



QUARTERLY ENVIRONMENTAL STAKEHOLDER MEETING

**Resource materials for the agenda topics requested by
the stakeholder group.**

August 25, 2020

GENERATION STRATEGY, INCLUDING SPRUCE

OUR GUIDING PILLARS



Reliability



**Customer
Affordability**



Security



Safety



**Environmental
Responsibility**



Resiliency



**FINANCIALLY
RESPONSIBLE**

Our Guiding Pillars are the foundation for the work we do every day

RELIABILITY IS KEY

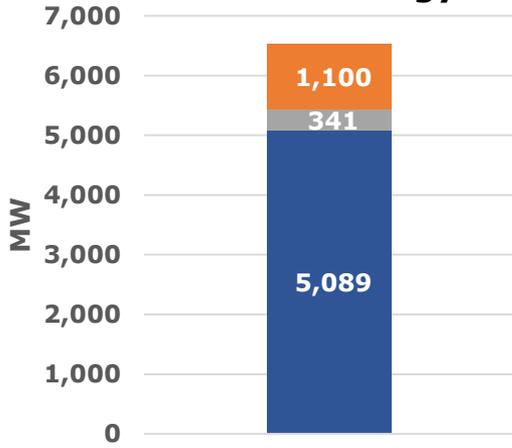


- Reliability is a pillar for us, and we have to maintain reliability through this transition to new and cleaner technologies
- It's a matter of sequencing; we will work to replace our aging gas steam power plants first while we continue our ***Flexible Path*** to update our generation capacity

KEY TO ERCOT RELIABILITY!



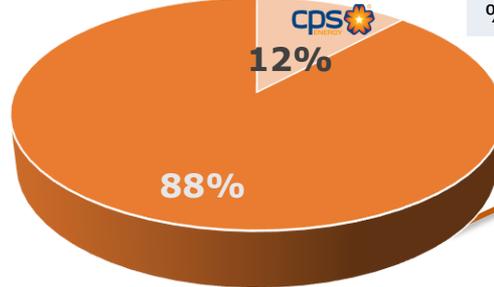
CPS Energy



2020 Forecast

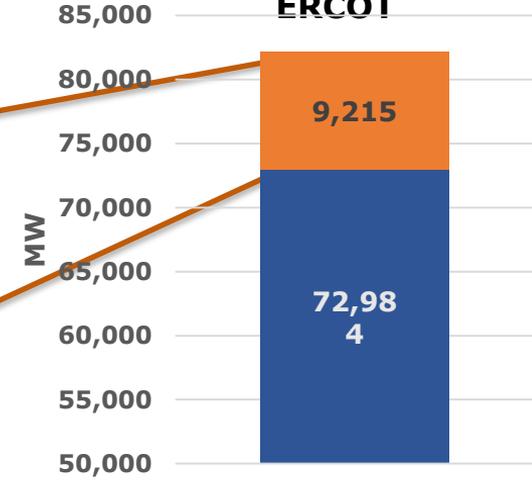
- Reserves
- Wholesale Obligations
- Retail Load Demand

