



CEO'S REPORT

FEATURING A FLEXSTEPSM UPDATE

PRESENTED BY:

Paula Gold-Williams

President & CEO

&

Rick Luna

Director, Technology & Product Innovation

July 26, 2021

Informational Update

- **REVIEW STEP'S HISTORICAL PROGRESS THRU FY2021**
- **REVIEW THE NEW *FlexSTEP*SM PLANNING PROCESS & TIMELINE**
- **PREVIEW PROCUREMENT ITEMS COMING IN AUGUST 2021**

- **OUR *Flexible Path*SM JOURNEY**
- **STEP BRIDGE UPDATE**
- ***FlexSTEP*SM UPDATE & TIMELINE**
- ***FlexSTEP*SM REQUEST FOR PROPOSALS (RFP)**
- **UPCOMING PROCUREMENT ITEMS**

OUR *Flexible Path*SM JOURNEY

SAN ANTONIO'S ENERGY EVOLUTION INCLUDES STEP



Tried & True:
Nationally-recognized model for delivering energy savings & empowering customer engagement

Innovative & New:
Future-focused transition to low carbon & distributed generation resources

Evolving, dynamic & flexible program for promoting energy efficiency & adopting new technologies

STEP BRIDGE

OUR CURRENT STATE



We thank you & the San Antonio City Council for previously approving the extension of STEP Bridge through July 31, 2022, with \$70M in additional funding!

	<i>Original</i>	<i>Current</i>		<i>Next</i>
	Achieved Early		Now	
	<u>CY 2009</u>	<u>Jan 2020</u>	<u>Jan 2021</u>	<u>Jul 2022</u>
	STEP	STEP Bridge		FlexSTEPSM
Time	11 Yrs.	1 Yr.	~1 Yr.*	Proposed 10 Yrs.
MW	845 MW	75 MW	75 MW	<i>Recommendation pending</i>
Total \$Ms	\$723M	\$70M**	\$70M**	
Avg \$Ms	\$66M	\$70M**	\$70M**	

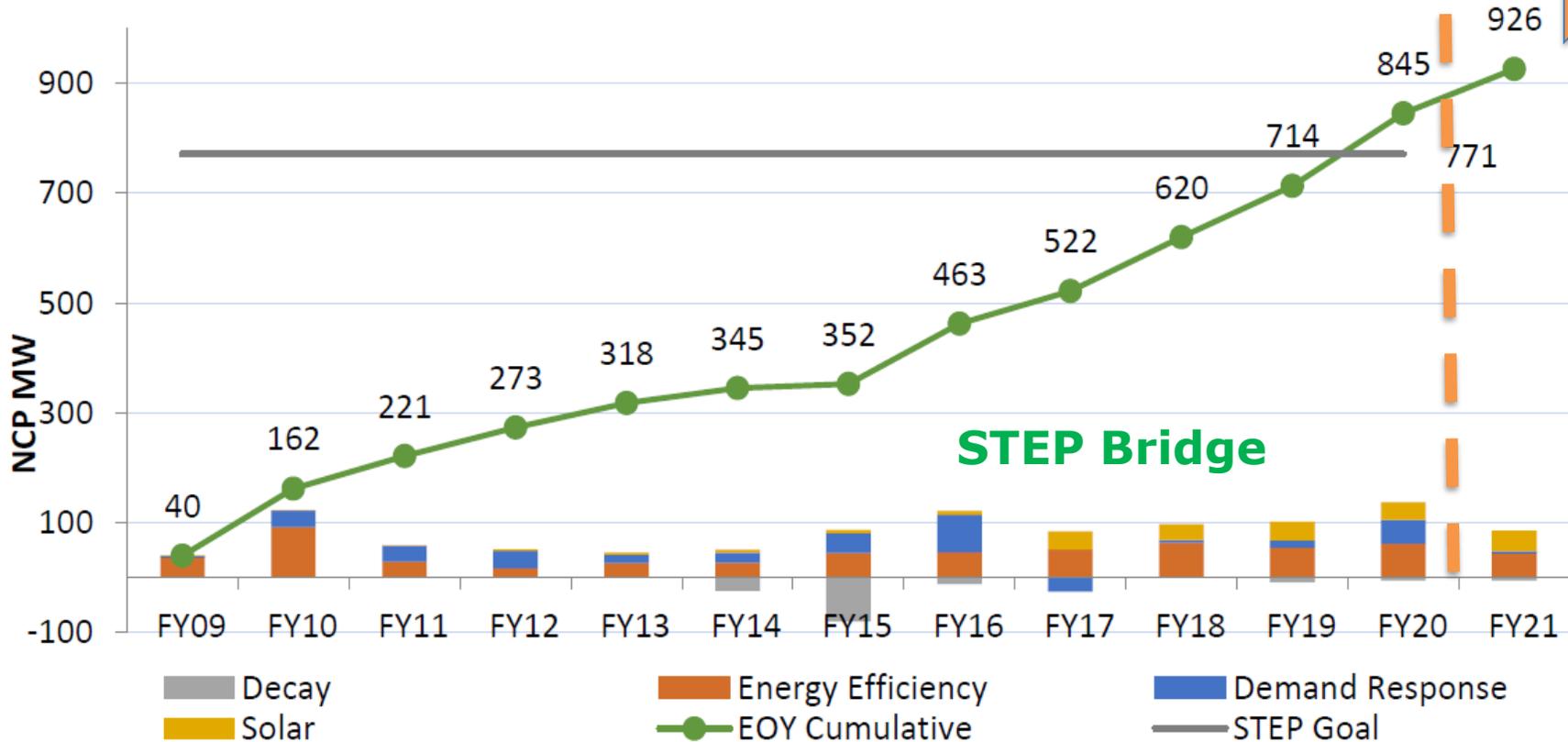
* End date estimated based on expected rate of spending.
 ** Table reflects approved amounts.

