

ORDINANCE

2020-08-20-0535

**AUTHORIZING THE ADOPTION OF CPS ENERGY'S NEW LARGE
COMMERCIAL POWER SERVICE – GREEN TARIFF TO EXPAND CPS
ENERGY'S RENEWABLE ENERGY PRODUCT OFFERINGS**

* * * * *

WHEREAS, the City Public Service Board of San Antonio, Texas (aka “CPS Energy”) operates electric and gas systems on behalf of the City of the San Antonio (the “City”); and

WHEREAS, CPS Energy has determined that customer expectations are evolving with technological innovations in the electric industry leading commercial customers to request energy solution options, including increased use of power from renewable resources, energy sustainability strategies, and access to emerging technologies; and

WHEREAS, pursuant to Chapter 1502 of the Texas Government Code, the City Council, acting in its regulatory capacity, has original jurisdiction over CPS Energy’s rates; and

WHEREAS, large commercial customers have access to energy solutions throughout the deregulated electric retail markets in Texas; solutions that provide these customers with the tools to meet corporate environmental stewardship goals, the ability to invest in on-site and off-site renewable energy solutions, share renewable energy among multiple customer locations, and incorporate energy resiliency solutions; and

WHEREAS, the Commercial Green Tariff is CPS Energy’s offering intended to address customer requests, enabling CPS Energy’s large commercial customers to use renewable resources to support business goals and demonstrate environmental stewardship; and

WHEREAS, CPS Energy rates are designed to recover the utility’s overall costs for transmission, distribution, and generation infrastructure, in addition to variable costs associated with customer specific generation usage; and

WHEREAS, under the Commercial Green Tariff, power from a known renewable energy resource will be substituted for power from CPS Energy’s existing generation fleet; and

WHEREAS, the Commercial Green Tariff will ensure that commercial customers eligible for service under the tariff will make their appropriate cost of service contribution to utility capital and operating costs; and

WHEREAS, CPS Energy expects that the overall revenues to be collected from commercial customers, with and without the Commercial Green Tariff, will be comparable; and

WHEREAS, the Commercial Green Tariff continues CPS Energy’s leadership position in sustainability, creates a product aligned with the utility’s *Flexible Path* strategy and supports the Clean Action Adaptation Plan as adopted by the City; and

WHEREAS, the City's Office of Public Utilities staff has performed a detailed review of the proposed Commercial Green Tariff and, based on that review, staff has determined that the tariff is reasonable and appropriate; **NOW THEREFORE:**

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

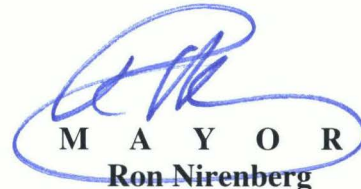
SECTION 1. After consideration of CPS Energy's new proposed tariff, the City Council hereby approves the "Large Commercial Power Service – Green Tariff" attached as Exhibit A, which is incorporated to this Ordinance for all purposes.

SECTION 2. The City Council hereby finds that the Large Commercial Power Service – Green Tariff will allow CPS Energy to recover the appropriate cost of service rate revenue contribution from the commercial customer classes eligible to take service under the tariff.

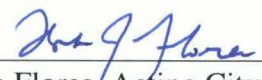
SECTION 3. The City Council hereby finds that the rates under the Large Commercial Power Service – Green Tariff are in the public interest, fair and reasonable, equal and uniform, nondiscriminatory, and necessary to meet CPS Energy's capital, operating, and maintenance expenses.

SECTION 4. This Ordinance shall be effective immediately upon its passage by eight (8) votes or the 10th day after its passage by less than eight (8) affirmative votes.


PASSED AND APPROVED this 20th day of August 2020.


