



CPS ENERGY MARKET & GENERATION PLAN UPDATE

PRESENTED BY:
Elaina Ball
Chief Strategy Officer

CPS Energy Community Input Committee
07/09/2025

AGENDA

- Executive Summary
- Market Outlook
- Generation Plan Progress
- Headwinds
- In-Progress Work
- Upcoming Generation Plan Refresh

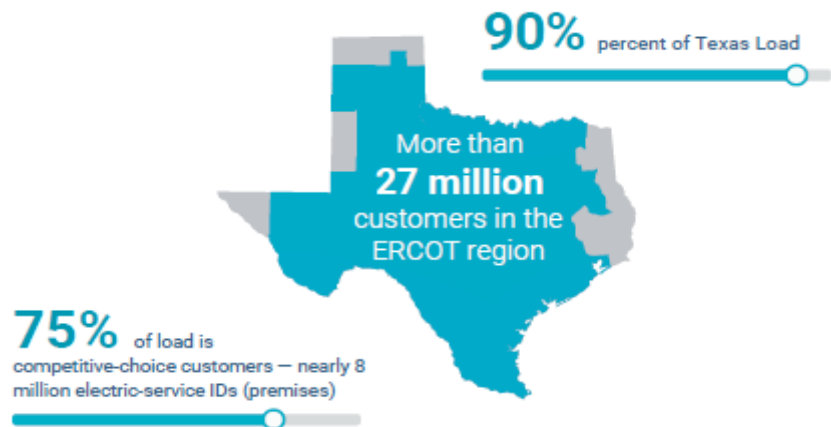
We have made significant progress towards achieving our Vision 2027 Generation Plan and are moving forward to manage our community's increasing energy needs.

EXECUTIVE SUMMARY

- Electric demand is accelerating in our region and throughout the State of Texas
- Growth, coupled with retiring legacy generation, and increasing costs/lead times to build generation mean that energy prices will become more volatile
- CPS Energy has made solid progress in executing and improving upon our community-led, Board-approved long term generation plan to meet our community's growth and economic development needs amidst emerging headwinds
- We are exploring owned and purchase power opportunities across all technologies both for new and operating projects to meet our needs in a timely, cost-effective manner
- Beginning this fall we will be refreshing our power generation plan with updated assumptions and information and the CIC will be a key group for input/involvement



The Electric Reliability Council of Texas (ERCOT) is a nonprofit organization that ensures reliable electric service for 90 percent of the state of Texas. The grid operator is regulated by the Public Utility Commission of Texas and the Texas Legislature.



1 MW of electricity is enough to serve about 250 residential customers during ERCOT peak hours.

85,508 MW

Record peak demand
(August 10, 2023)

85,116 MW

Weekend peak demand record
(August 20, 2023)

**Unofficial until final settlements occur*

2025 Generating Capacity

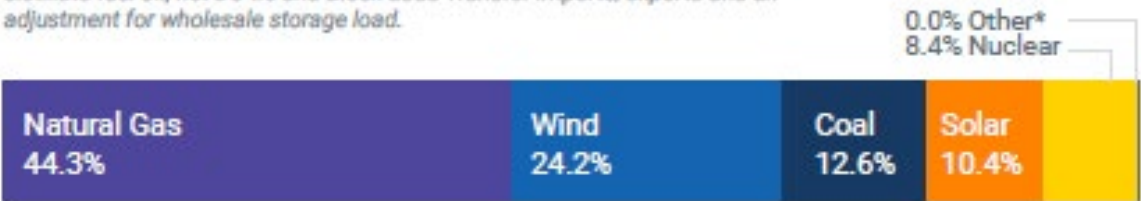
Reflects operational installed capacity for Summer 2025 based on December 2024 CDR report.



The sum of the percentages may not equal 100% due to rounding.
*Other includes biomass and DC Tie capacity.

2024 Energy Use

*Other includes solar, hydro, petroleum coke (pet coke), biomass, landfill gas, distillate fuel oil, net DC-tie and Block Load Transfer imports/exports and an adjustment for wholesale storage load.

