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PUC PROJECT NO. 38578

ENERGY EFFICIENCY §
IMPLEMENTATION PROJECT UNDER § **PUBLIC UTILITY COMMISSION**
16 TAC § 25.181 §
§ **OF TEXAS**

**ALLIANCE FOR RETAIL MARKETS’
COMMENTS ON WINTER LOAD MANAGEMENT PILOT PROGRAMS**

The Alliance for Retail Markets (“ARM”) submits the following comments in response to the notice from the Staff of the Public Utility Commission of Texas (“Commission”) Staff requesting comments by November 28, 2022 regarding the notice of intent filed by AEP Texas Inc. (“AEP Texas”), CenterPoint Energy Houston Electric, LLC (“CenterPoint”), and Texas-New Mexico Power Company (“TNMP”) to launch Winter Load Management Pilot programs in December 2022. ARM respectfully requests that the Commission require these transmission and distribution utilities (“TDUs”) file additional clarification prior to the commencement of such programs. Such clarification should include provisions, consistent with the settlement agreement approved by the Commission in Docket No. 52689, requiring the TDUs to allow retail electric providers (“REPs”) to participate as project sponsors, provide notice to the REP of record of customer enrollment and deployment in the programs, and set forth express budget caps for program costs.

I. BACKGROUND

Senate Bill 3, signed into law on June 8, 2021 allows TDUs to design and operate a load management program for non-residential customers to reduce peak demand during grid emergencies. Based on the energy efficiency plan and reports filed in Project No. 52949, only two ERCOT TDUs (Oncor Electric Delivery Company and CenterPoint) currently have residential load management programs in their energy efficiency program portfolios,¹ with CenterPoint’s program being limited to June 1 through September 30.² Accordingly, the notice of intent filed by

¹ See *CY 2022 Electric Utility Energy Efficiency Plan and Report under 16 TAC § 25.181*, Project No. 52949.

² Project No. 52949, *CenterPoint Energy Houston Electric LLC 2022 Energy Efficiency Plan and Report at 13* (Jun. 1, 2022) (describing the Residential Load Management Standard Offer Program as providing “demand reduction during the summer peak period, when ERCOT issues an EEA 2” with the program beginning June 1 and ending September 30); *Oncor Energy Efficiency Plan and Report at* (May 24, 2022).

AEP Texas, CenterPoint, and TNMP appear to be an amendment to their energy efficiency plans. Given the Commission's current evaluation of TDU energy efficiency programs, it is important to ensure that the Winter Load Management Pilot programs receive the appropriate level of scrutiny.

The above is not to say that the ERCOT TDUs have not launched Winter Load Management Pilot programs before. The procedural history of such programs is brief but somewhat complicated, with the ERCOT TDUs taking one of two different paths for regulatory recovery. Specifically, last year AEP Texas, CenterPoint, and TNMP filed a joint petition to the Commission for authorization to design and operate an Interim Load Management Program for Non-Residential Customers and to each record a regulatory asset for any costs associated with the development and operation of such programs.³ In a separate proceeding, Oncor filed the template for its winter emergency load management pilot program it intended to launch in December 2021.⁴ Oncor noted that it would manage the program under the budget approved for its Energy Efficiency Cost Recovery Factor ("EECRF") in Docket No. 52178.⁵ Oncor's pilot program included REPs as eligible project sponsors and included a \$2 million budget cap to achieve 50 MW in load reduction during the winter operating period.

ARM intervened in the proceeding regarding the pilot program proposed by CenterPoint, AEP, and TNMP, and was a signatory to the unopposed stipulation, approved by the Commission, that allowed REPs to participate as project sponsors, required notice to the REP of record of customer enrollment and deployment in the pilot programs, and included express budget caps of the program costs.⁶ The budget caps for the programs, which costs are being booked by AEP Texas, CenterPoint, and TNMP as regulatory assets, were:

- AEP: \$350,000 to achieve 10 MW load reduction (paying \$35 per kW)
- TNMP: \$60,000 to achieve 1.5 MW in load reduction (paying \$40 per kW)

³ *Expedited Petition for Approval of Interim Load Management Programs for Nonresidential Customers and for an Accounting Order*, Docket No. 52689 (Oct. 8, 2021).