CPS Energy Portion of ERCOT Reserves



Reserves	MW
CPS ENERGY	1,100
Other	8,115
TOTAL	9,215
% CPS	12%

ERCOT



2020 Forecast

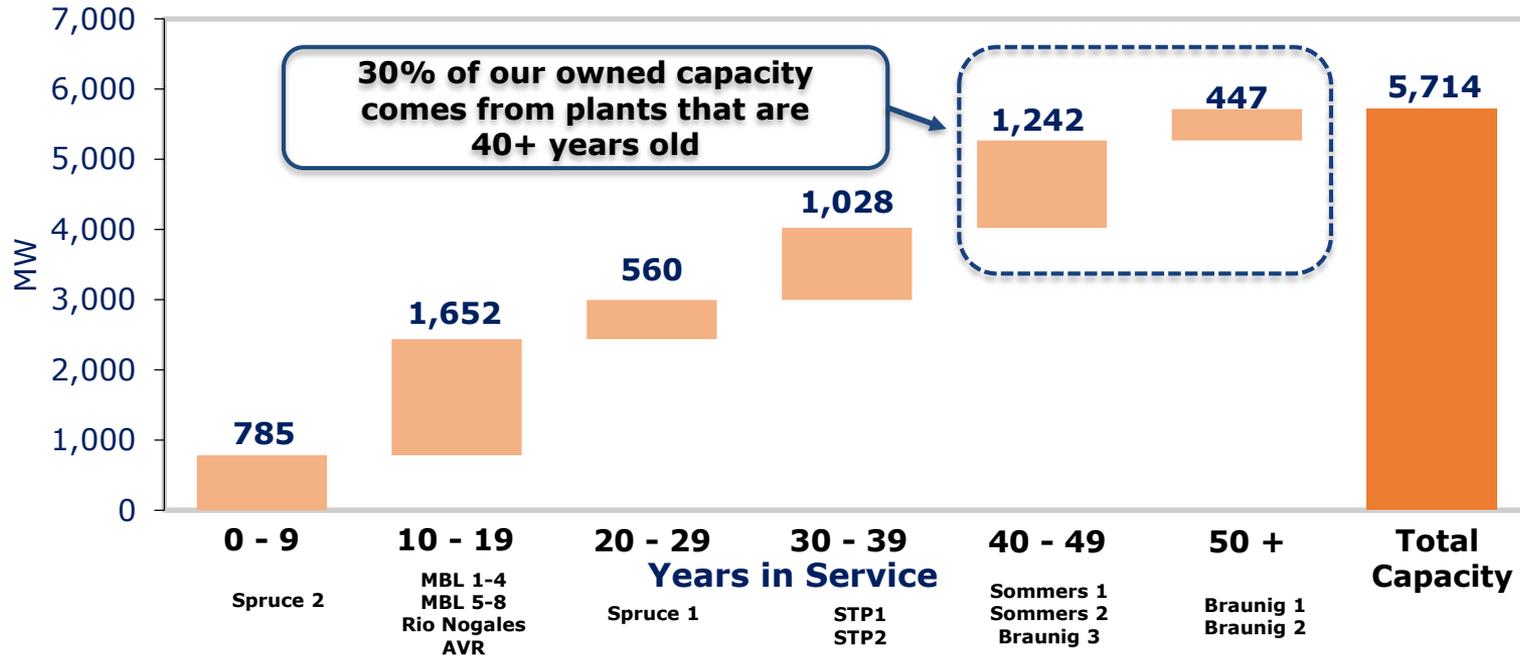
- Reserves
- Resources to meet Demand

**CPS ENERGY – 7% OF ERCOT LOAD,
CONTRIBUTE 12% OF ERCOT'S RESERVE CAPACITY**

DIVERSE YET AGING FLEET



OWNED GENERATION⁽¹⁾



We regularly deal with emerging issues at our aging plants & effectively work through challenges to maintain reliability.

⁽¹⁾ As of Jan. 2020

PAST & FUTURE STRATEGY



- In 2018, we closed two older coal units
- In 2019, we made a commitment to reduce our net emissions by 80% by 2040
- We will continue to assess how we can accelerate the strategy on the coal units, including repowering in the interim, which will significantly lower the emissions
- We are now working toward full carbon neutrality by 2050

We continue our *Flexible Path* to update our generation capacity

FLEXPOWER BUNDLE

FLEXIBLE PATH STRATEGY

TRANSFORMATION & INNOVATION



Flexible Path:
Traditional + Renewables
+ Energy Storage + Smart Grid +
Energy Efficiency

Transformation & Innovation:
*FlexPOWER Bundle our next step
in our Flexible Path*