STEP BRIDGE

ACHIEVEMENTS THRU FY2021



STEP Bridge
(Our Current State)



Cumulative Savings To Date – 926 MW*!

FY2021, we benefited customers with:

- **1,726 homes weatherized**
- **4,416 solar systems installed on homes & businesses**
- **55,781 energy efficiency rebates**

* 9.69 Million MWh saved

We thank you & our community for supporting STEP Bridge!

We issued a global RFP for the best ideas to deliver energy efficiency & conservation programs that:

- Help increase access for all customers;
- Save energy & reduce demand; and
- Support local jobs while lowering emissions.

PART A: TRIED & TRUE:

- Programs that customers have grown to expect & value

PART B: INNOVATIVE & NEW:

- Programs that represent new offerings



STEP BRIDGE → FlexSTEPSM

TIMELINE FOR OUR RFPs



We received 52 responses with a number of bidders offering multiple proposals.

PART A: TRIED & TRUE

- **12 Responses & 21 Proposals**

- Residential rebates
- Commercial rebates
- Weatherization

PART B: INNOVATIVE & NEW

- **40 Responses & 66 Proposals**

- Behavioral-based programs
- Technology-based programs
- Equity & market specific solutions
- Carbon reduction

We have a cross-functional team evaluating the RFPs.

Our STEP program:

- Helps our customers save energy & money.
- Helps us defer capital spend & keep bills affordable.

Demand Response (DR)

- Commercial & Industrial DR
- Automated DR
- Smart Thermostat
- WiFi Thermostat Rewards
- **Power Player**SM

Solar

- Solar Rebates
- Big Sun Solar
- SolarHostSA



STEP rebate presentation to school district



TRIED & TRUE

Our STEP program:

- Helps our customers save energy & money.
- Helps us defer capital spend & keep bills affordable.

Residential Energy Efficiency

- Home Efficiency
- New Home Construction
- Home Energy Assessments
- School2Home
- Cool Roof

Commercial Energy Efficiency

- Commercial & Industrial Solutions
- Schools & Institutions
- Small Business Solutions
- High Efficiency Tune-Ups
- Midstream

Weatherization/Casa Verde

WORKING TO SUSTAIN KEY OFFERINGS:

- Part of our RFP focused on these **TRIED & TRUE** programs!

