

December 21, 2020

Paula Gold-Williams
CPS Energy President & CEO
500 McCullough Ave, San Antonio, TX 78215

Dear Paula Gold-Williams,

We appreciated the recent convening of CPS Staff and members of the Sierra Club and Optimal Energy concerning the evolving Flex STEP program. We see the program not only as a vital part of CPS Energy's overall energy strategy, but a potential locus for future COVID-19 recovery policy to elevate working families in partnership with local community organizations, the private sector, and the City of San Antonio. There proved to be many areas of agreement in our Friday dialogue that we want to recognize—including the importance of expanding home weatherization and decentralized solar in historically neglected areas of the city—as well as areas of disagreement, which bear within them the seed of continued program refinement to benefit all San Antonians.

As to the technical aspects of STEP, we believe that CPS staff continues to improperly characterize “non-coincident peak” (NCP) as a measure of energy savings, despite the fact that kilowatts (kW) measure demand—not energy. While revisiting the subject with staff was important, we still see no justification as to why this metric is the right one to measure portfolio success compared to a coincident peak demand goal in addition to an energy consumption goal. NCP remains an outlier in the industry and Optimal knows of no other EE/DR program anywhere in the U.S. that uses this metric.

Still, we do want to recognize that CPS Energy is open to adding a secondary “energy savings” goal measured in kilowatt-hour savings. While we continue to have reservations about NCP, adding an additional savings goal could allay many of our concerns. The Optimal Energy report recommended that achieving a goal of 1.5% annual savings would be achievable, which would be an increase of the current savings achieved in the programs, which CPS Energy estimates to be 0.86%. Many similarly-sized utilities have adopted similar savings goals, and we hope to continue our conversation about how to prioritize real savings at the heart of the STEP program. Most San Antonians care not about shaving peak demand, but reducing their overall bill, which also has real environmental benefits in reduced air pollution and water use.

Additionally, we were pleased with the invitation for Sierra Club to contribute language for the upcoming two RFP's related to the suite of programs under the STEP umbrella and look forward to following up on this opportunity. We would be happy to review draft language and recommend appropriate changes with an understanding it would be for internal use. We believe by building ambitious goals into the RFP, and then testing the market, you may be able to find cost-effective programs that will meet the needs of the utility and the community.

As a City-owned public utility functioning in an era of accelerating climate crisis, CPS Energy is in a unique position to help guide community understanding and attitudes about the inevitable consequences of this pressing global reality that will manifest itself in our city most predictably in extreme heat. For that reason, we ask that CPS Energy leadership reconsider the way conservation and renewable energy programs are discussed in the public sphere. Both approaches to decarbonization are critical in any climate response. And while these programs involve costs, as regularly reflected in your reports to the Board of Trustees, they also bring real cost savings (ie. ROI), which we hope will be reflected in future presentations. We want to reiterate that CPS Energy should not only be looking at costs, but the benefits of these programs, which can save San Antonians hundreds of dollars on monthly bills over the course of a year.

In this, we support Trustee Willis Mackey's request of the December Board meeting that you make more explicit the commitment to and justification for a clean-energy transition that informs STEP. We call upon you to develop a public dialogue for early retirement of both Spruce coal units by 2030. We believe, as asserted in two previous studies of Spruce commissioned by the Sierra Club, that early retirement is not only a moral necessity but an economically conservative choice when compared to the cost of continued coal burning. An accounting of the often hidden cost of coal, including public health consequences, is also important in reflecting the full price the community is bearing under current energy generation practices.

Natural gas remains a problematic element of CPS Energy's climate response and look forward to continuing the conversation in future meetings about including natural gas savings as an element of the STEP program. At minimum, a third-party study should be undertaken to explore the possibilities of such an inclusion.

Lastly, we encourage CPS to reflect upon the potential of FlexSTEP as not only a "fifth fuel," but as a potential centering arena for COVID-19 recovery that can keep people in their homes by

reducing their bills and targeting those living under extreme energy burden as well as its potential for creating new employment opportunities in the energy efficiency and clean-energy sectors, that recent reports highlight the possibility for six-fold ROI in the Texas market. This broader program development could take place within a working group, including community stakeholders, clean-energy companies, and COSA committees and departments, such as the San Antonio Housing Commission.

In closing we want to offer a statement in solidarity with calls for the elimination of forced power disconnections for those living at or below 200 percent of federal poverty guidelines. While such policy adjustment does not fall within STEP as currently imagined, abolishing disconnections for our most vulnerable families may be sped along through coordination with COSA bill assistance programs and decision making concerning which homes should be prioritized in home weatherization outreach—and then finding ways through historical reasons for disqualification of those most in need.

Please include this response in your record of this meeting to provide the public a full account of the state of our discussion.

We look forward to future conversations.

Greg Harman, Sierra Club

Cyrus Reed, Sierra Club

Adam Jacobs, Optimal Energy

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