Power Plants



Transitioning to Innovation

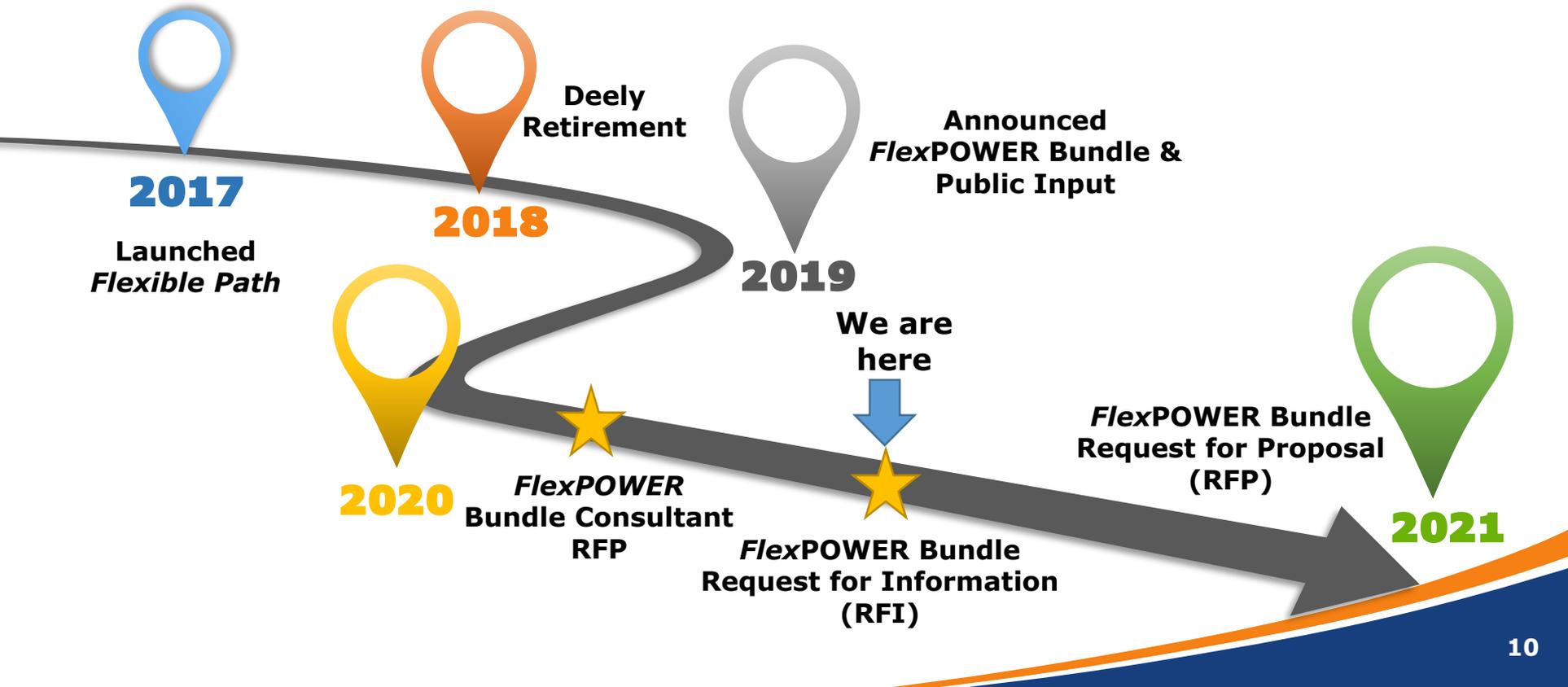
Technology Drives Timing

Past

Present

Future

FLEXPOWER BUNDLE JOURNEY



FLEXPOWER BUNDLE

2020 WORKSTREAM ROADMAP



	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4
Consultant for RFP & Stakeholder Engagement	Released March			
Request for Information		Release July		
Request for Proposals				

Communication & Stakeholder Engagement

THE NEED FOR FLEXPPOWER BUNDLE



About 1,700 MW capacity retiring within 10 years

- These aging plants run during summer peak, but are less reliable
- Failures at these plants carry high financial risk



FlexPOWER Bundle; envisions up to

- 900 MW solar
- 50 MW storage
- 500 MW firming capacity and new technologies that **can meet the same requirements to firm up the solar and reliability of older units**



FlexPOWER Bundle replaces about half of our aging gas steam capacity while continuing our transition to cleaner energy.

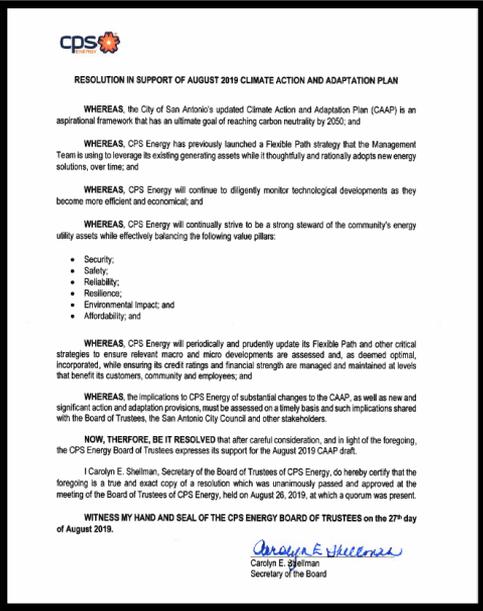
MEANINGFUL STEP TOWARD CAAP

CLIMATE ACTION & ADAPTATION PLAN



Our All-Source FlexPOWER Bundle envisions adding Solar, Storage & Firming Capacity which aligns with Board of Trustees' Resolution supporting lower emissions.

Aug. 2019 Board of Trustees Resolution of Support for CAAP



900MW Solar



50MW Storage



All-Source Firming Capacity

THE 1ST VISION OF STEP



Energy Efficiency & Conservation was launched as the “Fifth Fuel” in our generation portfolio

- Added diversity to our generation mix
- Helped us avoid additional capital cost from the building of a power plant
- Reduced our dependence on fossil fuels

STEP Goals:

- ✓ MW Goal: 771 → 833 Achieved
- ✓ Budget: \$849M → \$130M Under
- ✓ Completion: → One Year Early

