



## Filing Receipt

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**SOAH DOCKET NO. 473-21-2424**  
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<b>APPLICATION OF ENTERGY</b>	<b>§</b>	<b>BEFORE THE STATE OFFICE</b>
<b>TEXAS, INC. TO ADJUST ITS ENERGY</b>	<b>§</b>	
<b>EFFICIENCY COST RECOVERY</b>	<b>§</b>	<b>OF</b>
<b>FACTOR AND REQUEST TO</b>	<b>§</b>	
<b>ESTABLISH REVISED COST CAPS</b>	<b>§</b>	<b>ADMINISTRATIVE HEARINGS</b>

**REBUTTAL TESTIMONY**

**OF**

**ANDREW L. DORNIER**

**ON BEHALF OF**

**ENTERGY TEXAS, INC.**

August 6, 2021

ENTERGY TEXAS, INC.  
REBUTTAL TESTIMONY OF ANDREW L. DORNIER  
DOCKET NO. 52067

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EXHIBITS

Exhibit ALD-R1	Midcontinent Independent System Operator, Inc. Cost of New Entry for LRZ 9 for Planning Years 2014/2015 through 2019/2020
Exhibit ALD-R2	Response of Entergy Texas, Inc. to Cities First Request for Information: Cities 1:3-Addendum 2
Exhibit ALD-R3	Workpapers Underlying the Corrected Avoided Cost of Energy Calculation in Entergy Texas, Inc.’s Response to Cities 1:3-Addendum 2 (HSPM)

1 I. INTRODUCTION AND PURPOSE

2 Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

3 A. My name is Andrew L. Dornier. My business address is Parkwood II Bldg., Suite  
4 300, 10055 Grogans Mill Road, The Woodlands, Texas 77380. I am Manager,  
5 Settlements, Analysis and Reporting for the System Planning and Operations  
6 (“SPO”) organization of Entergy Services, LLC (“ESL”),<sup>1</sup> the service company  
7 affiliate of the Entergy Operating Companies (“EOCs”)<sup>2</sup> including Entergy Texas,  
8 Inc. (“ETI”).

9  
10 Q2. ON WHOSE BEHALF ARE YOU SUBMITTING THIS REBUTTAL  
11 TESTIMONY?

12 A. I am submitting this rebuttal testimony to the Public Utility Commission of Texas  
13 (“Commission”) on behalf of ETI.

14  
15 Q3. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.  
16 A. I graduated from Southeastern Louisiana University with a Bachelor of Science  
17 degree in Accounting (2000) and a Master of Business Administration (2001). I  
18 also earned a Master of Integrated Supply Chain Management (2017) from the  
19 University of Wisconsin – Platteville. I am a Certified Public Accountant (“CPA”)

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<sup>1</sup> ESL is the services company affiliate of the Entergy Operating Companies that provides engineering, planning, accounting, technical, regulatory, and other administrative support services to each of the Entergy Operating Companies.

<sup>2</sup> The EOCs consist of Entergy Arkansas, LLC; Entergy Mississippi, LLC; Entergy New Orleans, LLC (“ENOL”); and Entergy Louisiana, LLC (“ELL”).

1 licensed by the Louisiana State Board of CPAs (Lic. #25423) and a Certified  
2 Internal Auditor.

3

4 Q4. PLEASE BRIEFLY DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

5 A. I began working for ESL as a Lead Internal Auditor in 2008 after approximately  
6 seven years of professional auditing experience in both industry and government.  
7 In August 2013, I transferred to SPO in The Woodlands to work in the Energy  
8 Analysis and Reporting group working on the Entergy System Intra-System Bill  
9 (“ISB”) that administered the Entergy System Agreement billing between the  
10 EOCs. In July 2015, I was promoted to Manager, with responsibility for  
11 performing energy settlements, including producing the ISB until the dissolution of  
12 the Entergy System Agreement in September 2016, as well as a number of other  
13 functions. In January 2018, my group was renamed the Settlements, Analysis and  
14 Reporting group and restructured to include verification and settlement of  
15 Midcontinent Independent System Operator, Inc. (“MISO”) market charges and  
16 revenues. In my current role as Manager, Settlements, Analysis and Reporting, I  
17 am responsible for overseeing reporting and settlements for gas, coal, emissions,  
18 fuel oil, and purchased power for all EOCs.

