



Energy Efficiency & Conservation Program

Public Utilities Supervisor Recommendation
June 16, 2022

Presented by: Ben Gorzell, Jr., Chief Financial Officer

Council Action Requested

- Authorize funding for CPS Energy's new Energy Efficiency & Conservation Program through an adjustment in the fuel surcharge
- Five-year Term through July 31, 2027
- Estimated cost \$350 million (~\$70 million a year)

Accountability Measures

- Fuel surcharge recovery begins in the following fiscal year only after a third-party consultant has verified actual energy savings using industry standard measurements methods.
- Annual and quarterly Program reports published on City website.
- City staff monitors recovery monthly and over/under recovery adjusted annually to make sure only program costs recovered
- Formal evaluation of the Program in third year of five-year term





Key Program Benefits

- Aligns with the City Climate Action and Adaption Plan
- Contributes to emissions reduction
- Continues proven energy savings initiatives
- Adds new strategic categories to include
 - Multifamily
 - Weatherization,
 - Non-traditional solar options,
 - Electric vehicle managed charging,
 - Battery storage, and
 - Customer education/behavioral programs.



Fuel Adjustment

- Pass through of fuel cost to customers
- Adjusted monthly for actual fuel costs
 - Generation fuel – nuclear, coal, gas
 - Renewable energy purchases
 - Market Power Purchases
 - Resale natural gas and transportation
- Save for Tomorrow Energy Plan (STEP) costs, calculated annually, applied monthly
- Winter Storm Uri cost recovery

Staff Recommendation

- Approve funding of the new energy efficiency and conservation program
- Estimated cost \$350 million over five-year term
- Costs recovered same as with STEP program
 - \$9 million already in base rates
 - Balance recovered through fuel surcharge adjustment

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Back Up Slides

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May 11

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May 17

Rate Advisory Committee

May 23

CPS Energy Board Approves Five-Year \$350 Million Program

June 3

Present Board approved program to the Municipal Utilities Committee

Prior Program

Save for Tomorrow Energy Plan (STEP)

- Established May 2009.
- Targeted reduce energy demand by 771 MW

Goal achieved in 2019, a year early and \$130 million under the original budget of \$849 million

Council extended STEP in 2020 to allow time for CPS Energy to design and propose a new program

Extended again in 2021 due to delays created by COVID

Funding Detail

5-year, \$350 million dollar replacement program

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