



# ***FLEXSTEP<sup>SM</sup>: RFP DISCUSSION & FEEDBACK SESSION***

*PRESENTED TO:*

**Sierra Club**

January 13, 2021

*Informational*

- **RECAP OUR DISCUSSION FROM DECEMBER 18, 2020**
- **SHARE IDEAS & SEEK FEEDBACK ON A REQUEST FOR PROPOSALS (RFP) IN SUPPORT OF *FlexSTEP*<sup>SM</sup>**

- **RECAP OF OUR DECEMBER 18 MEETING**
- ***FlexSTEP* ACTIVITIES**
- **RFP OVERVIEW**
- **INNOVATIVE & NEW SOLUTIONS**
- **CUSTOMER AFFORDABILITY**
- **ADDITIONAL FEEDBACK**

# MEETING RECAP – 1 OF 2

## DECEMBER 18 SESSION



**We appreciate your recommendations, as well as the constructive & helpful dialogue:**

- **AREAS OF COMMON GROUND:**

- **Agreement on a Secondary Goal:** CPS Energy will better emphasize energy saved (kilowatt hours), in addition to our historical focus on saving energy capacity (kilowatts).

**IN THE RFP:**

**We will explain the goals of the program clearly, including the importance of saving kilowatt hours!**

# MEETING RECAP – 2 OF 2

## DECEMBER 18 SESSION



**We appreciate your recommendations, as well as the constructive & helpful dialogue:**

- **DIFFERENCES PRIMARILY RELATE TO PROGRAM SCALE & COST:**
  - CPS Energy must remain mindful that increasing the size of **FlexSTEP** would raise customers' bills & compete with other requests, like those related to coal.

### **PRIORTIZATION:**

**We want to further dialogue with you about the size of the program, relative to needing to leave capacity for other important programs & initiatives.**

Our timeline aligns *FlexSTEP*<sup>SM</sup> & *FlexPOWER Bundle*<sup>SM</sup> so we provide a comprehensive recommendation before proceeding with these major community investments.

Continuing Stakeholder Engagement



Launch RFP for Tried & True Programs

Launch RFP for Innovative & New Programs

*FlexSTEP*<sup>SM</sup> Recommendation to BOT & Council

Launch *FlexSTEP*<sup>SM</sup>

Identify industry-leading solutions

Aligns with timing of *FlexPOWER Bundle*<sup>SM</sup> recommendation



**We will be issuing a Request for Proposals (RFP), seeking proposals from energy efficiency program implementers nationally.**

## **Proposal Requirements:**

- **Scope:** Respondents can submit bids for one, multiple, or all program categories.
- **Term:** 1 year, extendible up to 3 additional program years.
- **Goals:** Program goals, budgets, & Key Performance Indicators (KPIs) will be re-evaluated annually.

## **4 Key Performance Indicators:**

- Capacity (kW) savings
- Energy (kWh) savings
- Cost effectiveness (Utility Cost Test score)
- Customer satisfaction score

# RFP OVERVIEW



We're preparing two Requests for Proposal (RFPs) in support of *FlexSTEP*.

Coming Soon

## Tried & True RFP



- Focused on proven, popular programs
- Supports continuation of Weatherization & Energy Efficiency programs



## Innovative & New



- Engage smaller, leading-edge technology providers
- **FlexPower Bundle** RFI identified opportunities related to battery storage, electric vehicles & solar



These RFPs will help us continue to deliver programs that are both innovative & highly cost effective.



# RFP OVERVIEW

## PROGRAMS



### Tried & True Programs

#### **Weatherization (Casa Verde)**

#### **Residential Energy Efficiency**

- Home Efficiency
- Retail Lighting
- New Home Construction
- Home Energy Assessments
- Schools 2 Home
- Cool Roof

#### **Commercial Energy Efficiency**

- Commercial & Industrial Solutions
- Schools & Institutions
- Small Business Solutions
- High Efficiency Tune-ups



RFP will support delivery of these proven programs by a third party implementor.

**Continue to manage  
in-house**

**Demand Response programs**

**Solar Rebates**

# RFP OVERVIEW

## POTENTIAL KPIs



- We are seeking proposals & pricing based on first year targets (KPIs) in line with our current STEP Bridge goals.
- Once the **Flex**STEP program is finalized, program goals for years 2-4 will be set by CPS Energy & incorporated into the Agreement.