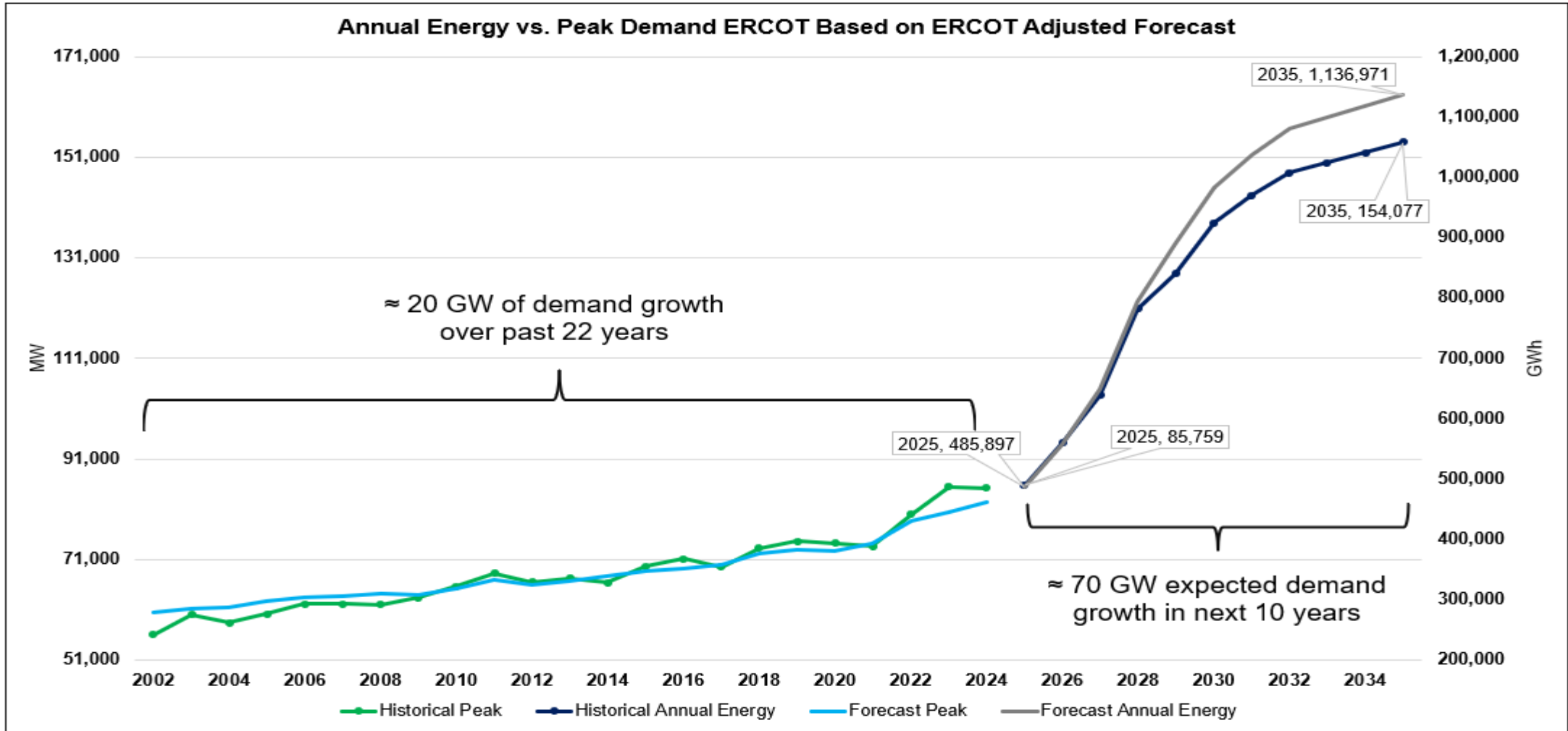


Source: ercot.com

ERCOT is the grid operator that provides electricity to over 90% of the State of Texas. Dispatchable resources are needed to support the growing renewable supply.

ERCOT DEMAND OUTLOOK

FORWARD ERCOT GROWTH



Source Date from ERCOT Adjusted Load Forecast – 4/15/2025

Unprecedented demand growth in the ERCOT market will require flexible, dispatchable generation resources to provide energy during peak hours.

