



REVISED
SPECIAL MEETING OF THE CPS ENERGY BOARD OF TRUSTEES
CONVENING AS THE RISK MANAGEMENT COMMITTEE
TO BE HELD ON MAY 31, 2022 AT 12:30 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE.)

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning:

- attorney-client matters under Section 551.071;
- deliberations and other authorized action on real property under Section 551.072;
- prospective gifts or donations under Section 551.073;
- personnel under Section 551.074;
- security personnel or devices under Section 551.076;
- economic development negotiations under Section 551.087;
- deliberations, voting or taking final action on competitive matters under Section 551.086;
- deliberations regarding security audits and devices under Section 551.089; or
- deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Francine Romero
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. AnnaMarie Rangel
3	PUBLIC COMMENT Pre-Registration on Friday, May 27, 2022 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Francine Romero
4	INTERIM CEO'S REMARKS	Discuss	Mr. Rudy Garza
RISK MANAGEMENT COMMITTEE			
5	ENTERPRISE RISK STRATEGIC ALIGNMENT	Discuss	Mr. Jonathan Tijerina
6	EMERGING GENERATION OPTIONS	Discuss	Mr. Rick Urrutia
7	PRELIMINARY SUMMER OUTLOOK	Discuss	Mr. Kevin Pollo
8	SUMMER PREPAREDNESS (Mr. Benjamin Ethridge, Mr. Richard Medina, Mr. Anthony Moy, Ms. Deanna Hardwick, and Ms. Melissa Sorola)	Discuss	Operations Executive Team
9	ENTERPRISE RISK & CONTROLS PROGRAM UPDATE	Discuss	Mr. Anthony Werland
CONVENE TO EXECUTIVE SESSION			
10	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for potential discussion topics.	Discuss	Dr. Francine Romero
RECONVENE TO OPEN SESSION			
11	ADJOURNMENT	Execute	Dr. Francine Romero
If the Board meeting has not adjourned by 3:10 PM, the presiding officer shall entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.			

CPS ENERGY BOARD OF TRUSTEES
NOTICE OF SPECIAL MEETING

COSA - CITY CLERK
2022 MAY 25 PM02:11:50

Notice is hereby given of a Special Meeting of the CPS Energy Board of Trustees convening as the Risk Management Committee, **to be held on Tuesday, May 31, 2022 at 12:30 p.m.**, in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, May 27, 2022, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.html>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
May 25, 2022



ENTERPRISE RISK STRATEGIC ALIGNMENT

PRESENTED BY:

Jonathan Tijerina

VP, Enterprise Risk & Development

May 31, 2022

Informational Update





AGENDA

- **ENTERPRISE RISK MGMT & SOLUTIONS (ERMS) TEAM**
- **ENTERPRISE RISKS**
- **RISK & CONTROLS ALIGNMENT**
- **RISK RESILIENCY**
- **RISK MITIGATIONS**
- **NEXT STEPS**

As we transition through evolving expectations & the changing risk landscape, our risk management strategy determines our success & resiliency.



ERMS TEAM



Our ERMS team leverages their training, experience & strong partnerships to incrementally strengthen our risk & internal control culture.

ENTERPRISE RISKS CATEGORIES



Our risks are impacted by community expectations, the pandemic & extreme weather conditions.

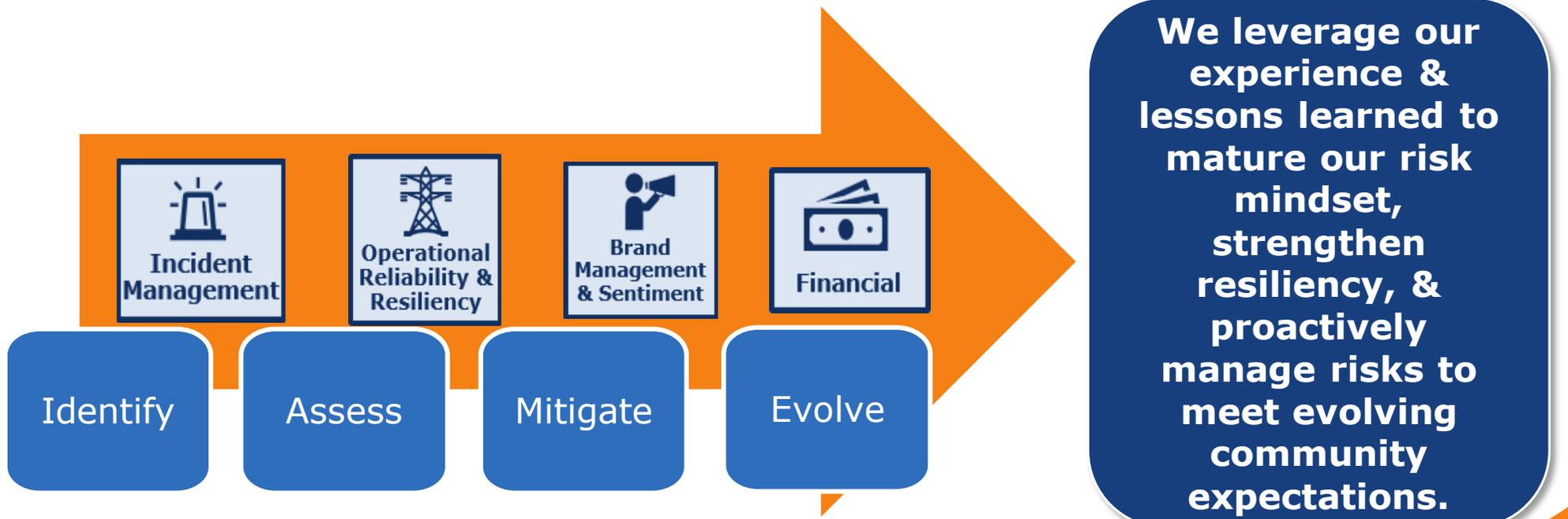
RISK & CONTROLS ALIGNMENT



We serve as a trusted partner within the organization that adds value by providing the framework & tools needed to identify & manage risks to achieve strategic objectives through continuous education, collaboration & communication.

RISK RESILIENCY

ABILITY TO BOUNCE BACK



Resiliency & Transformation



ENTERPRISE RISKS

FORWARD LOOKING MITIGATIONS



As we transition through evolving expectations & the changing risk landscape, how we approach & mitigate risk determines our success & resiliency.





NEXT STEPS



As strategy shifts & risks change, the Risk Management Program is evolving to assist the organization in achieving its strategic objectives.



Thank You





EMERGING GENERATION OPTIONS

Presented by:

