



City of San Antonio

Legislation Details (With Text)

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Type: Staff Briefing - Without Ordinance

In control: City Council Special Meeting

On agenda: 3/19/2020

Title: Briefing by CPS Energy regarding its approach on (1) managing the community's energy utility assets; (2) responding to the evolution of the energy industry through innovative solutions; (3) developing and enabling new & emerging technologies that deliver value to customers & community; (4) ensuring financial stability through investments in Reliability, Customer Affordability, Safety, Security, Environmental Responsibility and Resiliency; and (5) impacts of the COVID-19 health event. [Paula Gold-Williams, CPS Energy President and CEO]

Sponsors:

Indexes:

Code sections:

Attachments:

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DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott, Deputy Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

A briefing by Paula Gold-Williams, President and CEO of CPS Energy, regarding CPS Energy's approach delivering reliable, value-added electric & gas services that customers expect and deserve.

SUMMARY:

A briefing by President and CEO of CPS Energy (1) on the global energy industry; (2) providing insight and context on their changing financial landscape; (3) the way utilities sequence future energy capacity solutions; (4) how the *FlexPOWER* Bundle will help implement a diversified solution to support all its customers' needs & expectations using a blended approach; and (5) to discuss innovative products & services based on customer feedback. This approach will ensure the Financial Stability of CPS Energy through investments in Reliability, Customer Affordability, Safety, Security, Environmental Responsibility and Resiliency.

BACKGROUND INFORMATION:

This briefing is part of the ongoing process to keep the San Antonio City Council informed about the activities of the City-owned utilities.

Established in 1860, CPS Energy is the nation's largest municipally-owned electric and gas utility, providing reliable affordable and safe service to 840,750 electric and 352,585 natural gas customers in San Antonio, Bexar County and portions of seven adjoining counties.

CPS Energy is owned by the City of San Antonio and is governed by a five-member Board of Trustees with the Mayor serving as an ex-officio member. The City Council exercises its oversight of CPS Energy through the approval of rates, authorization of debt issuances, approval of all condemnations, and the confirmation of the appointment of all Trustees except the Mayor.

ISSUE:

This item is a briefing by the President and CEO of CPS Energy to discuss how the utility explores energy landscapes on a global scale (think global, act local) with a focus toward applying technologies at a local level to support its strategic investments in a multitude of diverse business sectors to benefit the community, including generation, energy efficiency & conservation, transportation and smart city initiatives. CPS Energy will discuss its diversified generation portfolio and how it provides customers reliable services, protecting them from market volatility. Additionally, CPS Energy will also give a status of the Rates Advisory Committee (RAC) which was authorized by the CPS Energy Board of Trustees on March 2, 2020.

While CPS Energy's current generation portfolio continues to age, and the utility continues to transition toward its **Flexible Path**, incorporating more renewable power sources, there is an immediate need for additional capacity. CPS Energy's **FlexPOWER** Bundle all resource Request for Proposal (RFP) will allow it to sequence new generation resources to ensure the needs of customers are met. Almost 30% of CPS Energy's capacity comes from plants that are 40+ years old, and about 1,700 MW of capacity will be retiring within the next 10 years. The **FlexPOWER** Bundle replaces about half of the aging gas steam capacity, while continuing their transition to cleaner energy.

Additionally, utility officials will update the Council on the fast-moving impacts of the COVID-19 health event. CPS Energy's Safety & Security Teams are actively prepared, if needed, and will share their efforts to minimize the chances for exposure to the coronavirus that causes COVID-19 respiratory illness.

CPS Energy will also provide insight about its changing financial landscape with more revenue uncertainty on the horizon.

Items for discussion will include industry evolution, community and customers' needs and how challenges turn into opportunities for success.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

This item is for briefing purposes only.

RECOMMENDATION:

This item is for briefing purposes only.