



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON FEBRUARY 24, 2025, AT 2:00 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Francine Romero
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Jeanne Drehs
3	PUBLIC COMMENT Pre-Registration is from Wednesday, February 19, 2025, 5:00 PM – Friday, February 21, 2025, 1:00 PM. Dial (210) 353-4662 or email PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Francine Romero
UPDATE ON CHAIR’S PRIORITIES			
4	CHAIR’S REMARKS	Discuss	Dr. Francine Romero
5	CEO RECOGNITION & REMARKS	Discuss	Mr. Rudy Garza
CONSENT AGENDA			
6	APPROVAL OF CONSENT ITEMS: A. Payment to the City of San Antonio for January 2025 & Additional Transfer to the City of San Antonio for FY2025 B. Minutes from the January Regular Board Meeting, held on January 31, 2025	Vote	Dr. Francine Romero
REGULAR AGENDA			
7	BOARD COMMITTEE REPORTS A. Audit and Finance (A&F) Committee meeting held on January 9, 2025 (Ms. Janie Gonzalez)	Discuss	Dr. Francine Romero

	B. Employee Benefits Oversight Committee (EBOC) meeting held on January 13, 2025 (Ms. Janie Gonzalez)		
8	PROCUREMENT REQUEST FOR APPROVAL: 15KV & 38KV RECLOSERS (Mr. Richard Medina)	Vote	Dr. Francine Romero
9	PROCUREMENT REQUEST FOR APPROVAL: INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS (Mr. Richard Medina)	Vote	Dr. Francine Romero
10	PROCUREMENT REQUEST FOR APPROVAL: ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING (Mr. Richard Medina)	Vote	Dr. Francine Romero
11	PROCUREMENT REQUEST FOR APPROVAL: ENGINEERING SERVICES FOR TRANSMISSION PLANNING AND OPERATIONS ENGINEERING (Mr. Richard Medina)	Vote	Dr. Francine Romero
12	PROCUREMENT REQUEST FOR APPROVAL: INDEPENDENT VERIFICATION & VALIDATION SERVICES (Ms. Elaina Ball)	Vote	Dr. Francine Romero
13	VISION 2027 GENERATION PLAN UPDATE	Discuss	Mr. Benny Ethridge
14	BOARD COMMITTEE ASSIGNMENTS	Vote	Dr. Francine Romero
CONVENE TO EXECUTIVE SESSION			
15	EXECUTIVE SESSION A. Attorney-Client Matters (§551.071) B. Attorney-Client Matters (§551.071) & Personnel Matters (§551.074) C. Security Personnel or Devices (§551.076) D. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086) E. Real Property (§551.072)	Discuss	Dr. Francine Romero
RECONVENE TO OPEN SESSION			
16	ADJOURNMENT	Execute	Dr. Francine Romero

If the Board meeting has not adjourned by 5:00 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.

Known absences: Mayor Ron Nirenberg.

CPS Energy Board of Trustees Meeting February 24, 2025

Approval of Payment to the City of San Antonio for January 2025

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$242,824,247.88, less applicable exclusions. The revenue for the month of January 2025 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$296,427,943.74
Gas revenue	43,479,577.68
Interest and other income	13,272,518.54
Gross revenue per CPS Energy financial statements	353,180,039.96
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,554,929.70)
LVG revenue per City Ordinance 100709	(53,645.81)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(54,119,028.70)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(49,628,187.87)
Total excluded revenue	(110,355,792.08)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$242,824,247.88
City payment per Bond Ordinance for January 2025 based upon January 2025 revenue	\$33,995,394.70
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	653,618.90
Wholesale Special Contract Annual True Up	322,351.11
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	34,958,864.71 A
Utility services provided to the City for January 2025	(2,738,996.62)
Net amount to be paid from January 2025 revenue to the City in February 2025	\$32,219,868.09

CPS Energy Board of Trustees Meeting February 24, 2025

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

January 2025	Actual	Budget	Variance	
Current Month* A	\$34,959	\$34,201	\$758	2.2%
Year-to-Date*	\$456,658**	\$425,326	\$31,332	7.4%

* This amount does not include any additional funding authorized by the Board of Trustees.

** Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2025 – Additional Transfer per Bond Ordinance		
Total	<u>\$13,030,709.64</u>	B

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$32,219,868.09 representing 14% of applicable system gross revenues for the month of January 2025, such payment being net of City utility services (\$2,738,996.62), is hereby approved."

- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$13,030,709.64, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A.** The amounts paid routinely during the year, net;
- B.** The additional distribution paid once for the year.

Draft for review and approval
at the February 24, 2025 meeting

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON JANUARY 31, 2025**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of January was held on Monday, January 31, 2025, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Ms. Elaina Ball, Chief Strategy Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Richard Medina, Chief Energy Delivery Officer
Mr. Evan O'Mahoney, Chief Information Officer
City of San Antonio officials
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Brianna Lohse, Business Management Strategist.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated it is an honor to be here. She provided a quote: "Stand up for what is right, even if you're standing alone." She stated the community appreciates Mr. Garza. She also stated her appreciation for members of the Board.

Draft for review and approval
at the February 24, 2025 meeting

IV. CHAIR’S REMARKS

Chair Gonzalez deferred this item and item #8 to later in the meeting.

V. CEO RECOGNITION

Mr. Rudy Garza, President & CEO, recognized the Third Quarter CEO Core Value Award Honorees. He noted that these individuals’ actions align with our Core Values, and they earn the trust and respect of their colleagues.

VI. APPROVAL OF CONSENT ITEMS

On a motion by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

A. Approval of Payment to the City of San Antonio for December 2024

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of December 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$197,329,980.99, less applicable exclusions. The revenue for the month of December 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$229,265,757.92
Gas revenue	19,547,146.74
Interest and other income	5,563,750.56
Gross revenue per CPS Energy financial statements	<u>254,376,655.22</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,805,578.79)
LVG revenue per City Ordinance 100709	(9,694.10)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(38,497,217.17)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(11,734,184.17)</u>
Total excluded revenue	<u>(57,046,674.23)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$197,329,980.99</u>
City payment per Bond Ordinance for December 2024 based upon December 2024 revenue	\$27,626,197.34
City payment per memorandum of understanding (MOU)	

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regarding wholesale special contracts	430,611.25	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	28,044,308.59	A
Utility services provided to the City for December 2024	(2,735,898.66)	
Net amount to be paid from December 2024 revenue to the City in January 2025	<u>\$25,308,409.93</u>	

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

December 2024	Actual	Budget	Variance	
Current Month A	\$28,044	\$30,224	(\$2,180)	-7.2%
Year-to-Date*	\$421,700	\$391,125	\$30,575	7.8%

* Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$25,308,409.93 representing 14% of applicable system gross revenues for the month of December 2024, such payment being net of City utility services (\$2,735,898.66), is hereby approved."

B. Minutes from the December Regular Board Meeting held on December 16, 2024

VII. COMMITTEE REPORTS

In the interest of time, Chair Gonzalez accepted the submission of the following reports of Board Committees for the record in lieu of having them read during the meeting:

- A. Nomination Committee (NC) Meeting held on November 4, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Operations Oversight Committee (OOC) Meeting held on November 4, 2024. The report is attached as Attachment "B" to the meeting minutes.

Also, in the interest of time, Chair Gonzalez, accepted the submission of the following reports of the Community Input Committee:

- A. Community Input Committee Meeting held on January 8, 2025. The report is attached as Attachment "C" to the meeting minutes.

VIII. ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR

Chair Gonzalez postponed this item to follow item #17 towards the end of the meeting.

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IX. PROCUREMENT REQUEST FOR APPROVAL: SYSTEM PROTECTION ENGINEERING SERVICES

Mr. Richard Medina, Chief Energy Delivery Officer, noted that the procurement will assist with designing relay protection, ensuring accurate relay calibration, and developing setting calculations for new transmission and substation projects. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Vice Chair Dr. Romero. The Board of Trustees discussed the motion. The motion was approved unanimously.

X. PROCUREMENT REQUEST FOR APPROVAL: UTILITY LOCATING SERVICES

Mr. Richard Medina, Chief Energy Delivery Officer, noted that the contract is for utility locating and damage prevention services that support regulatory compliance and public safety. The Board of Trustees discussed the procurement. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Mayor Nirenberg. The motion was approved unanimously.

