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PROJECT NO. 38578

**ENERGY EFFICIENCY
IMPLEMENTATION PROJECT
UNDER 16 TAC § 25.181**

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**PUBLIC UTILITY
COMMISSION OF TEXAS**

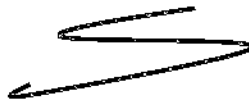
COMMENTS OF CENTERPOINT ENERGY HOUSTON ELECTRIC LLC

CenterPoint Energy Houston Electric, LLC (CenterPoint Houston or the Company) intends to deliver Commercial Load Management (CLM) and Residential Load Management (RLM) pilots through the Company's 2023 Energy Efficiency Program Portfolio. The current CLM and RLM programs are designed to deliver demand reduction during the summer peak period, which is defined in 16 Tex. Admin. Code § 25.181 as the hours from one p.m. to seven p.m. during the months of June, July, August, and September, excluding weekends and holidays. However, to provide support for potential grid emergencies that occur outside of the defined summer peak period, CenterPoint Houston is implementing the CLM and RLM pilots to incentivize load curtailment ability 24 hours per day, seven days per week through November 2023.

In the event of a curtailment, CenterPoint Houston will notify ERCOT of the deployment of its load management programs by 10:30 a.m. on the day following the deployment. This notification will include the following: the time period during the previous day the curtailment was deployed, the remaining number of deployments that may be initiated by CenterPoint Houston, and the remaining number of hours the load management programs may be deployed. These notices will be sent to ERCOT via email at LoadManagement@ercot.com and ShiftSupervisors@ercot.com.

The attached appendix provides detail regarding the original design for CLM and RLM as well as the 2023 supplement planned for each program.

Respectfully submitted,



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CenterPoint Houston Electric Commercial Load Management Program

Original Program Design

Purpose

The objective of the Commercial Load Management Program (CLM) is to attain reliable peak demand reduction during grid emergencies during the months of June through September. CLM provides incentives to program participants (Project Sponsors) for on-call electricity week day curtailment during the hours of 1 p.m. to 7 p.m. in the summer peak period.

Eligibility

CLM is available for non-residential distribution customers, as well as governmental, educational, and non-profit transmission customers. Participating facilities must be equipped with an Interval Data Recorder (IDR) or smart meter and be able to curtail a minimum of 100 kW to be eligible. Eligible Sponsors include national or local energy service companies (ESCOs) or other aggregation groups, Retail Electric Providers; and individual customers that identify curtailable load in their own facilities.

Project sites that are eligible to earn incentive payments from other load management programs, including but not limited to programs available through ERCOT, will not be eligible to participate.

Project Sponsor Requirements

The program includes a maximum of six curtailments per year including a maximum of two annual Scheduled (test) Curtailment(s), and a maximum of four annual Unscheduled Curtailments.

- Scheduled curtailments are for testing program effectiveness, and the duration of Scheduled Curtailments is one to three hours.
- Unscheduled Curtailment may occur in the event ERCOT notifies CenterPoint Houston to initiate curtailment during an Energy Emergency Alert (EEA) Level 2. The duration of an Unscheduled Curtailment is one to four hours.

CenterPoint Houston notifies Project Sponsors of a curtailment event with thirty minutes' notice of the event start-time.

The curtailment availability period is 1-7 p.m. weekdays, June through September, excluding federal holidays.

Incentives

Project Sponsors are paid \$30.00 per kW of verified curtailed load, up to the approved curtailment amount for each site participating in the program. There is no obligation to pay for any curtailed loads that exceed the approved kW amount. At CenterPoint Houston's discretion, and subject to budget availability, a performance fee may be paid based on a performance rate calculated after all interval data from participating sites has been evaluated at the conclusion of the program year.

Incentives are calculated for each event based on curtailment performance. The total payment after the conclusion of the program year is based on the average of all incentives.

Savings Measurement & Verification

CenterPoint Houston analyzes meter data for each participating site to calculate load reduction using the

methodology found in the Texas Technical Reference Manual (TRM) Version 10, Volume 4.¹

2023 Commercial Load Management Pilot

Purpose

CenterPoint Houston is seeking to expand the availability of 2023 load management resources to support grid emergencies through a Commercial Load Management (CLM) Pilot. The CLM Pilot will allow CenterPoint Houston to initiate curtailment events twenty-four hours per day, seven days per week through November of 2023 to provide demand reduction during grid events that occur outside of the summer peak period.

