cpsenergy.com/content/dam/corporate/en/Documents/STEP%20Review%20Report\\_19-11-1.pdf](https://www.cpsenergy.com/content/dam/corporate/en/Documents/STEP%20Review%20Report_19-11-1.pdf)



# CONCLUDING THOUGHTS

- STEP has been an award-winning program for the last 12 years & has delivered on its promise.
- We've studied the program for the past 3 years & believe continuing the program is the right thing to do for our community & customers.
- We ask for your support of funding to allow us to continue providing these valued programs.



All program reporting is third-party verified & sent to CoSA for review & feedback.

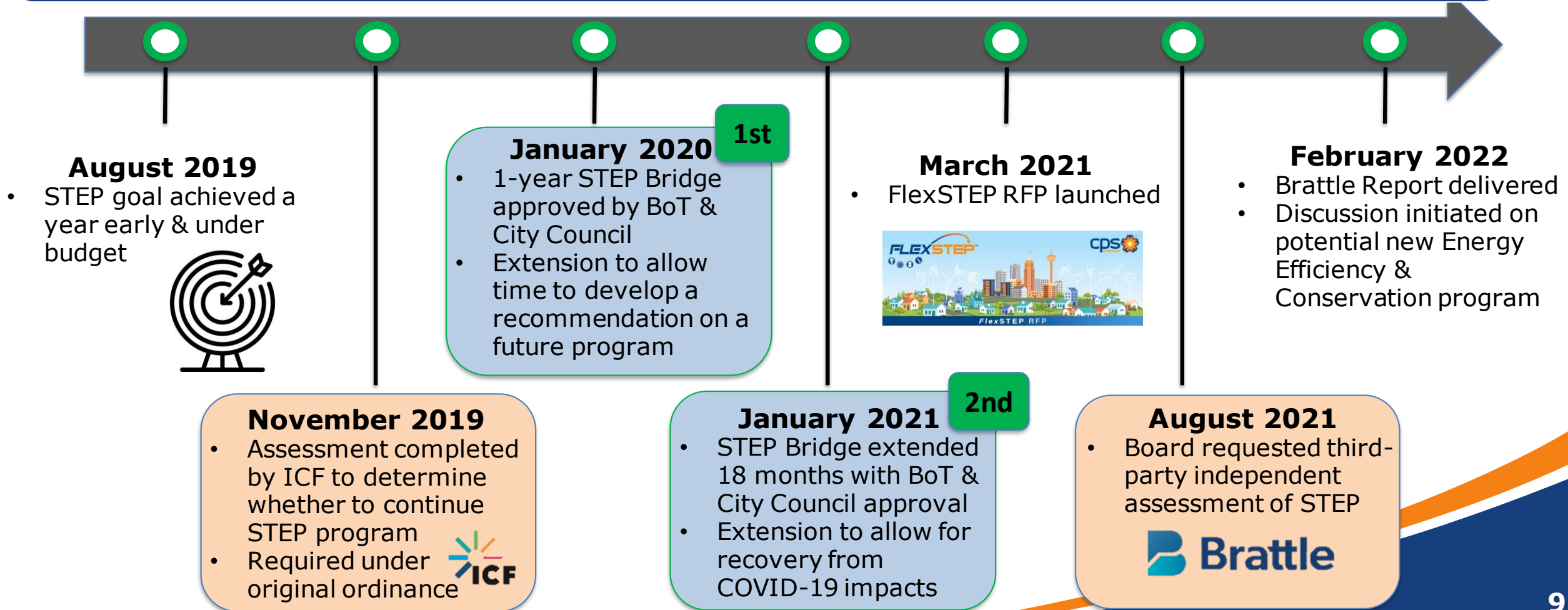
**The current energy efficiency & conservation programs will expire on July 31, 2022, if no action is taken.**

# FUTURE STATE



# OUR ROAD TO TODAY

Discussions on the future of energy efficiency & conservation started almost 3 years ago when the original STEP goal was achieved.