XI. PROCUREMENT REQUEST FOR APPROVAL: OUTSIDE PLANT (OSP) FIBER ENGINEERING SERVICES

Mr. Evan O'Mahoney, Chief Information Officer, noted that the contract is for engineering for outside plant (OSP) fiber infrastructure to support fiber lifecycle replacement, new-build, and pole attachment processes. The Board of Trustees discussed the procurement. Trustee Dr. Mackey moved to approve the procurement, and it was seconded by Vice Chair Romero. The motion was approved unanimously.

XII. EVOLVE: ENTERPRISE RESOURCE PLANNING (ERP) TRANSFORMATION PROGRAM

Mr. Evan O'Mahoney, Chief Information Officer, presented an update on the Enterprise Resource Planning (ERP) component of Evolve. He walked through the actions taken and steps to arrive at today's request to approve the addition of funds to the IT services Framework to support implementation services related to the ERP Transformation program. He stated that Accenture is the selected partner for the Business Transformation & System Implementation component of ERP.

Trustee Dr. Mackey moved to approve, and Vice Chair Dr. Romero seconded. The Board discussed and asked questions about ERP and the approval of the procurement. The motion was approved unanimously.

XIII. FY2026 ENTERPRISE SCORECARD & MEASURE TARGETS

Ms. Elaina Ball, Chief Strategy Officer, presented our FY2026 scorecard and measures. She reviewed the progress on Vision 2027 and the community commitments we have delivered. She then reviewed the FY2026 Strategic Initiatives in the Enterprise Scorecard and walked through the updated FY2026 Enterprise Measure Targets.

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The Board of Trustees discussed and asked questions.¹

XIV. FY2026 BUDGET

Mr. Cory Kuchinsky, Chief Financial Officer, presented the FY2026 Budget. He noted that the proposed budget continues to execute plans the Board previously approved, such as Vision 2027, the Generation Plan, and the Technology Plan. He noted that FY2026 places us into a period of high investment as we look to empower our community for generations. Finally, he requested approval for the FY2026 proposed budget, which will fund investments that will benefit our community and meet our commitments.

Vice Chair Dr. Romero moved approval, and Trustee Dr. Mackey seconded. The Board of Trustees discussed and asked questions. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.²

XV. FY2026 FINANCING PLAN

Mr. Cory Kuchinsky, Chief Financial Officer, presented the FY2026 Financial Plan. He noted that the financial transactions presented will improve our fiscal resiliency and seek potential savings for our customers.

Vice Chair Dr. Romero moved approval, and Trustee Dr. Mackey seconded. The Board of Trustees discussed and asked questions. The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.³

XVI. HORIZON 2050 FRAMEWORK

Ms. Elaina Ball, Chief Strategy Officer, presented the updated Horizon 2050 Strategic Framework, explaining the vision, mission, goals, and values for CPS Energy as it makes strategic decisions for the future. She also explained that Horizon 2050 will include five-year strategic checkpoints, with ongoing community engagement and collaboration for continued success. She then requested approval for a resolution approving the Horizon 2050 Strategic Framework.

The Board of Trustees then discussed and asked questions. Chair Gonzalez moved to approve the resolution, and Trustee Steen seconded. It was approved on a 4-1 vote, with Vice Chair Dr. Romero voting against the motion.

¹ Trustee Steen requested his continued concerns that the changes to performance metrics unacceptably lower the standard of expected performance be included in the minutes. He expressed concern that the Board of Trustees does not vote to approve the enterprise scorecard and he does not support the recent changes in metrics. He also expressed concern about performance in recent years and through the third quarter of this fiscal year – noting that the metrics represent CPS Energy’s “report card.”

² Trustee Steen noted he voted against approval because he does not agree with the Board approved plans or a budget with a forecasted debt capitalization ratio above 60%.

³ Trustee Steen noted that while he agrees with the financing plan which will result in savings, he voted against the motion because of his concern with the overall direction of CPS Energy and he believes it is going down a path to potentially being overleveraged.

Draft for review and approval
at the February 24, 2025 meeting

XVII. EVOLVE: ARTIFICIAL INTELLIGENCE (AI)

Mr. Evan O’Mahoney, Chief Information Officer, presented on the Generative Artificial Intelligence (AI) Policy. He noted that formulating our strategy and establishing governance will mitigate risks and support our ability to effectively seek out GenAI opportunities to deploy within our operations. He then requested approval of a resolution supporting the policy.

The Board of Trustees then discussed and asked questions. Chair Gonzalez moved to approve the resolution, and Trustee Dr. Mackey seconded. The motion was approved unanimously.

XVIII. CHAIR’S REMARKS

Chair Gonzalez began by highlighting the CPS Energy internship program and shared a video. She noted that in February 2025 information will be on the website for the program.

Chair Gonzalez then noted this meeting concludes her term as Chair, and she thanked her fellow Board members and Mr. Garza. She also thanked her family and others who have supported her as Chair.

XIX. ELECTION OF NEW BOARD OF TRUSTEES CHAIR AND VICE CHAIR

Trustee Dr. Mackey thanked Chair Gonzalez for her leadership. He then nominated Vice Chair Dr. Romero as the next Chair and nominated himself as Vice Chair effective February 1, 2025. Mayor Nirenberg seconded the nomination. It was approved unanimously.

XX. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the previous action items, and she noted the new action items arose during the meeting.

XXI. EXECUTIVE SESSION

At approximately 4:22 p.m., Chair Gonzalez announced the Board would go into Executive Session, and Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Attorney-Client Matters (§551.071) & Competitive Matters (§551.086)

The Board reconvened in open session at 4:40 p.m. The quorum was re-established, and four members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

Draft for review and approval
at the February 24, 2025 meeting

XXII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:41 p.m. by Chair Gonzalez.

Shanna M. Ramirez
Secretary of the Board

DRAFT



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM JANUARY 9, 2025 MEETING PREPARED FOR CHAIR JANIE GONZALEZ FOR REPORT AT THE FEBRUARY 24, 2025 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on January 9, 2025. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 24, 2024.
- B. Received a presentation from KPMG, external auditors, regarding governance in relation to the audit services provided. Also, the Committee approved the audit and non-audit services provided by KPMG.
- C. Received the Audit Services Quarterly Report, including a review of project count, audit plan coverage, audit universe coverage, project feedback metrics, and the results of three completed projects. Provided an overview of the new Institute of Internal Auditors Global Internal Audit Standards (IIA Standards) and received an update on the status of the implemented the new IIA Standards. Provided a preview of FY2026 audit planning process, Audit Services FY2026 proposed budget, and an overview of upcoming Audit Services projects.

The next meeting of the Audit & Finance Committee will be held in April 2025.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 13, 2025, MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE FEBRUARY 24, 2025, BOARD OF TRUSTEES MEETING

The EBOC met on January 13, 2025. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 24, 2024.
- B. Reviewed the Action Items list from the meeting held on October 24, 2024.
- C. Reviewed the annual EBOC calendar and governance overview as part of a Benefit Plans Administrative & Financial Update.
- D. Discussed the Administrative Committee (AC) governance and membership, noting the only change to the AC was Ms. Lizeth Oliver, Sr. Manager of Investment Management, was appointed AC Secretary.

The Committee also received presentations regarding:

- E. A Benefit Trust Funding update that noted an increase in Benefit Trust funding requirements for FY2026 of \$19.1 million over FY2025. The funding requirements were included in the FY2026 budget.
- F. An Investment Performance Update, noting positive investment performance for the four Benefit Plans. The plans are expected to end the year with a strong performance.
- G. Approved administrative changes to CPS Energy Pension Plan Funding Policy to conform to the Pension Review Board's recently recommended template, requiring no substantive changes to our policy.
- H. Approved the updated asset allocation target within the Investment Policy, including a 5% asset allocation to investment-grade private credit.
- I. Approved design changes to the CPS Energy Health Plan (Health Plan) post-retiree medical benefits. Current retiree plans will be replaced with new fully insured Medicare coordinated plans, with recommendations for specific Health Plan offerings and premiums to come.

The next meeting of the EBOC will be held in April 2025.



CPS Energy Board of Trustees Meeting
February 24, 2025
APPROVAL of PROCUREMENT ITEMS
Table of Contents

1.	Item Description:	15KV & 38KV Reclosers
	Purchase Category:	Commodities & Material Goods
	Supplier:	Anixter, Inc.
		KBS Electrical Distributors, Inc.
		Real Distributing Company LLC.
	Committee	
	Presentation:	Operations Oversight Committee – November 4, 2024
2.	Item Description:	Installation of Underground Residential Electric Distribution and Electric Cable Terminations
	Purchase Category:	General Services
	Supplier:	Chain Electric Company
		Greenstone Electrical Services, LLC
		Trinity URD Electric, LLC
3.	Item Description:	Active PO Funding Increase: Engineering Services for Electric Distribution Planning
	Purchase Category:	Professional Services
	Supplier:	Black & Veatch Management Consulting, LLC.
		Burns & McDonnell Engineering Company, Inc.
		ICF Resources, LLC
		KBS Electrical Distributors, Inc.
		TRC Engineers, Inc.