M A Y O R
Ron Nirenberg

ATTEST:


Tina Flores, Acting City Clerk

APPROVED AS TO FORM:


for Andrew Segovia, City Attorney



City of San Antonio

City Council
August 20, 2020

Item: 5

Enactment Number:
2020-08-20-0535

NAME	MOTION	SECOND	ABSTAIN	AYE	NAY	ABSENT
Roberto Treviño Council District 1				✓		
Jada Andrews-Sullivan Council District 2				✓		
Rebecca Viagran Council District 3				✓		
Adriana Rocha Garcia Council District 4				✓		
Shirley Gonzales Council District 5				✓		
Melissa Cabello Havrda Council District 6				✓		
Ana Sandoval Council District 7	✓			✓		
Manny Pelaez Council District 8						✓
John Courage Council District 9		✓		✓		
Clayton Perry Council District 10				✓		
Ron Nirenberg Mayor				✓		

Comments:

Office of the City Clerk



SOLAR LANDSCAPE & NEW PRODUCT: GREEN TARIFF

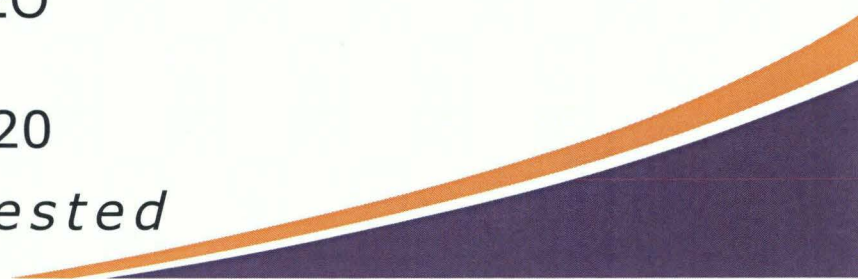
PRESENTED BY:

