



Filing Receipt

Received - 2021-10-28 10:07:20 AM

Control Number - 38578

ItemNumber - 42

PUC PROJECT NO. 38578

ENERGY EFFICIENCY
IMPLEMENTATION PROJECT UNDER
16 TAC § 25.181

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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

COMMENTS OF ONCOR ELECTRIC DELIVERY COMPANY LLC

TO THE HONORABLE PUBLIC UTILITY COMMISSION OF TEXAS:

COMES NOW, Oncor Electric Delivery Company LLC ("Oncor") and files these comments in support of providing load management programs for nonresidential customers during winter months. Texas law provides transmission and distribution utilities with two methods to offer load management programs for nonresidential customers during winter months. One method is found in § 38.075(e) of the Public Utility Regulatory Act ("PURA")¹; i.e., Senate Bill 3.

The other method is found in the energy efficiency laws and rules. Specifically, PURA § 39.905(a)(2) states that it is the "goal of the legislature that all customers, in all customer classes, will have a choice of and access to energy efficiency alternatives and other choices from the market that allow each customer to reduce energy consumption, summer and **winter peak demand**, or energy costs" (emphasis added). Similar language is stated in 16 Tex. Admin. Code § 25.181(a)(2) ("TAC"). Furthermore, 16 TAC § 25.181(g)(5) states "[e]ach electric utility in an area in which customer choice is offered shall conduct programs to encourage and facilitate the participation of retail electric providers and energy efficiency service providers in the delivery of efficiency and **demand response programs**" (emphasis added). 16 TAC § 25.181(c)(36) defines load management as "[l]oad control activities that result in a reduction in peak demand, or a shifting of energy usage from a peak to an off-peak period or from high-price periods to lower price periods."

Oncor is developing a pilot Program pursuant to 16 TAC § 25.181 that will provide load reduction resources to ERCOT consistent with PURA § 38.075(e) during emergencies. The proposed new pilot Program: i) is consistent with other energy

¹ Public Utility Regulatory Act, Tex. Util. Code §§ 11.001–66.016.

efficiency programs, ii) reduces customer and market confusion of multiple program offerings inside and outside the energy efficiency portfolio, iii) eliminates ongoing time and resource accounting between energy efficiency cost recovery factor (“EECRF”) and a regulatory asset, iv) provides a consistent framework for Commission oversight, v) provides an opportunity to expand summer and winter load management programs into a 24/7 year round program(s), vi) increases load management resources during ERCOT emergencies, and vii) provides opportunity to expand geographic load management to support grid stability on specific feeders/substations outside ERCOT emergencies.

The Program will leverage Oncor’s existing Commercial Load Management Program (“CLM”) template, tailored for the winter peak, as follows:

- commercial customers will be enrolled in the program and will complete a test event during December 2021;
- the Program will operate 24 hours a day, 7 days a week from December 2021 until the end of February 2022;
- Program incentives will be market based; and
- participants must curtail load equivalent to at least 90% of their contracted obligation to be eligible for payment.

The purpose of the above-referenced pilot Program is to provide cost-effective load curtailment during ERCOT emergencies from December 2021 through February 2022 (winter season), and to test the Program design in preparation of a Standard Offer Program to be launched in December 2022. Specifically the Program will:

- demonstrate Program load reduction capabilities during the winter season;
- test the Program design, outreach and participant recruitment, program rules, data collection methodologies, and effectiveness of Technical Reference Manual (“TRM”) calculations during the winter season;
- identify any issues with participant compliance and sustainability throughout the winter season;
- identify the commercial measures that provide significant load reduction during winter months; and
- provide a basis for Program claimed savings, net benefits, and cost recovery.

The Program logic and design are outlined in the attached Program Template. Oncor is actively seeking feedback from stakeholders on the Program design.

As Oncor refines the Program design, the operating hours, number of events, and event duration may change prior to implementation. It should also be noted that Oncor will manage the new proposed Program under the budget, if approved by the Commission, that the parties agreed to in Docket No. 52178.² If the Commission believes that an alternative cost recovery mechanism is more appropriate,³ Oncor will support and comply with the Commission's preference. Oncor appreciates the opportunity to provide these comments.

Respectfully submitted,

Oncor Electric Delivery Company LLC

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**ATTORNEY FOR ONCOR ELECTRIC
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CERTIFICATE OF SERVICE

There are no parties to be served in this Project. However, notice of this filing will be provided to the appropriate stakeholders using the method determined by Commission Staff.

/s/ Ritchie Sturgeon

² *Application of Oncor Electric Delivery Company LLC to Adjust Its Energy Efficiency Cost Recovery Factor*, Docket No. 52178.

³ For example, the cost recovery mechanism noted in PURA § 38.075(e).

Oncor Winter Emergency Load Management Pilot Program

PROGRAM OVERVIEW

Description

The Winter Emergency Load Management Program (Program) provides incentives to program participants (Participants) for curtailing electricity demand when requested by ERCOT, and during ERCOT emergencies. Participants include commercial customers, Retail Electric Providers (REPs), and commercial aggregation groups. The Program will operate December 1 of the current program year through the last day in February of the following year (Program operating period). Participants must be available to curtail 24 hours a day, seven days a week, and be capable of curtailing load within 30 minutes notice. The minimum load reduction that may be subscribed in the Program is 100 kW.