4. Item Description:	Active PO Funding Increase: Engineering Services for Transmission Planning and Operations Engineering
	Purchase Category: Professional Services
	Burns & McDonnell Engineering Company, Inc.
	DNV Energy USA, Inc.
	Hitachi Energy USA, Inc.

5. Item Description:	Independent Verification and Validation Services
	Purchase Category: General Services
	Supplier: Gartner, Inc.

Committee Presentations: Operations Oversight Committee – March 26, 2024
 Audit & Finance Committee – April 15, 2024

Approval: **Lewis, Lisa D** Digitally signed by Lewis, Lisa D
 Date: 2025.02.19 11:53:27 -06'00'

Lisa Lewis, Chief Administrative Officer

Approval: **Rudy D. Garza** Digitally signed by Rudy D. Garza
 Date: 2025.02.19 13:01:36 -06'00'

Rudy Garza, President & CEO



CPS Energy Board of Trustees Meeting
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Procurement Form 1



Item Description	15KV & 38KV Reclosers
Purchase Order Value	\$30,000,000
Purchase Category	Commodity & Material Goods
Department	T&D Engineering & Grid Transformation
VP T&D Engineering & Grid Transformation	LeeRoy Perez
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to KBS Electrical Distributors, Inc., Real Distributing Company LLC., both local and small firms, and Anixter, Inc., a local firm, as the respondents who will provide the goods at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for supply and delivery of electronic reclosers for installation in the overhead distribution system. This contract will allow CPS Energy to support the Recloser Deployment Plan and the Community Energy Resiliency (CER) Program which serve to enhance grid flexibility and resiliency of the overhead distribution system, improving service reliability for all CPS Energy customers. This contract will expire on February 28, 2030.

Subcontracting Opportunities

None at this time.

The solicitation method for this procurement was a Request for Proposal (RFP). An evaluation team considered the following weighted evaluation criteria and demonstrated their products ability to meet CPS Specification 687-07 to determine the best value to CPS Energy.

Evaluation Criteria	Points
Overall Cost	50
Experience, warranty, quality control, and contingencies	30
The ability to meet CPS Energy’s requirements	10
Economic Development (local & small consideration)	10
TOTAL	100



CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 1



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Anixter, Inc.	Local	90	\$10,000,000	3077167	
KBS Electrical Distributors, Inc.	Local/Small	70	\$10,000,000	3077165	
Real Distributing Company LLC.	Local/Small	69	\$10,000,000	3077166	Corporate headquarters located in San Antonio Metropolitan area
TOTAL			\$30,000,000		

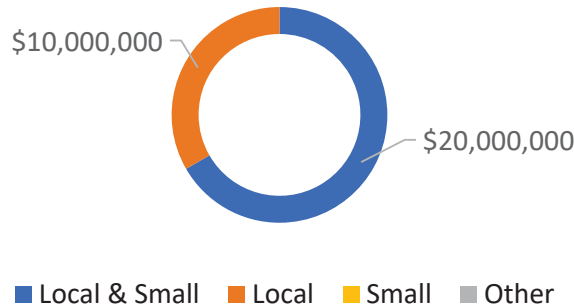
Two (2) additional respondents were not recommended for award: Noja Power LLC. and Techline, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2026 PO Spend	% of FY2026 Annual Corp Budget	Projected FY2027 PO Spend	Projected FY2028 PO Spend	Projected FY2029 PO Spend
\$1,501,000,000	Capital	\$6,000,000	0.4%	\$6,000,000	\$6,000,000	\$6,000,000
\$982,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: Commodity & Material Goods





**CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 2**



Item Description	Installation of Underground Residential Electric Distribution and Electric Cable Terminations
Purchase Order Value	\$24,000,000
Purchase Category	General Services
Department	Energy Delivery Services
VP Construction & Maintenance Services	Jose Trevino
Chief Energy Delivery Officer	Richard Medina

Detailed Description

CPS Energy staff recommend that a contract be awarded to Greenstone Electrical Services, LLC, and Trinity URD Electric, LLC, both small, local firms, and Chain Electric Company, a local firm as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the installation of new underground residential electric distribution infrastructure and electric cable terminations. These contracts will allow CPS Energy to expand our infrastructure and provide capacity to serve new customers within our service territory. This contract will expire on April 30, 2028.

Subcontracting Opportunities

Chain Electric Company has committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Proposal. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	35
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
Economic Development (Local and Small business consideration)	10
The financial soundness of the Respondent	Pass/Fail
TOTAL	100



**CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 2**



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Greenstone Electrical Services, LLC	Local/Small	93	\$8,000,000	2224896	Company headquartered in the San Antonio Metropolitan Area
Trinity URD Electric, LLC	Local/Small	90	\$8,000,000	2224897	Company headquartered in the San Antonio Metropolitan Area
Chain Electric Company	Local	86	\$8,000,000	2224898	
TOTAL			\$24,000,000		

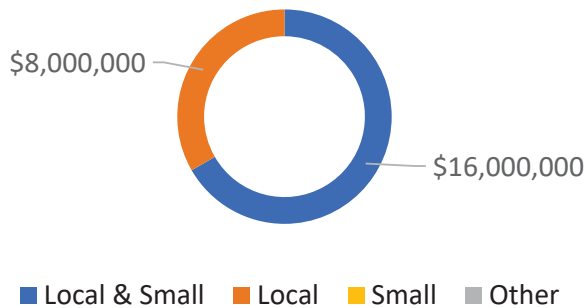
Eight (8) additional respondents were not recommended for award: 5 Star Electric LLC; Bartek Construction Co.; FNT Services, LLC; HJD Capital Electric, Inc.; James Power Line Construction LLC; Mastec North America Inc.; Mears Installation LLC; and Zachry Underground & Utility Services, Inc.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2026 PO Spend	% of FY2026 Annual Corp Budget	Projected FY2027 PO Spend	Projected FY2028 PO Spend	Projected FY2029 PO Spend
\$1,501,000,000	Capital	\$8,000,000	0.5%	\$8,000,000	\$8,000,000	\$0
\$982,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: General Services





CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 3

GRID
MODERNIZATION

ELECTRIC
SYSTEM GROWTH

RESILIENCE/
RELIABILITY

Item Description		Active PO Funding Increase: Engineering Services for Electric Distribution Planning
Original Cumulative Purchase Order Value	(A)	\$3,000,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$7,500,000
Projected Cumulative Purchase Order Value	(D)	\$10,500,000
Purchase Category		Professional Services
Department		Energy Delivery Services
VP T&D Engineering & Grid Transformation		LeeRoy Perez
Chief Energy Delivery Officer		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for engineering services for electric distribution planning. This contract was previously awarded to KBS Electrical Distributors, Inc., a local, small firm and Burns & McDonnell Engineering Company, Inc., Black & Veatch Management Consulting, LLC., and ICF Resources, LLC, all local firms, as the respondents who provided the services at the best value for CPS Energy based on the evaluation criteria set forth below.

Additional funding is required on these purchase orders due to unanticipated large load projects and distributed generation interconnection studies which were unaccounted for in the original contract. This contract is for engineering services for electric distribution planning and will allow CPS Energy to develop strategies and objectives for distribution automation and smart grid initiatives, support distributed generation interconnection projects, perform system modeling and planning, and develop roadmaps for the future distribution grid. This contract will expire on March 31, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Qualification (RFQ)¹. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	100
The financial soundness of the Respondent	Pass/Fail
TOTAL	100

¹ CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 3



Recommended Respondent(s) & Award

Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Burns & McDonnell Engineering Company, Inc.	Local	\$1,100,000	\$0	\$2,700,000	2216707
Black & Veatch Management Consulting, LLC.	Local	\$1,000,000	\$0	\$2,700,000	2216708
TRC Engineers, Inc.	Local	\$300,000	\$0	\$700,000	2217464
KBS Electrical Distributors, Inc.	Local/Small	\$300,000	\$0	\$700,000	2216709
ICF Resources, LLC	Local	\$300,000	\$0	\$700,000	2216710
		(A)	(B)	(C)	
Totals		\$3,000,000	\$0	\$7,500,000	
Projected Cumulative Purchase Order Value (D)				\$10,500,000	