Paula Gold-Williams

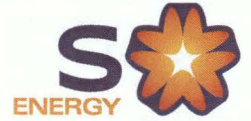
President & CEO

August 20, 2020

Approval Requested



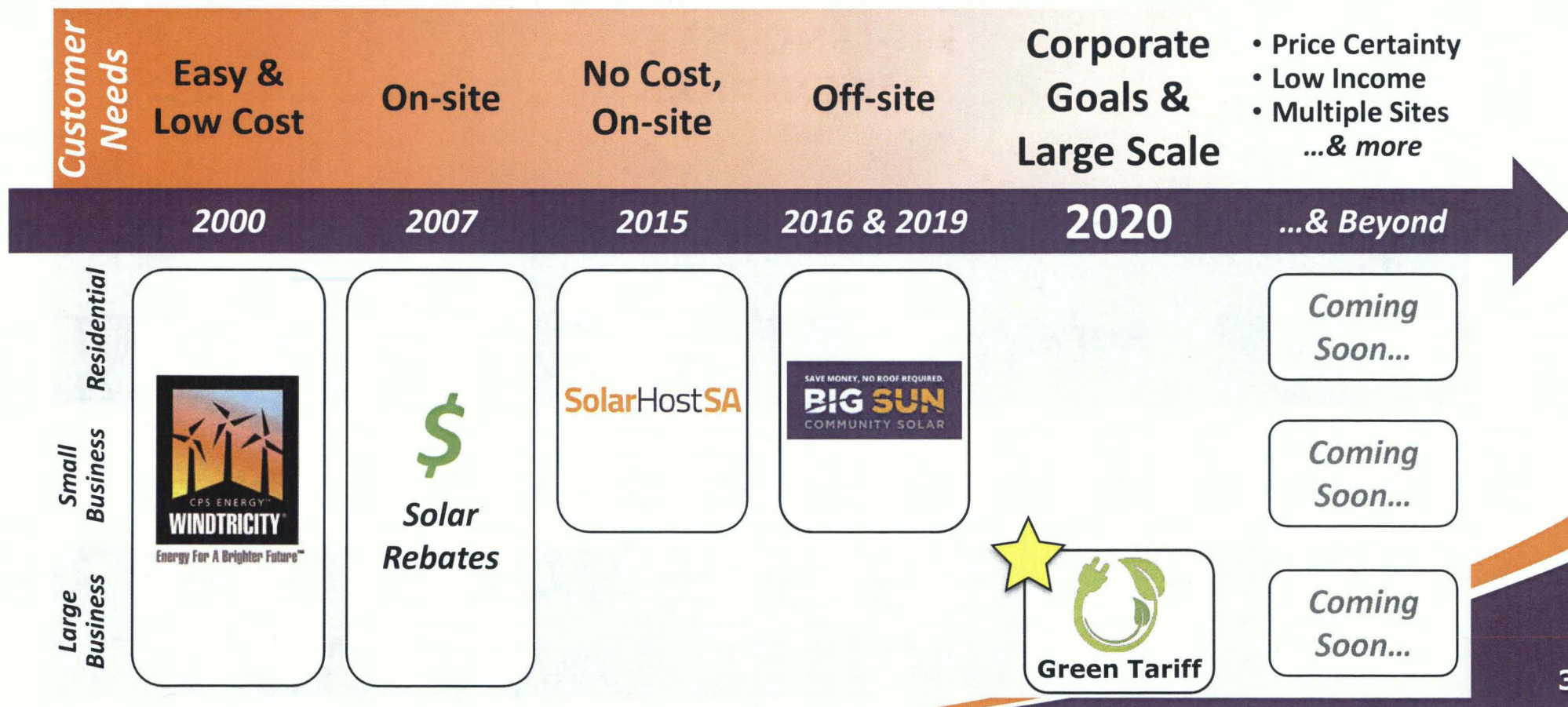
AGENDA



- **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

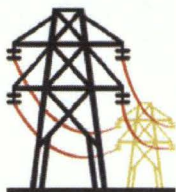
THE GREEN TARIFF ENHANCES OUR PRODUCT OFFERING TO MEET EVOLVING CUSTOMER NEEDS



OUR GUIDING PILLARS & FOUNDATION



Reliability



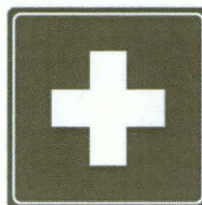
**Customer
Affordability**



Security



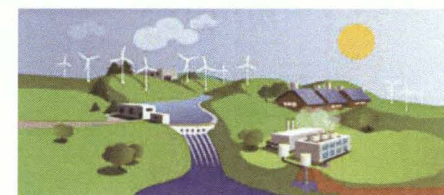
Safety



**Environmental
Responsibility**



Resiliency



**FINANCIALLY
RESPONSIBLE**

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

STRATEGIC BENEFITS OF GREEN TARIFF

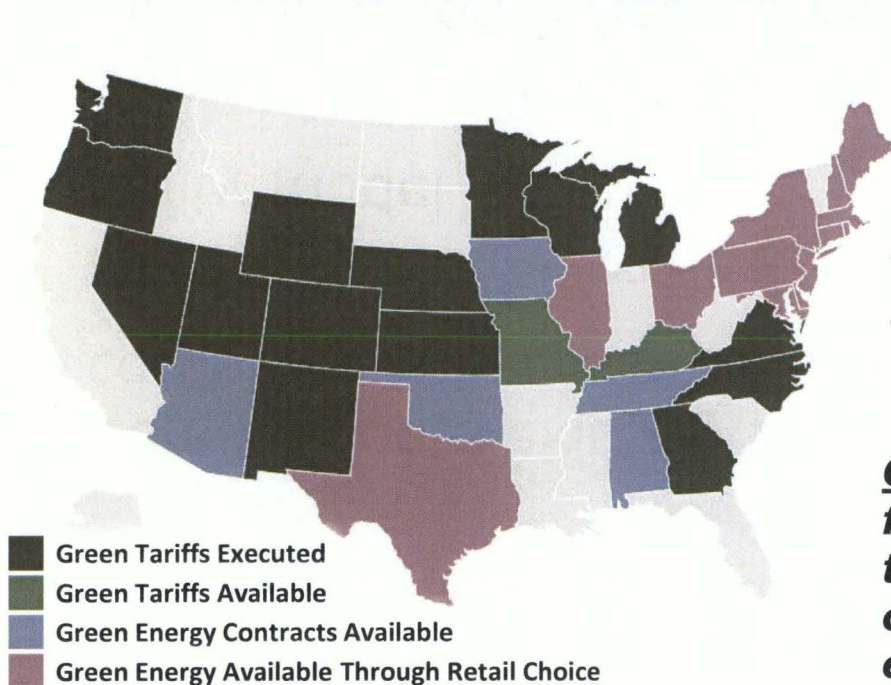


- Complements existing solar offerings & allows for “green” corporate goals to be met
- Meets customer needs & strengthens our municipally-owned utility model
- Creates optionality for our ***Flexible Path*** & is aligned with the Climate Action & Adaptation Plan
- Maintains revenue, improves fixed cost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

A BETTER GREEN TARIFF

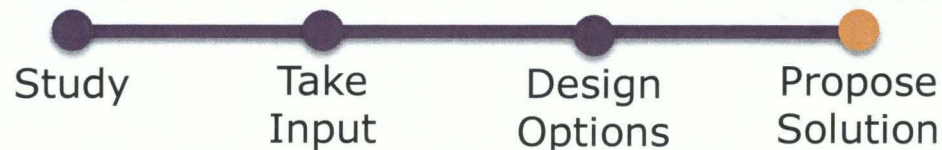


Our journey began *three years ago* with an extensive market research effort.