Efficiency project at a customer home



RESIDENTIAL EE:

- Customer investments are more straight forward

COMMERCIAL EE:

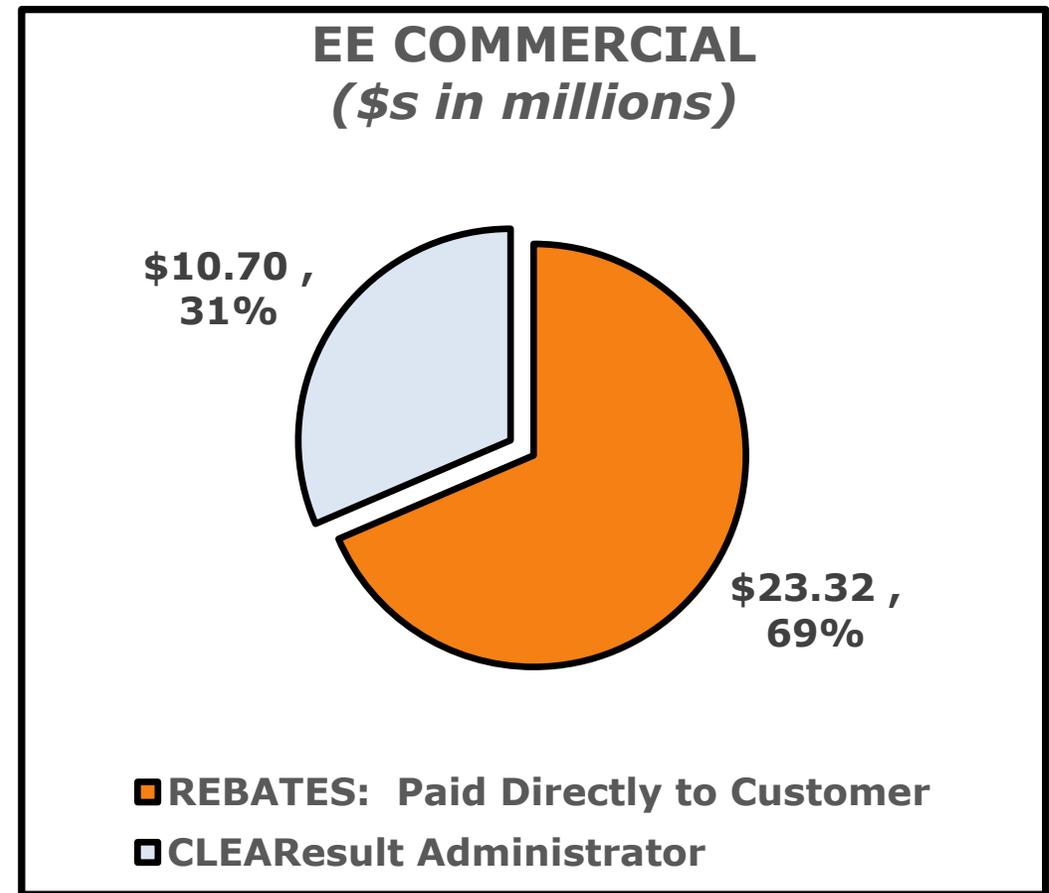
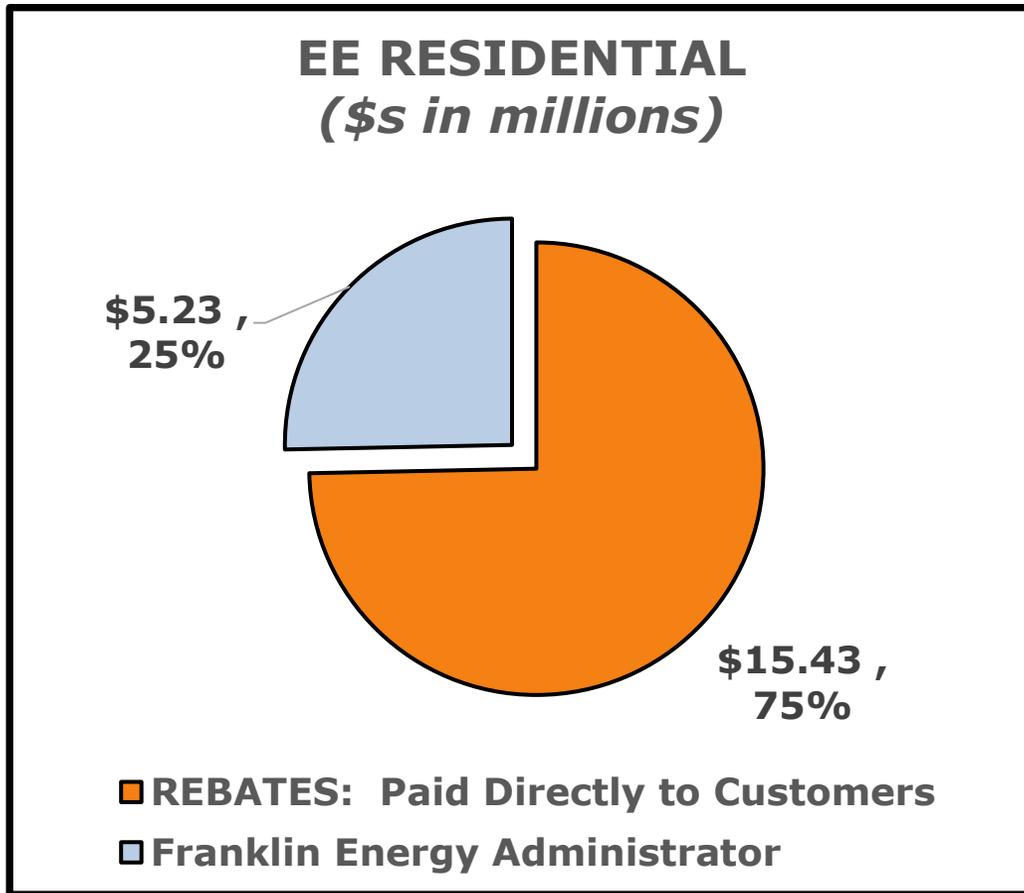
- Customer investments are more complex;
- Licensed engineers needed to verify work