ERCOT DEMAND OUTLOOK

SUMMER AND WINTER RESERVE MARGIN UPDATES

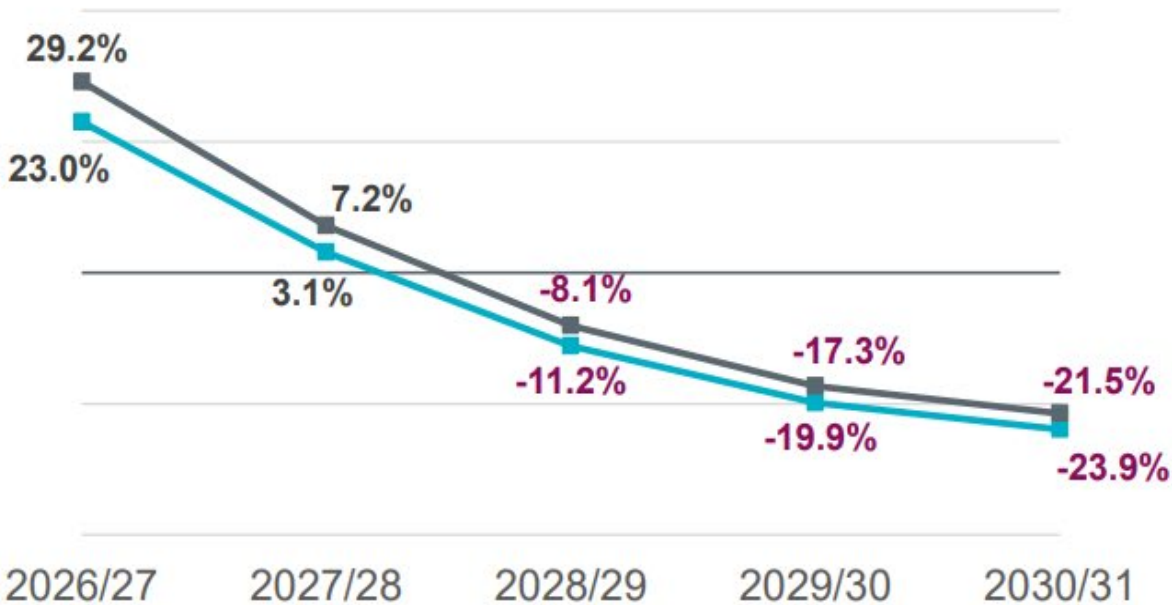
Planning Reserve Margin, Summer

Peak Load Hour Peak Net Load Hour



Planning Reserve Margin, Winter

Peak Load Hour Peak Net Load Hour

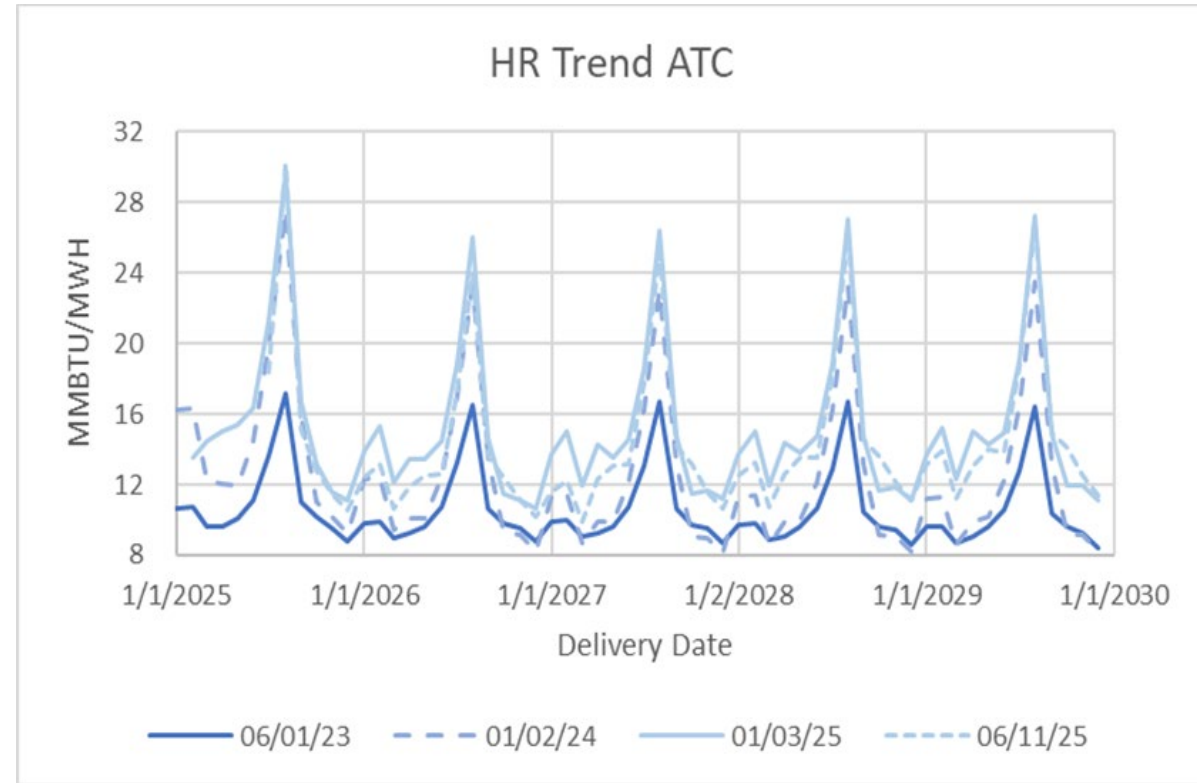