# RECENT ENGAGEMENTS

**We've incorporated feedback from the RAC, CAC & City Council in developing the proposal we're presenting today.**



## **Rate Advisory Committee (RAC)**

- June & September 2021 – Deep dive on STEP programs
- March 2022 – Recap of Brattle Report
- April 2022 – Discussion of key decision points
- May 2022- Consideration of 3 options



## **Citizens Advisory Committee (CAC)**

- March 2022 – Recap of Brattle Report
- April 2022 – Discussion of key decision points
- May 2022- Consideration of 3 options



## **City Council**

- April – Program options discussed with the MUC
- May 2022 – 1:1's with Council members
- June – Update on Board Approved Program

# CURRENT STEP CONTRIBUTION

## BILL AMOUNT BY RATE GROUP



**2021 Average Bill & STEP Amounts Per Customer Group**

Rate Group	Total Bill	\$ Contributed to STEP per Bill	% of Bill
Residential	\$ 119.89	\$ 3.63	3.0%
Small Commercial	\$ 538.65	\$ 18.09	3.4%
Large Commercial	\$ 10,986.82	\$ 408.25	3.7%
Extra Large Commercial	\$ 82,709.20	\$ 3,365.19	4.1%
Super Large Commercial	\$426,247.21	\$ 19,378.94	4.5%

To calculate your own monthly contribution to the STEP program, please follow the calculation below:

<b>\$0.00348</b>	<b>x</b>	<b>1,000 kWh</b>	<b>=</b>	<b>\$3.48</b>
<i>Average STEP contribution factor</i>		<i>Monthly Consumption (or Usage)</i>		<i>Average contribution to STEP per month for a customer with 1,000 kWh in monthly usage</i>

**We sent letters to all customers with a personalized view of how much they contributed to the STEP program in 2021.**

Table above can be found at: <https://www.cpsenergy.com/en/about-us/programs-services/save-for-tomorrow-energy-plan.html>

# BOARD APPROVED PROGRAM

**\$70 MILLION/YEAR FOR 5 YEARS**



## Demand Management



- Reduce need for additional capacity through demand reduction programs

## Bill Savings



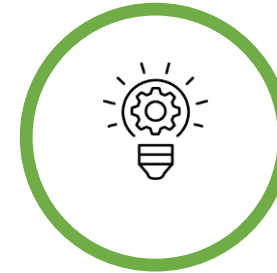
- Help customers reduce electric bills through energy efficiency, educational & behavioral programs

## Address Equity



- Increased focus on low income programs through weatherization, multi-family weatherization & new solar options

## Innovation



- Launch of new innovative programs that support electric vehicle, battery storage & new opportunities

## Emissions Reduction



- Align with the Climate Action & Adaptation Plan (CAAP) by focusing on reducing carbon emissions

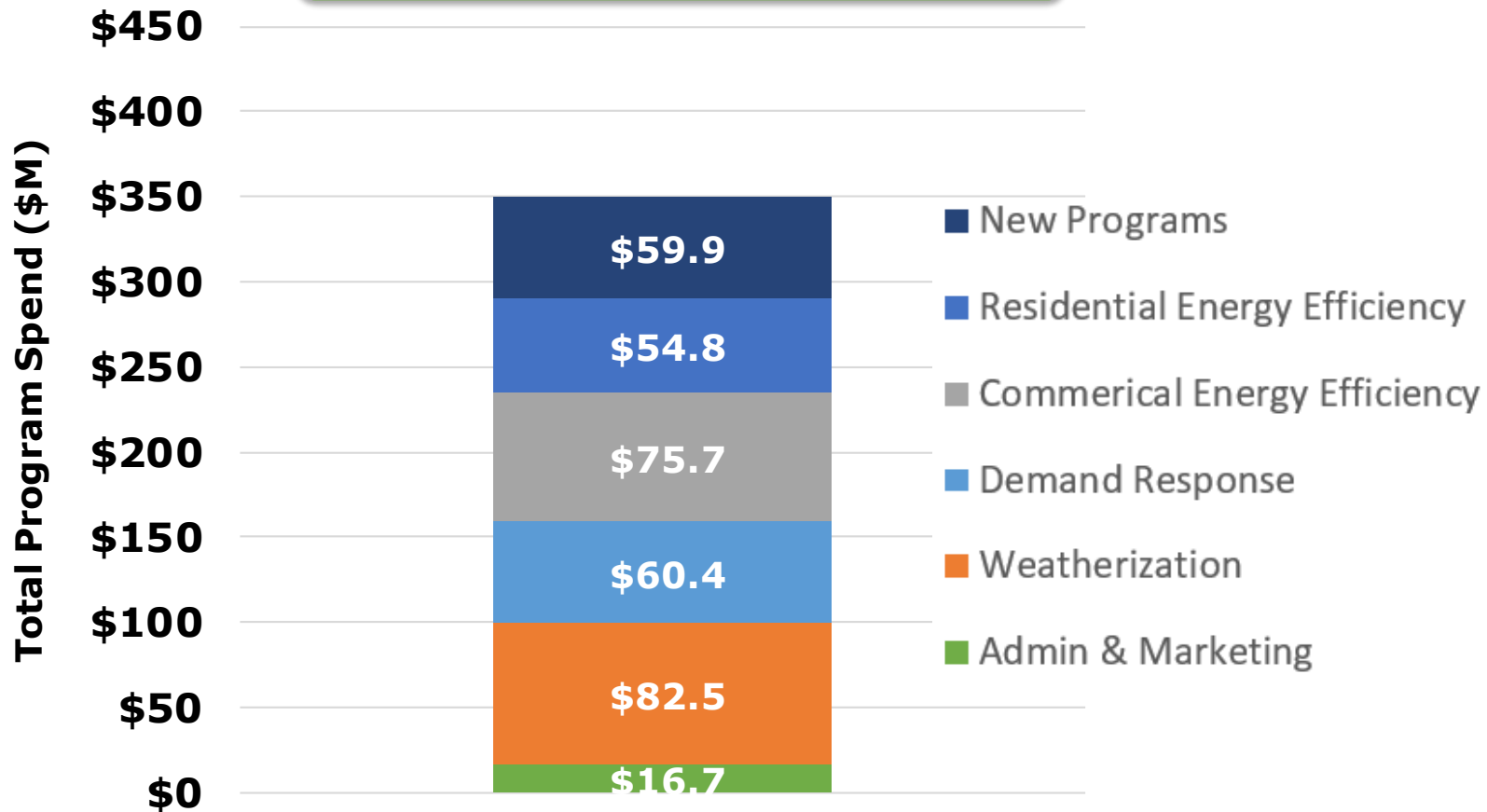
**Our Board approved \$70M/year as it provides comprehensive programs, ambitious goals & accountability with no additional impact to customer bills.**

