



Filing Receipt

Received - 2021-08-11 03:44:41 PM
Control Number - 52067
ItemNumber - 47

SOAH DOCKET NO. 473-21-2424
PUCT DOCKET NO. 52067

APPLICATION OF ENTERGY	§	BEFORE THE STATE OFFICE
TEXAS, INC. TO ADJUST ITS	§	
ENERGY EFFICIENCY COST	§	OF
RECOVERY FACTOR AND	§	
REQUEST TO ESTABLISH	§	ADMINISTRATIVE HEARINGS
REVISED COST CAPS	§	

CITIES' ERRATA TO THE DIRECT TESTIMONY OF KARL J. NALEPA

The Cities of Anahuac, Beaumont, Bridge City, Cleveland, Dayton, Groves, Houston, Huntsville, Liberty, Montgomery, Navasota, Nederland, Oak Ridge North, Orange, Pine Forest, Pinehurst, Port Arthur, Port Neches, Roman Forest, Rose City, Shenandoah, Silsbee, Sour Lake, Splendora, Vidor, West Orange, and Willis ("Cities") submit this Errata to the Direct Testimony of Karl J. Nalepa and attach redline and clean copies of the corrected pages.

The substantive changes to Mr. Nalepa's testimony were made to incorporate certain revisions and corrections raised in the Rebuttal Testimony of Richard Lain and the Rebuttal Testimony of Andrew L. Dornier. The other changes are corrections of typos or other non-substantive items.

The changes made are summarized as follows:

- Page 4, line 15: Replace "\$1,851,385" with "\$2,166,381";
- Page 8, figure 1: Update table to include the inadvertently omitted years 2013 and 2014;
- Page 8, lines 9-10: Replace "the prior ten years" with "ten of the last eleven years, and 20% higher than the only year that is close";
- Page 11, footnote 21: Insert period;
- Page 12, line 6: Replace "39.25" with "\$47.31";
- Page 12, line 7: Replace "\$0.03925" with "\$0.04731";
- Page 12, line 12: Replace "18.5" with "\$21.7";
- Page 12, line 13: Replace "1.9" with "2.2" and insert "Errata" after "Exhibit KJN-1";
- Page 12, footnote 23: Insert "Addendum 2" after "Id.";

- Page 12, footnote 24: Insert “Errata” after “Bonus Calculator_KN WP”;
- Page 13, line 4: Replace “1,851,385” with “2,166,381”;
- Page 13, line 5: Replace “\$2,852,909” with “\$2,537,913” and “that” with “than”;
- Page 13, line 15: Replace “\$1,851,385” with “2,166,381”;
- Bates page number 16: Replace Exhibit KJN-1 with Exhibit KJN-1 Errata;
- Attachment C, Relied Upons: Replace ETI’s Response to Cities’ RFI 1-3, Addendum 1 with ETI’s Response to Cities’ RFI 1-3, Addendum 2.

Respectfully submitted,
LAWTON LAW FIRM, P.C.



Daniel J. Lawton 00791082
Molly Mayhall Vandervoort 24048265
12600 Hill Country Blvd., Suite R275
Austin, Texas 78738
danlawtonlawfirm@gmail.com
molly@mayhallvandervoort.com
(512) 322-0019
(512) 329-2604 Fax
ATTORNEY FOR CITIES

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document was served on all parties of record in this proceeding on this the 11th day of August, 2021, by email, First Class, U.S. Mail, facsimile transmission, or hand delivery.



Molly Mayhall Vandervoort

SOAH DOCKET NO. 473-21-2424
PUC DOCKET NO. 52067

APPLICATION OF ENTERGY TEXAS,	§	BEFORE THE STATE OFFICE
INC. TO ADJUST ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF
FACTOR AND REQUEST TO	§	
ESTABLISH REVISED COST CAPS	§	ADMINISTRATIVE HEARINGS

ERRATA TO THE
DIRECT TESTIMONY
OF
KARL J. NALEPA

ON BEHALF OF THE
CITIES SERVED BY ENTERGY TEXAS, INC.