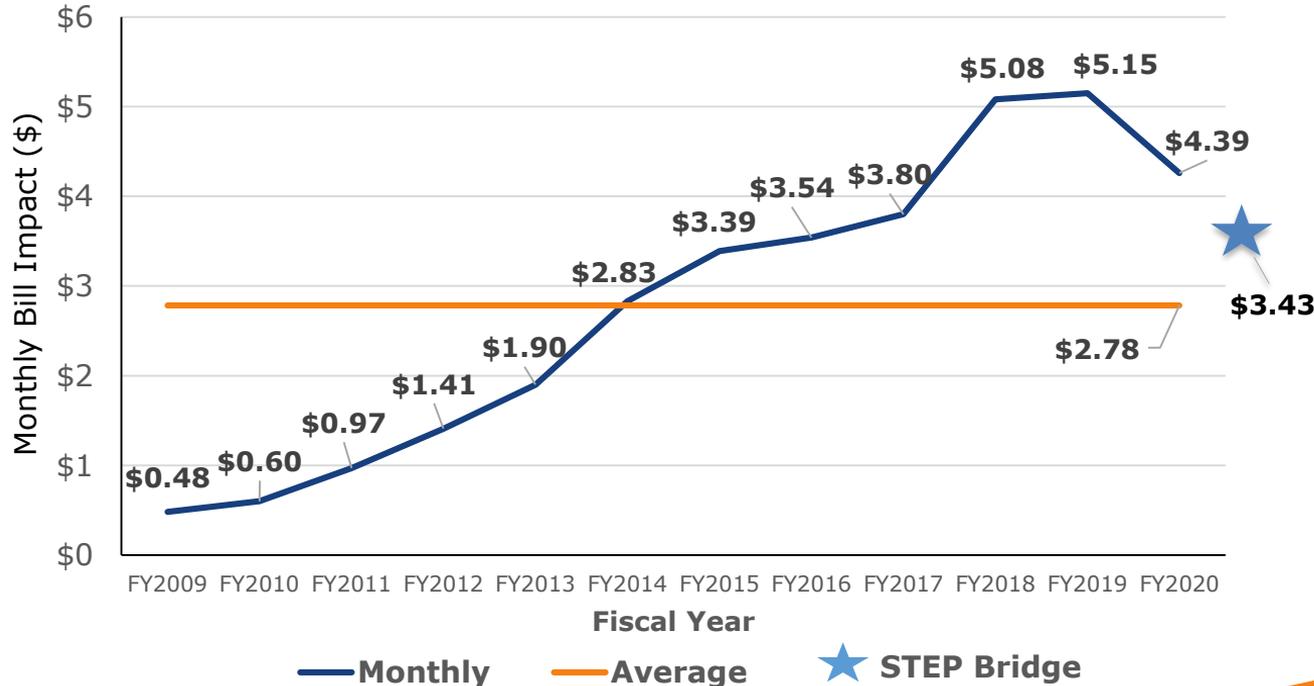
Energy Efficiency & Conservation are:

- Part of our past, present & future
- Part of the *Flexible Path*

STEP BILL IMPACT



Residential Bill Impact from STEP Based on an average of 1,000 kWh/month



At \$70M, the STEP Bridge program translates to a bill impact of \$3.43/month or \$41.16/year.

A NEW VISION



*Proven model for
delivering energy savings
& empowering customer
choice*

*Future-focused
transition to low
carbon & distributed
generation*

*Dynamic, flexible
program for promoting
efficiency & new
technology*

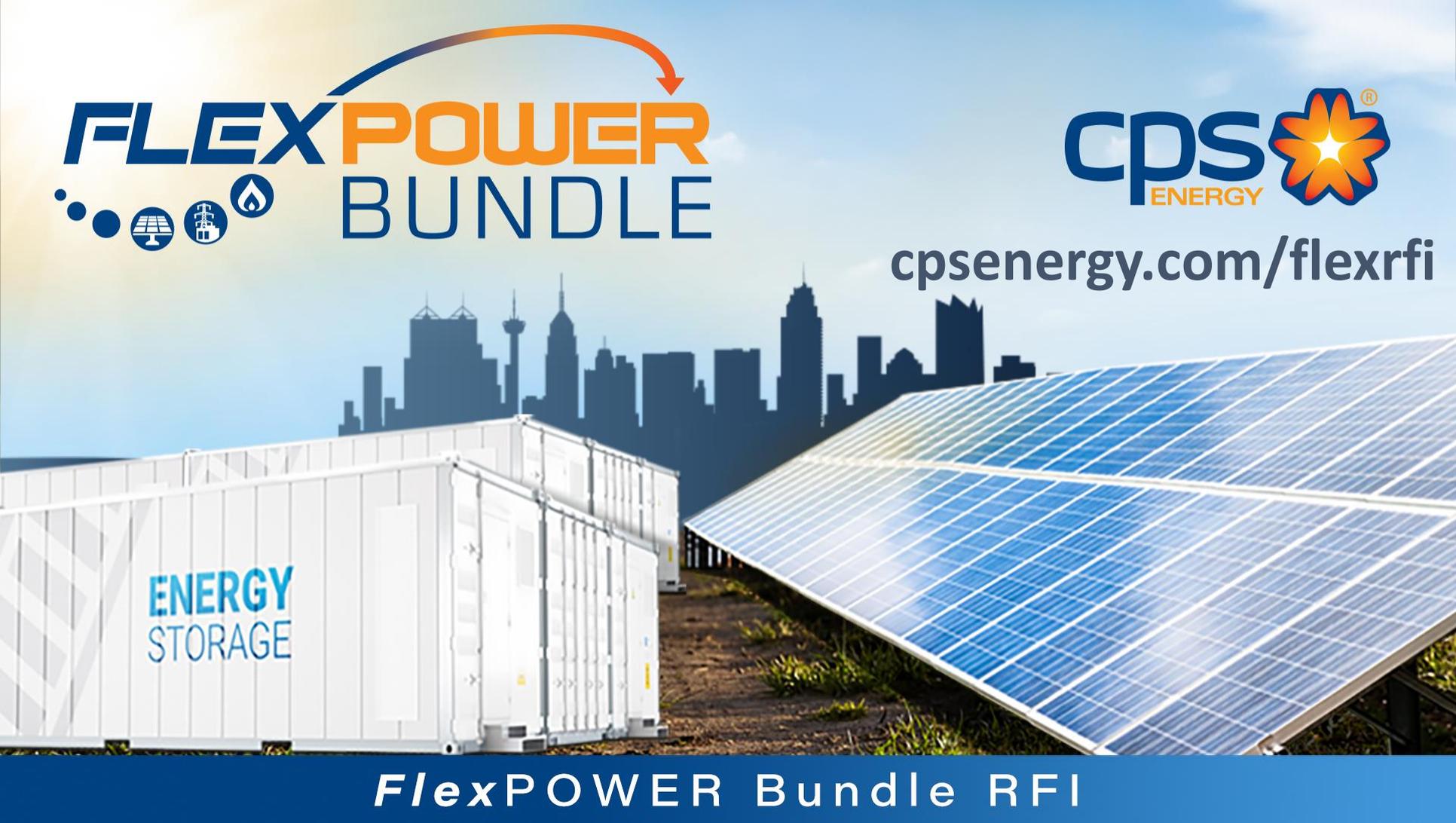
FlexSTEP balances the tried & true with new clean & innovative product offerings