Rick Urrutia

Interim VP, Generation Operations

May 31, 2022

Informational Update

AGENDA

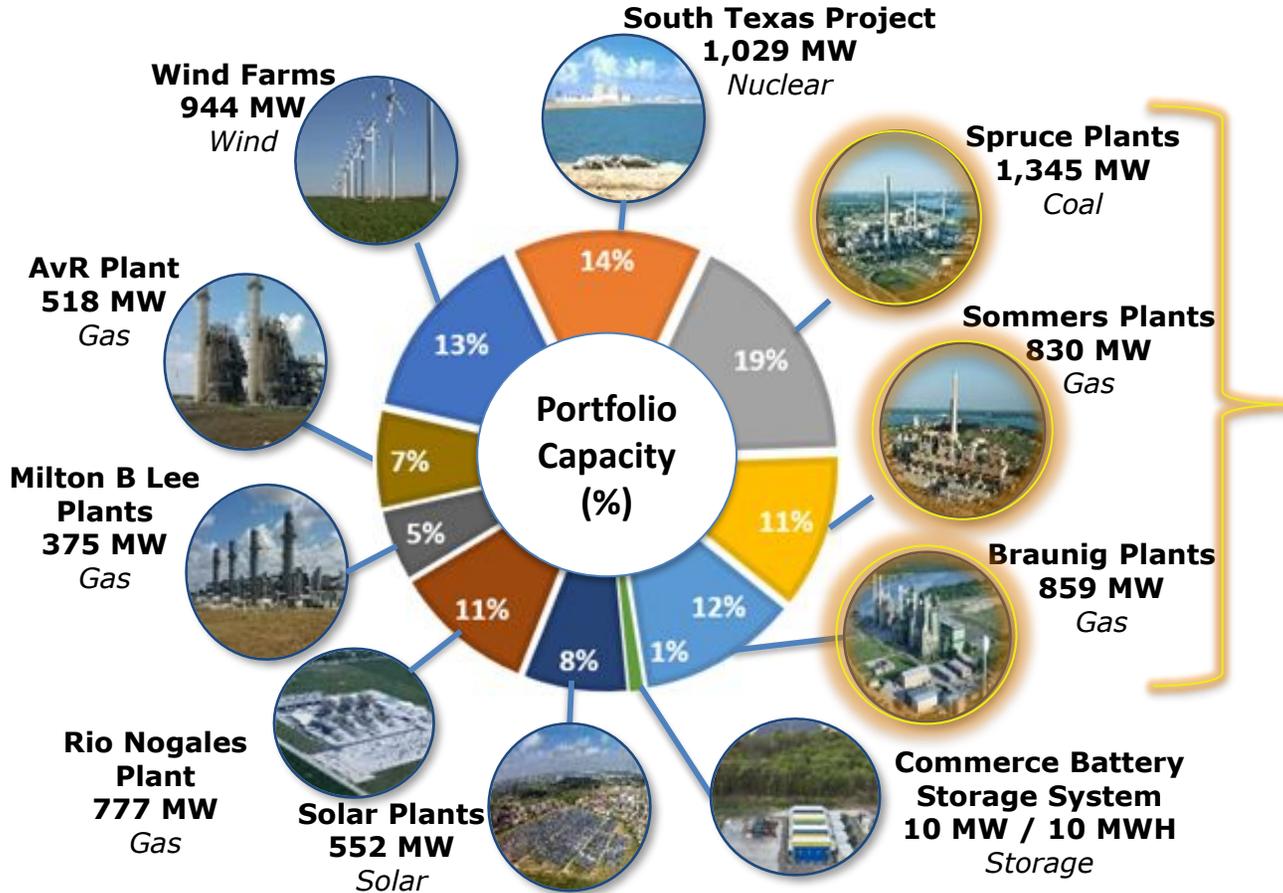


- **A CHANGING UTILITY**
- **STRATEGIC OBJECTIVES**
- **OPERATIONAL EVOLUTION**
- **FLEET TRANSITION HIGHLIGHTS**
- **KEY TAKEAWAYS**

We are a changing utility that will use emerging generation options to transform our generation portfolio.

GENERATION TRANSFORMATION

OUR STARTING POINT



Technology Opportunities

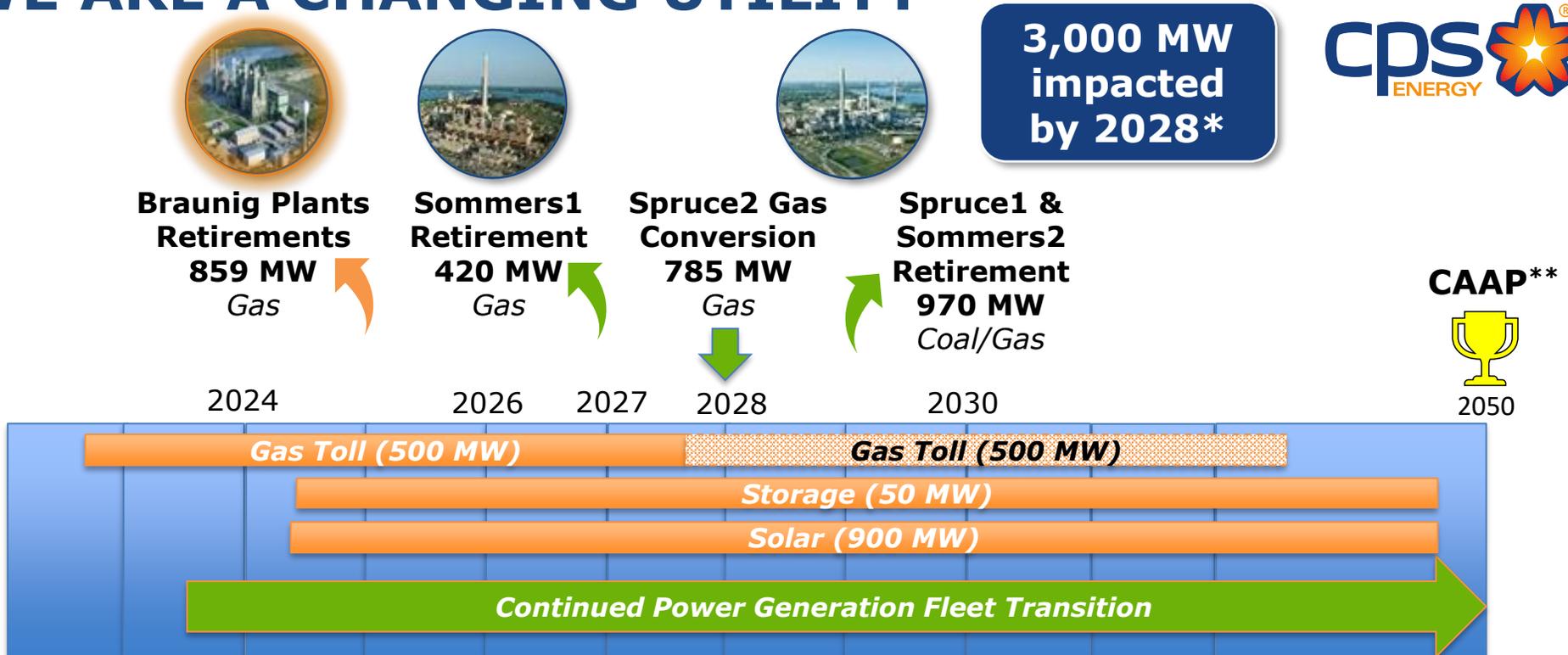
- Wind & Solar Generation
- Coal-to-Natural Gas Conversion
- Natural Gas / Hydrogen Generation
- Battery Storage
- Pumped Storage
- Geothermal
- Compressed Air Energy Storage

Power Generation Headcount

- ~400 Employees (4/30/2022)

Reliable existing assets are key to successful integration of emerging technologies.

WE ARE A CHANGING UTILITY



* Spruce 2 gas conversion & all retirement dates are not final.

** City of San Antonio Climate Action & Adaptation Plan.

Fleet transition offers the opportunity to integrate emerging technologies into our generation portfolio.

STRATEGIC OBJECTIVES

CHANGE MANAGEMENT



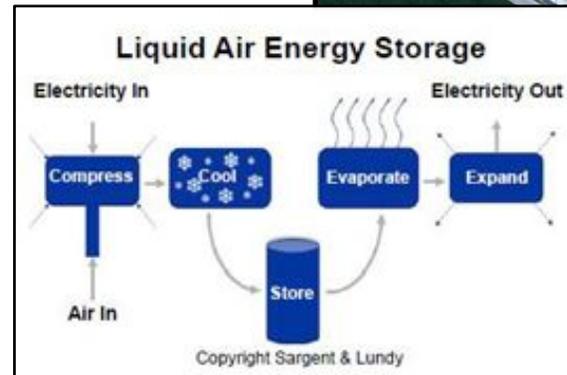
- Seek innovative technologies to reduce emissions & achieve our Climate Action & Adaptation Plan (CAAP) milestones.
- Integrate these new technologies to serve our growing community & maintain our strong legacy of generation portfolio diversity.



Our fundamental objective remains unchanged – provide our customers with reliable, affordable, environmentally-responsible power on-demand.

OPERATIONAL EVOLUTION

- Our journey requires that we maintain the ability to provide power on-demand
- Some emerging technologies promise controllable power
 - Geothermal
 - Combined Cycle – 100% hydrogen & carbon capture
 - Small modular nuclear reactor
- Emerging technologies can provide longer term storage
 - Compressed & Liquid air storage
 - Geo-mechanical pumped storage
 - Iron flow battery storage



Top – CPS Energy Rio Nogales combined cycle power plant

Left – Liquid Air Energy Storage overview by Sargent & Lundy

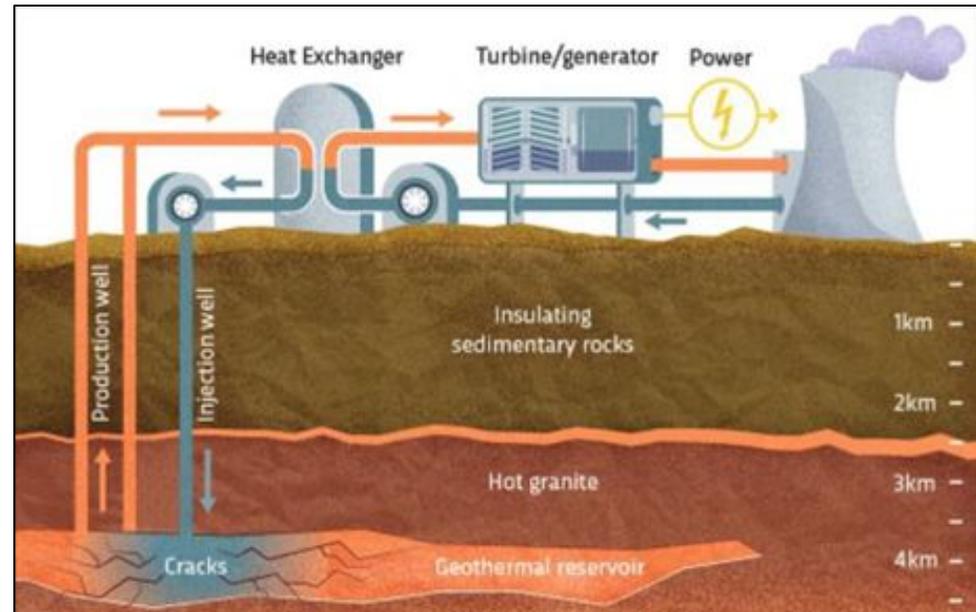
New technologies are key to achieving our CAAP goals.

