



MINUTES

Citizens Advisory Committee

500 McCullough Ave., San Antonio, 78215 & Via WebEx

June 14, 2023 | 11:30 a.m.

ATTENDANCE

<u>Member of CAC</u>	<u>Present</u>	<u>On-Line</u>	<u>Absent</u>
Richard Farias			✓
Lawson Picasso	✓		
Diana Aguirre Martinez	✓		
Frank Gonzalez		✓	
Cliff Soloway			✓
Raquel Zapata			✓
Adelita Cantu		✓	
John Kelly	✓		
Tom Corser			✓
Vanessa Alvarado		✓	
Bill Day			✓
Andra Clapsaddle			✓
Steve Bonnette	✓		
Bob Zapata	✓		

Also Present were:

Eliana Ball	Velma Corona	Melissa Carrillo Cox	Ben Ethridge
Gabriel Garcia	Kathy Garcia	Julia Carrillo Haynes	David Kee
Rhonda Kirsch	Louis Labatt	Loretta McCrary	Kari Meyer
Yvonne Pelayo	Unity Puente	Dominique Ramos	Angela Rodriguez
Alexa Saavedra	Prabha Somawardana	Melissa Sorola	Marie Stoner
Nancy Tabares	Ken Whalen		

CALL MEETING TO ORDER

The meeting was called to order at 11:31 a.m. by Chair John Kelly.

APPROVAL OF MINUTES

Approval for the meeting minutes from May 10, 2023 was motioned by Lawson Picasso and seconded by Steve Bonnette.

POST 88TH LEGISLATIVE SESSION AND ENERGY MARKET REFORM BRIEFING

Kari Meyer, Director of Federal & State Relations and David Kee, Director of Energy Market Policy, briefed the committee on the 88th Texas Legislative Session and the Energy Market reform.

Kari provided a recap of the 88th Texas Legislative Session and the impact to the utility, and highlighted legislative priorities, internal and external alignment and next steps for CPS Energy. CPS Energy prioritized their efforts of tracking and engaging on proposed bills by adhering to three categories: customer affordability and impact, reliability and resiliency, and municipally owned utility (MOU) governance. Several bills were filed seeking to directly impact the MOU business model. While these bills were not specifically aimed at CPS Energy, they would have impacted the operations of the utility if they had passed, which ultimately, they did not. The Legislature's primary focus was how to incentivize the building of new dispatchable, on demand, electric generation. The Legislature approved four bills that will influence the energy market for Texas: HB 1500, SB 2627, SJR 93, and HB 5. It should be noted, these bills also included several provisions that either exclude or penalize non-dispatchable resources such as renewable generation (i.e., wind and solar). CPS Energy opposed this position and believes that any resource, if it can perform, should be allowed to participate in any incentive programs created.

CPS Energy utilizes internal subject matter experts to assess the operational, legal and financial aspects of all bills that may impact the utility. Additionally, we engage external partners and trade associations for support with elected officials. Throughout the session CPS Energy registered official positions on various bills and provided testimony, both written and oral, on several as well.

As for next steps, there is a post-session compliance process to review every bill that impacts the utility to ensure we are prepared to implement any required changes. The legislative team does not believe grid reform will be the subject of a special session due to the Governor claiming that as a "accomplishment" of the regular session.

David Kee provided an update on energy market reform and related activity at the Public Utilities Commission (PUC) and Energy Reliability Council of Texas (ERCOT). While the Legislature is focused on "how do we fix the grid and guarantee generation is built", the PUC and ERCOT are focused on "how to evolve the market and encourage generation", and "will there be enough generation to keep pace with the growth" respectively. While legislators and regulators grapple with these questions, stakeholders like CPS Energy, are trying to figure out how to operate in an evolving climate of uncertainty. At the PUC and ERCOT there has been a focus on increasing dispatchable generation that can be turned-on and turned-off on demand. The PUC approved a Performance Credit Mechanism (PCM) to incent dispatchable generation, and the Legislature approved several bills to create the framework for development of a PCM, which will be regulated by ERCOT. With the Legislative session concluded, there will be PUC Rulemakings and a review of ERCOT Rules and Procedures in order to implement the required changes, which could take 3-4 years.

COMMITTEE ROUNDTABLE DISCUSSION

Chair Kelly mentioned that a subcommittee started the process for discussing how the Committee will select future at-large positions. The subcommittee met once and will continue discussions to determine the path forward for the Committee. Chair Kelly also highlighted a couple of news articles pertinent to the energy sector. Members present received hard copies and those online received copies via email.

Bob Zapata inquired about Mary Dennis's backfill, Yvonne Pelayo stated that Mr. Aaron Stein will go before the Board of Trustees for approval on June 26th and Mary Dennis will be recognized for her service on the committee.

EXECUTIVE SESSION

Chair John Kelly took the Committee into Executive Session to discuss confidential matters at 12:30 pm.

ADJOURNMENT

With no action being taken in Executive Session, the meeting was adjourned at 1:00 p.m.