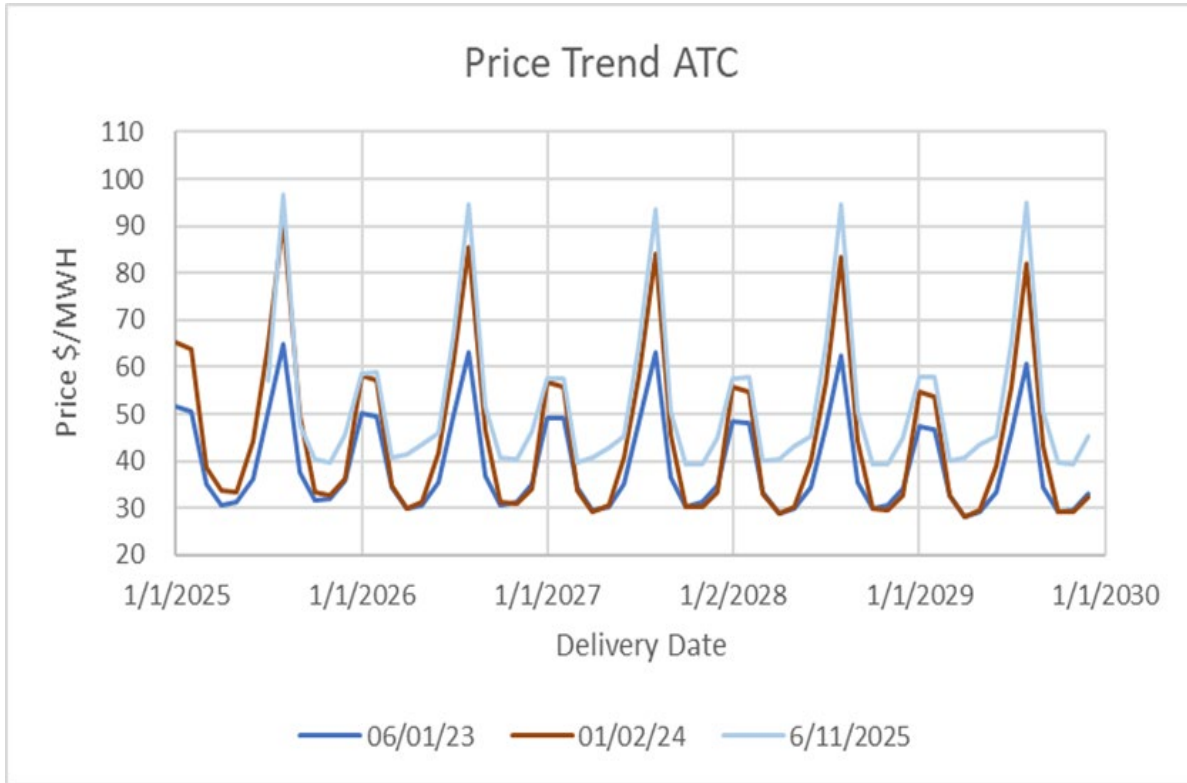


ERCOT Report on the Capacity, Demand and Reserves (CDR) in the ERCOT Region, 2026-2030 – May 16, 2025

Rapid projected demand growth in ERCOT poses significant risk to reserve margins and is expected to increase market price volatility.