DISPATCHABLE EXAMPLE GEOHERMAL ENERGY



Advantages	Risks
<ul style="list-style-type: none"> • Little to no emissions • Uses traditional generation equipment for power production 	<ul style="list-style-type: none"> • Less than ideal geological conditions in south Texas • Development in the pilot stage

Electrical Output (MW)	Cost to Produce (\$/MWh)
1-300+	\$35-\$40



Source – Science Focus Magazine, “How does geothermal energy work to produce electricity”

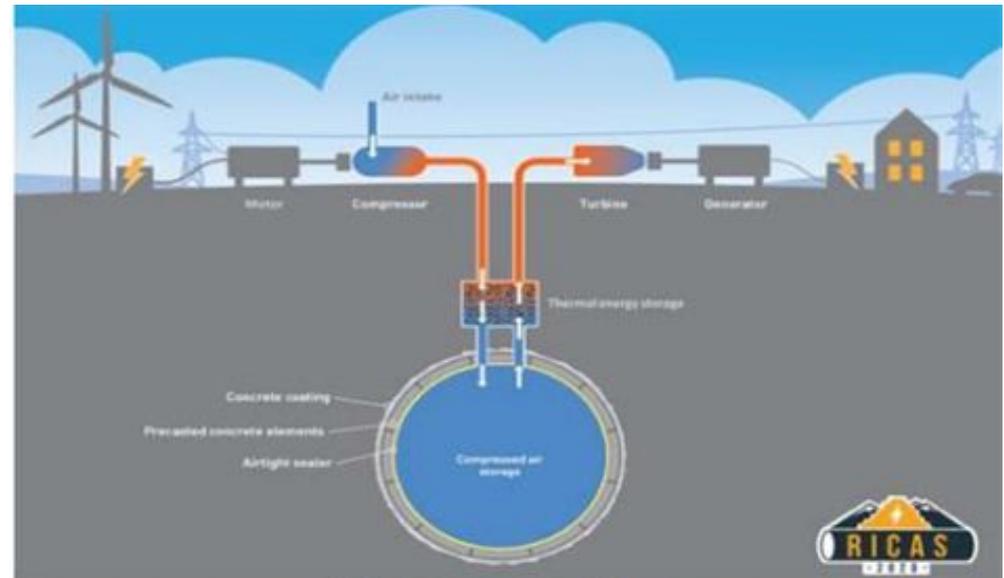
Advanced directional-drilling techniques may be key to expanding the use of geothermal energy into new areas.

STORAGE EXAMPLE

COMPRESSED AIR ENERGY



Advantages	Risks
<ul style="list-style-type: none"> • Little to no emissions • Uses off-the-shelf equipment 	<ul style="list-style-type: none"> • Geological caverns required for extended duration storage • Limited commercial experience, few plants in operation
Electrical Output (MW)	Cost to Produce (\$/MWh)
10-400	\$100-\$200



A-CAES Example System
 Courtesy of RICAS 2020 R&D project

Advances in thermal storage technology promise to significantly improve compressed air energy storage process efficiency.

GEO-MECHANICAL PUMP STORAGE

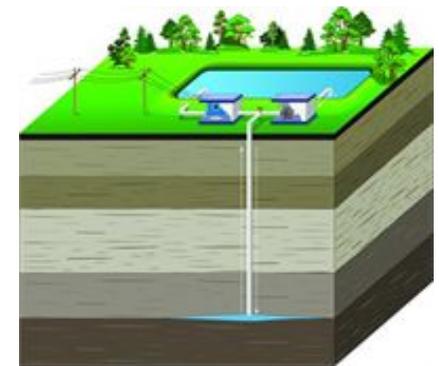
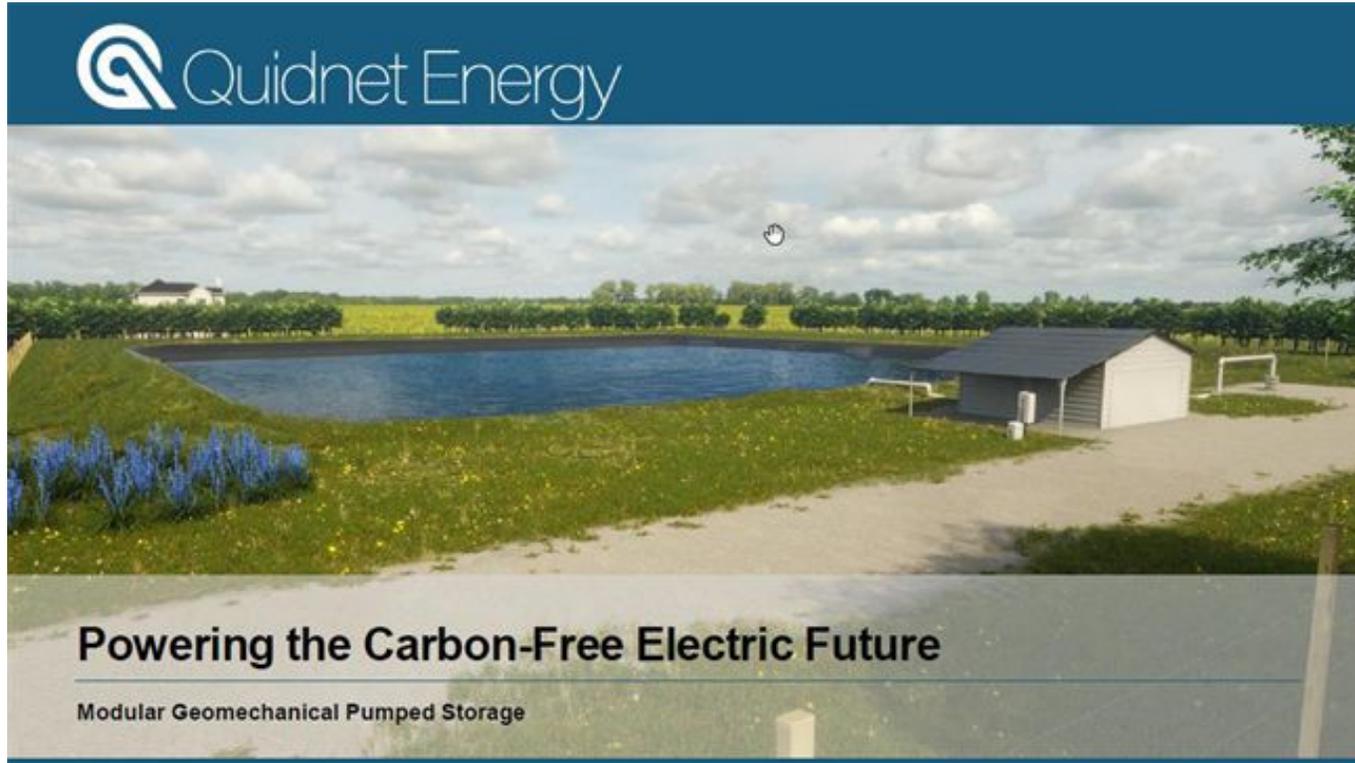


Diagram of the Quidnet Technology

CPS Energy has a 1 MW, 10-hour pilot program underway with Quidnet Energy that creates pumped hydro storage without the traditional elevated reservoir.

FLEXPOWER BUNDLE

ALL-SOURCES DISCOVERY PROCESS



- Innovative technologies are needed to meet customer power demands & achieve CAAP goals.
- Many emerging technologies were proposed during the **FlexPOWER BundleSM** process, they included:

Technology	RFI Response	RFP Response
Compressed Air Energy Storage	X	X
Liquid Air Energy Storage	X	X
Thermal Energy Storage	X	
Underground Pumped Hydro Storage	X	X
Flow Battery	X	X
Hydrogen Bromide Electrolysis	X	
Kinetic (flywheel) Energy Storage	X	
Hydrogen Fueled CCGT*		X
CCGT* with Carbon Capture		X

Our existing portfolio will provide the time needed to study these & other emerging generation technologies & develop a new, diversified portfolio plan.

*CCGT: Combine Cycle Gas Turbine

KEY TAKEAWAYS



- Aging power plants must be replaced to maintain a reliable, affordable & environmentally-responsible energy supply for our community.
- Intermittent renewable generation must be supported by generation capable of delivering power on-demand.
- Portfolio Diversity remains a key consideration of generation planning.
- Innovative technologies are needed to serve our growing community while reducing emissions to achieve our CAAP goals.

Thoughtful generation planning is key to maintaining a balanced generation portfolio capable of supporting our customers while meeting CAAP goals.



Thank You





PRELIMINARY SUMMER OUTLOOK

Presented by:

Kevin Pollo

VP, Energy Supply & Market Operations

May 31, 2022

Informational Update



AGENDA



- **WEATHER OVERVIEW**
- **MARKET RESERVES OUTLOOK**

Above-normal temperatures & tropical storm activity is expected this summer.

