

**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
JULY 31, 2022, 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, 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, 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, CPS Energy 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, based on the highly successful results of the STEP program, on January 30, 2020, Council approved Ordinance 2020-01-30-0044, which continued the STEP program for an additional year through January 31, 2021; and

WHEREAS, the extension of the STEP program was intended to provide continuity in energy efficiency and conservation programs until the next energy efficiency and conservation program, *FlexSTEP*, is fully developed and approved by Council; and

WHEREAS, due to COVID-19 related impacts, the *FlexSTEP* program is still in development and has not been taken to City Council for approval; therefore, without an extension the STEP program would pause until a replacement program is approved; and

WHEREAS, CPS Energy is requesting an additional 18-month extension of the STEP program to July 31, 2022, with another tranche of funding up to an additional \$70 million and a goal of achieving an estimated 75 MW of additional demand reduction; and

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

WHEREAS, City Staff recommends extending the STEP Program for an additional 18-months through July 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 July 31, 2022 and approves funding the extension through the fuel surcharge adjustments approved in Ordinance 2009-05-21-0399.

SECTION 2. An additional tranche of funding up to an additional \$70 million and a goal of achieving an estimated 75 MW of additional demand reduction is also approved.

RP
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Item No.

SECTION 3. This Ordinance shall become effective ten (10) days following its passage.

PASSED AND APPROVED, this 14th day of **January 2021**.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Tina J. Flores, City Clerk

Andrew Segovia, City Attorney

DRAFT