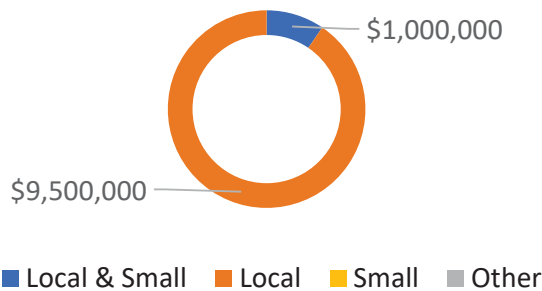
Eleven (11) additional respondents were not recommended for award: EN Engineering, LLC; Electric Power Engineers, Inc.; Enercon Services, Inc.; Schneider Engineering, LLC; Ulteig Engineers, Inc.; HDR Inc.; Commonwealth Associates, Inc.; Esta International Inc.; Select Power Systems, LLC; Schneider Electric; and K&A Engineering Consulting, P.C.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2026 PO Spend	% of FY2026 Annual Corp Budget	Projected FY2027 PO Spend	Projected FY2028 PO Spend	Projected FY2029 PO Spend
\$1,501,000,000	Capital	\$0	0%	\$0	\$0	\$0
\$982,000,000	Non-Fuel O&M	\$4,000,000	0.41%	\$4,000,000	\$1,500,000	\$0

Our current approved budget and latest estimates support this additional purchase order increase.

Procurement Item: Professional Services





CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 4



**ELECTRIC
SYSTEM GROWTH**



**RESILIENCE/
RELIABILITY**

Item Description		Active PO Funding Increase: Engineering Services for Transmission Planning and Operations Engineering
Original Cumulative Purchase Order Value	(A)	\$3,000,000
Previously Added Funds	(B)	\$0
Additional Funds Requested	(C)	\$6,000,000
Projected Cumulative Purchase Order Value	(D)	\$9,000,000
Purchase Category		Professional Services
Department		Energy Delivery Services
VP T&D Engineering & Grid Transformation		LeeRoy Perez
Chief Energy Delivery Officer		Richard Medina

Detailed Description

CPS Energy staff recommend that additional purchase order funding be approved for an existing contract for engineering services for electric transmission planning. This contract was previously awarded to Burns & McDonnell Engineering Company, Inc., a local firm, and DNV Energy USA, Inc. and Hitachi Energy USA, Inc., as the respondents who provided the services at the best value for CPS Energy based on the evaluation criteria set forth below.

Additional funding is required on these purchase orders due to unanticipated large load support projects and transmission interconnection studies, which were not accounted for with the original contract. This contract is for providing services for complex electric transmission planning projects including: interconnection studies for new generation and large load customers, NERC compliance and for ERCOT and PUCT project approvals, and grid modernization and reliability projects to prepare for extreme weather and the changing electric grid landscape. These contracts will expire on February 5, 2027.

Subcontracting Opportunities

All large businesses awarded a contract have committed to subcontract a portion of the services to one or more small businesses.

The solicitation method for this procurement was a Request for Qualification (RFQ)². An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	100
The financial soundness of the Respondent	Pass/Fail
TOTAL	100

² CPS Energy is unable to consider price or economic development as Evaluation Criteria for RFQ's.



CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 4

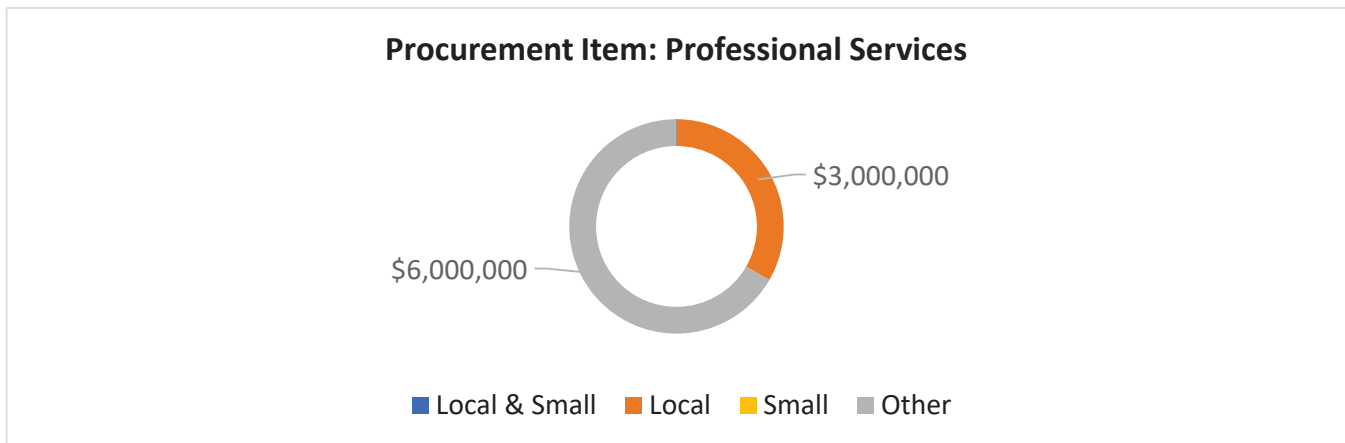



Recommended Respondent(s) & Award					
Vendor Name	SBA Classification & Details	Original PO Value	Previously Added or Reallocated Funds	Additional Funds Requested	PO#
Burns & McDonnell Engineering Company, Inc.	Local	\$1,000,000	\$0	\$2,000,000	2216713
DNV Energy USA, Inc.		\$1,000,000	\$0	\$2,000,000	2216714
Hitachi Energy USA, Inc.		\$1,000,000	\$0	\$2,000,000	2216715
		(A)	(B)	(C)	
Totals		\$3,000,000	\$0	\$6,000,000	
Projected Cumulative Purchase Order Value (D)				\$9,000,000	

Thirteen (13) additional respondents were not recommended for award: Electric Power Engineers, Inc.; Power Engineers, Inc.; Quanta Technology, LLC; Siemens Energy co FAPCO, LLC; Commonwealth Associates, Inc.; Power Systems Consultants, Inc.; TRC Engineers, Inc.; ICF Resources LLC; Ulteig Engineers, Inc.; Schneider Engineering, LLC; Prime Partners Engineering; Entrust Solutions Group; and Select Power Systems, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2026 PO Spend	% of FY2026 Annual Corp Budget	Projected FY2027 PO Spend	Projected FY2028 PO Spend	Projected FY2029 PO Spend
\$1,501,000,000	Capital	\$0	0%	\$0	\$0	\$0
\$982,000,000	Non-Fuel O&M	\$3,000,000	0.3%	\$3,000,000	\$0	\$0

Our current approved budget and latest estimates support this additional purchase order increase.





CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 5



Item Description	Independent Verification and Validation Services
Purchase Order Value	\$20,000,000
Purchase Category	General Services
Department	Enterprise Risk Management and Solutions
Director Enterprise Risk Management and Solutions	Annamarie L Rangel
Chief Strategy Officer	Elaina Ball

Detailed Description

CPS Energy staff recommend that a contract be awarded to Gartner, Inc. as the respondent who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract is for Independent Verification and Validation (IV&V) services. This contract will allow CPS Energy to perform continuous and on-going IV&V assessments for the cloud ERP transformation with a focus on the change management strategy, metrics, and activities to include training and communication plans. This contract will expire on February 1, 2029

Subcontracting Opportunities

Gartner, Inc. has committed to subcontract a portion of the services to one or more local or small businesses.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Overall Cost	30
Services to be Provided	20
Change Management	15
Methodology & Quality of the Proposal	10
General Qualifications	10
Economic Development	10
Key Personnel	5
TOTAL	100



CPS Energy Board of Trustees Meeting
February 24, 2025
Procurement Form 5



Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Gartner, Inc.		73	\$20,000,000	2225097	
TOTAL			\$20,000,000		

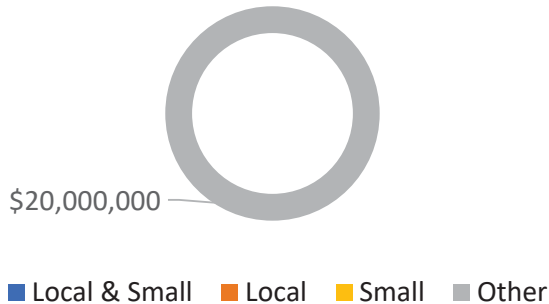
Five (5) additional respondents were not recommended for award: Hitachi Energy USA Inc.; PA Consulting Group, Inc.; Public Consulting Group LLC; RSM US LLP; and E Source Companies LLC dba E Source.