19

20 Q5. WAS THIS TESTIMONY PREPARED BY YOU OR UNDER YOUR DIRECT  
21 SUPERVISION?

22 A. Yes.

1 Q6. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

2 A. My rebuttal testimony describes the alternative avoided cost of capacity and energy  
3 data provided in ETI's response to Cities Served by Entergy Texas, Inc. ("Cities")  
4 Request for Information 1-3 ("Cities 1-3") and used in the Direct Testimony of Karl  
5 J. Nalepa to calculate Mr. Nalepa's proposed adjusted performance bonus for ETI's  
6 2020 energy efficiency program year. I also explain a necessary correction to the  
7 avoided cost of energy used by Mr. Nalepa, as provided in ETI's initial response to  
8 Cities 1-3. Finally, I present the same data requested in Cities 1-3 for each year  
9 since 2014.

10

11 Q7. DO YOU SPONSOR ANY EXHIBITS?

12 A. Yes, I sponsor the exhibits listed in the Table of Contents to my testimony.

13

14 II. CITIES' PROPOSED AVOIDED COST OF CAPACITY

15 Q8. PLEASE EXPLAIN THE AVOIDED COST OF CAPACITY MR. NALEPA  
16 UTILIZED IN HIS TESTIMONY.

17 A. To determine his proposed alternative cost of capacity for 2020, Mr. Nalepa used  
18 values ETI provided in response to Cities 1-3 and calculated an average of MISO's  
19 cost of new entry ("CONE") for Local Resource Zone ("LRZ") 9 for MISO  
20 Planning Years (i.e., June through May) 2019-2020 and 2020-2021.

1 Q9. WHAT IS PROVIDED IN YOUR EXHIBIT ALD-R1?

2 A. My Exhibit ALD-R1 provides the MISO CONE for LRZ 9 for each MISO planning  
3 year from 2014 (the first full year that ETI participated in MISO) to 2020.  
4

5 Q10. HOW IS THE MISO CONE FOR LRZ 9 DETERMINED?

6 A. MISO files its calculation of CONE for each LRZ annually with the Federal Energy  
7 Regulatory Commission ("FERC"). At a high level, CONE in each LRZ is based  
8 on the cost associated with an advanced combustion turbine.  
9

10 Q11. THE COMMISSION'S ENERGY EFFICIENCY COST RECOVERY FACTOR  
11 ("EECRF") RULE AT 16 TEX. ADMIN. CODE ("TAC") § 25.181(D)(2)(B)  
12 PROVIDES THAT A UTILITY IN AN AREA NOT SUBJECT TO CUSTOMER  
13 CHOICE MAY PETITION THE COMMISSION FOR AUTHORIZATION TO  
14 USE AN ALTERNATIVE AVOIDED COST OF CAPACITY THAT "SHALL BE  
15 BASED ON A GENERATING RESOURCE OF PURCHASE IN THE  
16 UTILITY'S ACQUISITION PLAN." IS MISO CONE IN LRZ 9 BASED ON A  
17 GENERATING RESOURCE OR PURCHASE IN ETI'S ACQUISITION PLAN?

18 A. No.  
19

20 III. CITIES' PROPOSED AVOIDED COST OF ENERGY

21 Q12. PLEASE EXPLAIN THE AVOIDED COST OF ENERGY MR. NALEPA  
22 UTILIZED IN HIS TESTIMONY.

23 A. In discovery, Cities requested that ETI provide the avoided cost of energy in MISO

1 LRZ 9 in 2020. In response to Cities 1-3, ETI provided the 2020 summer and  
2 winter peak load-weighted average of ETI, Entergy New Orleans, LLC (“ENO”),  
3 and Entergy Louisiana, LLC (“ELL”) load zone settlement point prices for their  
4 retail load and ELL’s wholesale load. Mr. Nalepa utilized the avoided cost of  
5 energy provided for those portions of MISO LRZ 9 (\$39.25/MWh or  
6 \$0.03925/kWh) as the avoided cost of energy input into his revised calculation of  
7 ETI’s 2020 performance bonus.

