

## RESOLUTION APPROVING GENERATION PLANNING PORTFOLIO

**WHEREAS**, CPS Energy plans to retire 2,249 MWs of dispatchable generation capacity before 2030 as follows; and

<u>Unit</u>	<u>Capacity</u>	<u>Planned Retirement Date</u>
Braunig 1	217 MWs	March 2025
Braunig 2	230 MWs	March 2025
Braunig 3	412 MWs	March 2025
Sommers 1	420 MWs	March 2027
Spruce 1	560 MWs	December 2028
Sommers 2	410 MWs	March 2029
	2,249 MWs	

**WHEREAS**, in recognition of the need for thoughtful generation planning to replace these retiring megawatts, this Board of Trustees, by resolution at its February 2022 Regular Meeting, directed CPS Energy management and the Rate Advisory Committee to “consider the costs, timeline and generation alternatives necessary to transition from coal to lower emission cleaner alternatives by the 2030 timeframe”; and

**WHEREAS**, CPS Energy, working with Charles River & Associates, a recognized industry expert in generation planning, and the Rate Advisory Committee, identified nine diverse generation portfolios using various combinations of generation resources - dispatchable, renewable, and storage; and

**WHEREAS**, these nine portfolios were analyzed under four market scenarios; four sensitivities were also analyzed, resulting in 50 data sets, providing a range of projected outcomes that included items such as extreme weather and conservation; and

**WHEREAS**, scenario analysis results for these portfolios were then evaluated relative to planning objectives - system reliability & climate resiliency, customer affordability, environmental sustainability, system flexibility, and workforce impact; and

**WHEREAS**, the Rate Advisory Committee selected Burns & McDonnell to provide it with an independent peer review of the generation planning work; and

**WHEREAS**, CPS Energy also engaged the community for feedback through open houses, town halls, media and social media outreach, a survey, and many other types of engagement; and

**WHEREAS**, after analyzing the benefits and risks, the Rate Advisory Committee recommended to this Board of Trustees, the Blended Portfolio (P2), which includes gas, solar, wind, and storage generation resources; and

**WHEREAS**, the Rate Advisory Committee found that the P2 option increases reliability, reduces system risk, continues progress to San Antonio Climate Action and Adaption Plan (CAAP), and facilitates new technologies; and

**WHEREAS**, CPS Energy management, in alignment with the Rate Advisory Committee, also recommended the Blended Portfolio (P2) to this Board of Trustees, noting that it:

- balances reliability with affordability
- continues transition to a lower carbon future
- retains experienced workforce to support transition
- retains a greater degree of fuel diversity to manage cost risk
- supports expansion of renewables while providing greater protection from extreme weather risks,
- aligns with community survey results; and

**NOW, THEREFORE, BE IT RESOLVED**, the CPS Energy Board of Trustees directs CPS Energy staff to take steps to:

1. Complete preparations to retire generation units listed above as planned.
2. Implement the Blended Portfolio (P2) generation improvements to support planned unit conversions and/or retirements.
3. Discontinue coal use for generation before 2030.

**BE IT FURTHER RESOLVED**, the CPS Energy Board of Trustees directs CPS Energy staff to provide this Board of Trustees an annual update on the status of these generation planning efforts; and

**BE IT FURTHER RESOLVED**, the CPS Energy Board of Trustees directs CPS Energy staff to thoroughly review its generation plan periodically, and continue to explore new technologies and consider ways to innovate and improve operations.



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Shanna M. Ramirez  
Secretary of the Board