NEWS COVERAGE



'It's just not good.' Experts describe the dire situation in Texas as they battle record-breaking temperatures and raging fires

By [Jennifer Ozgy](#), CNN meteorologist
Published 2:53 PM EDT, Mon May 9, 2022

WEATHER

What will Texas' climate be like in 15 years? It's likely to only get hotter, state experts say

By [Roberto Villalpando and Brooke Park](#), Austin American-Statesman
Published 8:00 a.m. CT Oct. 11, 2021 | Updated 12:57 p.m. CT Oct. 12, 2021

CAPITAL WEATHER GANG

Study finds Atlantic hurricanes becoming more frequent, destructive

Hurricanes are the most costly disasters for the United States, and a study suggests they're increasing in number and ferocity

By [Matthew Cappucci](#) and [Jason Samenow](#)
December 2, 2021 at 11:31 a.m. EST

In One Chart

The 10 most expensive climate-change disasters of 2021 cost \$170 billion — and this U.S. storm was No. 1

Last Updated: Jan. 1, 2022 at 7:15 p.m. ET
First Published: Dec. 27, 2021 at 2:00 p.m. ET

By [Rachel Koning Beals](#) [Follow](#)

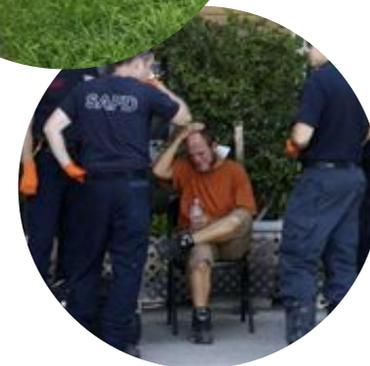
Recent trends in warmer weather & tropical storm activity present risk & potential impacts to our customers.

CLIMATE PROJECTIONS

SAN ANTONIO CLIMATE PROJECTIONS BY 2040



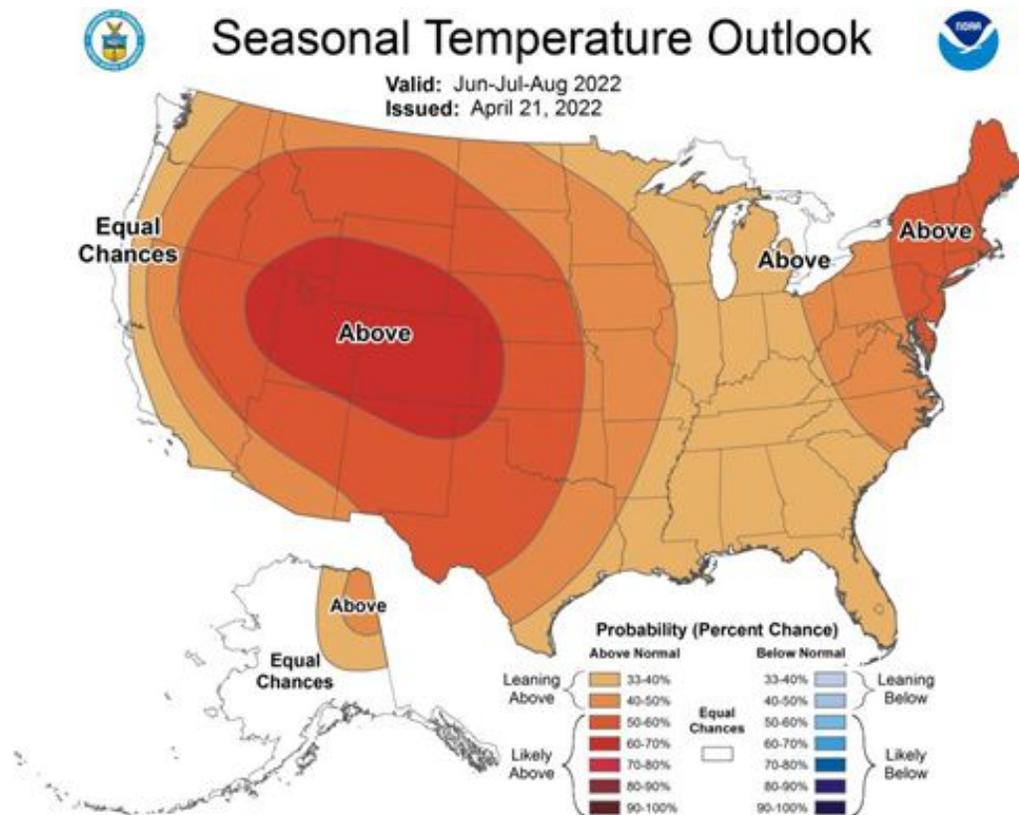
<p>-3 Fewer inches of rainfall annually</p>	<ul style="list-style-type: none"> • More frequent & longer droughts • Reduced water & food security
<p>+24 Additional Days over 100°F</p>	<ul style="list-style-type: none"> • Increased risk of heat-caused illnesses • Less time outdoors on hot days
<p>+4°F Summer maximum temperatures</p>	<ul style="list-style-type: none"> • Increased risk of severe weather & storms • Increased cooling costs for buildings



Source: UTSA: "Future Climate Projections for the City of San Antonio," 2018

Our climate is changing, evident by increasing average temperature, shifted patterns of precipitation, increasing frequency of heavy precipitation events, & changes in extreme temperatures.

TEMPERATURE OUTLOOK



Source: NOAA Climate Prediction Center

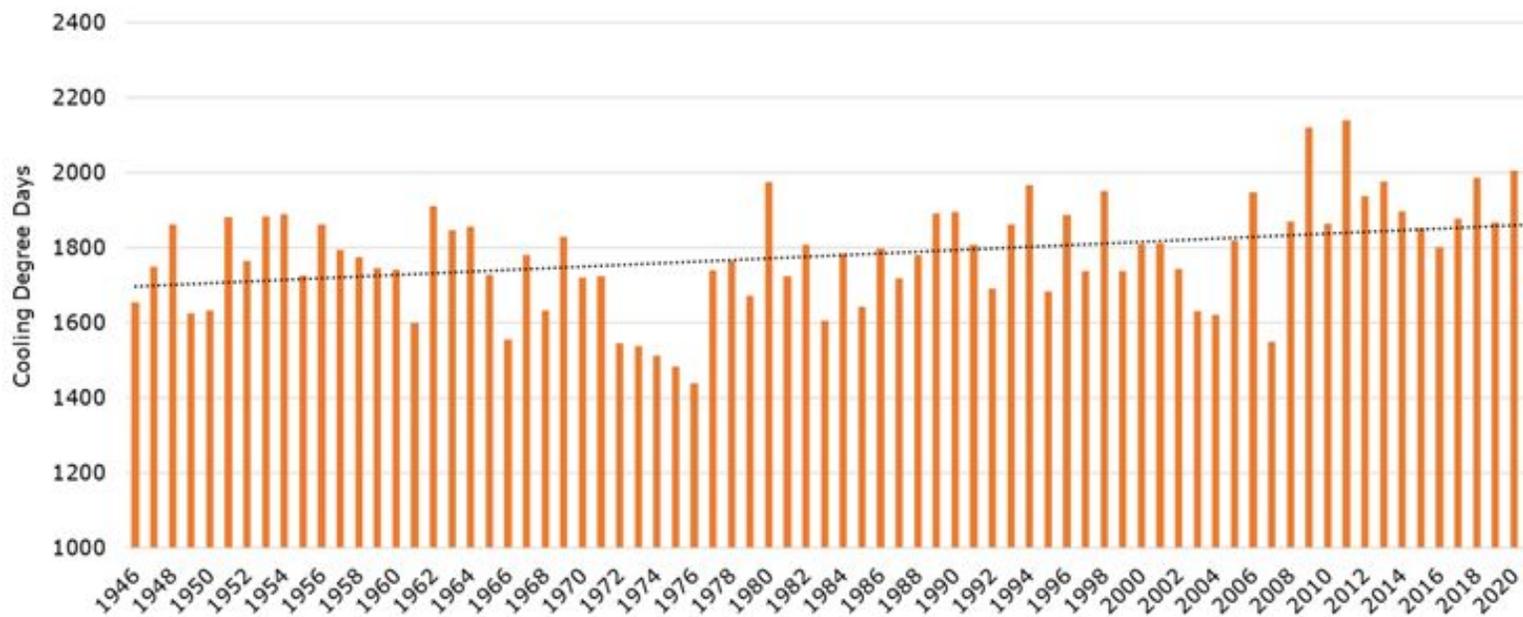
# of 100-degree days in San Antonio (Jun-Aug)	
30-Year Average	17
2021	0
2011	48
2018	27

Temperatures are expected to average 2-3°F above normal this summer. Comparison years show similarities to 2011 & 2018.