Program savings are determined using the load management calculations in the Texas Technical Reference Manual (TRM). A baseline load management test will be conducted to demonstrate that the participant is capable of curtailing load, and to establish the baseline demand reduction. The contracted demand reduction (Obligation) will be based on the load management test result, available Program budget, and Program goals. Participants must curtail a minimum of 90% of their Obligation across all events to be eligible for payment. Final Program payments are determined by established Program rules and TRM calculations.

Rationale

The Program seeks to support grid resiliency by providing winter load reduction capabilities in the commercial market. Additionally, the Program addresses the requirements of Senate Bill 3 and is designed to comply with 16 Tex. Admin. Code § 25.181 (TAC) relating to the Energy Efficiency Goal implementing § 39.905 of the Public Utility Regulatory Act (PURA).

Program Objectives

The primary objective of this Program is to achieve reliable, cost-effective demand reduction to support ERCOT during the winter peak season. Additional objectives of the Program are to:

- encourage involvement by a wide range of Participants, including REPs.
- streamline Program processes to improve event notification protocols, data analysis, and Participant payments.
- evaluate TRM calculations and propose changes to encompass winter and 24/7 operations.

PROGRAM PRICING

Program Goals and Budget

The Program seeks to achieve 50 MW in load reduction during the winter operating period, with a budget of \$2 million.

Pricing Structure

Standard incentives are offered for demand savings, based on TRM calculations. Incentive payments shall not exceed current avoided costs and the Program is required to be cost-effective.

ELIGIBILITY

Participant

All Oncor commercial customers who have not opted out of the EECRF tariff, are eligible to participate. Additionally, REPs and aggregation groups may participate by enrolling a portfolio of eligible commercial customers in the Program. Each Participant must subscribe a minimum of 100 kW of load reduction to be eligible in the Program. Critical load and customers participating in other load management programs, such as ERS, are ineligible. Eligibility is determined at the ESIID level.

Measure

Participants must be capable of curtailing their Obligation within 30 minutes of notification. Events may be called at any time during the Program operating period. Oncor may call a maximum of six events during the Program operating period, with any single event lasting no more than 12 hours.

MEASUREMENT AND VERIFICATION

Purpose

Measurement and verification through Oncor's automated metering system (AMS) is used to verify Participant load reduction and to calculate the Participant payment.

Responsibility

Oncor Energy Efficiency will work with Oncor Metering to acquire AMS data. Metering may be required to ping meters or dispatch technicians to acquire incomplete meter data. EE will analyze the AMS data and calculate load reduction based on TRM calculations.

Approach

Measurement and verification is completed by acquiring AMS meter data, identifying and resolving incomplete data, and completing calculations in accordance with the TRM. Savings are verified by a second individual, separate from the individual completing the initial calculations.

Inspection Procedures

No onsite inspections are required in the Program. Savings calculations, analysis results, and Participant savings and payments may be verified by the Texas State Evaluator.

PROGRAM PROCESS

Application

Potential project sponsors must complete an application to participate in the program. The application provides evidence of qualifications and identifies the participating ESIIDs. Submitted ESIIDs will be compared to the Oncor critical load and ERCOT ERS lists to ensure eligibility. Additionally, the Participant submits a load curtailment estimate as part of the application. Applications will be accepted on a first-come, first-served basis.

Participation

A test event will be held and participants are required to demonstrate that they can curtail load. Oncor will determine the response of each participant using AMS data and the TRM load management calculations. The Participant contract Obligation will be established based on performance during the test event, total program curtailment and available budget.

Any actual events called by ERCOT during the operation period will be evaluated using automated meter data and compared to the contracted Obligation. Participants must maintain an average curtailment of 90% of contracted Obligation across all events to receive payment.

Payment

At the end of the Program operating period, Oncor will analyze Participant response across all events and determine if the average response is at least 90% of the contract Obligation. If the Participant qualifies, Oncor will calculate the incentive payment based on current Program rules and incentive levels. In the absence of events beyond the test event, or if events are called outside the existing parameters of the TRM, the customer payment will be based on their baseline Obligation. The specific scenarios will be logged, and Oncor will work with the State Evaluator to address them in the TRM prior to opening the Standard Offer Program in December 2022.

PROGRAM PROMOTION

Oncor will reach out directly to large commercial customers, aggregation groups, and Retail Electric Providers (REPs) to recruit participants. Additionally, Oncor will work internally with the Large Account Management organization to offer the Program to managed accounts.

PROGRAM SAVINGS DETERMINATION

Program savings determination is calculated as the sum of the paid kW for all Participants. Oncor will also report any additional Program savings achieved but not paid. This additional savings will not be claimed toward Oncor's energy efficiency goals.

PILOT PROGRAM

The Program is a pilot program. Several unique scenarios exist when implementing a 24 hour a day, 7 days a week program in the commercial market. Events may occur at any time, and facilities may be closed or transitioning between shifts, etc. The TRM calculations may not accurately depict actual events. Oncor will work closely with the State Evaluator to adjust TRM methodologies ensuring that 24/7 operations and winter savings determinations are accurate. As Oncor refines the program design, the operating hours, number of events, and event duration may change prior to implementation.

As a pilot program, Oncor will test several aspects of the Program:

- demonstrate Program load reduction capabilities during the winter season;
- test the Program design, outreach and participant recruitment, program rules, data collection methodologies, and effectiveness of TRM calculations during the winter season;
- identify any issues with participant compliance and sustainability throughout the winter season;
- identify the commercial measures that provide significant load reduction during winter months; and
- provide a basis for Program claimed savings, net benefits, and cost recovery.

Oncor will use Program findings and lessons learned to prepare a Standard Offer program beginning in December 2022.