FLEXPOWER
BUNDLE



cpsenergy.com/flexrfi



ENERGY
STORAGE

FlexPOWER Bundle RFI

THINK GLOBAL, APPLY LOCAL

FLEXPOWER BUNDLE ALL-SOURCE RFI



The all-source RFI process will raise global awareness to provide us with valuable & innovative solutions for our customers.

Our innovative approach will:



- Raise global visibility
 - Press release issued in 10 languages
- Find innovative solutions
- Discover global & local players
- Reveal market conditions
- Understand COVID-19 impacts



RFI TIMELINE



Milestone	Date
RFI Issuance	July 27, 2020
Deadline for Respondent's Questions	By 5:00 p.m. (Central time) on August 5, 2020
CPS Energy Responses to Submitted Questions	By 5:00 p.m. (Central time) on August 12, 2020
Respondents Information Submittals Due	By 5:00 p.m. (Central time) on August 31, 2020

More on the ***FLEXPOWER*** Bundle RFI can be found at
www.cpsenergy.com/flexrfi

CUSTOMER CARE & OUTREACH

COVID-19 RESPONSE



- DISCONNECTION MORATORIUM
- LATE FEE WAIVERS
- OUTBOUND CALLS
 - To date, our Energy Advisors have called over 15,000* customers to help with assistance
- CONNECTING TO RESOURCES

The screenshot shows the top navigation bar of the CPS Energy website with the logo, a search icon, and a "Manage My Account" button. Below the navigation bar is a blue banner with the text "COVID-19 Updates".

We want to make sure our employees and our community have the latest information and the tools needed to protect themselves during the COVID-19 outbreak. CPS Energy is taking multiple steps to ensure our employees and our customers stay safe. Now, more than ever, safety & reliability are our top priorities.

www.cpsenergy.com/covid-19updates

The graphic is titled "COMMUNITY ASSISTANCE SUMMARY" and features logos for CPS Energy, City of San Antonio, San Antonio Water System, and REAP. It includes a photo of two women talking. The text provides information on how to get help with utility and other bills, listing various programs and their eligibility criteria.

Need help paying your utility and other bills? Apply for assistance today!

General Program Information:
Eligibility (check specific program for complete list):

- Seniors 60 years and older
- Families with young children
- Individuals with Disabilities
- Individuals using Critical Medical Care Equipment
- Individuals impacted by COVID-19
- Income eligibility varies by program

City of San Antonio Department of Human Services (DHS), utility assistance

- Online information www.sanantonio.gov/DHUtility
- Telephone information (210) 207-7830

City of San Antonio Neighborhood & Housing Services Department (NHSD), housing and utility assistance

- Online information <https://dhs.mexccloud.com/p/kinetech/GovTech/HousingAssistance>
- Telephone information (210) 207-5800

City of San Antonio COVID-19 Emergency Housing Assistance Program

- Online information <https://www.sanantonio.gov/NHSD/Programs/FairHousing>
- Telephone information 311

Bexar County Economic & Community Development, utility and housing assistance

- Online information
- Utility Assistance: <https://www.bexar.org/Faq.aspx?ID=499>
- Housing & Utility Assistance: <https://habctx.org/team>
- COVID-19 Information: www.bexar.org/2234/COVID-19
- Contact Information
- Utility Assistance: (210) 335-3666
- Utility Assistance email: clientservices@bexar.org
- Housing & Utility Assistance: (210) 940-1160

San Antonio Water Systems (SAWS), water utility assistance

- Online information <https://uplift.saws.org/>
- Telephone information (210) 233-2273 (CARE)
- Email: uplift@saws.org

CPS Energy-Residential Energy Assistance Partnership (REAP), utility assistance

- Online information cpsenergy.com/utilityassistance
- Inquire about REAP Assistance by contacting:
 - City of San Antonio Department of Human Services (DHS)
 - Bexar County Economic & Community Development

We stand ready to help any customer in need. If you are experiencing financial hardship, we urge you to contact us for help. Call us at 210-353-2222 or online at cpsenergy.com/assistance.