TEMPERATURE TREND



San Antonio Cooling Degree Days (CDD) Jun - Aug (1946 - 2021)



The warmer outlook could result in an approximate increase of 15% in CDDs.

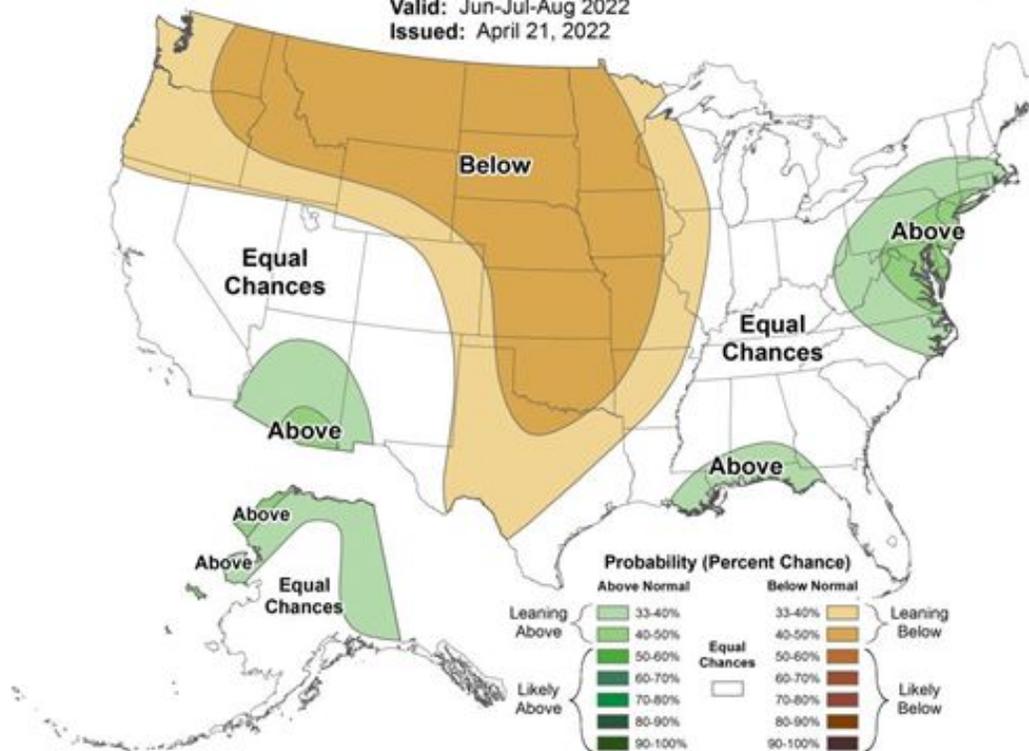
PRECIPITATION OUTLOOK



Seasonal Precipitation Outlook



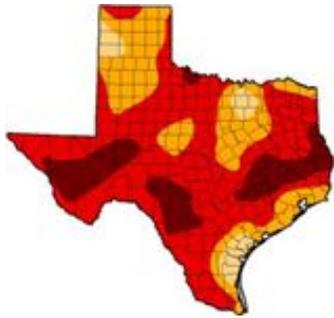
Valid: Jun-Jul-Aug 2022
Issued: April 21, 2022



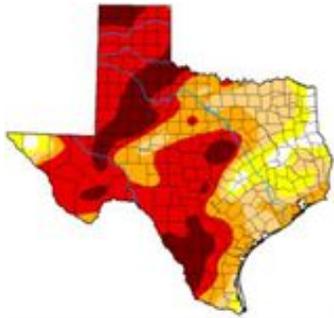
Source: NOAA Climate Prediction Center

Below-normal rainfall will contribute to enhanced drought conditions.

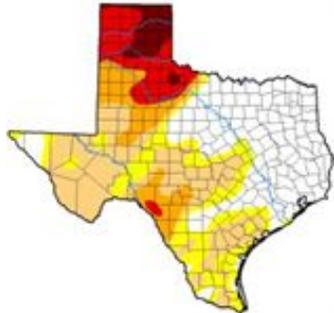
DROUGHT OUTLOOK



**April 2011
Drought**



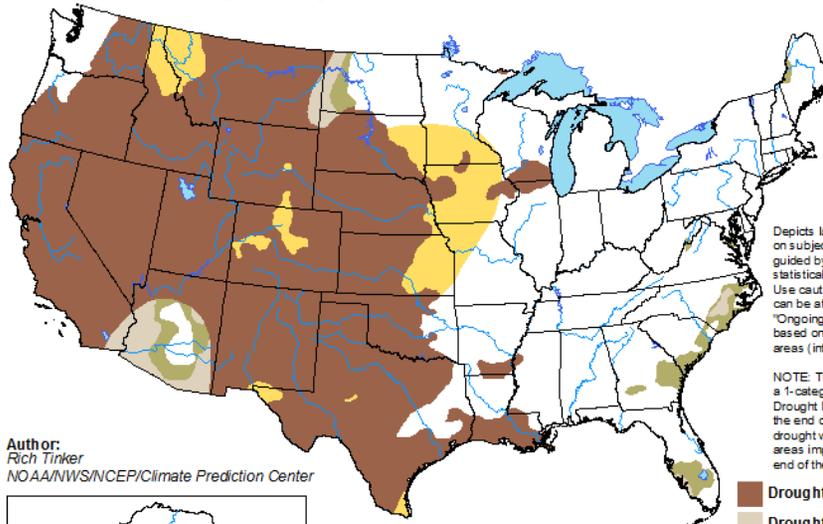
**Current
Drought**



**April 2018
Drought**

U.S. Seasonal Drought Outlook Drought Tendency During the Valid Period

Valid for April 21 - July 31, 2022
Released April 21

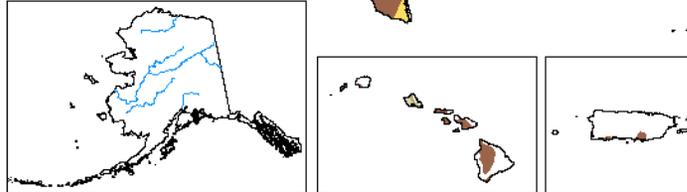


Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short-lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

- Drought persists
- Drought remains but improves
- Drought removal likely
- Drought development likely

Author:
Rich Tinker
NOAA/NWS/NCEP/Climate Prediction Center



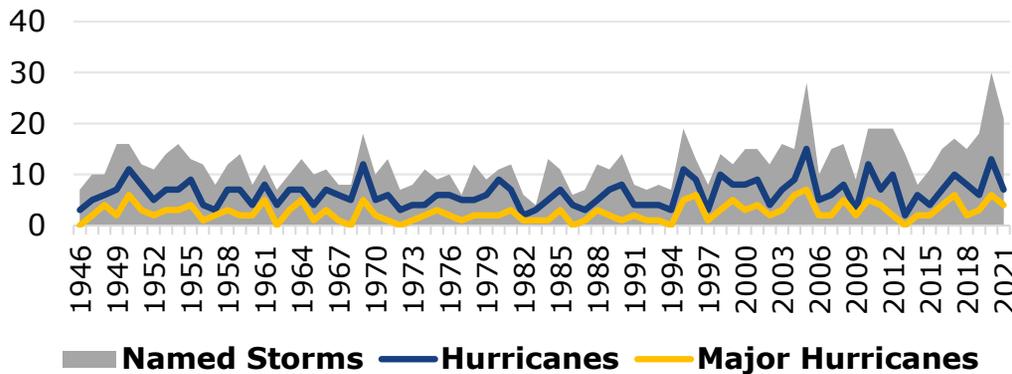
<http://go.usa.gov/3eZ73>

Early season drought increases the risk of observing higher summer temperatures.

TROPICAL OUTLOOK



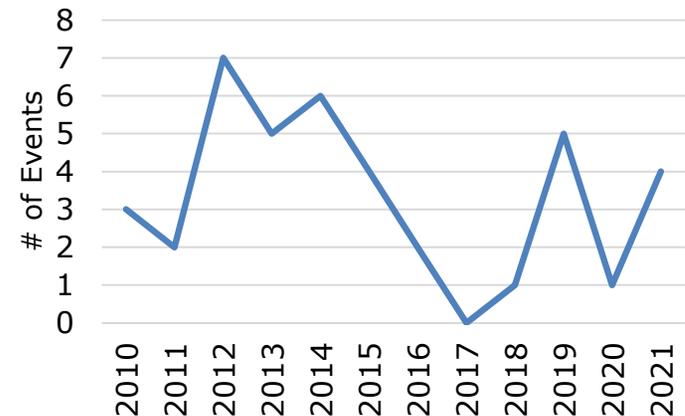
Atlantic Storm Activity 1946-Present



	30-Year Average	2021	2022 Forecast ⁽¹⁾
Named Storms	14.4	21	19
Hurricanes	7.2	7	9
Major Hurricanes	3.2	4	4

⁽¹⁾ - Colorado State University - "Forecast for 2022 Hurricane Activity" published on April 7, 2022

