

City of San Antonio



Minutes Municipal Utilities Committee

2021 – 2023 Council Members

John Courage, Dist. 9 Chair

Jalen McKee-Rodriguez, District 2 | Phyllis Viagran, District 3

Melissa Cabello Havrda, Dist. 6 | Ana Sandoval, Dist. 7

Tuesday, May 23, 2023

10:00 AM

City Hall Complex

The Municipal Utilities Committee convened a regular meeting in the Council Briefing Room in the City Hall Complex beginning at 10:06 AM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Committee Members present:

Members Present: John Courage, *Chair*
Jalen McKee-Rodriguez, *Member*
Phyllis Viagran, *Member*
Melissa Cabello Havrda, *Member*

Members Absent: None

Approval of Minutes

1. Approval of minutes from the April 7, 2023 Municipal Utilities Committee meeting.

Councilmember Cabello Havrda moved to Approve the minutes of the April 7, 2023 Municipal Utilities Committee meeting. Councilmember Viagran seconded the motion. The motion carried by the following vote:

Aye: Courage, Viagran, Cabello Havrda

Absent: McKee-Rodriguez

Briefing and Possible Action on

2. Briefing by CPS Energy on the status of the new power generation plan portfolio including the retirement of the Spruce 1 power plant and conversion of the Spruce 2 power plant from coal to natural gas generation. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Chair Courage congratulated CPS Energy on receiving the Reliable Public Power Award. CPS Energy Executive Vice President of Energy Supply Benny Etheridge reported that the CPS Energy Board approved a plan for Generation Resources earlier this year. Etheridge reported that the Spruce 1 Coal Plant was planned to be retired by December 2028 and the Spruce 2 Coal Plant was planned to be converted to natural gas by December 2027. The plan was to transition to net-zero carbon emissions by 2050 which could include renewable energy, geothermal energy and nuclear technology.

DISCUSSION:

Chair Courage asked how the Federal and State plans differed and what were the challenges. Etheridge stated that the Federal program required CPS Energy to purchase more credits. Chair Courage asked whether there was a commitment or approval needed from the Energy Reliability Council of Texas (ERCOT) to close or convert the plants. Etheridge did not think the required approvals would cause any delays. Chair Courage requested more information about geothermal as the technology progressed.

Councilmember Viagran recommended accelerating the closure of Spruce 1, noting that as technology improved, shortening the timeline within the budget could be possible.

Councilmember Cabello Havrda requested projected savings for customers related to the program changes and an assessment of the health benefits of closing the plants. Etheridge stated that the cost to the plan were higher and did not actually save money, but CPS Energy would gather the information. Councilmember Cabello Havrda asked if there was a plan to continue the work of the RAC. Rudy Garza, President and CEO of CPS Energy, stated that the Board would need to determine if the RAC would continue or if another advisory board would be formed.

Councilmember McKee-Rodriguez recommended an advisory body such as the RAC to continue and requested a graph or chart of the estimated costs to ratepayers and environmental impacts. Councilmember McKee-Rodriguez asked if there were regulations that were barriers to moving forward with closing the coal units. Garza stated that delays could occur if the State did not support transition from fossil fuels or took action in conflict with Federal regulations that got tied up in court. Councilmember McKee-Rodriguez recommended net-zero carbon emissions earlier than 2050.

Item was for discussion only so no action was taken.

3. Briefing by CPS Energy on global supply chain constraints impacting customers and the mitigation measures taken by the utility. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Maria Stanton, Vice President of Supply Chain for CPS Energy, listed items that were presenting a challenge such as single-phase transformer distribution units. She stated that CPS Energy was working to increase diversity of material sourcing and to find more vendors which was done by relaxing transformer standards which resulted in some failures but the issues had since been resolved.

Stanton stated that the shortage was a global situation due to issues with raw materials and labor but reported that CPS energy worked with partners and were open to referrals and process

improvements. Stanton noted that weather events such as hurricane season could cause further delays in shipping and availability of equipment.

Stanton reported that Garza had sent a letter to the State Legislature regarding supply chain issues. She noted that the U.S. Department of Energy (DOE) considered using the Defense Production Act to address supply chain issues for distribution transformers but instead focused on domestic production of heat pumps. Stanton noted that DOE's proposed new standard of amorphous steel cores in transformers added energy efficiency but were much heavier and required thicker poles.

DeAnna Hardwick of CPS Energy spoke regarding CPS Energy's efforts to optimize value to the customer through collaborative partnerships to help provide solutions to developers who were needing to install new residential transmission systems. Hardwick stated that CPS Energy was working with the Development Services Department as well.

DISCUSSION:

Chair Courage commended CPS Energy for working to find solutions to help developers build their subdivisions. Chair Courage recommended sharing supply chain issue information with the average residential customer as this could impact their services after a storm or their expectations of development in their neighborhoods. Hardwick stated that CPS Energy maintained an emergency stockpile of transformers and had not delayed any emergency repairs but a message had gone out warning customers it could take more time than usual to make a repair.

Item was for discussion only so no action was taken.

4. Briefing on collaboration between CPS Energy's STEP Program activities and City's residential housing programs like the Minor Repair Program to enhance outcomes for residents. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

CPS Energy Vice President of Enterprise Risk and Development Jonathan Tijerina provided some background and overview of the Save for Tomorrow Energy Plan (STEP) Program which was a five year program that began in August 2022 with the goals of demand management, bill savings, equity, innovation and emissions reduction. Tijerina reported that the Casa Verde Weatherization Program was their largest component of the STEP which was currently under procurement after de-bundling the formerly large contract to allow more small businesses to work with CPS Energy.