Eligibility

The CLM Pilot will be offered to Project Sponsors currently participating in the 2023 program year. Project Sponsors who agree to expand the curtailable hours at eligible sites enrolled in the 2023 CLM program will be provided additional incentives for verified demand reduction.

Project sites that are eligible to earn incentive payments from other load management programs, including but not limited to programs available through ERCOT, will not be eligible to participate in the CLM Pilot.

Project Sponsor Requirements

CenterPoint Houston will provide additional incentives to CLM Project Sponsors who commit to the following:

- Expand the hours of curtailment availability period to 24 hours per day, seven days per week (including Federal Holidays); and
- Extend the duration of the curtailment availability period (which currently ends September 30, 2023) through November 30, 2023.

Per existing program requirements, up to four unscheduled curtailment events may be initiated.

Incentives

Project Sponsors who agree to extend curtailment availability will be incentivized as follows:

- CenterPoint Houston will pay \$30 per verified kW curtailed load, up to the amount awarded for each site during the 2023 CLM program enrollment process. At the discretion of CenterPoint Houston, and subject to budget availability, a performance payment for exceeding the approved kW amount may also be paid.
- As part of the CLM pilot, CenterPoint Houston will also pay a bonus incentive to Project Sponsors for demand reduction at sites where curtailment hours and availability period have been extended.
 - Project Sponsors will receive an additional \$15 per verified kW saved, up to the amount awarded for each site during the enrollment process. Notwithstanding any potential performance payment, this bonus incentive increases payment to \$45 per verified kW of demand reduction up to the approved amount for each site.
 - The bonus incentive will be applied to all curtailment events initiated in 2023.

¹ Energy Efficiency Implementation Project Under 16 TAC § 25.181(q), Project No. 38578, Texas Technical Reference Manual Version 10.0 - PY 2023 (Nov. 9, 2022).

Incentives are calculated for each event based on curtailment performance. The total incentive paid after the conclusion of the program year is based on the average of all incentives.

Savings Measurement & Verification

CenterPoint Houston will analyze meter data for each participating site to calculate load reduction using the methodology found in the Texas Technical Reference Manual (TRM) version 10, Volume 4.

Program Impacts

Per the guidance provided for 24/7 load management programs in the Texas TRM version 10 volume 5²

- Demand reduction that occurs outside of the peak period defined in 16 Tex. Admin. Code § 25.181³ may not be claimed toward a utility's energy efficiency goal.
- Utilities may choose to use all events, including events outside of the peak period, to calculate savings used to determine cost-effectiveness.

CenterPoint Houston will only include events that occur within the peak period defined in § 25.181 to calculate impacts claimed toward the Company's energy efficiency goals and impacts used to determine cost-effectiveness.

² Energy Efficiency Implementation Project Under 16 TAC § 25.181(q), Project No. 38578, Program Year 2023 Texas Technical Reference Manual Version 10.0, Volume 5 (Feb. 7, 2023).

³ 16 Tex. Admin. Code § 25.181(c)(46) defines the peak period as "the hours from one p.m. to seven p.m. during the months of June, July, August, and September, and the hours of six a.m. to ten a.m. and six p.m. to ten p.m. during the months of December, January, and February, excluding weekends and Federal holidays."

CenterPoint Houston Electric Residential Load Management Program

Original Program Design

Purpose

The objective of the Residential Load Management Program (RLM) is to attain reliable peak demand reduction during grid emergencies during the months of June through September. RLM provides incentives to program participants (Project Sponsors) who aggregate residential meters to provide on-call electricity week-day curtailment during the hours of 1 p.m. to 7 p.m. in the summer peak period.

Eligibility

Eligible Project Sponsors include Retail Electric Providers, energy service companies or other aggregators who enroll residential customers who agree to participate in load shed events. Each site enrolled must be a single-family home located within CenterPoint Houston's electric service territory.