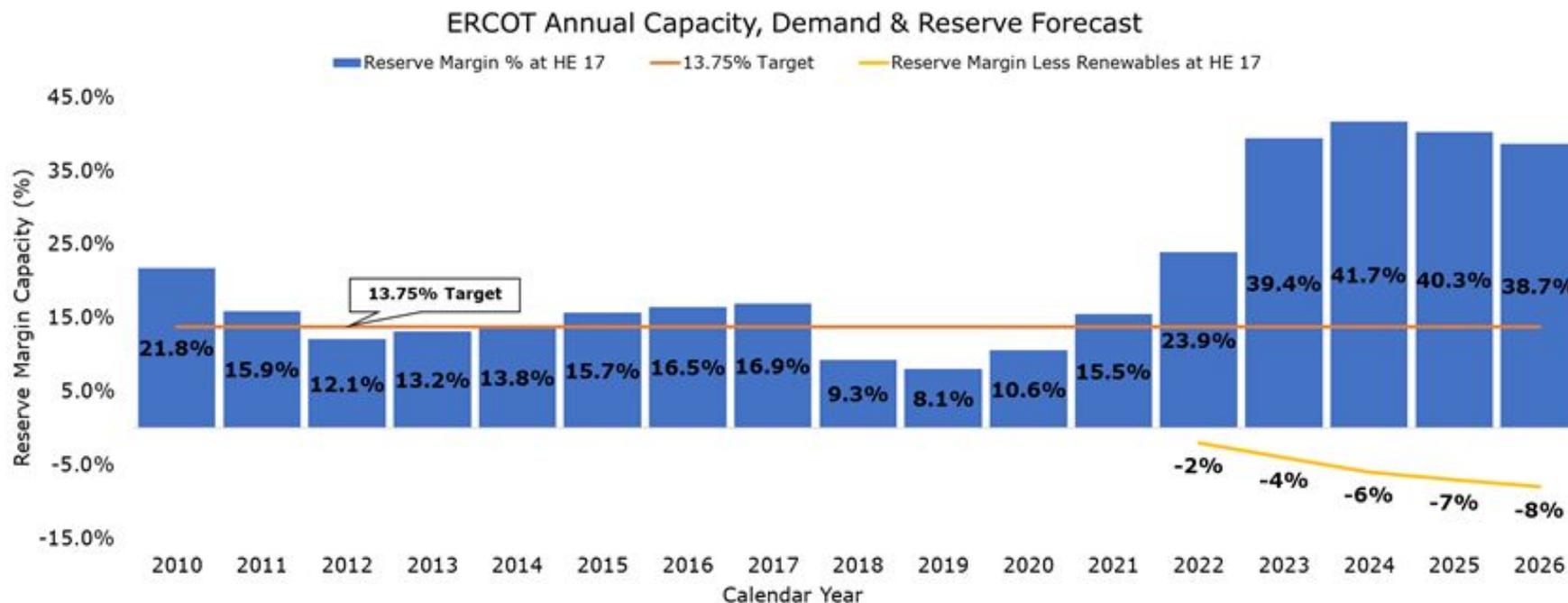
CPS Energy Summer Storm Events⁽²⁾



⁽²⁾ - Classification based on internal criteria

Projections are showing an active tropical season this summer. Storm activity in the San Antonio area is primarily impacted by non-tropical events.

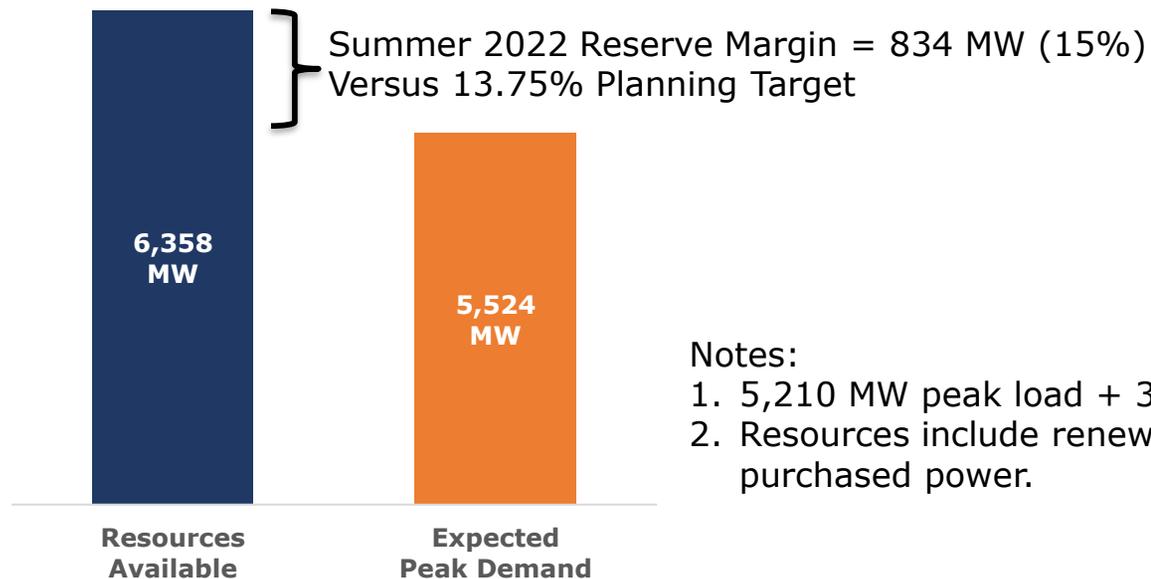
MARKET RESERVES



Renewable resource growth is driving increases in ERCOT reserve margin. Increased reserve margin typically reduces risk of scarcity pricing.

OUR RESERVE MARGIN

SUMMER 2022



Notes:

1. 5,210 MW peak load + 316 MW long-term sales obligations.
2. Resources include renewable PPAs & excludes other purchased power.

Strong reserve margin is expected to meet the needs of the community.

SUMMARY



- Projecting above average temperature & persistent drought
- Increased demand & cooling degree days expected
- Increased operational hours on our generation resources
- Potential grid reliability impacts on high-demand days with low renewable output

Although the early season heat wave, which is poised to reach record temperatures, has impacted customer confidence of the ERCOT grid, we remain focused & committed in maintaining reliability.



Thank You





SUMMER PREPAREDNESS

PRESENTED BY:

Executive Team
Operations

May 31, 2022

Informational Update

AGENDA



- **UPDATE ON SUMMER PREPAREDNESS ACTIVITIES**
 - **ENERGY SUPPLY – BENJAMIN ETHRIDGE**
 - **ENERGY DELIVERY SERVICES (EDS) – RICHARD MEDINA**
 - **GAS SOLUTIONS – ANTHONY MOY**
 - **CUSTOMER STRATEGY – DEANNA HARDWICK**
 - **CORPORATE COMMUNICATION & MARKETING – MELISSA SOROLA**

We are working together to prepare our infrastructure, employees, and customers for the hot summer months ahead.

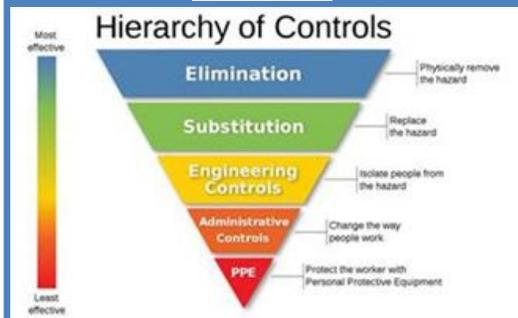
SUMMER READINESS

ENERGY SUPPLY



ERCOT Summer Readiness Certification is due on June 1st.

Safety



- Heat-related illness prevention
- Emergency operations preparation
- Snake bite & insect awareness

Operational



- Weather forecasting
- Market position planning
- Power plant readiness checklists & ERCOT certification

Equipment



- Power plant readiness outages
- Inspection, testing, tuning
- Material staging

We are preparing personnel & equipment for safe, reliable & resilient operation during extreme conditions.

SUMMER READINESS

ENERGY DELIVERY SERVICES (EDS)



SUMMER READINESS ACTIVITIES DUE MAY 31

Safety



- Heat-related illness prevention
- Fire hazard awareness & prevention
- Snake bite, poisonous plant & insect awareness

Operational



- System improvements
- Load shed readiness
- Load flow analysis
- Collaboration with CoSA Emergency Operations Center

Equipment



- Inspections & testing
- Make corrections or improvements
- Inventory checks

Preparation for high heat levels reinforces Transmission & Distribution system reliability & resiliency in the summer months.

SUMMER READINESS

GAS SOLUTIONS



Safety



- Heat/Hydration safety
- Heat mitigation equipment
- Animal bite, poisonous plant & insect awareness
- Fire hazard awareness & prevention

Operational



- Pressure reductions
- Maintain PowerGen gas supply infrastructure
- Odorant rate monitoring
- Reliability & Maintenance Projects

Outreach



- Damage prevention
- Gas safety awareness

Safety, system reliability, and infrastructure resiliency remain our top priorities.