JULY 21, 2021

TABLE OF CONTENTS

I.	INTRODUCTION AND QUALIFICATIONS	1
II.	PURPOSE OF TESTIMONY	2
III.	PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY	4
IV.	PERFORMANCE BONUS ADJUSTMENT.....	7
V.	SUMMARY AND CONCLUSIONS	13

ATTACHMENTS

Exhibits	KJN-1 Bonus Calculator <u>Errata</u>
Attachment A	Statement of Qualifications
Attachment B	Summary of Previously Filed Testimony
Attachment C	Relied Upons
Workpapers	

b. Did the utility exceed the EECRF cost caps in 16 TAC § 25.182(d)(7)?
c. What are the net benefits of the utility's energy-efficiency programs for program year 2020?
d. Is a performance bonus requested for program year 2020? If so, for the purposes of calculating the net benefits, do the program costs deducted from the total avoided cost include the previous performance bonus?

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A. I make the following findings and recommendations regarding ETI's EECRF filing:

1. It is not reasonable that ETI calculate its program net benefits using avoided costs that are not representative of the avoided costs in ETI's service area. Using the inflated avoided costs reflective of the ERCOT market, ETI's net benefits and corresponding performance bonus are greatly overstated. I recommend that ETI's bonus be limited to the amount it would have otherwise been calculated under alternative avoided cost values. This amount is \$2,166,381~~\$1,851,385~~.

III. PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY

Q. WHAT IS AN ENERGY EFFICIENCY COST RECOVERY FACTOR?

A. An EECRF allows a utility the opportunity for timely and reasonable cost recovery for expenditures made to satisfy PURA § 39.905² to provide for a cost-effective portfolio of energy efficiency programs pursuant to 16 Tex. Admin. Code ("TAC") § 25.181.

Q. WHAT IS ETI'S PURPOSE FOR FILING THIS CASE?

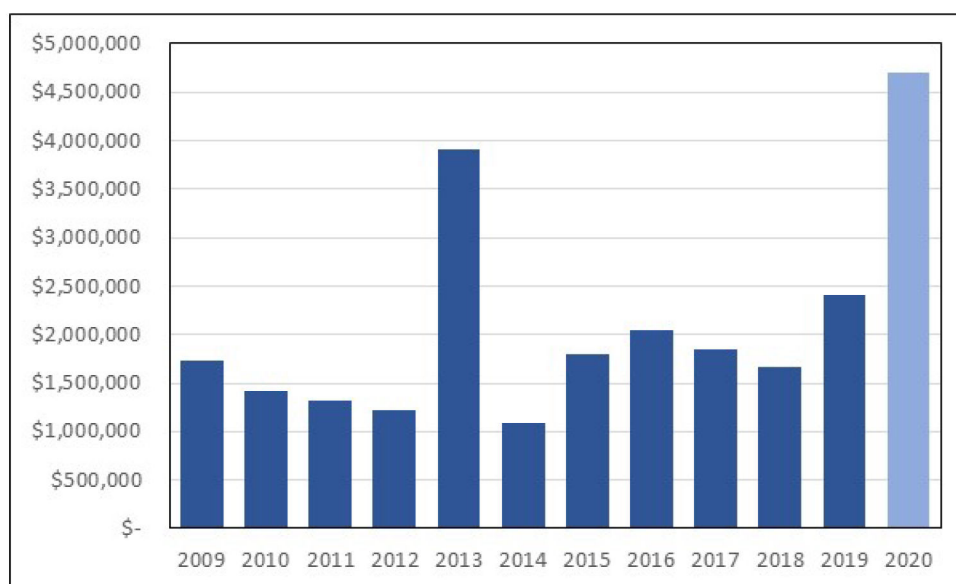
A. In its filing, ETI seeks recovery of \$12,080,473 in energy efficiency costs through its 2022 EECRF. The Company proposes to adjust its current EECRF to: (1) recover \$7,798,726 in forecasted energy efficiency program costs for 2022; (2) procure a \$4,704,294 performance bonus based on the Company's 2020 energy efficiency program performance; (3) refund \$589,306, including interest, for over-recovery of 2020 program costs; (4) collect

² Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (West 2016) ("PURA").