Tijerina reported that 1,320 homes had been weatherized for an annual average savings of \$500 per year on their utility bills and minor home repairs were another component of the Program. Tijerina described a new multifamily program that would expand the benefits of weatherization to multi-family customers.

Tijerina stated that CPS Energy had been leveraging partnerships with City departments such as the Neighborhood and Housing Services Department (NHSD) and Parks to streamline the process, continue stakeholder engagement, and was seeking Federal and State grant funding using a collaborative approach. Tijerina listed many partnerships focused on assisting customers with utilities.

DISCUSSION:

Chair Courage asked how much it cost CPS Energy to weatherize a home and whether the Minor Home Repair Program was new. Tijerina stated that the average home weatherization cost was \$5,000, however, the Program was new and some of the funding was at the contractor level and with the Residential Energy Assistance Program (REAP).

Chair Courage noted that one Councilmember had recommended moving money from the Resiliency Energy Efficiency and Sustainability (REES) Fund into REAP to allow more repairs through non-profit partners. Chair Courage recommended that CPS Energy partner with the City for minor home repairs. City of San Antonio Chief Financial Officer Ben Gorzell stated that there was funding within NHSD for minor home repairs and roof replacement/white roofs, and Parks for tree mitigation and noted that there was a planned briefing to City Council next week.

Councilmember Viagran recommended that CPS Energy assist residents with maintenance of utility service alley ways. Councilmember Viagran recommended that the City take the lead on minor home repairs and suggested that this was beyond the scope of CPS Energy and recommended a B session related to this. Gorzell stated that this would be discussed this week.

Councilmember McKee-Rodriguez noted that minor home repairs were listed as small roof leaks, plumbing, electrical, carpentry or gas stove replacement. Councilmember McKee-Rodriguez requested a map of the weatherized homes and requested more information regarding the multi-family program to ensure the customer benefited, not just the property owner.

Councilmember McKee-Rodriguez spoke in support of the weatherization enhancement and proposed creation of a model home targeted to high equity/low-income neighborhoods to show what could be done and what energy efficiency looked like.

Councilmember Cabello Havrda thanked CPS Energy for partnering with 14 different programs to help our community and noted that recently Casa Verde reached the milestone of having weatherized 30,000 homes since its inception and noted that minor repair was in addition to the 14 partners.

Councilmember Cabello Havrda requested clarification on the Community Ambassador Program and recommended connecting the Ambassador to the Council District Offices. Jesse Hernandez, Senior Vice President of Community Engagement, stated that they were hiring one initial staff member to work within the community to connect them to the services. Councilmember Cabello Havrda recommended more outreach and block walking. Councilmember Cabello Havrda recommended a larger conversation about collaboration and coordination between the City and CPS Energy's programs.

Chair Courage recommended prioritization of the City's minor home repairs with the Weatherization Program as well as the addition of demand management in any home that was weatherized. Tijerina stated that CPS Energy was there to help. Garza agreed that individuals in the Weatherization Program would be interested in a demand management thermostat but it could be limited by the digital divide because smart thermostats required internet.

Gorzell suggested that customers in these programs, could be reviewed to help them get a homestead exemption and other benefits.

Councilmember Cabello Havrda supported connecting homeowners with other programs and benefits through the Weatherization Program.

Item was for discussion only so no action was taken.

5. Update on the CPS Energy Rate Advisory Committee's history of presented topics, progress and future anticipated activities. [Ben Gorzell Jr., Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

Shanna Ramirez, Chief Legal Officer of CPS Energy, stated that the RAC had developed an education series, rate request, STEP, generation planning and rate design. Ramirez listed the members of the Committee and stated that their overall goal was affordability.

DISCUSSION:

Chair Courage asked about the affordability triangle which included: bill relief, conservation and demand management. Ramirez stated that the affordability triangle concept would lead future discussions about how programs might work together. Garza added that the RAC understood that the work to upgrade the billing system through an enterprise resource program software was an integral part of the plan.

Chair Courage asked if there were ad hoc committees to assist the RAC. Garza replied that there should probably be one formal committee and ad hoc committees that were assignment based and reported back. Chair Courage recommended a primarily advisory committee that was open to the public similar to RAC and not some of the previous models of subcommittees that were not as accessible. Garza committed to transparency.

Councilmember Viagran noted that she was a member of the RAC and it was an enlightening experience. She commented that there was a large time commitment and they did a great job. Councilmember Viagran recommended a long term advisory committee, not necessarily the RAC but a committee to ensure that the goals were being met and there was a plan for stakeholder involvement. Councilmember Viagran asserted that if residents conserved, all the goals would be met.

Councilmember McKee-Rodriguez stressed that the RAC Members had significant institutional knowledge and their work could continue with follow through on implementation of the generation plan and other items.

Councilmember Cabello Havrda recommended continuation of an advisory body such as the RAC and agreed that many of the RAC Members would provide good consistency. Councilmember Cabello Havrda commented that the RAC Chair ensured transparency.

Chair Courage asked whether rate design could include rate decoupling and time of use rates.

Ramirez stated that those issues would be discussed during the next three meetings of the RAC.

Item was for discussion only so no action was taken.

Executive Session

No Executive Session was held.

Consideration of items for future meetings

Adjournment

There being no further discussion, Chair Courage adjourned the meeting at 11:34 a.m.

Approved

John Courage, Chair

Debbie Racca-Sittre, City Clerk