8  
9 Q13. ON AUGUST 3, 2021, ETI FILED A CORRECTION TO THE AVOIDED COST  
10 OF ENERGY VALUE PREVIOUSLY PROVIDED IN RESPONSE TO CITIES  
11 1-3. CAN YOU PLEASE EXPLAIN THAT CORRECTION?

12 A. Yes. The avoided cost of energy provided in ETI’s initial response to Cities 1-3,  
13 as utilized in Mr. Nalepa’s testimony, was incorrect due to a formula error that  
14 caused the MWh associated with ELL’s wholesale customer Sam Rayburn  
15 Municipal Power Agency (“SRMPA”), but not the load zone settlement point prices  
16 for SRMPA’s load, to be factored into the load-weighted average. In ETI’s  
17 corrected response to Cities 1-3, included as Exhibit ALD-R2 to my testimony, the  
18 Company provided updated load zone settlement point prices to properly account  
19 for SRMPA’s load. This resulted in a corrected avoided cost of energy of  
20 \$47.31/MWh or \$0.04731/kWh. The workpapers underlying this corrected  
21 calculation are included as HSPM Exhibit ALD-R3.



1 Q14. IS THE AVOIDED COST OF ENERGY UTILIZED IN MR. NALEPA'S  
2 TESTIMONY THE AVOIDED COST OF ENERGY FOR MISO LRZ 9?

3 A. No. Setting aside the formula correction described above, in order to calculate the  
4 avoided cost of energy for a region like LRZ 9, one would need access to the cost  
5 of energy for all of the load in that region. While ETI provided the avoided cost of  
6 energy information for which the Company has access in response to Cities 1-3,  
7 MISO LRZ 9 includes additional load for which ETI does not have access to  
8 information.<sup>3</sup> MISO does not publish the avoided cost of energy by LRZ, including  
9 for LRZ 9. Nor does MISO publish the load volumes of Market Participants or  
10 their share of load in a particular LRZ. Therefore, ETI does not have access to the  
11 data necessary to calculate the load-weighted average cost of energy for all load in  
12 LRZ 9.

13  
14 Q15. HAVE YOU CALCULATED THE AVOIDED COST OF ENERGY FOR THE  
15 EOC PORTIONS OF MISO LRZ 9 FOR YEARS PRIOR TO 2020?

16 A. Yes. Table 1 below provides the peak period load-weighted average load zone  
17 settlement point prices for the retail loads of ETI, ENO, and ELL, and the wholesale  
18 load of ELL, for calendar years 2014 (when the EOCs joined MISO) through 2020.

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<sup>3</sup> For example, there are four Local Balancing Authorities (CLEC, LAFA, LAGN, and LEPA) in MISO LRZ 9 in addition to EES, which is the Local Balancing Authority for ETI, ENO, and ELL. Each of these Local Balancing Authorities contains load that is a part of LRZ 9, but for which load volume data is not publicly available.

1

**Table 1**

**Load-Weighted Average of the ETI, ENO, and ELL Load Zone Settlement Point  
Prices for Peak Periods from 2014 through 2020**

<b>Year</b>	<b>Total Dollars</b>	<b>Total Load</b>	<b>Wtd Avg LMP</b>
<b>2014<sup>4</sup></b>	873,361,854.17	10,644,916.83	82.04
<b>2015</b>	634,231,510.43	10,883,694.47	58.27
<b>2016</b>	653,959,714.23	10,780,725.60	60.66
<b>2017</b>	668,159,025.43	10,614,330.30	62.95
<b>2018</b>	888,829,863.14	11,106,955.56	80.02
<b>2019</b>	606,291,219.66	11,182,434.38	54.22
<b>2020</b>	515,273,063.44	10,890,621.16	47.31
	<b>4,840,106,250.52</b>	<b>76,103,678</b>	<b>63.60</b>