ENERGY PRICE TRENDS

ERCOT HUB SOUTH



Forward market price signals have increased 30-50% over the past two years. System supply constraints could lead to additional price increases in the coming years.

OVERCOMING UNCERTAINTY

Headwinds

- Load growth
- Supply chain constraints
- Transmission constraints
- Regulatory uncertainty
- Pace of technological advancement

Tailwinds

- Acquisition of additional generation assets
- Community support for generation plan
- Industry partnerships
- Access to capital markets
- Financial support when needed
- Transaction agility

We have the momentum and flexibility to manage uncertainty and achieve our generation plan objectives.

REGULATORY

DEVELOPING/HORIZON ITEMS

- Federal
 - Federal tax incentives/IRA changes
 - Renewable resources
 - Nuclear, geothermal, hydrogen
 - 202(c) recent actions
- State/ERCOT
 - Effective Load Carrying Capacity (ELCC) Changes
 - Market design updates (real time co-optimization, etc.)
 - PUCT firming reliability requirements rulemaking

WORK IN PROGRESS

NEAR-TERM ACCOMPLISHMENTS



- ✓ **South Texas Nuclear Project (STP)**
Purchase Power Agreement for 200 MW in place; acquiring additional 2% ownership share (52MW)
- ✓ **Community Solar**
50 MW currently in negotiations
- ✓ **Wind**
29 MW currently in negotiations
- ✓ **Natural Gas Peaking Units**
Procuring key equipment and services
- ✓ **Spruce 2 Conversion to Natural Gas**
On schedule; core contract services in development
- ✓ **Unit Retirements**
Braunig supporting ERCOT reliability

WORK IN PROGRESS

IN PROGRESS/UPCOMING WORK

- Continue to add new generation (build, buy, contract) in alignment with the Vision 2027 Generation Plan
 - Wind
 - Solar
 - Storage
 - Natural Gas
- Generation Plan Refresh (Fall 2025)
 - Update to 2022 assumptions/developments
 - Seek input/involvement of CIC and other stakeholders

Continued load growth is driving the need for new generation capacity.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS

ACRONYM OR WORD	DEFINITION
BESS	Battery energy storage system
CCL	Corpus Christi & Laredo
CDR	Capacity, Demand & Reserves report
CCGT	Combined cycle gas turbine
CT	Combustion turbine
ERCOT	Electric Reliability Council of Texas
DC (tie)	Direct current tie
GW	Gigawatt
GWH	Gigawatt-hour
KW	Kilowatt
KWH	Kilowatt-hour
MW	Megawatt
MWH	Megawatt-hour

ACRONYM OR WORD	DEFINITION
NPV	Net present value
RICE	Reciprocating internal combustion engine
SA CAAP	San Antonio Climate Action & Adaptation Plan
STP	South Texas Project
FY	Fiscal year
HE	Hour ending
COD	Commercial operations date
CY	Calendar year
ATC	Around-the-clock
HR	Heat Rate
WrNF	Wholesale revenue net of fuel
MMBTU	Million British Thermal Units



