

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED
ORDINANCE OR RESOLUTION ADOPTED BY THE CITY COUNCIL**

ORDINANCE

**AUTHORIZING FUNDING OF THE CPS ENERGY
CONSERVATION AND SUSTAINABILITY SAVE FOR
TOMORROW ENERGY PLAN (STEP PROGRAM) THROUGH
JANUARY 31, 2021, THROUGH AN ADJUSTMENT IN THE FUEL
SURCHARGE**

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WHEREAS, CPS Energy manages and operates a combined electric and gas utility system (the “System”), on behalf of the City of San Antonio, through its executive body, the CPS Energy Board of Trustees; and

WHEREAS, in response to City Council requests, and consistent with the CPS Energy Strategic Plan, CPS Energy developed the Save for Tomorrow Energy Plan (“STEP Program”) in 2009, a demand-side management program designed to encourage customers to improve the energy efficiency of their homes, buildings and processes, resulting in energy savings and reducing system demand; and

WHEREAS, in Ordinance 2009-05-21-0399, City Council approved the STEP Program, and created a mechanism for CPS Energy to invest in energy efficiency and conservation as an alternative to traditional generation sources and recover its STEP costs through the fuel surcharge; and

WHEREAS, the goal of the STEP Program was to save 771 MW of electricity between 2009 and 2020 through aggressive energy conservation solutions – this is the equivalent amount of energy produced by a large power plant on an annual basis; and

WHEREAS, the total cost of the STEP Program during the 2009 to 2020 time period was estimated at \$849 million – \$9 million of which is currently recovered in base rates and the additional amount recovered through an adjustment in the fuel surcharge; and

WHEREAS, CPS Energy has recovered through the fuel surcharge amounts corresponding with actual reductions in energy usage; and

WHEREAS, the fuel surcharge recovery occurs in the following fiscal year only after a third-party consultant has verified actual energy savings resulting from implementation of the STEP Program energy conservation solutions, with the third-party consultant producing an annual report that is reviewed and approved by City staff; and

WHEREAS, CPS Energy has achieved the 771 MW goal in energy conservation a full year ahead of schedule and \$130 million under the initial \$849 million approved budget; and

WHEREAS, in addition to reducing the demand for energy, the STEP Program has delivered community benefits including:

- \$283 million in rebates paid to 236,000 customers to encourage them to invest in energy efficiency improvements for their home or business;
- Nearly 30,000 homes have been weatherized through the Casa Verde program, helping families save approximately \$400 on their electric bill every year - an approximate financial savings of \$12 million annually to low-income families.
- 150,000 thermostats were installed in customer homes, helping reduce energy demand on the hottest days of summer; and
- 18,500 solar systems were installed on homes and businesses across the City, supporting a solar industry that has grown to 80 installers providing 1,000 local jobs; and

WHEREAS, the STEP Program has also contributed significantly to enhanced air quality in the Greater San Antonio area resulting in:

- Cumulative emission reductions that are equivalent to 3,586,238 acres of forest for one year, which is an air quality impact 5.3 times that of the National Forests and Grasslands in Texas; or
- Cumulative carbon emission reductions that are equivalent to removing 646,946 vehicles from the road for one year in San Antonio; and

WHEREAS, in Ordinance 2009-05-21-0399, CPS Energy was required to evaluate the success of the STEP Program as part of the 2019 annual report and through that completed report determined that continuing the program beyond 2020 is a viable option based on further projected annual reductions in energy consumption and related environmental benefits going forward and the costs that would be incurred to achieve such reductions and benefits; and

WHEREAS, based on the highly successful results of the program, CPS Energy is seeking approval to continue the STEP Program, including a one-year extension, through January 31, 2021; and

WHEREAS, during the one-year extension, CPS Energy expects to yield approximately 75 MW of additional energy demand reduction with a program budget of \$70 million; and

WHEREAS, CPS Energy is committed to continuing to support energy efficiency and conservation through *FlexSTEP*, envisioned as the next generation energy management and conservation program that aligns with CPS Energy's *Flexible Path* strategy as it balances tried and true practices and solutions with new technologies; and

WHEREAS, the program extension will provide continuity in energy efficiency and conservation programs until the next program, *FlexSTEP*, is fully developed and approved by City Council; and

WHEREAS, CPS Energy is currently in the development phase of *FlexSTEP*, with a key design objective of obtaining feedback from customers and stakeholders and allowing time for a full, robust stakeholder engagement process; and

WHEREAS, City Staff recommends extending the STEP Program for an additional year through January 31, 2021, to allow CPS Energy to develop *FlexSTEP* as the next iteration of the program and seek City Council approval; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves extending the CPS Energy Save for Tomorrow Energy Plan “STEP Program” through January 31, 2021 and approves funding the extension through the fuel surcharge adjustments approved in Ordinance 2009-05-21-0399.

SECTION 2. This Ordinance shall become effective ten (10) days following its passage.

PASSED AND APPROVED, this 30th day of January, 2020.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek, City Clerk

Andrew Segovia, City Attorney