2 Q16. WHEN YOU LOOK AT THE INFORMATION PROVIDED IN TABLE 1, HOW  
3 DO THE LOAD ZONE SETTLEMENT PRICES FOR THE RETAIL AND  
4 WHOLESALE LOAD OF THE EOCS IN LRZ 9 COMPARE YEAR-TO-YEAR  
5 TO THE 2020 PRICES USED BY MR. NALEPA AS HIS PROPOSED  
6 ALTERNATIVE AVOIDED COST OF ENERGY?

7 A. The load zone settlement point prices in MISO vary significantly year-over-year.  
8 As can be observed in Table 1, the load-weighted average price was as much as  
9 \$82.04/MWh or \$0.08204/kWh in 2014 and as low as \$47.31/MWh or  
10 \$0.04731/kWh in 2020. This fluctuation in price is likely due to a variety of factors  
11 including variable fuel costs, changes in regional supply, and regional congestion,  
12 among others.

13

14 Q17. THE COMMISSION'S EECRF RULE AT 16 TAC § 25.181(D)(3)(B) PROVIDES  
15 THAT A UTILITY IN AN AREA NOT SUBJECT TO CUSTOMER CHOICE

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<sup>4</sup> The years 2014 and 2015 include load for Entergy Gulf States Louisiana, L.L.C., which merged with ELL in the fall of 2015.

1 MAY PETITION THE COMMISSION FOR AUTHORIZATION TO USE AN  
2 ALTERNATIVE AVOIDED COST OF ENERGY THAT MAY BE BASED ON  
3 PEAK PERIOD ENERGY PRICES IN AN ENERGY MARKET OPERATED BY  
4 A REGIONAL TRANSMISSION OPERATOR IF THE UTILITY  
5 PARTICIPATES IN SUCH A MARKET AND PRICES ARE REPORTED  
6 PUBLICLY. ARE THE PEAK PERIOD ENERGY PRICES IN LRZ 9 THE  
7 ONLY PRICES THAT MIGHT BE CONSIDERED UNDER THAT RULE  
8 SECTION?

9     A.     No. Although I do not have an opinion on the proper interpretation of that Rule  
10         language, peak period energy prices from several different regions could potentially  
11         be considered when defining a MISO energy market applicable to ETI, including  
12         the MISO energy market as a whole, the MISO South Region, or the Texas region.

14 IV. CONCLUSION

15 Q18. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

16 A. Yes.

Filing Date*	Planning Year	LRZ 9 CONE
8/16/2013	2014/15	\$96,860/MW-yr
9/8/2014	2015/16	\$86,950/MW-yr
9/16/2015	2016/17	\$91,690/MW-yr
9/23/2016	2017/18	\$91,770/MW-yr
9/1/2017	2018/19	\$83,260/MW-yr
9/5/2018	2019/20	\$81,640/MW-yr
9/10/2019	2020/21	\$86,350/MW-yr
10/2/2020	2021/22	\$83,600/MW-yr

\*Filed in the following FERC Dockets: ER13-2310-000, ER14-2808-000, ER15-2660-000, ER16-2662-000, ER17-2416-000, ER18-2381-000, ER19-2781-000, ER21-25-000



## Filing Receipt

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<b>APPLICATION OF ENTERGY TEXAS, INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO ESTABLISH REVISED COST CAPS</b>	<b>§ § § § §</b>	<b>BEFORE THE STATE OFFICE  OF  ADMINISTRATIVE HEARINGS</b>
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**RESPONSE OF ENTERGY TEXAS, INC.  
TO CITIES FIRST REQUEST FOR INFORMATION:  
CITIES 1:3 – ADDENDUM 2**

Entergy Texas, Inc. (“Entergy Texas” or “the Company”) files its Response to Cities First Request for Information. The response to such request is attached and is numbered as in the request. An additional copy is available for inspection at the Company’s office in Austin, Texas.