Annual Funds Budgeted

Corporate Annual Budget	Funding Method	Projected FY2026 PO Spend	% of FY2025 Annual Corp Budget	Projected FY2027 PO Spend	Projected FY2028 PO Spend	Projected FY2029 PO Spend
\$1,501,000,000	Capital	\$5,500,000	0.4%	\$5,500,000	\$5,500,000	\$3,500,000
\$982,000,000	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Our current approved budget and latest estimates support these new purchase orders.

Procurement Item: General Services





PROCUREMENT REQUEST FOR APPROVAL

15KV & 38KV RECLOSERS

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval

NEW CONTRACT / REBID

15KV & 38KV RECLOSERS



- Selected companies will supply 15kV and 38kV 3-Phase Electronic Reclosers for installation in the overhead distribution system
- A new contract is required to support the Recloser Deployment Plan and the Community Energy Resiliency (CER) Program, which serve to enhance grid flexibility and resiliency of the overhead distribution system, improving service reliability for all our customers



Distribution Recloser



PENDING REQUEST FOR APPROVAL

15KV & 38KV RECLOSERS



- Current Contracts:
 - Value: \$29.5 million
 - Term: 4 years
 - Expiration: February 2025
- New Contract Details:
 - Value: \$30 million
 - Term: 5 years
 - # Bidders: 5 responded to solicitation (4 Local and 3 Small businesses)
 - # Awardees: 3 (3 Local and 2 Small businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN IDENTIFIERS FOR PROCUREMENT ITEMS



SUPPLY CHAIN CONSTRAINTS



GRID MODERNIZATION



ELECTRIC SYSTEM GROWTH



VISION 2027 GENERATION PLAN



GAS SYSTEM GROWTH



ERP TRANSFORMATION



TCOS REIMBURSEMENT



REGULATORY COMPLIANCE



RESILIENCE/ RELIABILITY

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
CER	Community Energy Resiliency		
ERP	Enterprise Resource Planning		
kV	Kilovolt		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval



NEW CONTRACT / REBID

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS

- Selected companies will be responsible for all work performed in accordance with our standards for underground residential distribution systems within our service territory
- Contract scope includes installation of conduit, associated materials, and electrical facilities in new and existing underground electrical infrastructure for subdivisions and apartments
- Selected companies also support emergent work during storms or other extreme conditions, as required



Terminated Cable for New Pad-Mount Transformer



RESILIENCE/
RELIABILITY



ELECTRIC
SYSTEM GROWTH



NEW CONTRACT / REBID

INSTALLATION OF UNDERGROUND RESIDENTIAL ELECTRIC DISTRIBUTION AND ELECTRIC CABLE TERMINATIONS

- Current Contracts:
 - Value: \$18 million
 - Term: 3 years
 - Expiration: April 2025
- New Contract Details:
 - Value: \$24 million
 - Term: 3 years
 - # Bidders: 11 responded to solicitation (10 Local and 6 Small businesses)
 - # Awardees: 3 (3 Local and 2 Small businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN IDENTIFIERS FOR PROCUREMENT ITEMS

 **SUPPLY CHAIN CONSTRAINTS**

 **ELECTRIC SYSTEM GROWTH**

 **GAS SYSTEM GROWTH**

 **TCOS REIMBURSEMENT**

 **RESILIENCE/RELIABILITY**

 **GRID MODERNIZATION**

 **VISION 2027 GENERATION PLAN**

 **ERP TRANSFORMATION**

 **REGULATORY COMPLIANCE**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL

ACTIVE PO FUNDING INCREASE: ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval



ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

- Firms provide professional engineering services for distribution planning projects
- These contracts are required to provide services for complex electric distribution planning projects including:
 - Distributed Energy Resources
 - Distribution Automation
 - Grid modernization, capacity addition, and reliability improvement projects
- Additional funding required due to increased demand for customer related distributed generation interconnection studies and increased load demand requiring specialized studies
- Funding supports ERCOT requests including the Annual Load Data Request (ALDR) and Distributed Generation (DG) Interconnection Studies



Solar and Battery Facilities



GRID
MODERNIZATION



ELECTRIC
SYSTEM GROWTH



RESILIENCE/
RELIABILITY



ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC DISTRIBUTION PLANNING

- Current Contracts:
 - Original Value: \$3 million
 - Term: 3 years
 - Expiration: March 2027
 - # Awardees: 5 (1 Small and 5 Local businesses)
- Request Details:
 - Additional PO Funding Requested: \$7.5 million
 - Updated Value: \$10.5 million
 - # Bidders: 16 responded to solicitation (5 Small and 11 Local businesses)
 - # Awardees: 5 (1 Small and 5 Local businesses)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**GRID
MODERNIZATION**



**ELECTRIC SYSTEM
GROWTH**



**VISION 2027
GENERATION PLAN**



**GAS SYSTEM
GROWTH**



**ERP
TRANSFORMATION**



**TCOS
REIMBURSEMENT**



**REGULATORY
COMPLIANCE**



**RESILIENCE/
RELIABILITY**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ALDR	Annual Load Data Request		
DG	Distributed Generation		
ERCOT	Electric Reliability Council of Texas		
ERP	Enterprise Resource Planning		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL

ACTIVE PO FUNDING INCREASE: ENGINEERING SERVICES FOR TRANSMISSION PLANNING AND OPERATIONS ENGINEERING

PRESENTED BY:
Richard Medina
Chief Energy Delivery Officer

February 24, 2025
Request for Approval



ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC TRANSMISSION PLANNING

- Firms provide professional engineering services for transmission planning projects
- These contracts are required to provide services for complex electric transmission planning projects including:
 - Interconnection studies for new generation and large load customers
 - NERC compliance and for ERCOT and PUCT project approvals
 - Reliability projects to prepare for extreme weather and changing electric grid landscape
- Additional funding required due to increased demand for customer related transmission generation interconnection studies and increased load demand requiring specialized studies



Renewable Generation Connecting to
Transmission System





ACTIVE PO FUNDING INCREASE

ENGINEERING SERVICES FOR ELECTRIC TRANSMISSION PLANNING

- Current Contracts:
 - Original Value: \$3 million
 - Term: 3 years
 - Expiration: February 2027
 - # Awardees: 3 (1 Local business)
- Request Details:
 - Additional PO Funding Requested: \$6 million
 - Updated Value: \$9 million
 - # Bidders: 16 responded to solicitation (5 Small and 7 Local businesses)
 - # Awardees: 3 (1 Local business)





THANK YOU



APPENDIX



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**GRID
MODERNIZATION**



**ELECTRIC SYSTEM
GROWTH**



**VISION 2027
GENERATION PLAN**



**GAS SYSTEM
GROWTH**



**ERP
TRANSFORMATION**



**TCOS
REIMBURSEMENT**



**REGULATORY
COMPLIANCE**



**RESILIENCE/
RELIABILITY**

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERCOT	Electric Reliability Council of Texas		
ERP	Enterprise Resource Planning		
NERC	North American Electric Reliability Corporation		
PO	Purchase Order		
PUCT	Public Utility Commission of Texas		
TCOS	Transmission Cost of Service		



PROCUREMENT REQUEST FOR APPROVAL INDEPENDENT VERIFICATION & VALIDATION SERVICES

PRESENTED BY:

Elaina Ball
Chief Strategy Officer

February 24, 2025
Request for Approval



AGENDA

- Enterprise Resource Planning (ERP) Risk Management
- Independent Verification & Validation (IV&V) Benefits
- IV&V Partner Selection
- Request for Approval

The IV&V vendor is independent of the ERP Transformation Team. The IV&V vendor will provide additional insight into potential ERP Transformation risks and roadblocks before they become serious threats.



ERP RISK MANAGEMENT

The ERP Transformation is a complex and intense initiative that requires risk management to meet goals and objectives.

- Identify risks early to proactively manage potential issues
- Assess risks to determine risk exposure and prioritization
- Mitigate and monitor risks to enhance transparency and project success
- Establish a more robust process for overseeing and managing ERP risks
- Allocate resources to focus on the oversight of ERP risks
- Partner with an IV&V vendor to provide additional insight



Common ERP Risks	
	Roles & Responsibilities
	Organizational Change Management
	Data Governance
	Security & Controls

Enhanced oversight of the ERP Transformation will help ensure risks are transparent, prioritized, and managed.