⁴ *Comments of Oncor Electric Delivery Company LLC*, Project No. 38578 (Oct. 28, 2021).

⁵ *See id.*

⁶ Docket No. 52689, Order at Findings of Fact 32, 33, 49, 50, 53, 66, 68, 69, 72, and 86 (Jan. 12, 2022).

- CenterPoint: \$4.5 million to achieve up to 150 MW in load reduction (paying \$30 per kW)⁷

Concurrently, Oncor agreed at the Commission's December 2, 2021 open meeting to modify its program to include notice to the REP of record of customer enrollment and deployment.⁸

Consistent with the Commission's Order in the AEP, CenterPoint, and TNMP case, Commission Staff filed a June 2022 memorandum summarizing its findings regarding the interim load management programs. Staff recommended that if the programs continued, participating utilities should coordinate with ERCOT to address the lessons learned from their interim programs to improve the cost benefit and program design.⁹ This month, TNMP, AEP, and CenterPoint filed comments in Project No. 38578 that they each will offer a Winter Load Management Pilot Program from December 1, 2022 through February 28, 2023 that "will follow the template" that Oncor filed last year.

II. COMMENTS

ARM respectfully requests that the Commission require the TDUs to file additional clarification to their proposed Winter Load Management Pilot Programs to ensure consistency and transparency regarding program participation, budget, and cost recovery.

AEP Texas's program template again sets a budget of \$350,000 to achieve 10 MW in load, and states that REPs may participate in the pilot program and that AEP will request consent from participants to provide notice to the REP of record of enrollment and deployment. Although AEP states in its cover pleading that the pilot program "will be offered as part of the 2023 AEP Texas energy efficiency program portfolio," it is unclear whether the cost would come from its EECRF budget. Therefore ARM requests the Commission require AEP to clarify that it would manage the program under the budget approved for its Energy Efficiency Cost Recovery Factor ("EECRF") in Docket No. 53679.¹⁰

⁷ Docket No. 52689, Order at Findings of Fact No. 42, 43, 59, 60, 79, and 80 (Jan. 12, 2022).

⁸ Docket No. 52689, Order at Finding of Fact No. 96 (Jan. 12, 2022).

⁹ Commission Staff's Report Regarding Interim Load-Management Programs, Project No. 52689 (Jun. 1, 2022).

¹⁰ *Comments of AEP Texas Inc.*, Project No. 38578 (Nov. 14, 2022).

Neither TNMP nor CenterPoint filed program templates.¹¹ Furthermore, it is unclear whether Oncor intends to implement any changes from the program template it filed for last year's pilot program. ARM therefore requests that the Commission require TNMP, CenterPoint, and Oncor to file program templates in Project No. 38578 that include:

- Retail Electric Providers (“REPs”) as eligible project sponsors;
- Notification to the REP of record of its customers enrolled in the Program and notify the REP of record when its customers participating in the Program are curtailed;
- A Program budget cap;¹² and
- Specify whether the program would be operated out of the TDU's approved EECRF budget.

III. CONCLUSION

For the reasons stated herein, ARM respectfully requests that the Commission require AEP, TNMP, Oncor, and CenterPoint to file the supplemental information discussed in these comments regarding the proposed Winter Load Management Pilot Programs.

¹¹ See *Notice Comments of Texas-New Mexico Power Company*, Docket No. 38578 (Nov. 10, 2022) and *Comments of CenterPoint Energy Houston Electric LLC*, Docket No. 38578 (Nov. 10, 2022).

¹² For Oncor and CenterPoint, this budget cap would be a subset of their existing “Residential Load Management SOP” programs.

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Respectfully submitted,



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