ADMINISTRATOR: Historical Responsibilities:

- Pays the Rebates
- Markets Program
- Ensures Quality Checks Work
- Maintains All Program Records
- Supplies all Needed Information to Third-Party Verification Company

TRIED & TRUE

FY2021 ENERGY EFFICIENCY (EE) PROGRAMS – 2 OF 2



The majority of these programs' benefits go directly to customers! These programs will be updated based upon the recent RFP.

TRIED & TRUE

FY2021 WEATHERIZATION PROGRAM – 1 OF 2

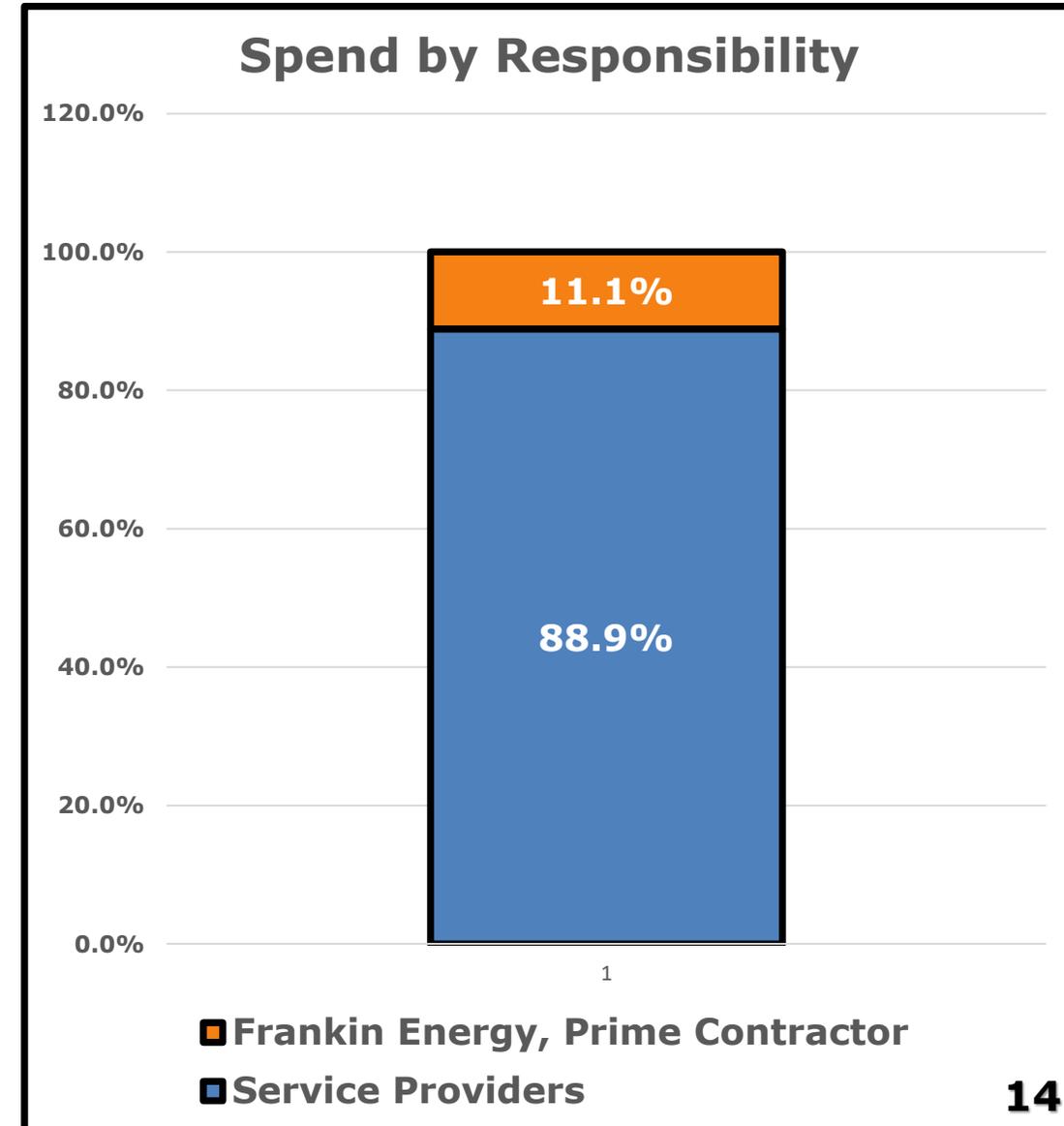


PRIME CONTRACTOR: Historical Responsibilities:

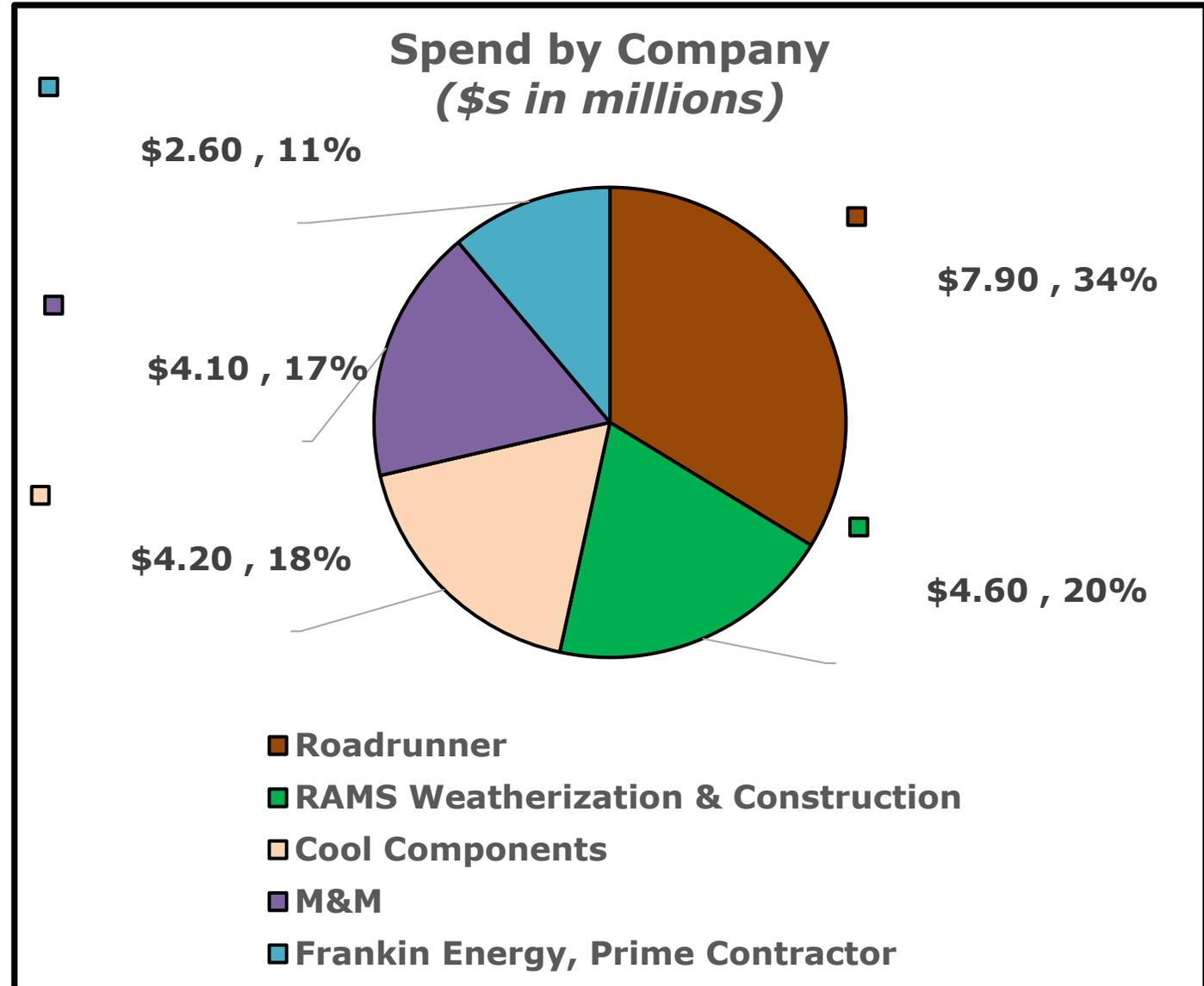
- Hire, Oversee, & Pay Subcontractors
- Market Program
- Perform Quality Checks
- Maintain All Program Records
- Supply all Needed Information to Third-Party Verification Company