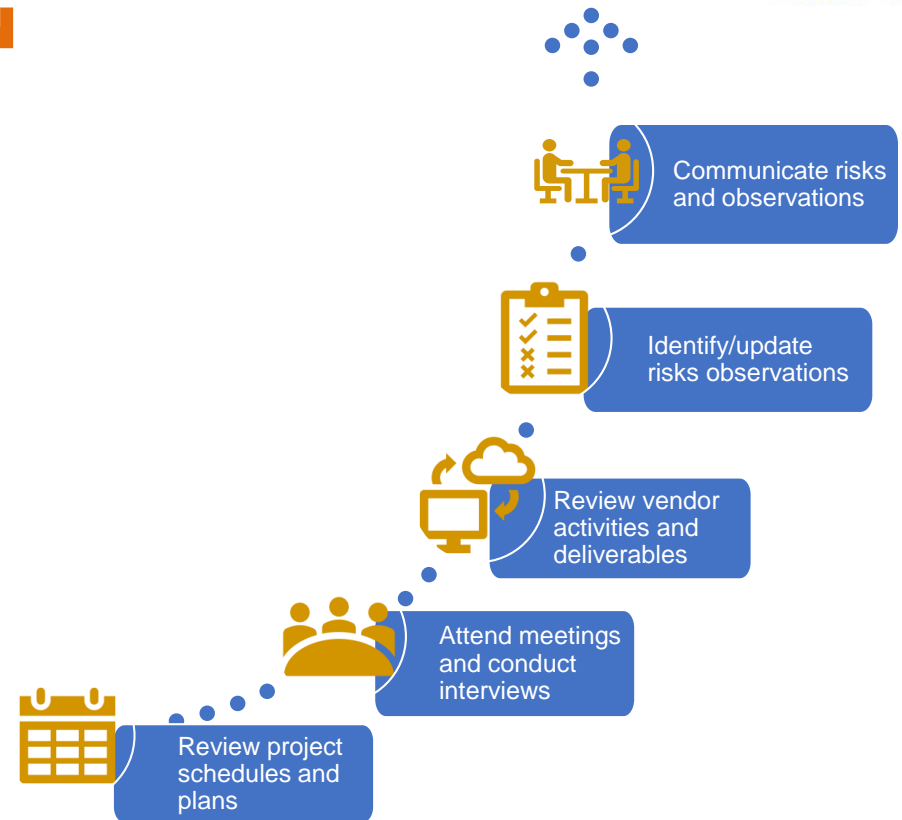


IV&V BENEFITS

SUPPORTS ERP TRANSFORMATION

IV&V supports the ERP Transformation Governance Structure and Program

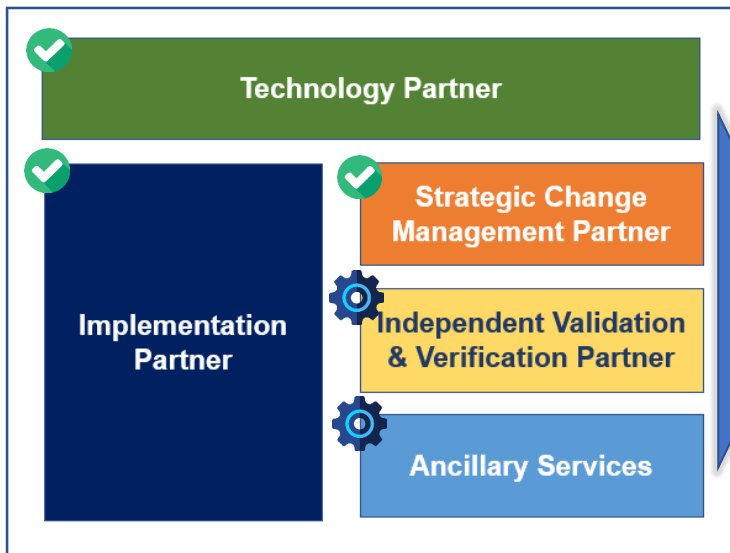
- Reports to the ERP Steering Committee, Risk Subcommittee and other committees as needed
- Independent of the ERP Transformation Team
- Proactive risk identification and mitigation
- Reduces probability of increasing risk severity
- Decreases chance of risks becoming issues
- Collaborates with the ERP Project Team, technology, and implementation partners
- Promotes continuous improvement and accountability through review, reporting, and communication



IV&V is essential for ERP Program success and risk mitigation. By having an independent third party verify and validate project plans and artifacts, we gain valuable insight into potential errors and risks, which increases the overall probability of program success.



GROWING OUR ERP ECOSYSTEM



Key Activities	Target Completion
Evaluate options and finalize contract for technology partner	Complete
Evaluate proposals and select Change Management partner	Complete
Evaluate options and finalize strategy for implementation partner selection	Complete
Evaluate proposals and select Independent Validation & Verification partner	Q1 FY2026
Engage third-party partners to support additional program needs, as applicable	On-Going

We are here

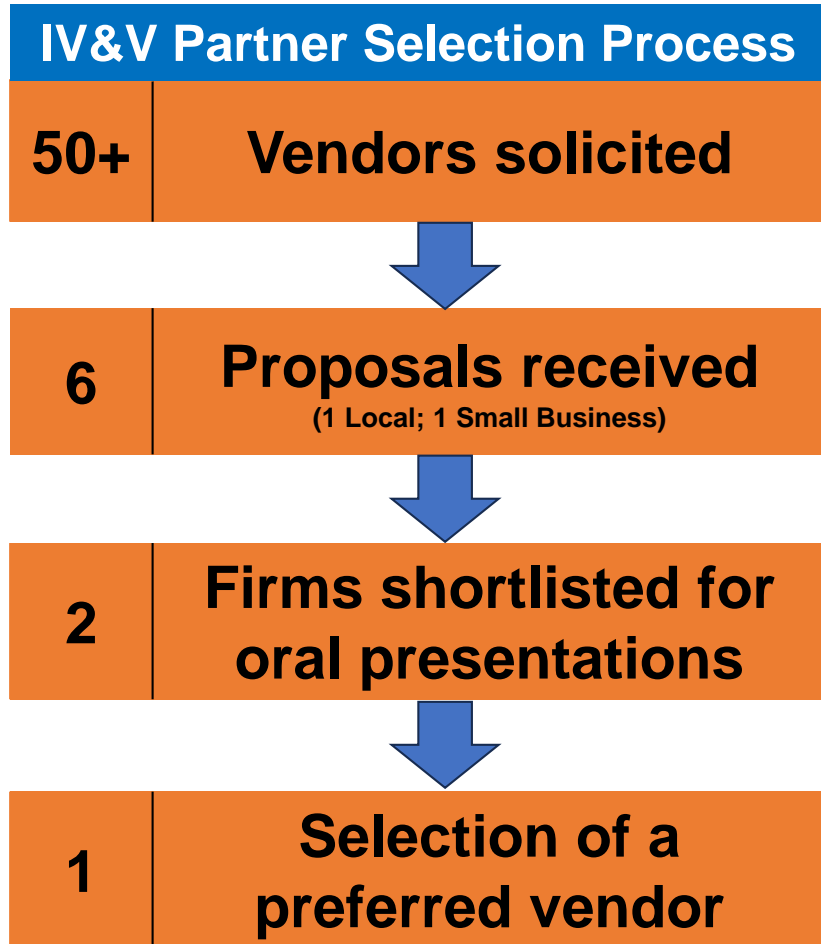
Our IV&V partner is a critical component of our ERP Transformation ecosystem.

Legend: Complete In Progress Not Started



IV&V PARTNER SELECTION

BY THE NUMBERS



IV&V RFP Highlights:

- Cloud and ERP implementation IV&V experience required
- Change management experience required
- Commitment to subcontract to small or local business
- Onshore with hybrid work location preferred

A cross-functional IV&V Evaluation Team and the ERP Risk Subcommittee utilized their diverse experience and expertise to evaluate the IV&V vendors.



REQUEST FOR APPROVAL

ERP IV&V PARTNER SELECTION

- We respectfully request your approval to proceed with the IV&V partner selection, up to \$20M
- Term of engagement will align with ERP implementation
- Funds will be used to support the ERP Transformation Program





THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning		
IV&V	Independent Verification and Validation		



APPROVED GOVERNANCE STRUCTURE



A governance process is in place to drive and manage decision-making, culture, controls and accountability for the ERP Transformation Program.