Q. HOW DOES ETI'S CLAIMED PERFORMANCE BONUS COMPARE TO PRIOR YEARS?

A. Figure 1 compares the performance bonus to prior bonuses approved by the Commission:

Figure 1
Performance Bonus



As can be seen, ETI's proposed performance bonus for 2020 is more than twice any bonus the Company has received in ten of the last eleven years, and 20% higher than the only year that is close the prior ten years.

Q. WOULD REDUCING THE BONUS HELP ETI AVOID REQUESTING A GOOD CAUSE EXCEPTION TO EXCEED ITS COST CAPS IN 2022?

A. Yes. ETI's position is that it cannot recover all its 2022 EECRF program costs, including the 2020 performance bonus, under the allowed cost cap. Reducing the bonus would help ETI meet its demand goal while remaining under the allowed cost caps.

Q. DO YOU RECOMMEND ANY ADJUSTMENTS THAT WOULD IMPACT THE COMPANY'S REQUESTED PERFORMANCE BONUS?

A. Yes. The avoided costs against which ETI measured its program performance and requested bonus are not reasonable.

1 **Q. DID ETI PETITION THE COMMISSION TO USE AN ALTERNATIVE AVOIDED**
2 **COST IN THIS CASE?**

3 A. No, it did not.

5 **Q. IF IT DID, HOW SHOULD THE ALTERNATIVE AVOIDED COSTS BE**
6 **DETERMINED?**

7 A. The energy efficiency rule specifies what alternative avoided costs should be used. The
8 avoided cost of capacity shall be based on a generating resource or purchase in the utility's
9 resource acquisition plan.¹⁹ For a utility that participates in an energy market operated by
10 a regional transmission organization, such as ETI,²⁰ the avoided cost of energy may be
11 based on peak period energy prices in the energy market.²¹

13 **Q. WHAT ARE THE RESULTING AVOIDED COSTS DETERMINED THIS WAY?**

14 A. In response to discovery, ETI provided MISO's calculation of the cost of new entry
15 ("CONE") for Load Resource Zone ("LRZ") 9, in which ETI operates. The LRZ 9 CONE
16 was \$81.64 kW-year for the 2019/2020 planning year (June 1, 2019 – May 31, 2020) and
17 \$86.35 kW-year for the 2020/2021 planning year (June 1, 2020 – May 31, 2021).²² I used
18 the average of these capacity costs, or \$84 kW-year, as a proxy for the avoided cost of
19 capacity for ETI. This is slightly higher than the default avoided cost in the rule.

20 However, the avoided cost of energy would be significantly lower. Again in
21 response to discovery, ETI used the information within its possession, which includes the

¹⁹ 16 TAC §25.181(d)(2)(B).

²⁰ ETI operates in the Midcontinent Independent System Operator ("MISO").

²¹ 16 TAC §25.181(d)(3)(B).

²² Response to Cities RFI 1-3.

1 retail and wholesale loads (where applicable) of ETI, Entergy New Orleans, LLC (“ENO”),
2 and Entergy Louisiana, LLC (“ELL”), to determine the load-weighted average of the ETI,
3 ENO, and ELL load zone settlement point prices (the locational margin prices at which
4 these load zones settled in the day-ahead and real time markets) for the peak periods
5 covering the 2020 winter and summer peaks. For these areas of MISO LRZ 9, ETI
6 calculated an avoided cost of energy of ~~\$47.31~~~~\$39.25~~ per MWh in 2020.²³ I used this value,
7 or ~~\$0.04731~~~~\$0.03925~~ per kWh, as a proxy for the avoided cost of energy for ETI.