Entergy Texas believes the foregoing response is correct and complete as of the time of the response, but the Company will supplement, correct or complete the response if it becomes aware that the response is no longer true and complete, and the circumstance is such that failure to amend the answer is in substance misleading. The parties may treat this response as if it were filed under oath.

Respectfully submitted,

**Erika N. Garcia**

Erika N. Garcia  
ENTERGY SERVICES, LLC  
919 Congress Avenue, Suite 701  
Austin, Texas 78701  
Office: (512) 487-3962  
Facsimile: (512) 487-3958

Attachments: **CITIES 1:3 ADDENDUM 2**

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing Response of Entergy Texas, Inc. to Cities First Request for Information has been sent by either hand delivery, electronic delivery, facsimile, overnight delivery, or U.S. Mail to the party that initiated this request in this docket on this the 3rd day of August 2021.

**Erika N. Garcia**  
Erika N. Garcia

ENTERGY TEXAS, INC.  
PUBLIC UTILITY COMMISSION OF TEXAS  
DOCKET NO. 52067

Response of: Entergy Texas, Inc.

Prepared By: Phong Nguyen/Andrew  
Dornier

to the First Set of Data Requests  
of Requesting Party: CITIES

Sponsoring Witness: N/A

Beginning Sequence No. TH48

Ending Sequence No. TH49

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Question No.: CITIES 1-3

Part No.:

Addendum: 2

Question:

Please provide the avoided cost of capacity and avoided cost of energy in  
Midcontinent Independent System Operator (MISO) Zone 9 (Entergy) in 2020.

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Response:

ETI has filed an objection to this request.

**Addendum 1:**

The avoided cost of capacity in Midcontinent Independent System Operator, Inc. ("MISO") can be measured by MISO's calculation of the cost of new entry ("CONE"), which for Load Resource Zone ("LRZ") 9 was \$81.64 kW-year for the 2019/2020 planning year (June 1, 2019 – May 31, 2020) and \$86.35 kW-year for the 2020/2021 planning year (June 1, 2020 – May 31, 2021). These values are provided on page 8 of the "Cost of New Entry PY 2020/21, Resource Adequacy Subcommittee, 11 September 2019," which is publicly available on MISO's website at: [20190911 RASC Item 04a CONE 2020-2021380208.pdf \(misoenergy.org\)](https://www.misoenergy.org/20190911%20RASC%20Item%2004a%20CONE%202020-2021380208.pdf)

ETI is not in possession of the avoided cost of energy for MISO LRZ 9. For purposes of this response, ETI used the information within its possession, which includes the retail and wholesale loads (where applicable) of ETI, Entergy New Orleans, LLC ("ENO"), and Entergy Louisiana, LLC ("ELL"), to determine the load-weighted average of the ETI, ENO, and ELL load zone settlement point prices (the locational margin prices at which these load zones settled in the day-ahead and real time markets) for the peak periods (as defined in 16 Tex. Admin. Code § 25.181(c)(46)) covering the 2020 winter and summer peaks. For these areas of MISO LRZ 9, ETI calculated an avoided cost of energy of \$39.25/MWh in 2020.

**Addendum 2:**

In ETI's Addendum 1, the load-weighted average of the ETI, ENO, and ELL load zone settlement point prices for the 2020 peak periods did not properly account for the load of ELL's wholesale customer Sam Rayburn Municipal Power Agency ("SRMPA") due to a

Question No.: CITIES 1-3 Addendum 2

formula error. When this error is corrected and the energy cost of the SRMPA load is appropriately accounted for, ETI calculated an avoided cost of energy of \$47.31/MWh or \$0.04731/kWh for the retail and wholesale loads of the Entergy Operating Companies in LRZ 9 (i.e., ETI, ENO, and ELL) in 2020.



EXHIBIT ALD-R3 (HSPM)

This exhibit contains information that is highly sensitive and will be provided under the terms of the Protective Order entered in this case.