KEY DRIVERS FOR SUPPLY CHAIN

IDENTIFIERS FOR PROCUREMENT ITEMS



**SUPPLY CHAIN
CONSTRAINTS**



**GRID
MODERNIZATION**



**ELECTRIC SYSTEM
GROWTH**



**VISION 2027
GENERATION PLAN**



**GAS SYSTEM
GROWTH**



**ERP
TRANSFORMATION**



**TCOS
REIMBURSEMENT**



**REGULATORY
COMPLIANCE**



**RESILIENCE/
RELIABILITY**



VISION 2027 GENERATION PLAN UPDATE

PRESENTED BY:
Benny Ethridge
Chief Energy Supply Officer

February 24, 2025
Informational Update



AGENDA

- ERCOT Market Landscape
- Building the Generation Plan
- Progress and Accomplishments
- Path Forward

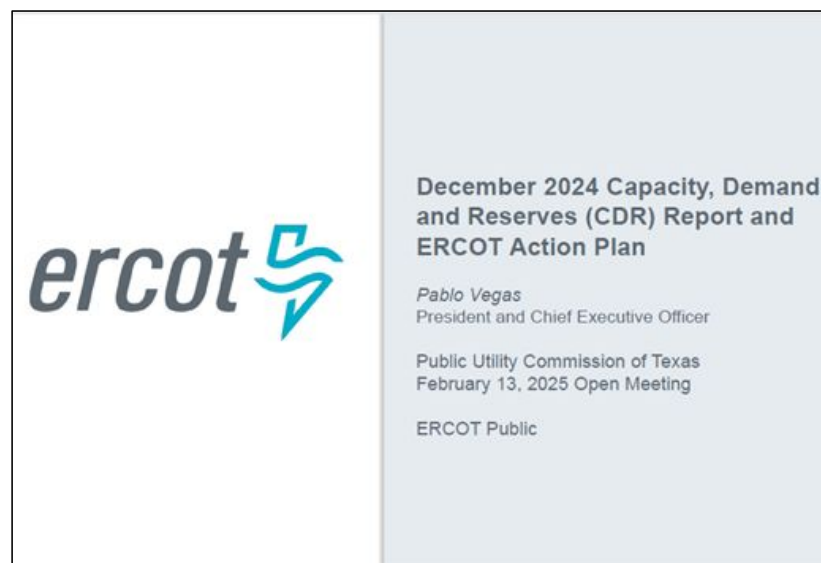
We have made significant progress towards achieving our Vision 2027 Generation Plan and are well-positioned to meet our community's future energy needs.

ERCOT MARKET LANDSCAPE

CAPACITY AND DEMAND CHALLENGES



- Texas is facing significant growth
- Uncertainty in load and supply forecasts
- Challenges in resource and reserve adequacy



ERCOT CDR Report 2/13/2025 – Potential energy supply shortfall of 6.2% by summer 2026; 32.4% by summer 2029.

Our Vision 2027 Generation Plan facilitated the actions needed to mitigate our future energy supply challenges.



OUR COMMUNITY'S GENERATION PLAN

THE PATH SINCE 2022



CPS Energy's community Rate Advisory Committee presenting to Board of Trustees

- Deep analysis of diverse generation scenarios
- Community engaged to provide feedback and understand needs
- Comprehensive evaluation by the Rate Advisory Committee (RAC) supported a blended portfolio

Generation Plan Components

- ❑ Retire or convert coal plants
- ❑ Retire aging gas units
- ❑ Addition of Solar, Wind, Storage, and Gas

The Vision 2027 Generation Plan was approved by the Board of Trustees in January 2023 with the City of San Antonio's Climate Action & Adaptation Plan (CAAP) goals in mind.



Vision 2027 GENERATION PLAN

LEGEND

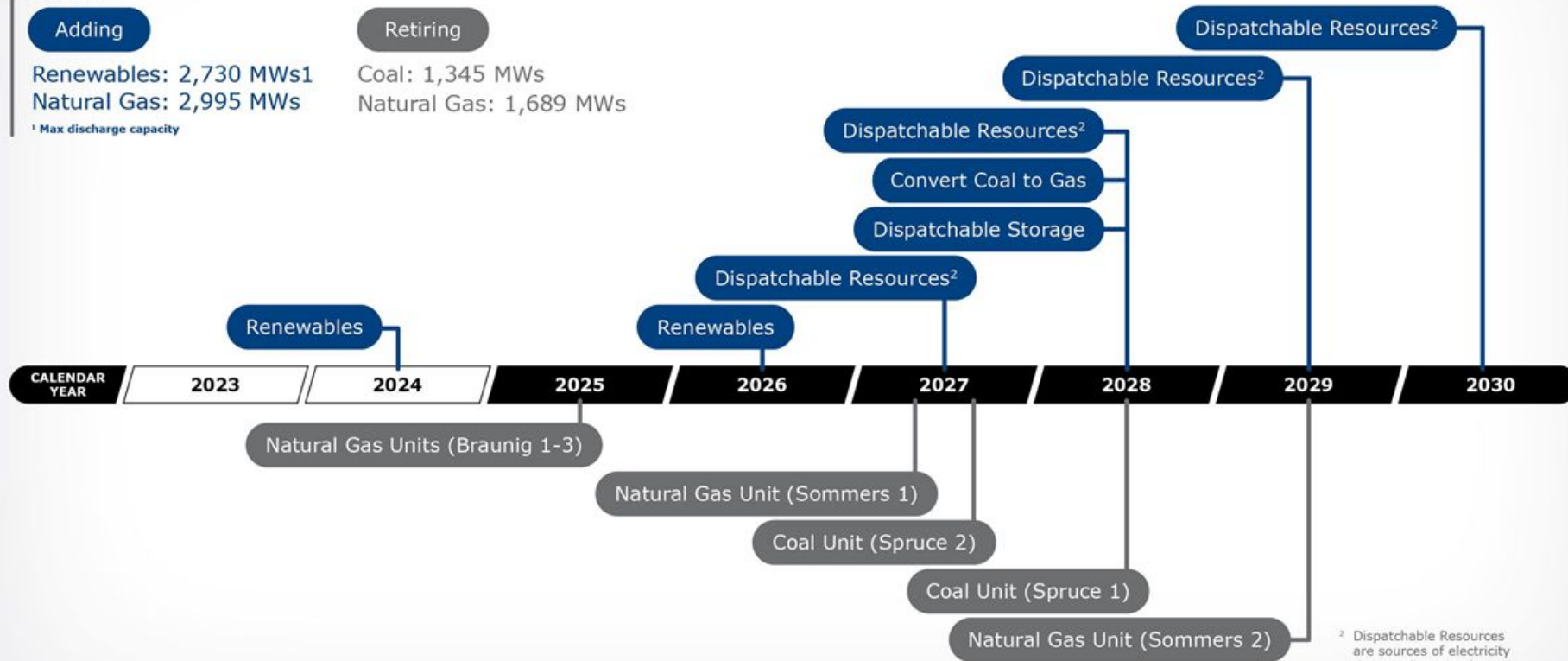
Adding

Retiring

Renewables: 2,730 MWs¹
Natural Gas: 2,995 MWs

Coal: 1,345 MWs
Natural Gas: 1,689 MWs

¹ Max discharge capacity



² Dispatchable Resources are sources of electricity that can be turned on or off as needed.

March 25, 2024

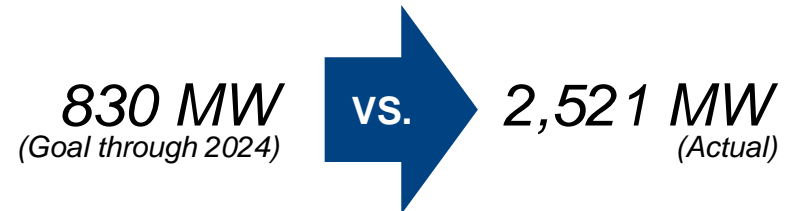


CAPACITY ADDITIONS ARE AHEAD OF SCHEDULE

% of 2030 Target That is Online or Under Contract

Solar	730 MW	62%
Wind	84 MW	17%
Storage	520 MW	50%
Natural Gas	2,257 MW	76%

New Capacity Online



As our community's need for electricity accelerates, we are producing more power ahead of schedule.



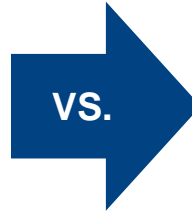
COMMUNITY VALUE

ACHIEVING LOWER COST FOR OUR CUSTOMERS



Natural Gas Capacity

~\$1.8B
(Expected Cost)



\$785M (~56% savings)
(Actual Cost)

Solar & Wind Cost Savings

\$2.50/MWh (~8% savings)

We have increased capacity for significantly less investment than planned.