SUBCONTRACTORS:

- **4** – Current company count
- **88.9%** – The majority of the work is done by these companies



We see an opportunity to re-imagine our Weatherization model to create a path for local & diverse companies to become full-service, including back-office functions.



WEATHERIZATION

RE-IMAGINING THIS PROGRAM



Our goal is to re-imagine the program to unlock the potential for greater participation.

- **An enhanced Weatherization RFP will be released soon!**

To bridge us during a new RFP process, in August, we will bring you a request for extended funding to meet the current needs of our community.

AUGUST PROCUREMENT ITEMS

PREVIEW



These procurement items will be on the
August 30, 2021 Board Agenda:

Item 1	<u>TRIED & TRUE: RESIDENTIAL & COMMERCIAL ENERGY EFFICIENCY</u>	A. To cover the remainder of <u>STEP Bridge</u> B. <u>PLUS</u> : <i>Flex STEP</i> SM renewal options, assuming the companies continue to perform.
Item 2	<u>TRIED & TRUE: WEATHERIZATION</u>	A. Temporary <u>STEP Bridge</u> extension to support the new creative RFP process. B. <u>ON-HOLD</u> : <i>Flex STEP</i> SM renewal options, assuming the companies continue to perform.

COMMUNICATIONS

STAKEHOLDER ENGAGEMENT CONTINUES



Communication Channels

- A mix of Media
- Citizen Advisory Committee (CAC)
- Rate Advisory Committee (RAC)
- Solar Storage Fest (Zpryme) – July
- Town Halls Virtual & In-Person
- Website content refresh

A graphic with a blue border containing three icons and their corresponding text: a document icon for "Take Our Survey", a Facebook icon for "Attend an Upcoming Virtual Event", and a podium icon for "Catch Us in the News". Below these is the text "Learn more at cpsenergy.com" and "Questions or feedback? Email feedback@cpsenergy.com".

Customer outreach event



Customer Connections & Feedback

- Customer drive-thru events
- Partner Working Group presentations
- Customer Sentiment Surveys
- Increased goal - 1% MWh electric sales savings



Thank You



Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition
CY	Calendar Year
Demand Response (DR)	Demand Response is a change in the power consumption of electric customers to better match the demand for power with the supply. Customers may adjust power demand by reducing or shifting tasks that require large amounts of electric power.
Energy Efficiency (EE)	Energy Efficiency is using technology or services that requires less energy to perform the same function.
EOY	End of Year
Fiscal Year (FY)	For CPS Energy, February 1 to January 31.
M	Million
Megawatt (MW)	A measure of capacity to produce electric power. A megawatt equals 1,000 kilowatts or 1,000,000 watts.
Megawatt-Hour (MWh)	A megawatt hour is equal to 1,000 Kilowatt hours (Kwh). It is equal to 1,000 kilowatts of electricity used continuously for one hour.

GLOSSARY / DEFINITIONS



Acronym or Word	Definition
RFP	Request for Proposals
SM	Service Mark
Solar	A solar system employs solar modules to generate electrical power.
STEP	CPS Energy's Save for Tomorrow Energy Plan
Weatherization/Casa Verde	Weatherization is the process of modifying a building to reduce energy consumption and optimize energy efficiency.
WiFi	WiFi refers to a family of radio technologies used to communicate with wireless devices