# ESTIMATED BUDGET

## ALIGNING FUNDING TO GOALS



5 years / \$350M total



**\$350M program budget:**

- **Increases commitment to low income programs**
- **Grows the demand response programs**
- **Supports robust energy efficiency initiatives**
- **Allocates funds for innovative new programs**

All figures based on a 5-year program.

# PROGRAM DESIGN

## ALIGNING PROGRAMS TO GOALS



Program Categories	Current	Proposed
Case Verde* / Weatherization	✓	✓
Energy Efficiency	✓	✓
Demand Response	✓	✓
Traditional Solar Rebates	✓	
Multifamily Weatherization		✓
Targeted Low-Income Programs		✓
Educational/ Behavioral Programs		✓
EV Charging Programs		✓
Non-Traditional Solar Options		✓
Battery Storage		✓

→ *Continued funding for Cool Roofs*

→ *Solar rebates to be phased out through end of year*

→ *Add community solar & other programs that make solar accessible to more customers*

Existing Programs

New Programs

\* Casa Verde is the marketing brand for our weatherization services to single-family homes.



**We are increasing funding of low income programs to 28% of the budget versus 16% in the original STEP program.**

- **Create a portfolio of programs focused on equity:**
  - Casa Verde Weatherization
  - Multifamily Weatherization
  - Targeted retail discounts
  - New low income solar options
  - Additional programs over time
- **Leverage external funding**
  - Grants
  - Partnerships, including Property Assessed Clean Energy (PACE)
- **Data-centric approach to helping customers:**
  - Identify customers with the highest energy burden
  - Leverage multiple data streams to expand customer participation
- **Expanded eligibility**
  - Add energy burden as an alternative qualification criteria
  - New multifamily program to support renters
  - Partner with local non-profits

# MARKETING & OUTREACH



## Earned Media

- Education
- Milestones
- Program highlights
- News stories
- Interviews

## Social Media

- CPS Energy platforms
- Social post sharing
- Sharing news & events
- Influencer outreach

## Relational

- Customer Response Unit
- Energy Advisors
- Energy2Business
- Account Managers
- Community Events & Block Walks



## Paid Media

- Digital billboards
- Bus cards & shelters
- Print & digital ads
- Radio spots
- TV spots & Univision

## Owned Channels

- Website & Newsroom
- Employee messaging
- Stakeholder engagement
- Walk-in centers
- Bill messages

## Local Experts

- Rebate outreach team
- Industry experts
- Trade allies



**We will drive participation in our energy efficiency & conservation programs through a coordinated, multi-channel education & outreach strategy.**

