



Paula Gold-Williams
President & CEO

Keeping People First!

December 7, 2020

Dear Mr. Greg Harman, Texas Sierra Club Clean Energy Organizer,

Thank you for your email to our Board of Trustees on November 16, 2020 and please accept this correspondence as a response to that email. We would also like to confirm receipt of your email on December 7, 2020 and will respond promptly to that request, as well. I have attached your email and am again responding to you with a sincere desire to continue working through our differences while highlighting our desired goals for our community.

As you know, we have hosted meetings with the Environmental Stakeholder Group (ESG) on a quarterly basis for nearly a decade. These meetings continue to give us the opportunity to better understand your perspectives, as well as identify and monitor trends that are important to the stakeholder group. We understand and appreciate the ESG's genuine interest in our Save for Tomorrow Energy Plan (**STEP**), as well as providing input towards the next iteration of our programs. We share your determination to continually enhance, and even expand our programs where possible. Yet, we at CPS Energy also have the responsibility to make certain our community can and will support the cost that all customers pay to support them, regardless if they participate in them.

We in fact have sought to speak with members of the ESG at every meeting held over the last two years to receive input on our **STEP** programs. The 2019-2020 meeting agendas, which the ESG has helped to develop, are attached to this correspondence. As part of our quarterly ESG meetings, we have provided pre-meeting resource materials that are responsive to your requested agenda topics to aid in our discussions, which consistently included **STEP**. After our meetings, we have provided post-meeting letters memorializing our discussions and providing additional information. These materials are posted on our stakeholder page at:

- <https://www.cpsenergy.com/stakeholder>

While **STEP** and **FlexSTEP**SM have been listed on the agreed-to agendas, the ESG has determined the priority, order and duration of time spent on each topic, and the ESG has often chosen to focus discussions on different matters.

I would like to reassert that in our January 6, 2020, post-meeting letter to the ESG, we provided a list of our **STEP** programs along with their cost-effectiveness and offered to host a separate meeting to discuss this information and receive additional input. That offer was not acted upon by the ESG.

- Excerpt from the Jan. 6, 2020 post-meeting letter:

FlexSTEP

*This year, we have been focused on achieving our original Save for Tomorrow Energy Plan (**STEP**) goal of reducing our community's demand for electricity by 771 MWs. As shared in the meeting, we have achieved the **STEP** goal one year ahead of schedule and under budget by about 15%. At the same time, we have been actively pursuing feedback on **FlexSTEP**, the next generation of our energy and conservation programs. **FlexSTEP** will be comprised of diverse programs intended to reach every customer segment, including economically challenged customers, which is a concern the group raised. After our meeting, we emailed you the current list of **STEP** programs along with their cost-effectiveness. We would really like your input on which programs you would like to see included going forward. We would be happy to set another meeting to discuss this.*

At our April 30, 2020 meeting, at the request of the ESG, we provided an update on **STEP** and how COVID-19 has hindered our abilities to enter homes and provide certain programs. We actively listened to and captured input from the ESG on the importance of our energy efficiency programs, particularly those that could assist low-income customers, and we agree with you. During this meeting, we stressed our desire to continue hearing your suggestions.

- Excerpt from the April 30, 2020 meeting transcript (page 40, lines 18-22):

*18 are -- they are very important to us. They are
19 customers that we pay a lot of attention to and would
20 welcome any other additional ideas you might have on how
21 we -- how we serve low-income customers who have
22 structural issues.*

At our August 25, 2020 meeting, we spoke on our shared desire to possibly increase and expand the programs offered within STEP. However, we also discussed how this must be done in balance. While STEP has been a great investment, it is not free. The costs of the programs are borne by all customers, regardless if they participate in the programs. Please find attached to this correspondence, page 21 of the August 25, 2020 meeting transcript, which includes my specific comments about these same important and relevant points.

After that meeting, we sent a post-meeting letter dated September 15, 2020, acknowledging the Sierra Club's report, stating "*We are interested in coupling aspects of the potential enhancements that you propose with our current efforts to more widely communicate our escalating climate commitments and our other helpful programs and options, such as energy saving tips and valuable rebates.*" In that letter, we also offered to meet with you to share aspects of the **FlexPOWER Bundle**SM RFI, which included solicitations for innovative solutions and technologies for **FlexSTEP**. That offer was not acted upon by the ESG.

At our quarterly ESG meeting that was scheduled for November 12, 2020, which the ESG cancelled, we hoped to continue our conversations and share with you the results of our **FlexPOWER Bundle** RFI. We were also prepared to discuss the Sierra Club's report, as well as the letter from Environment Texas. **Since the ESG chose not to meet, we are instead working to provide information in writing.**

And while this ESG meeting did not occur, we proceeded in addressing the recommendations in a briefing to the Board of Trustees at their November 16, 2020 meeting. Briefing materials are generally posted online for public consumption 3 business days prior to the Board of Trustees meeting occurring. The "**STEP Bridge Extension**" presentation, which included a responsive slide to the recommendations made (see PDF slide #91), can be viewed at:

- <https://www.cpsenergy.com/NovemberBOTMeeting>

Additionally, we have made several offers to meet and discuss your coalition's objectives, and we remain hopeful you will accept. We stand ready to meet should you and the members of your coalition wish to discuss these matters in a collaborative manner.

Please be assured that we will remain focused on being respectful to you and everyone in our community. We appreciate and value differences in perspectives. We also understand that perspectives on numerous matters will continue to differ. Diversity of thought, coupled with increased collaboration, creates better results for our community. We are always open to working together, focusing on our shared goals, and courteously addressing them more efficiently and effectively.

Paula

Attachments: November 16, 2020 Email from Greg Harman
ESG Meeting Agendas, 2019-2020
August 25, 2020 ESG Meeting Transcript, page 21

Copy to CPS Energy: CPS Energy's Board of Trustees
CPS Energy's Senior Chiefs
Board Relations Files

Copy to CoSA: City Council
Mr. Erik Walsh
Mr. Ben Gorzell
Ms. Ivalis Meza Gonzalez
Ms. Michelle Lugalía-Hollon

Copy to ESG Tri-Chairs: Ms. DeeDee Belmares
Ms. Diana Lopez