8
9 **Q. HOW WOULD USING THE CORRECTED AVOIDED COST IMPACT ETI’S**
10 **COST BENEFIT ANALYSIS AND RESULTING BONUS?**

11 A. By substituting the corrected avoided costs into ETI’s bonus calculator, the net program
12 benefits are reduced from \$47.0 million to ~~\$21.7~~~~\$18.5~~ million, and the bonus is reduced
13 from \$4.7 million to ~~\$2.2~~~~\$1.9~~ million. This can be seen on Exhibit KJN-1 Errata.²⁴

14
15 **Q. WHAT HAVE YOU CONCLUDED REGARDING ETI’S PROPOSED ENERGY**
16 **PROGRAMS AND PERFORMANCE BONUS?**

17 A. ETI’s decision to not use avoided costs relevant to its service area would entitle it to a
18 financial windfall with no real improvement in the performance of its programs from the
19 prior year. It is not reasonable that ETI calculate its program net benefits using avoided
20 costs that are not representative of the avoided costs in ETI’s service area. ETI had the
21 opportunity to substitute more accurate avoided cost values but did not. Using the inflated
22 avoided costs reflective of the ERCOT market, ETI’s net benefits and corresponding
23 performance bonus are greatly overstated.

²³ *Id.* Addendum 2.

²⁴ *Also see* Bonus Calculator_KN WP Errata.

1 **Q. WHAT IS YOUR RECOMMENDATION REGARDING ETI'S PERFORMANCE**
2 **BONUS?**

3 A. I recommend that ETI's bonus be limited to the amount that would have otherwise been
4 calculated under alternative avoided cost values. This amount is \$2,166,381~~\$1,851,385~~,²⁵
5 or \$2,537,913~~\$2,852,909~~ less that the Company's requested bonus.

6
7 **V. SUMMARY AND CONCLUSIONS**

8 **Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

9 A. I make the following findings and recommendations regarding ETI's EECRF filing:

- 10 1. It is not reasonable that ETI calculate its program net benefits using avoided costs
11 that are not representative of the avoided costs in ETI's service area. Using the
12 inflated avoided costs reflective of the ERCOT market, ETI's net benefits and
13 corresponding performance bonus are greatly overstated. I recommend that ETI's
14 bonus be limited to the amount that would have otherwise been calculated under
15 alternative avoided cost values. This amount is \$2,166,381~~\$1,851,385~~.

16
17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does.

²⁵ *Id.*

**SOAH DOCKET NO. 473-21-2424
PUC DOCKET NO. 52067**

APPLICATION OF ENTERGY TEXAS,	§	BEFORE THE STATE OFFICE
INC. TO ADJUST ITS ENERGY	§	
EFFICIENCY COST RECOVERY	§	OF
FACTOR AND REQUEST TO	§	
ESTABLISH REVISED COST CAPS	§	ADMINISTRATIVE HEARINGS

**ERRATA TO THE
DIRECT TESTIMONY
OF
KARL J. NALEPA**

**ON BEHALF OF THE
CITIES SERVED BY ENTERGY TEXAS, INC.**

JULY 21, 2021

TABLE OF CONTENTS

I.	INTRODUCTION AND QUALIFICATIONS	1
II.	PURPOSE OF TESTIMONY	2
III.	PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY	4
IV.	PERFORMANCE BONUS ADJUSTMENT.....	7
V.	SUMMARY AND CONCLUSIONS	13

ATTACHMENTS

Exhibits	KJN-1 Bonus Calculator Errata
Attachment A	Statement of Qualifications
Attachment B	Summary of Previously Filed Testimony
Attachment C	Relied Upons
Workpapers	

b. Did the utility exceed the EECRF cost caps in 16 TAC § 25.182(d)(7)?
c. What are the net benefits of the utility's energy-efficiency programs for program year 2020?
d. Is a performance bonus requested for program year 2020? If so, for the purposes of calculating the net benefits, do the program costs deducted from the total avoided cost include the previous performance bonus?

Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.

A. I make the following findings and recommendations regarding ETI's EECRF filing:

1. It is not reasonable that ETI calculate its program net benefits using avoided costs that are not representative of the avoided costs in ETI's service area. Using the inflated avoided costs reflective of the ERCOT market, ETI's net benefits and corresponding performance bonus are greatly overstated. I recommend that ETI's bonus be limited to the amount it would have otherwise been calculated under alternative avoided cost values. This amount is \$2,166,381.

III. PROPOSED 2022 ENERGY EFFICIENCY COST RECOVERY

Q. WHAT IS AN ENERGY EFFICIENCY COST RECOVERY FACTOR?

A. An EECRF allows a utility the opportunity for timely and reasonable cost recovery for expenditures made to satisfy PURA § 39.905² to provide for a cost-effective portfolio of energy efficiency programs pursuant to 16 Tex. Admin. Code ("TAC") § 25.181.

Q. WHAT IS ETI'S PURPOSE FOR FILING THIS CASE?

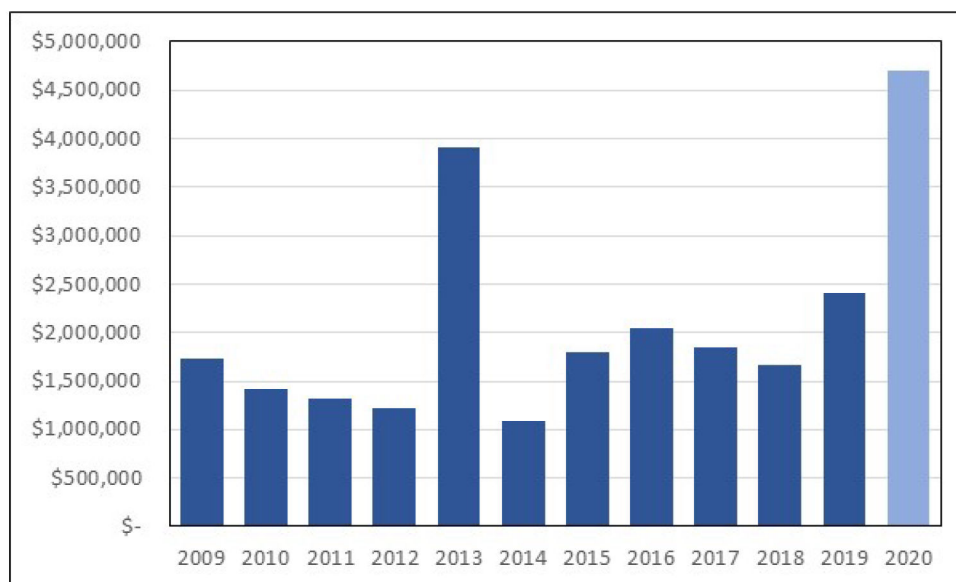
A. In its filing, ETI seeks recovery of \$12,080,473 in energy efficiency costs through its 2022 EECRF. The Company proposes to adjust its current EECRF to: (1) recover \$7,798,726 in forecasted energy efficiency program costs for 2022; (2) procure a \$4,704,294 performance bonus based on the Company's 2020 energy efficiency program performance; (3) refund \$589,306, including interest, for over-recovery of 2020 program costs; (4) collect

² Public Utility Regulatory Act, Tex. Util. Code Ann. § 39.905 (West 2016) ("PURA").

Q. HOW DOES ETI'S CLAIMED PERFORMANCE BONUS COMPARE TO PRIOR YEARS?

A. Figure 1 compares the performance bonus to prior bonuses approved by the Commission:

Figure 1
Performance Bonus



As can be seen, ETI's proposed performance bonus for 2020 is more than twice any bonus the Company has received in ten of the last eleven years, and 20% higher than the only year that is close.

