SOLAR LANDSCAPE & NEW PRODUCT: GREEN TARIFF

PRESENTED BY:

Paula Gold-Williams
President & CEO

August 20, 2020

Approval Requested

AGENDA

- SOLAR LANDSCAPE & OUR NEWEST INNOVATION
- GUIDING PILLARS
- STRATEGIC BENEFITS
- TARIFF DESIGN & FINANCIAL IMPACT
- HOW THE PRODUCT WORKS
- FUTURE PRODUCTS
- REQUEST FOR APPROVAL

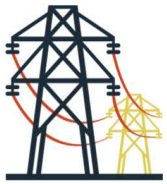
OUR NEWEST INNOVATION

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

Customer Needs	Easy & Low Cost	On-site	No Cost, On-site	Off-site	Corporate Goals & Large Scale	• Price Certainty • Low Income • Multiple Sites *...& more*
	2000	*2007*	*2015*	*2016 & 2019*	2020	*...& Beyond*
Residential	CPS ENERGY WINDTRICITY Energy For A Brighter Future™	$ *Solar Rebates*	SolarHostSA	SAVE MONEY, NO ROOF REQUIRED. BIG SUN COMMUNITY SOLAR		*Coming Soon...*
Small Business						*Coming Soon...*
Large Business					Green Tariff	*Coming Soon...*

OUR GUIDING PILLARS & FOUNDATION

Reliability



Customer Affordability

Security

Safety

Environmental Responsibility

Resiliency

FINANCIALLY RESPONSIBLE

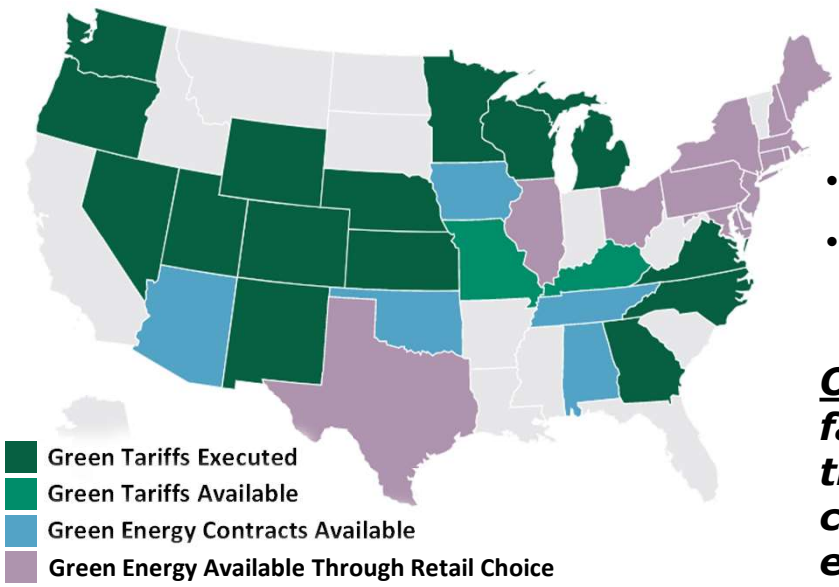
CPS Energy's product & rates strategy is supported by our guiding pillars.

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

A BETTER GREEN TARIFF

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



Source: World Resources Institute - March 2019

2017 — **Present**

Study → Take Input → Design Options → Propose Solution

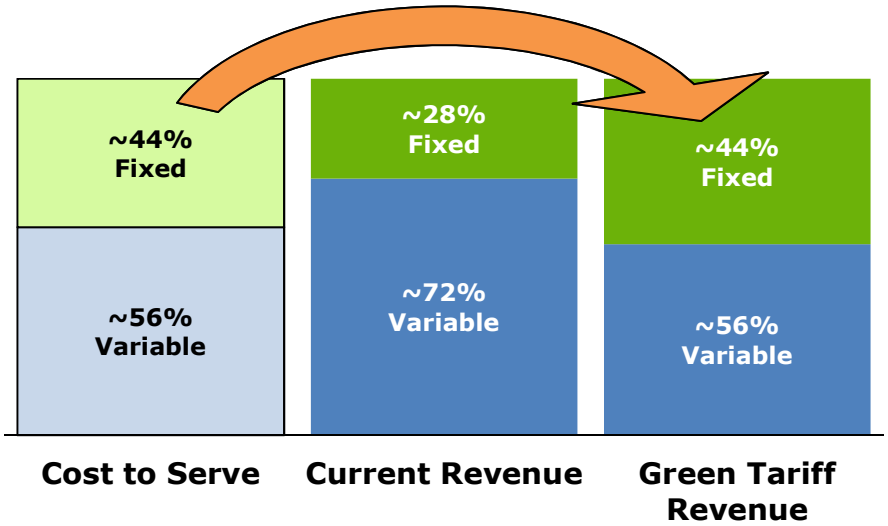
- Green Tariffs have become quite common
- Our Green Tariff research was focused on how utilities recover the cost of existing infrastructure

***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.**

FINANCIAL ASSESSMENT

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



Note: Values based on FY 2017 Cost of Service study; LLP, LPT, ELP & SLP reflected

- 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

HOW THE PRODUCT WORKS

Green Tariff

Green Tariff for Large Commercial Customers[1]

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.

1: Numbers are actual charges from the proposed tariff

FUTURE PRODUCTS

ADDITIONAL SOLUTIONS ARE COMING SOON

Aligned with Guiding Pillars

	FY2021 Q2	FY2021 Q3	FY2021 Q4
Environmental Responsibility	Green Tariff		Other Solar
Resiliency		Resiliency Service Tariff	
Reliability		Wholesale Distribution Service	Line Extension
Pilot Programs (Under New Service Options Tariff)		EV Pilots	

← **Rooted in Financial Stability** →

REQUEST FOR APPROVAL

We respectfully request City Council approval of the Large Commercial Green Tariff.

Thank You