Documentation to Apply
(check specific program for complete list):

- Completed program application
- City of San Antonio Department of Human Services Assistance Intake Application
- Bexar County 2020 Utility Assistance Application
- Bexar County Temporary Rental Assistance Measure
- SAWS: Uplift Assistance Intake Application
- Photo ID (Texas Driver's License Identification Card, Military ID)
- Gross Income Documentation for last 30 days (wages, award letters, social security income, disability, retirement, unemployment/TWC, child support, other income)
- Current utility bill or account number
- Social Security number for an account holder (last four (4) digits only)
- SSN for household members required for Bexar County
- Birth certificate (Birth certificates may be required for all children)
- Documentation verifying COVID-19 impact (unemployment, medical documentation, letter from employer)
- Documentation verifying a hardship (illness, car issues, other unexpected expenses)

CUSTOMER OUTREACH RESOURCE EFFORT RESULTS



We started customer outreach calls on June 15th & have called over 16,800 customers.



- 53% of customers answered our call or called us back for assistance
- 26% of customers reached committed to new payment plans
- 100% appreciative!

Tweet from community partners - We are responsibly distancing & connecting socially. Customers are appreciative & employees enjoy providing resources & options to our community.

STAYING CONNECTED



CPS Energy has adapted to remote working & staying connected throughout COVID-19.

- From telephonic Board meetings to team meetings through WebEx, CPS Energy remains extremely connected to each other and their community.
- Some ways the utility has remained engaged include:
 - Virtual **People First!** Community Fairs
 - Facebook Live events
 - Social media updates
 - Board meetings with encouraged public involvement
 - Local COVID-19 updates

Join CPS Energy for a virtual Facebook Live chat with

 Paula Gold-Williams President & CEO	 Dr. Erika Gonzalez Chair San Antonio Hispanic Chamber of Commerce	 Richard Perez President & CEO San Antonio Chamber of Commerce	 Al Arreola, Jr. President & CEO South San Antonio Chamber of Commerce	 Melissa Sorola Senior Director - Corporate Communications & Marketing
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Thursday,
May 7, 2020, 3:30 pm

facebook.com/CPSEnergy
f LIVE @cpsenergy

Learn how CPS Energy & our Chamber Partners are here to support San Antonio during COVID-19. 

CPS Energy virtual Facebook Live chat with

 Paula Gold-Williams President & CEO	 Rudy Garza Chief Customer Engagement Officer	 Ricardo Luna Director Technology & Product Innovation	 Jesse Hernandez Director Community Strategy & Engagement	 Melissa Sorola Senior Director - Corporate Communications & Marketing
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Thursday,
May 21, 2020, 3:30 pm

facebook.com/CPSEnergy
f LIVE @cpsenergy

Learn about Energy Saving Tips & how CPS Energy is here to support San Antonio during COVID-19. 

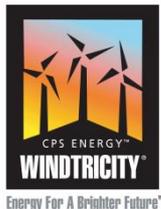
RATE ADVISORY COMMITTEE

Group Discussion & Input

SOLAR LANDSCAPE & NEW PRODUCT: GREEN TARIFF

EXISTING RENEWABLE PRODUCTS

WE OFFER A ROBUST PORTFOLIO OF RENEWABLE ENERGY PRODUCTS



SolarHostSA

SIMPLY SOLAR™
CPS ENERGY

SAVE MONEY, NO ROOF REQUIRED.
BIG SUN
COMMUNITY SOLAR

Windtricity

- Easy, low cost way to designate a portion of energy usage as renewable

Solar Rebate

- Improves affordability of solar on a home or business

SolarHostSA

- Customer hosts solar at no cost in return for bill credits

Roofless Solar

- Customer with limited roof availability can purchase panels in a community solar array and earn bill credits