SUMMER READINESS CUSTOMER STRATEGY



We remain committed to connecting, listening & engaging to serve our customers!

CONNECT



- Continued communication & education with developers, managed & military accounts
- Reinforcing safety & realistic construction timelines

LISTEN



- Ongoing discussions with customers to identify solutions to fit their needs
- Compassionately resuming standard collections

ENGAGE



- In-person neighborhood outreach, block walking, & Community Fairs
- Targeted engagement supporting residential & small/medium businesses needs

SUMMER READINESS CORP COMM & MARKETING

**BEAT
THE
HEAT**

**COMBATIR
EL
CALOR**



Educate the community on energy efficiency, conservation, safety, emergency preparedness, & threats to grid reliability, especially in hot weather.

Messaging Channels

Earned Media

- Education
- Milestones
- Program highlights
- News stories
- Interviews

Owned Channels

- Website & Newsroom
- Employee messaging
 - Stakeholder engagement
- Walk-in centers

Social Media

- CPS Energy platforms
- Social post sharing
- Sharing news & events
- Influencer outreach

Paid Media

- Billboards
- Bus cards & shelters
- Print & digital ads
- Radio spots
- TV spots

Conservation Level Education

	GREEN DAY Everyday Conservation
	YELLOW DAY Peak Energy Demand
	ORANGE ALERT Energy Grid Reliability Risk
	RED ALERT Controlled Outages in Progress

SUMMER READINESS

STAY CONNECTED



cpsenergy.com

- View daily conservation level on our home page (June 1)
- Learn energy conservation tips at cpsenergy.com/tips

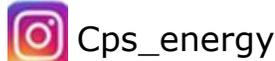
CPS Energy Newsroom

- News releases & informational blogs
- newsroom.cpsenergy.com

Alerts

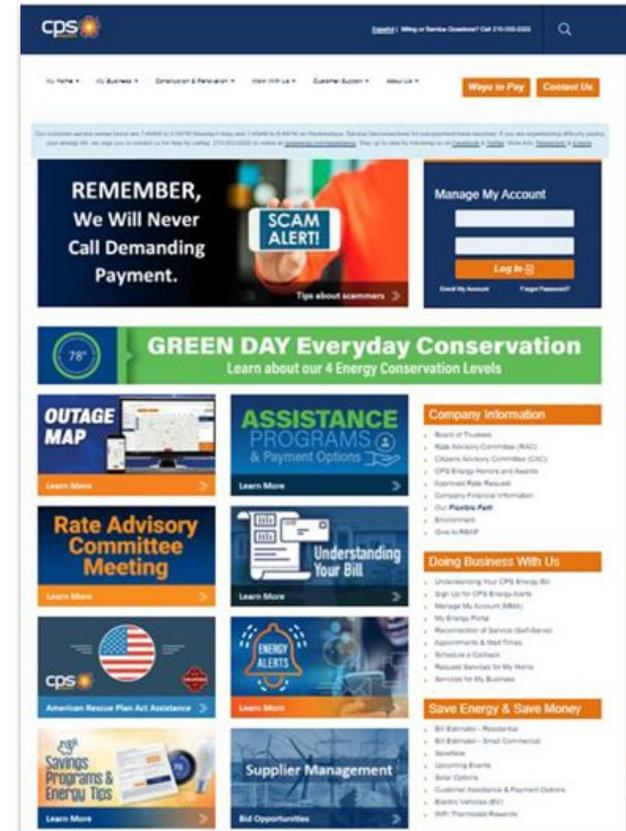
- Sign up for alerts via text, email, or phone through Manage My Account or call 210-353-2222

Social Media



Community Collaboration

- City of San Antonio & Bexar County
- Office of Emergency Management, SAWS, & VIA
- Suburban cities





Appendix





ENERGY CONSERVATION LEVELS

English & Spanish





ENERGY CONSERVATION



Join with the community to conserve energy and save money when the demand for energy is highest.

Beat the Heat of summer by following everyday energy conservation tips on Green Days. If additional conservation is needed during peak energy demand, we will declare a Yellow Day. Orange or Red Alerts will be issued if ERCOT, the statewide grid manager, declares grid reliability is at risk. Check our current color-coded energy conservation status at cpsenergy.com.

	<h2>GREEN DAY</h2> <p>Everyday Conservation</p>	<ul style="list-style-type: none"> ▶ Set thermostat to 78° in summer, 68° in winter ▶ Use fans to feel 4-6 degrees cooler ▶ Run ceiling fans counterclockwise in summer & clockwise in winter 	<ul style="list-style-type: none"> ▶ Close shades & blinds; turn off unnecessary lights ▶ Unplug electronics when not in use ▶ Try cooking on a grill & line-drying clothes when possible
	<h2>YELLOW DAY</h2> <p>Peak Energy Demand</p>	<ul style="list-style-type: none"> ▶ Continue everyday conservation measures ▶ Check our website & social media for times between 2-10PM when increased conservation is needed ▶ Adjust thermostats further to minimize A/C & heater use, if health permits 	<ul style="list-style-type: none"> ▶ Avoid using large appliances like your oven, washer, dryer, & dishwasher ▶ Charge Electric Vehicles (EV) at night, after 10PM
	<h2>ORANGE ALERT</h2> <p>Energy Grid Reliability Risk</p>	<ul style="list-style-type: none"> ▶ Limit power usage ▶ Turn off pool pumps ▶ Avoid charging EV, or charge overnight ▶ Prepare for possible loss of power 	<ul style="list-style-type: none"> ▶ Prepare to implement your household plan for power emergencies ▶ Be ready to initiate plan for alternative operation of medical devices, if needed
	<h2>RED ALERT</h2> <p>Controlled Outages in Progress</p>	<ul style="list-style-type: none"> ▶ Implement emergency preparedness measures ▶ Turn off all appliances and lights during power outages ▶ Turn A/C & heater off until after power is restored ▶ Monitor news sources for updates 	<ul style="list-style-type: none"> ▶ Implement plan for alternative operation of medical devices ▶ Keep refrigerator closed to extend the life of perishable food

BE PREPARED

Don't wait for an emergency or power outage, make a family emergency plan now. If you have medical equipment that requires electricity or medicines that need refrigeration, check with your doctor when making your plan. Assemble a power outage emergency kit. Follow us on Facebook, Nextdoor, Twitter, and our Newsroom for updates during outages and emergencies. Visit cpsenergy.com/prepare.

Need assistance with your energy bill? We're here to help! Visit cpsenergy.com/assistance or call Customer Service at 210-353-2222.



CONSERVACIÓN ENERGÉTICA

**COMBATIR
EL
CALOR**

Únase a la comunidad para conservar la energía y ahorrar dinero cuando la demanda de energía es mayor. Combata al Calor del verano siguiendo los consejos diarios de conservación energética en Días Verdes. Si se necesitan medidas adicionales de conservación durante la demanda máxima de energía, declararemos un Día Amarillo. Se emitirán Alertas Naranjas o Rojas si ERCOT, el administrador de la red estatal declara que la fiabilidad de la red está en riesgo. Consulte nuestro estado actual de conservación energética codificado por colores en cpsenergy.com.

	<h2>DÍA VERDE</h2> <h3>Conservación Diaria</h3>	<ul style="list-style-type: none"> ▶ Ajuste el termostato a 78° en verano, 68° en invierno ▶ Utilice ventiladores para sentirse 4-6 grados más fresco ▶ Haga funcionar los ventiladores de techo en sentido antihorario en verano y en sentido horario en invierno 	<ul style="list-style-type: none"> ▶ Cierre cortinas y persianas; apague las luces que no son necesarias ▶ Desenchufe los dispositivos electrónicos cuando no los utilice ▶ Intente cocinar a la parrilla y secar la ropa en tendederos cuando sea posible
	<h2>DÍA AMARILLO</h2> <h3>Demanda Máxima de Energía</h3>	<ul style="list-style-type: none"> ▶ Continúe con las medidas de conservación diarias ▶ Consulte nuestro sitio web y las redes sociales para conocer los momentos entre las 2 PM y 10 PM cuando se necesita una mayor conservación de energía ▶ Continúe ajustando los termostatos para minimizar el uso de aire acondicionado y calefacción, si la salud lo permite 	<ul style="list-style-type: none"> ▶ Evite el uso de electrodomésticos grandes como su horno, lavadora, secadora y lavavajillas ▶ Cargue los vehículos eléctricos (EV) por la noche, luego de las 10 PM
	<h2>ALERTA NARANJA</h2> <h3>Riesgo en la Fiabilidad de la Red de Energía</h3>	<ul style="list-style-type: none"> ▶ Limite el uso de electricidad ▶ Apague las bombas de la piscina ▶ Evite cargar los EV o cárguelos durante la noche ▶ Prepárese para una posible interrupción de energía 	<ul style="list-style-type: none"> ▶ Prepárese para implementar su plan doméstico para emergencias eléctricas ▶ Esté preparado para iniciar un plan para el funcionamiento alternativo de dispositivos médicos, si es necesario
	<h2>ALERTA ROJA</h2> <h3>Interrupciones Controladas en Curso</h3>	<ul style="list-style-type: none"> ▶ Implemente medidas de preparación ante emergencias ▶ Apague todos los electrodomésticos y luces durante las interrupciones de energía ▶ Apague el aire acondicionado y la calefacción hasta que se restablezca la energía 	<ul style="list-style-type: none"> ▶ Esté al tanto de las fuentes de información para conocer las novedades ▶ Implemente el plan para el funcionamiento alternativo de dispositivos médicos ▶ Mantenga el refrigerador cerrado para prolongar la preservación de los alimentos perecederos

ESTÉ PREPARADO

No espere una emergencia o interrupción de energía, realice un plan de emergencia familiar ahora. Si tiene equipos médicos que requieren electricidad o medicamentos que necesitan refrigeración, consulte a su médico al momento de realizar el plan. Arme un kit de emergencia para interrupciones de energía. Síganos en Facebook, Nextdoor, Twitter y nuestra Sala de Prensa para obtener actualizaciones durante interrupciones y emergencias. Visite cpsenergy.com/prepare.