Project sites that are eligible to earn incentive payments from other load management programs, including but not limited to programs available through ERCOT, will not be eligible to participate.

Project Sponsor Requirements

The program includes a maximum of seven curtailments per year including a maximum of two annual Scheduled (test) Curtailment(s), and a maximum of five annual Unscheduled Curtailments.

- Scheduled curtailments are for testing program effectiveness, and the duration of Scheduled Curtailments is one to four hours.
- Unscheduled Curtailment may occur in the event ERCOT notifies CenterPoint Houston to initiate curtailment during an Energy Emergency Alert (EEA) Level 2. The duration of an Unscheduled Curtailment is one to four hours.

CenterPoint Houston notifies Project Sponsors of a curtailment event with thirty minutes' notice of the event start-time.

The curtailment availability period is 1-7 p.m. weekdays, June through September, excluding federal holidays.

Incentives

Project Sponsors are paid \$35.00 per kW of curtailed load measured and verified during the summer peak period. Incentive payments are based on the total average kW reduction of all events for each site enrolled in the program.

Savings Measurement & Verification

CenterPoint Houston analyzes meter data for each participating site to calculate load reduction using the methodology found in the Texas Technical Reference Manual (TRM) Version 10, Volume 4.⁴

⁴ Energy Efficiency Implementation Project Under 16 TAC § 25.181(q), Project No. 38578, Texas Technical Reference Manual Version 10.0 - PY 2023 (Nov. 9, 2022).

2023 Residential Load Management Pilot

Purpose

CenterPoint Houston is seeking to expand the availability of 2023 load management resources to support grid emergencies through a Residential Load Management (CLM) Pilot. The RLM Pilot will allow CenterPoint Houston to initiate curtailment events twenty-four hours per day, seven days per week through November of 2023 to provide demand reduction during grid events that occur outside of the summer peak period.

Eligibility

The RLM Pilot offered to Project Sponsors currently participating in the 2023 program year. Project Sponsors who agree to expand the curtailable hours at eligible sites enrolled in the 2023 RLM program will be provided additional incentives for verified demand reduction.

Project sites eligible to earn incentive payments from other load management programs, including but not limited to programs available through ERCOT, will not be eligible to participate in the RLM Pilot.

Project Sponsor Requirements

CenterPoint Houston will increase incentive levels for Project Sponsors who commit to the following:

- Expand the hours of curtailment availability period to 24 hours per day, seven days per week (including Federal Holidays); and
- Extend the duration of the curtailment availability period (which currently ends September 30, 2023) through November 30, 2023.

Per existing program requirements, up to five unscheduled curtailment events may be initiated.

Incentives

For Project Sponsors who agree to extend curtailment availability as part of the RLM Pilot, CenterPoint Houston will increase the incentive rate from \$35 to \$40 per verified kW of load curtailed. The bonus incentive will be applied to all curtailment events initiated in 2023.

Savings Measurement & Verification

CenterPoint Houston will analyze meter data for each participating site to calculate load reduction using the methodology found in the Texas Technical Reference Manual (TRM) version 10, Volume 4.

Program Impacts

Per the guidance provided for 24/7 load management programs in the Texas TRM version 10 volume 5⁵

- Demand reduction that occurs outside of the peak period defined in 16 Tex. Admin. Code § 25.181⁶ may not be claimed toward a utility's energy efficiency goal.
- Utilities may choose to use all events, including events outside of the peak period, to calculate savings used to determine cost-effectiveness.

CenterPoint Houston will only include events that occur within the peak period defined in § 25.181 to calculate impacts claimed toward the Company's energy efficiency goals and impacts used to determine

⁵ Energy Efficiency Implementation Project Under 16 TAC § 25.181(q), Project No. 38578, Program Year 2023 Texas Technical Reference Manual Version 10.0, Volume 5 (Feb. 7, 2023).

⁶ 16 Tex. Admin. Code § 25.181(c)(46) defines the peak period as "the hours from one p.m. to seven p.m. during the months of June, July, August, and September, and the hours of six a.m. to ten a.m. and six p.m. to ten p.m. during the months of December, January, and February, excluding weekends and Federal holidays."

cost-effectiveness.