2017

Present



- 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.

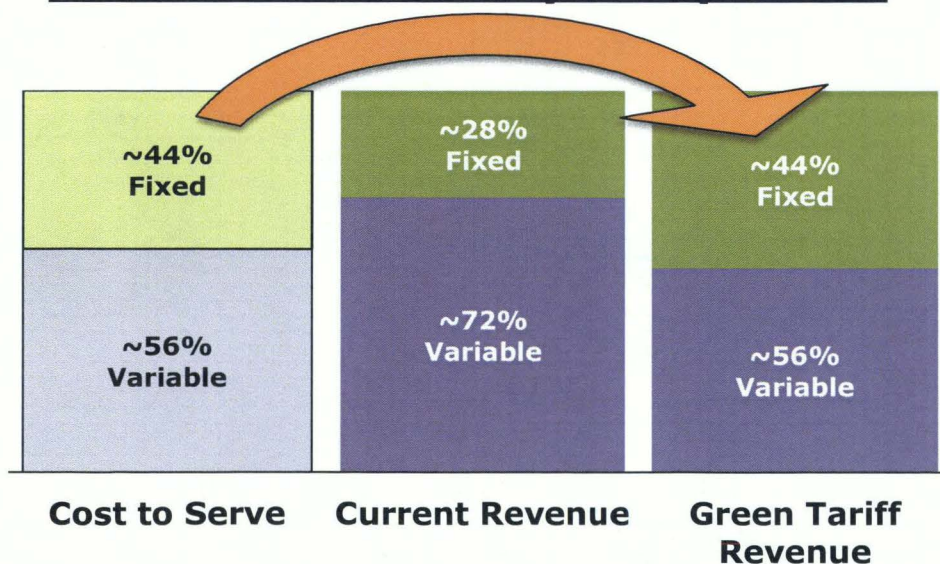
Source: World Resources Institute - March 2019

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



- 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

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

HOW THE PRODUCT WORKS



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




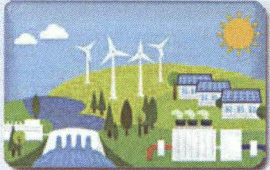

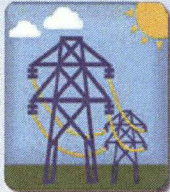

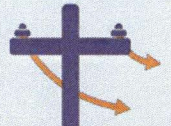

The Green Tariff & RESA together determine the customer's total bill amount & fully recover our cost of service.

¹: Numbers are actual charges from the proposed tariff

FUTURE PRODUCTS

ADDITIONAL SOLUTIONS ARE COMING SOON



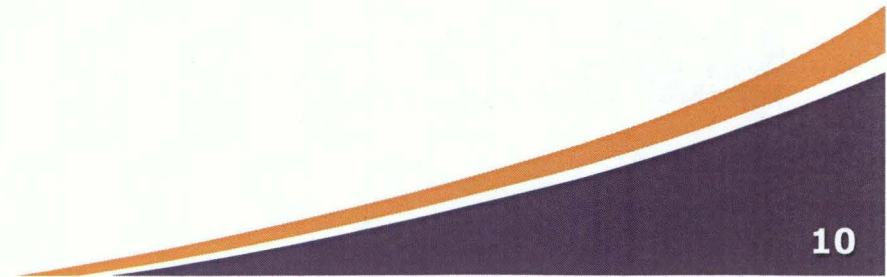
		FY2021 Q2	FY2021 Q3	FY2021 Q4
Aligned with Guiding Pillars	Environmental Responsibility 	 Green Tariff		 Other Solar
	Resiliency 		 Resiliency Service Tariff	
	Reliability 		 Wholesale Distribution Service	 Line Extension
	Pilot Programs (Under New Service Options Tariff)		 EV Pilots	

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

REQUEST FOR APPROVAL



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





Thank You