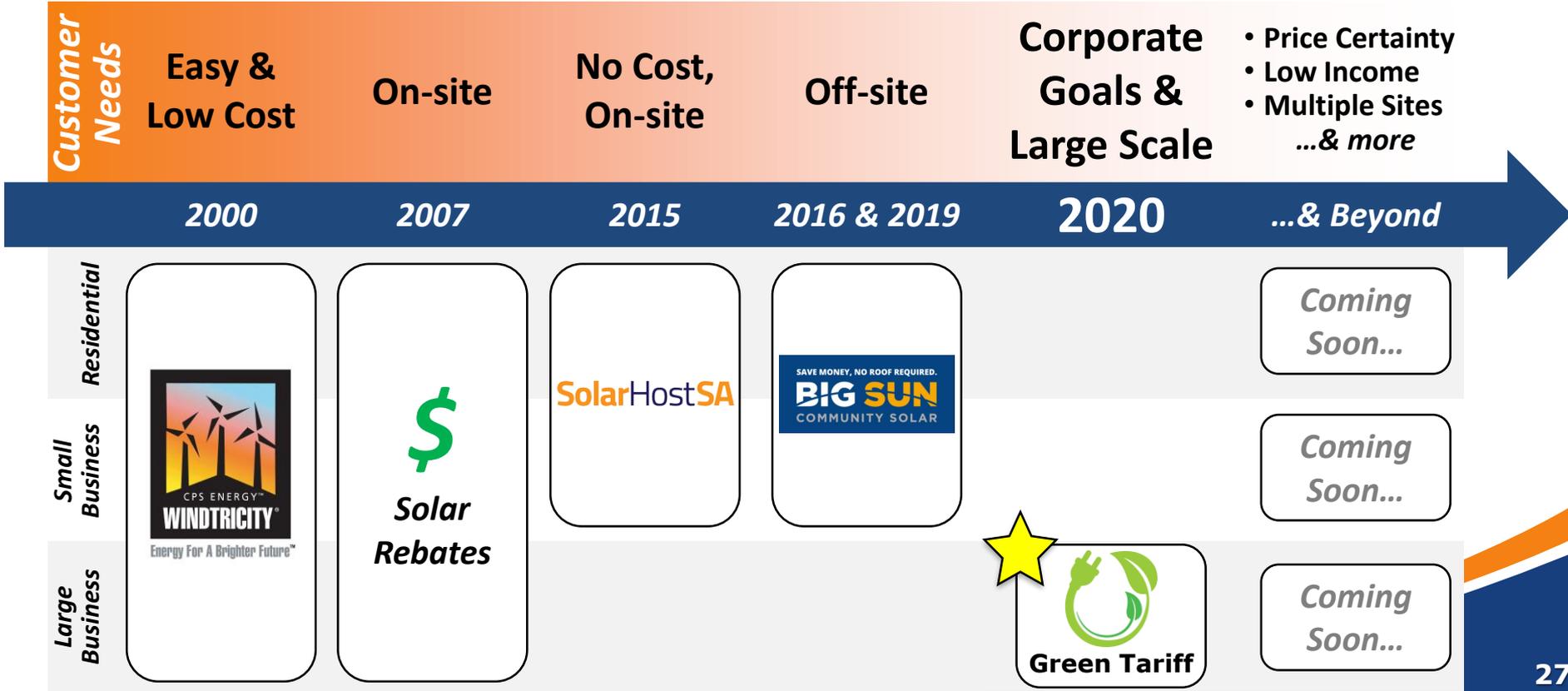
Big Sun Community Solar

- Community solar located on parking structures around the city
- Revenue from shaded parking reduces cost

OUR NEWEST INNOVATION



THE GREEN TARIFF ENHANCES OUR PRODUCT OFFERING TO MEET EVOLVING CUSTOMER NEEDS



STRATEGIC BENEFITS OF GREEN TARIFF



- Complements existing solar offerings & allows for “green” corporate goals to be met
- Meets customer needs & strengthens our municipally-owned utility model
- Creates optionality for our ***Flexible Path*** & is aligned with the Climate Action & Adaptation Plan
- Maintains revenue, improves fixed cost recovery & protects the community’s investment in electric infrastructure

OPTIMIZING GENERATION FLEET



Older

As the community grows over time, assets are added to meet new demand.

Younger

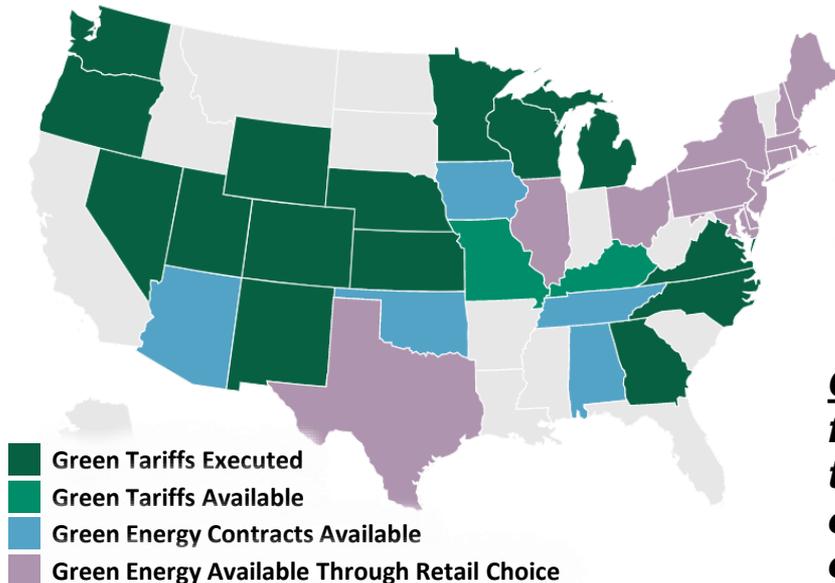
~50% of our conventional capacity is now 30+ years old...