# ACCOUNTABILITY



## Continued Accountability Procedures

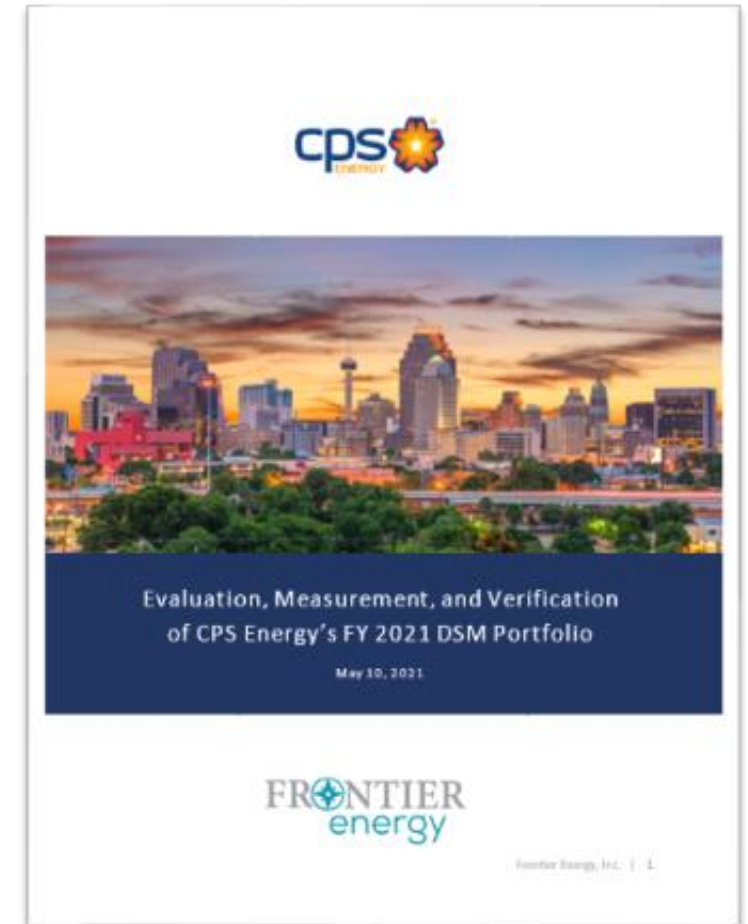
- Annual Report, prepared by an independent third-party consultant, that verifies energy savings prior to recovery of program costs.
- Quarterly reports with expenditures by program & customer class, funds accumulated, & estimated kW/kWh savings.

## Robust Reporting Requirements

- Reporting of customer participation & dollars spent by Council District, rate class & income level.
- Maps with program participation by area & Council District.

## Year 3 Check-in

- Formal evaluation at year 3 to evaluate performance & reaffirm goals.





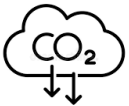


**The accountability procedures ensure the program only pays for verified energy savings & the expenses incurred are accurate & reasonable.**

# PROGRAM OUTCOMES

## 5-YEAR TARGETS



		Targets & Benefits
<b>Demand Reduction</b>		<i>~<b>410 MW</b> of incremental demand reduction</i>
<b>Energy Savings*</b>		<i>~<b>1.00%</b> of energy savings per year</i>
<b>Equity</b>		<i>~<b>16,000</b> homes &amp; ~<b>20,000</b> multifamily units weatherized</i>
<b>Avg. Monthly Bill Impact**</b>		<i>~<b>\$3.50</b> bill impact</i>
<b>System Benefits</b>		<i>~<b>\$665M</b> in lifetime avoided fuel &amp; capacity costs</i>
<b>Emissions Reduction</b>		<i>~<b>1.85M</b> tons of avoided carbon</i>

- ***Reduces the need for additional capacity***
- ***Direct customer bill savings***
- ***Assists customers with the most need***
- ***No incremental bill impact***
- ***Solid return on investment***
- ***Supports a low carbon future***

\* Energy savings as a percentage of annual electric sales.

\*\* Bill impact figures are based on CY2021 average residential usage of 1,048 kWh per month & are subject to change.

**The program will deliver outcomes that matter to our customers & community.**

# REQUEST FOR APPROVAL



**We request approval for authorization to recover expenses through the fuel charge that will enable the following:**

- A new 5-year Energy Efficiency & Conservation program
- \$70M per year program, \$350M total budget
- Targets of 410 MW incremental demand reduction, 1.00% energy savings, 16,000 weatherized homes, & 20,000 multifamily units weatherized
- Built-in check-in at year 3 to ensure the program is on track
- Annual reporting of results to the CPS Energy Board of Trustees & City of San Antonio with accountability procedures similar to the STEP program

**Without action, the existing STEP programs  
will expire on July 31, 2022.**

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