

Myers, Dena

From: Trustees
Sent: Thursday, January 9, 2020 12:09 PM
To: Sandra Woodall
Cc: Trustees
Subject: RE: [InternetMail]Issue and all-source RFP without delay

Dear Valued Customer,

Thank you for contacting us to share your perspectives on our proposed **FlexPower Bundle**. We are excited to hear that you are supportive of our proposed addition of 900 MW of solar. The **FlexPower Bundle** is the first step in our **Flexible Path** strategy to add incremental generation capacity to meet our growing community’s needs and replace aging assets. The addition of 900 MW of solar is a huge deal and would increase solar capacity in the Texas energy market by almost 50% - from 1800 MW to 2700 MW.

In order to ensure we provide consistent power when the sun is not shining, the bundle would also include up to 50 MW of new energy storage and up to 500 MW from an existing and currently operating natural gas plant through a short-term lease arrangement (contemplating a commitment between 4 and 10 years). The lease structure allows us to firm up the 900MW solar portion as energy storage ramps up to the scale needed and duration required to deliver power under all sorts of weather conditions. Renewables, both wind and solar, are weather dependent and alone cannot support all our customers consistently and reliably, 24/7/365 under every weather event.

The **FlexPower Bundle** approach for adding these resources will be conducted through a competitive and transparent Request for Proposal (RFP) process. We have given thought to the approach of an all-source RFP and believe we can capture some of the creativity with that process while at the same time ensure we have proven concepts to deliver a lower emissions portfolio to replace our aging assets. The firming capacity part of our RFP is the short-term lease for an existing combined cycle natural gas plant; however, we will also be open to other technologies that can meet the same firming requirements. In the end, we will decide on the best technology to match the 900MW solar component that delivers reliability, environmental responsibility, security, safety, resiliency, and affordability.

We manage our energy assets on behalf of the community with the responsibility to add generation resources that benefit our customers. Whether we are adding new generation sources to meet a growing need or proactively replacing capacity that is reaching its end of life, we have to make sure the chosen generation aligns with environmental goals, strengthens reliability and remains affordable. We evaluate different types of power generation technologies and choose what best meets our customer’s needs. A natural gas component to bridge us through the next 5-10 years helps us secure capacity that is both reliable and affordable during times when the market prices are high like on a hot summer day. This reduces bill volatility. It also reduces our environmental impact since

the power would be from state-of-the-art gas capacity. If we did not have that power secured, we would have to depend on the market for power and that could lead to emission increases if the units, online at the time, are higher emitting.

The **FlexPower Bundle** is a first step to reaching the CAAP goal of net zero emissions by 2050. The path over the next 30 years is not linear and progress will occur a few steps at a time, year-after-year, through thoughtful and balanced interim solutions. This thoughtful approach ensures our customers receive reliable and affordable power over the next 30 years as we drive towards that 2050 goal. Our Board made a resolution in support of the CAAP on August 27, 2019. It is important to note that the Board's resolution requires our management team to thoughtfully work within the broad strategic framework of our **Flexible Path** to meet CAAP goals.

We agree that broad public input and engagement is important to our decision-making process and to that end we conduct extensive community engagement to ensure that our actions and decisions reflect the concerns and insights of all our customers. It's important for us to engage with the public firsthand and to hear your ideas and potential solutions, plus innovative ideas that we can incorporate into our strategy. Our community is diverse and provides a wide range of input. We take that broad spectrum of input into consideration when we think about our energy future.

We have and will continue to deploy a multi-faceted approach to improve our community's energy and environmental landscape. To date, we have:

- Closed older coal units replacing them with a lower emitting, more efficient combined cycle gas unit;
- Launched and managed a large and highly successful energy efficiency & conservation program (called the Save for Tomorrow Plan - STEP);
- Become leaders in wind and solar energy.

The utility industry is currently going through a big transition and we are excited that the community wants to have conversations about energy. We will continue to share information, educate our customers on the complexities of our business, and listen to all our stakeholders. Thank you for being part of that process.

Again, thank you for sharing your thoughts and concerns,

Cris Eugster
Chief Operating Officer, CPS Energy

cc: CPS Energy Board of Trustees; CEO Paula Gold-Williams; Senior Chiefs

From: Sandra Woodall <lswoodall@gmail.com>
Sent: Friday, December 13, 2019 1:41 PM
To: Trustees <trustees@cpsenergy.com>
Subject: [InternetMail]Issue and all-source RFP without delay

EXTERNAL EMAIL: Do not click any links or open any attachments unless you trust the sender and know the content is safe.

Dear CPS Energy Board Member,

I'm writing today to ask you to direct CPS Energy staff to issue an all-source request for proposals (RFP) for additional energy resources. While I was glad to hear that the utility was planning to issue an RFP for 900 megawatts of solar energy, linking that clean energy purchase with the addition of more natural gas generation won't achieve our climate goals. It also may not be the most affordable option for customers. An all-source RFP will allow all energy sources to compete on a level playing field to provide the energy we need.

As trustees of a publicly owned utility, you have a special responsibility to make sure that all purchases are made in a way that will most benefit customers. This should always include a competitive bidding process for major purchases. Deals negotiated outside of a competitive bidding process – as was recently proposed with the natural gas generator – run the risk of unnecessarily increasing costs for customers. Likewise, predetermining that only a fossil fuel resource can provide a service is not aligned with the goals of the recently adopted San Antonio Climate Action and Adaptation Plan.

Other utilities across the country have had great success when issuing all-source RFPs and have often found that a combination of clean energy resources is more affordable than continued reliance on fossil fuels. At the very least, this approach will give the utility valuable data about the costs of various energy sources.

While I hope that the Board acts without delay to direct staff to issue an all-source RFP, I would also like to see a working group composed of CPS Energy customers of all types established to advise the utility on resource planning. Determining what resources the utility should use going forward is a complicated and important topic that deserves both broad and deep engagement with customers. Surveys and public input sessions should continue to be part of the process, but a working group will be able to engage on a deeper level. By bringing residential, commercial, industrial, non-profit, environmental and low-income customers together, we could have a more meaningful and productive conversation about the future of our public utility.

Thank you for your consideration of my concerns. I look forward to your response to my requests.

Sincerely,
Sandra Woodall