The evolution of our generation solutions will require a multi-faceted approach including, but not limited to the following:

- New exciting opportunities that will emerge through our **FlexPOWER** Bundle & **Flexible Path** strategies;
- Continuation of our energy efficiency & conservation offerings, currently branded as **STEP Bridge**; &
- Expected steady & growing interest in the **Green Tariff**.

A BETTER GREEN TARIFF

Our journey began *three years ago* with an extensive market research effort.



2017

Study

Take
Input

Design
Options

Present

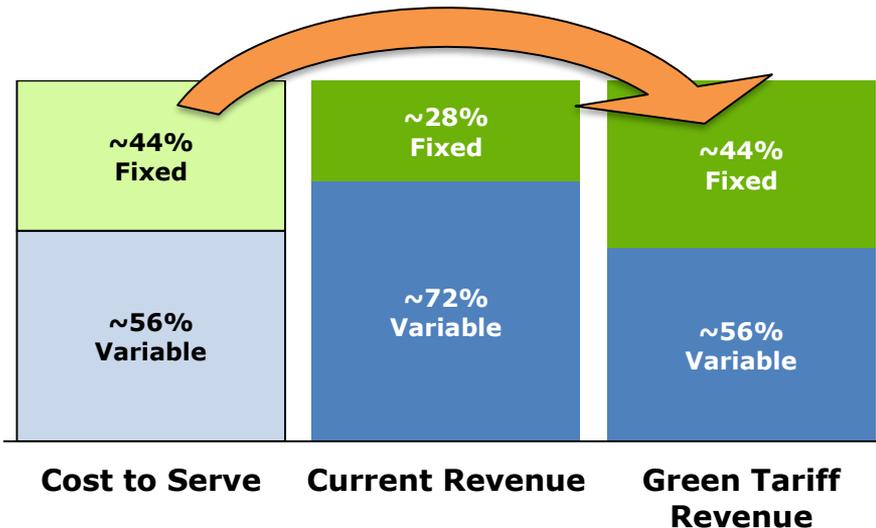
Propose
Solution

- Green Tariffs have become quite common
- Our Green Tariff research was focused on how utilities recover the cost of existing infrastructure

Our Objective: Design a pricing structure that fairly recovers the cost of infrastructure through fixed charges (not volumetric charges) while also improving renewable energy access.

The Green Tariff produces the same revenue as existing rates but better aligns with the fixed cost of serving our customers.

Eligible Commercial Customers: Fixed Cost Recovery Comparison



- Improved fixed cost recovery is a strategic objective & the Green Tariff accomplishes this
- Protects us from supply risk while allowing customer to designate their renewable choice
- City Payment remains the same



Green Tariff

Green Tariff for Large Commercial Customers¹

Grid Share: \$2,550 per month

Demand Charges: \$19.08/KW summer
\$16.22/KW non-summer

Energy Charges: **Renewable Energy Supply Agreement (RESA)**

- Contract with customer
- Defines renewable energy source & price

The Green Tariff & RESA together determine the customer's total bill amount & fully recover our cost of service.

Qualified Scheduling Entity (QSE)

- CPS Energy is responsible for managing, transacting & settling the customer's energy requirements

Clean Backup Generation

- Customers who choose to provide their own backup generation are required to migrate from high emitting sources of generation like diesel to low-to-no emitting sources like natural gas or battery storage

ELIGIBILITY



- Must have at least one 5MW account
- *or* -
- Usage of at least 75M kWh/year across all accounts

FUTURE PRODUCTS



ADDITIONAL SOLUTIONS ARE COMING SOON

		FY2021 Q2	FY2021 Q3	FY2021 Q4
Aligned with Guiding Pillars	Environmental Responsibility 	 Green Tariff		 On-site Solar
	Resiliency 		 Resiliency Service Tariff	
	Reliability 		 Wholesale Distribution Service	 Line Extension
	Pilot Programs (Under New Service Options Tariff)		 EV Pilots	

← — — — — — **Rooted in Financial Stability** — — — — — →



Appendix

2020 HONORS & AWARDS

COMMITTED TO PROVIDING EXCELLENCE



SHINING CITY: TOP US CITY FOR SOLAR ENERGY



CULTURE TRANSFORMATION BEST PRACTICES AWARD



REWORKS SA GOLD CERTIFICATION



GREEN CROSS AWARD SEMI-FINALIST



NOTABLE FLEET



100 BEST FLEETS IN THE AMERICAS (#77)



American Public Gas Association

MARKETING & SALES PUBLIC GAS SYSTEM ACHIEVEMENT

SOAR BRONZE



CSO50



THOUGHT LEADER FOR PUBLIC ENGAGEMENT



INSPIRING ENERGY AWARD



BEST OF TEXAS AWARD - EXCELLENCE IN PROJECT MANAGEMENT



SYSTEM ACHIEVEMENT AWARD



SUE KELLY COMMUNITY SERVICE AWARD

SAFETY AWARD OF EXCELLENCE - SECOND PLACE



ENVIRONMENTAL EXCELLENCE - STEWARDSHIP



EASIEST UTILITIES TO DO BUSINESS WITH

MOST TRUSTED BRAND