Year 1 Targets	# of Homes	kW (NCP)	kWh	Cust Sat*	Cost (UCT)
Residential Programs	N/A	14,800	28,000,000	90%	1.80
Commercial Programs	N/A	22,900	107,000,000	90%	1.80
Weatherization	3,600	15,800	14,000,000	90%	0.80

\* Customer Satisfaction scores are determined through a third party survey coordinated by CPS Energy.



### Evaluation criteria for RFP responses

We will evaluate Respondents' ability to meet our requirements for program delivery capabilities & quality control;

- The overall cost & value of program(s);
- Safety records & training program;
- Economic Development \*;
- Experience & qualifications to perform the services & references;
- The financial soundness of Respondent &;
- Ability to adhere to CPS Energy's IT Security Requirements

\* **Economic Development:** Respondents classified as a local business in accordance with the zip codes defined within the San Antonio metropolitan area, &/or a small, disadvantaged, minority-owned, woman-owned, service-disabled, veteran-owned, HUBZone business, will receive a preference in the evaluation process.

# INNOVATIVE & NEW SOLUTIONS



The *FlexPOWER* Bundle RFI yielded 42 proposals from technology vendors. Technologies being considered for the upcoming RFP are listed below:



## New Solar Options

7 responses



## Dynamic Load Management

19 responses



## Battery Storage

2 responses



## EV Managed Charging

4 responses



## Expanded SMB & LMI Focus

2 responses



## Alternative Technologies

8 responses

The New & Innovative RFP will be based on identified learnings from the *FlexPOWER* Bundle RFI.

# CUSTOMER AFFORDABILITY – 1 OF 3

## PROGRAM SIZE MATTERS TO BILL IMPACT



***Energy Efficiency & Conservation program funding must continue to be balanced with Customer Affordability!***

### Annual Bill Impact per 1,000 kWh

	Total Program Cost	Annual Program Cost	Annual Bill Impact	% Impact to Annual Bill
<b>Current Proposed</b>	<b>\$700M</b>	<b>\$70M</b>	<b>\$44.28</b>	<b>2.6%</b>
\$1 Billion	\$1.0B	\$100M	\$63.24	3.7%
<b>Double</b> STEP	\$1.4B	\$140M	\$88.56	5.2%
ESG Targets	\$1.5B	\$150M	\$94.92	5.6%
<b>Triple</b> STEP	\$2.1B	\$210M	\$132.84	7.8%