CONTINUED PROGRESS

OTHER NEAR-TERM ACCOMPLISHMENTS



- ✓ **South Texas Nuclear Project (STP)** Purchase Power Agreement for 200 MW in place; acquiring additional 2% ownership share (52MW)
- ✓ **Community Solar** 50 MW currently in negotiations
- ✓ **Wind** 29 MW currently in negotiations
- ✓ **Natural Gas Peaking Units** Procuring key equipment and services
- ✓ **Spruce 2 Conversion to Natural Gas** On schedule; core contract services in development
- ✓ **Unit Retirements** Braunig supporting ERCOT reliability at no cost to our customers



ACHIEVING COMMUNITY GOALS

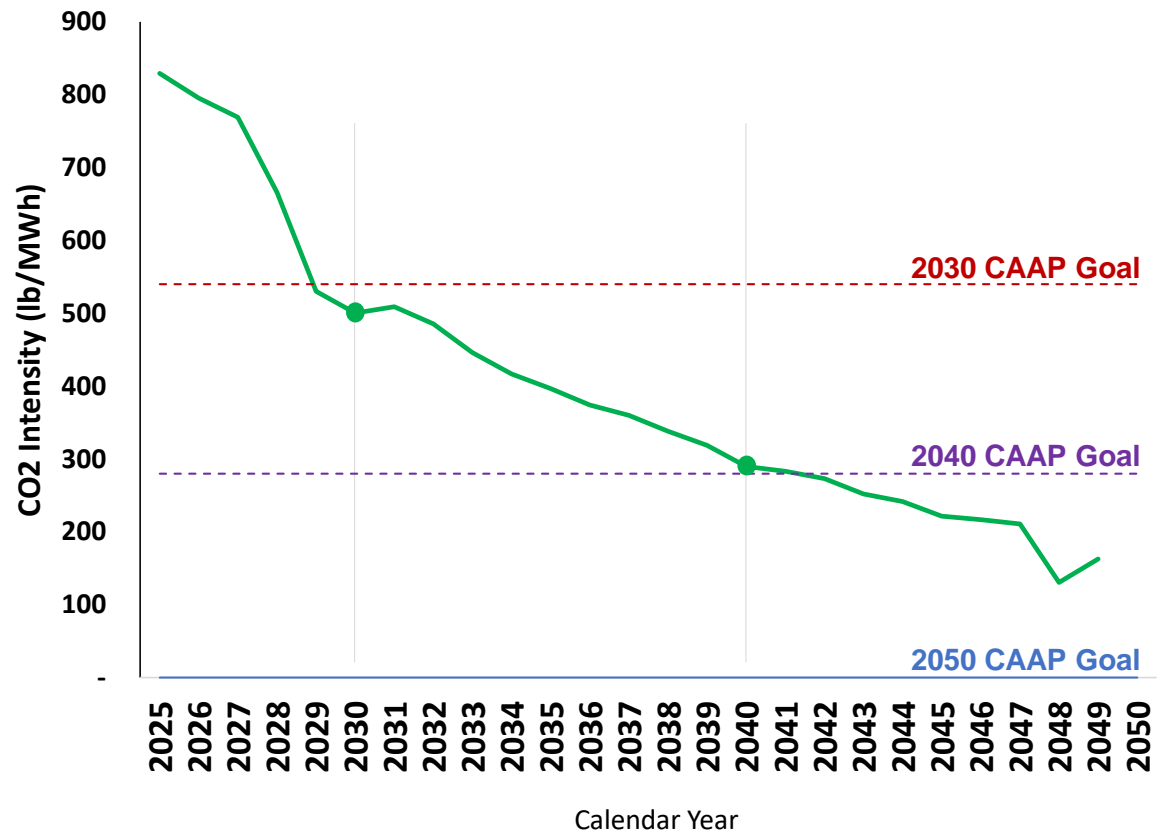
CO2 INTENSITY

Our accomplishments have better positioned us to meet our community's CAAP goals for 2040.

We will continue pursuing opportunities to lower our CO2 intensity.

This ongoing effort is essential for achieving net zero carbon by 2050.

CO2 Emissions Intensity





OVERCOMING UNCERTAINTY

Headwinds

- Load growth
- Supply chain constraints
- Transmission constraints
- Regulatory uncertainty
- Pace of technological advancement

Tailwinds

- Acquisition of additional generation assets
- Community support for generation plan
- Industry partnerships
- Access to capital markets
- Financial support when needed
- Transaction agility

We have the momentum and flexibility to manage uncertainty and achieve our generation plan objectives.



THANK YOU



APPENDIX

GLOSSARY / DEFINITIONS

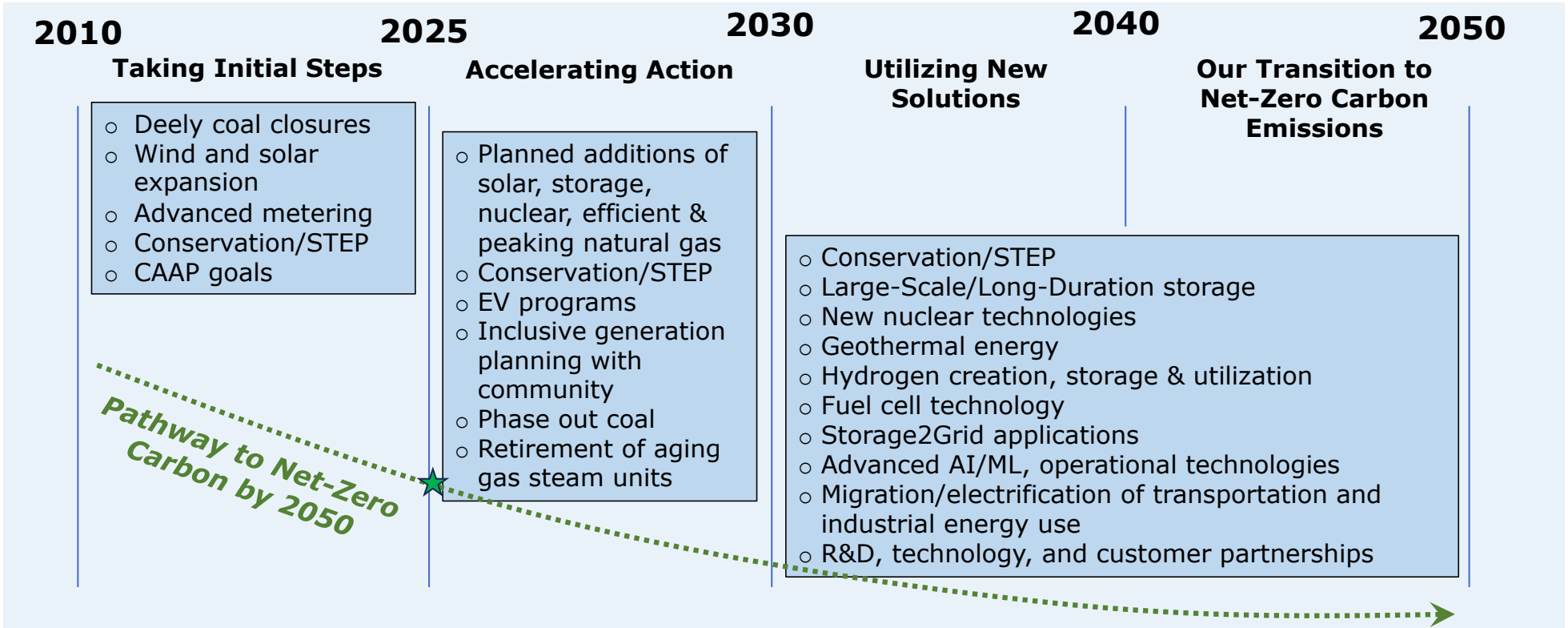


ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
AI/ML	Artificial Intelligence/Machine Learning	EV	Electric Vehicles
CAAP	Climate Action and Adaptation Plan	GT	Gas Turbine
CC	Combined Cycle	GW	Gigawatt
CO2	Carbon Dioxide	MW	Megawatt
CT	Combustion Turbine	MWh	Megawatt-hour
CY	Calendar Year	R&D	Research and Development
Dispatchable Resources	Sources of electricity that can be turned on and off as needed.	STEP	Sustainable Tomorrow Energy Plan
ERCOT	Electric Reliability Council of Texas	STP	South Texas Nuclear Project



PATHWAY TO 2050

OUR TRANSITION TO NET-ZERO CARBON EMISSIONS



A blend of proven technologies, energy efficiency, and timely commercialization of new generation and storage technologies is our path to net-zero carbon by 2050.

For vote at the February 24, 2025
Board of Trustees meeting



CPS ENERGY BOARD OF TRUSTEES

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