Vision 2027 GENERATION PLAN

LEGEND

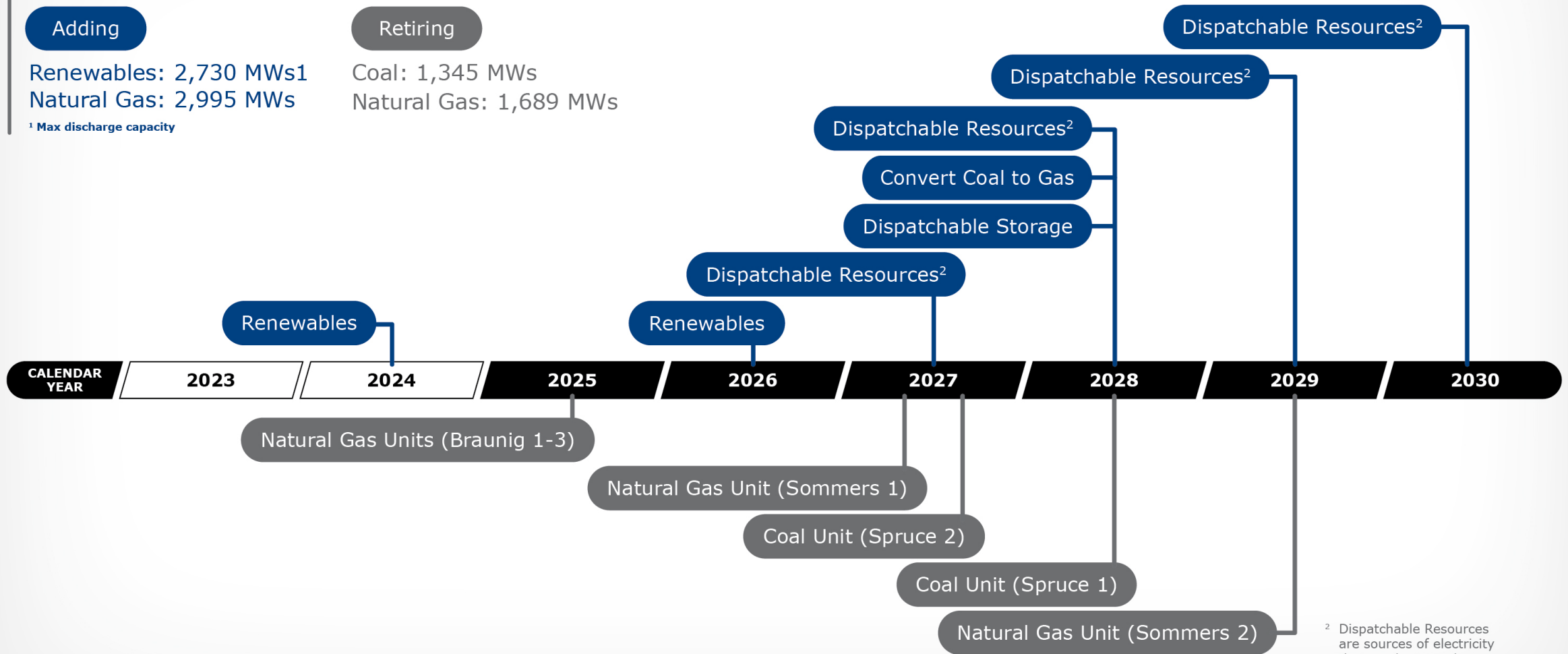
Adding

Renewables: 2,730 MWs¹
Natural Gas: 2,995 MWs

¹ Max discharge capacity

Retiring

Coal: 1,345 MWs
Natural Gas: 1,689 MWs



² Dispatchable Resources are sources of electricity that can be turned on or off as needed.

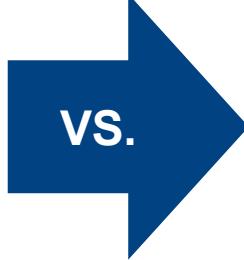
PREVIOUS SUCCESSES

EXECUTED ON GENERATION PLAN @ LOWER THAN PLANNED COST



Purchased Natural Gas Capacity vs. Build

~\$1.8B
(Expected Gen Plan Cost)

vs. 

\$785M (~56% savings)
(Actual Cost)

Wholesale Return in First Year of Ownership:

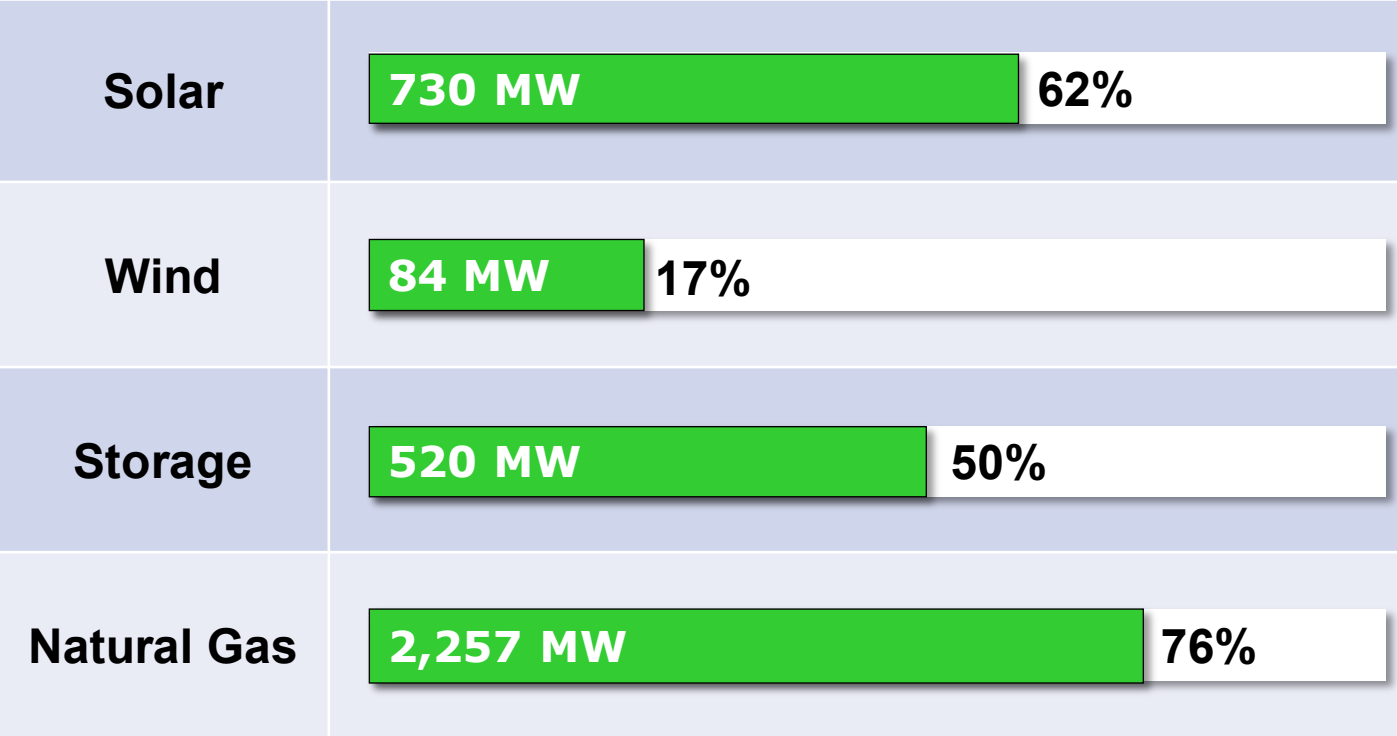
~\$200M

Capacity was consistent with the environmental profile of the generation plan and the acceleration of ownership enabled significant wholesale revenues. This successful purchase was able to cover nearly 1/3 of original price in just 1 year, for a 25 year asset.

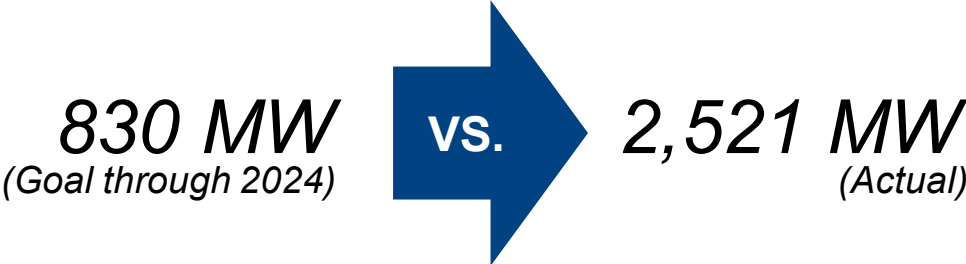
2030 PLANNED CAPACITY ADDITIONS



% of 2030 Target That is
Online or Under Contract



New Capacity Online



As our Community’s need for electricity accelerates, we are producing more power ahead of schedule.

ACHIEVING COMMUNITY GOALS

CO2 INTENSITY

Our accomplishments have better positioned us to meet our Community's CAAP goals for 2040.

We will continue pursuing opportunities to lower our CO2 intensity.

This ongoing effort is essential for achieving net zero carbon by 2050.

CO2 Emissions Intensity