**For every \$1B spent on energy efficiency & conservation, customers will pay ~\$63.24/year per 1,000 kWh bill.**

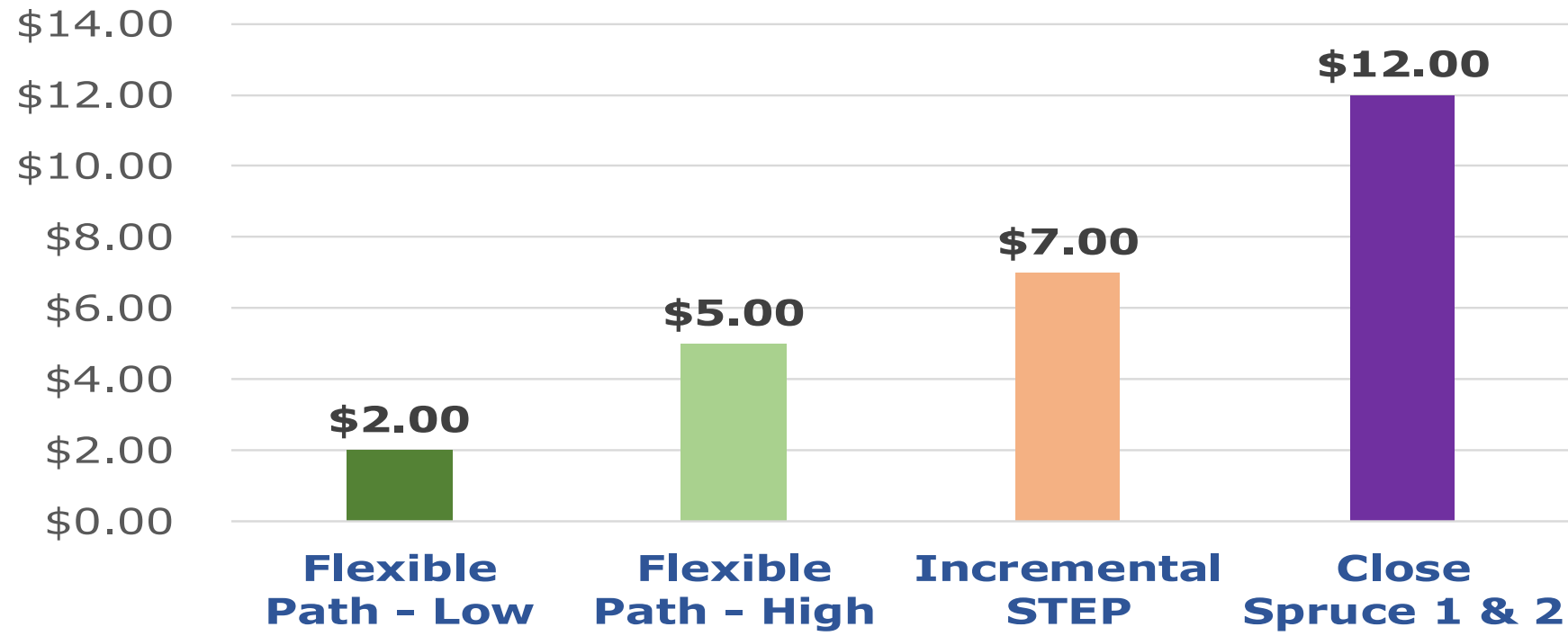
# CUSTOMER AFFORDABILITY – 2 OF 3

## HIGH-LEVEL VIEW OF FUTURE PRIORITIZATIONS



**FUTURE COMMUNITY DECISIONS:**  
These are rough estimates that give good context & will help constructive community discussions.

**PRELIMINARY ESTIMATED BILL IMPACTS**



**Does not include any amount for maintaining operations or growth in S.A. & our region.**

# CUSTOMER AFFORDABILITY – 3 OF 3

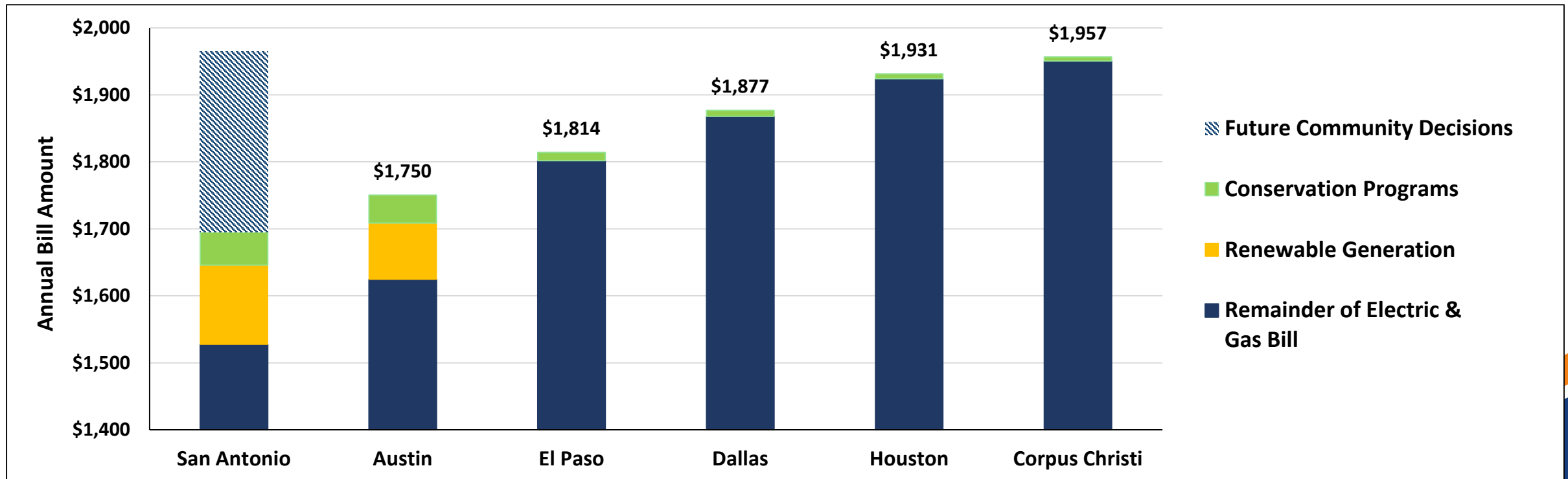
## WE NEED TO PROTECT ALL S.A. CUSTOMERS



### TIMING / VELOCITY MATTERS:

While we all want progress, we must be careful not to become a very expensive energy market.

### Texas Cities Residential Annual Bill Comparison



Note: Bills reflect results of accumulated 12-month average, standard, and non-promotional pricing through August 2020; based on average monthly usage of 1,000 electric kWh & 5 gas MCF.

# **ADDITIONAL FEEDBACK**





***Thank You***