¿Necesita ayuda con su factura de electricidad? ¡Estamos aquí para ayudar! Visite cpsenergy.com/assistance o llame a Atención al Cliente al 210-353-2222.



Thank You





ENTERPRISE RISK & CONTROLS PROGRAM UPDATE

PRESENTED BY:

Anthony Werland

Director, Enterprise Risk Mgmt & Solutions (ERMS)

May 31, 2022

Informational Update





AGENDA

- **ENTERPRISE VIEW & MINDSET OF RISK**
- **KEY RESULTS & OPERATIONAL RISKS**
- **INTERNAL CONTROLS FOCUS**
- **TRAINING & COMMUNICATION**
- **BENCHMARKING**
- **NEXT STEPS**

Our team manages the Enterprise Risk Management Program, which is designed to systematically identify, evaluate, mitigate, report & monitor enterprise risks that can impact the achievement of strategic objectives.

ENTERPRISE VIEW OF RISK

CURRENT CULTURE



- Strong leadership & support with executive ownership & support
- Collaboration across business units with formal & informal communication
- Multi-dimensional risk consideration
- Cross-program alignment to ensure risk-based prioritization aligned with budget

Continued support of the Enterprise Risk Program has facilitated a focused risk culture throughout the organization.

ENTERPRISE RISK MINDSET



Enterprise Risk Management Program
<ul style="list-style-type: none">• Proactive• Collaborative• Provides visibility• Drives decision making

+

Mature Enterprise Risk Mindset
<p>Risk is:</p> <ul style="list-style-type: none">• Natural• Manageable• Important & matters• Our responsibility• Threats & opportunities

=



How we think about & embrace risk has an impact on our ability to be prepared for & manage risk, which enables us to be resilient & nimble.

KEY RESULT & OPERATIONAL RISKS



Key Result Risks	Operational Risks
Strategic objectives	Systems, processes, people & procedures
Long-term – affecting the position/direction of the organization	Short term – affecting daily activities & ability to meet strategic objectives
High-level	Daily operations

We will include Key Result risks in the risk management process this Fiscal Year (FY).



INTERNAL CONTROLS

AREAS OF FOCUS



- Internal Control Education



- Process Reviews & Control Assessments



- Management Financial Responsibility & Disclosure Certification Program



- Mid-office Hedging Activities



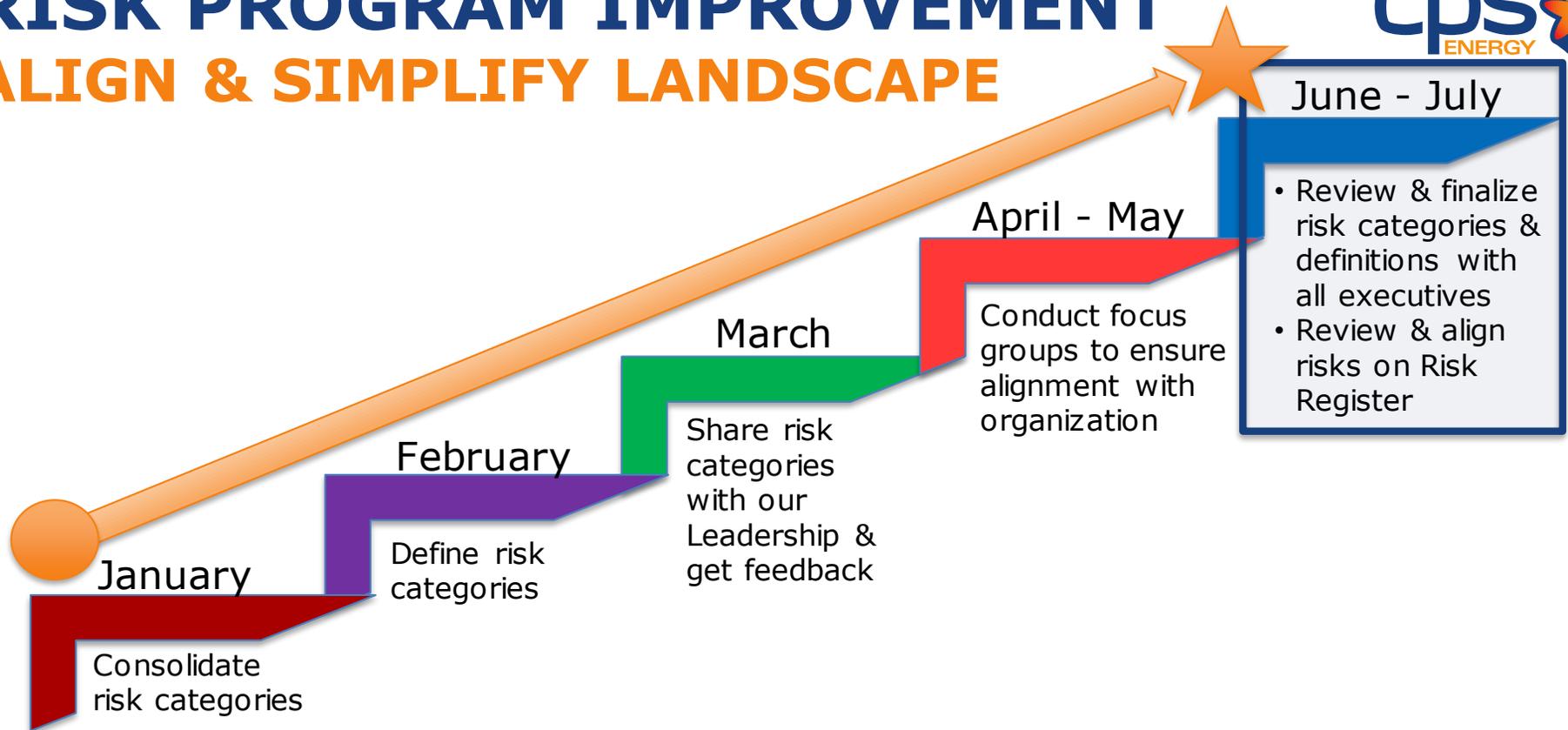
- Credit Monitoring



- Financial Reviews

We are growing our organization's understanding of risk & internal controls.

RISK PROGRAM IMPROVEMENT ALIGN & SIMPLIFY LANDSCAPE



These improvements will help us create a foundation to consistently provide valuable insight & risk analysis.

TRAINING & COMMUNICATION

ENHANCING RISK & CONTROLS CULTURE



Enterprise Risk Mgmt. & Internal Controls Training Objectives

- ✓ Foster a common vision & enhance mindset
- ✓ Increase organizational awareness & visibility
- ✓ Improve risk analysis for insufficient controls



Actions	Status
Education & Training	In Progress
Corporate Communications Spotlight	In Progress
Partner with industry peers to benchmark & discuss best practices	In Progress
Collaborate with other business areas for alignment	Future
Public Risk Management Awareness Day – March 1 st	Future

ERMS will continue to encourage high-level risk engagement & conversation.

GARTNER BENCHMARKING

RISK INSIGHT



2022 Q1 Emerging Risks (Utilities)	Enterprise Risk Landscape Alignment
Critical Infrastructure Failure	Reliability & Resiliency
Supply Chain Disruptions / Key Material Shortages	Vendor Management
New Ransomware Models	Physical & Cybersecurity
Inflationary Pressures	Financial
Post-pandemic Talent	People Readiness & Culture

Industry benchmarking provides us valuable insight to support our risk analysis & mitigation strategies.

Source: 1Q22 Gartner Emerging Risks Report



NEXT STEPS

- Enhance risk & controls awareness throughout the organization
- Incorporate & align executive leadership feedback into the risk management program
- Participate in Enterprise Resource Plan (ERP) Request for Proposal (RFP) process to identify an automated ERMS solution
- Begin risk assessments to refresh Risk Register & partner with Business Units to develop effective risk mitigation plans





Thank You