Q. WOULD REDUCING THE BONUS HELP ETI AVOID REQUESTING A GOOD CAUSE EXCEPTION TO EXCEED ITS COST CAPS IN 2022?

A. Yes. ETI's position is that it cannot recover all its 2022 EECRF program costs, including the 2020 performance bonus, under the allowed cost cap. Reducing the bonus would help ETI meet its demand goal while remaining under the allowed cost caps.

Q. DO YOU RECOMMEND ANY ADJUSTMENTS THAT WOULD IMPACT THE COMPANY'S REQUESTED PERFORMANCE BONUS?

A. Yes. The avoided costs against which ETI measured its program performance and requested bonus are not reasonable.

1 **Q. DID ETI PETITION THE COMMISSION TO USE AN ALTERNATIVE AVOIDED**
2 **COST IN THIS CASE?**

3 A. No, it did not.

4
5 **Q. IF IT DID, HOW SHOULD THE ALTERNATIVE AVOIDED COSTS BE**
6 **DETERMINED?**

7 A. The energy efficiency rule specifies what alternative avoided costs should be used. The
8 avoided cost of capacity shall be based on a generating resource or purchase in the utility's
9 resource acquisition plan.¹⁹ For a utility that participates in an energy market operated by
10 a regional transmission organization, such as ETI,²⁰ the avoided cost of energy may be
11 based on peak period energy prices in the energy market.²¹

12
13 **Q. WHAT ARE THE RESULTING AVOIDED COSTS DETERMINED THIS WAY?**

14 A. In response to discovery, ETI provided MISO's calculation of the cost of new entry
15 ("CONE") for Load Resource Zone ("LRZ") 9, in which ETI operates. The LRZ 9 CONE
16 was \$81.64 kW-year for the 2019/2020 planning year (June 1, 2019 – May 31, 2020) and
17 \$86.35 kW-year for the 2020/2021 planning year (June 1, 2020 – May 31, 2021).²² I used
18 the average of these capacity costs, or \$84 kW-year, as a proxy for the avoided cost of
19 capacity for ETI. This is slightly higher than the default avoided cost in the rule.

20 However, the avoided cost of energy would be significantly lower. Again in
21 response to discovery, ETI used the information within its possession, which includes the

¹⁹ 16 TAC §25.181(d)(2)(B).

²⁰ ETI operates in the Midcontinent Independent System Operator ("MISO").

²¹ 16 TAC §25.181(d)(3)(B).

²² Response to Cities RFI 1-3.

1 retail and wholesale loads (where applicable) of ETI, Entergy New Orleans, LLC (“ENO”),
2 and Entergy Louisiana, LLC (“ELL”), to determine the load-weighted average of the ETI,
3 ENO, and ELL load zone settlement point prices (the locational margin prices at which
4 these load zones settled in the day-ahead and real time markets) for the peak periods
5 covering the 2020 winter and summer peaks. For these areas of MISO LRZ 9, ETI
6 calculated an avoided cost of energy of \$47.31 per MWh in 2020.²³ I used this value, or
7 \$0.04731 per kWh, as a proxy for the avoided cost of energy for ETI.

8
9 **Q. HOW WOULD USING THE CORRECTED AVOIDED COST IMPACT ETI’S**
10 **COST BENEFIT ANALYSIS AND RESULTING BONUS?**

11 A. By substituting the corrected avoided costs into ETI’s bonus calculator, the net program
12 benefits are reduced from \$47.0 million to \$21.7 million, and the bonus is reduced from
13 \$4.7 million to \$2.2 million. This can be seen on Exhibit KJN-1 Errata.²⁴

14
15 **Q. WHAT HAVE YOU CONCLUDED REGARDING ETI’S PROPOSED ENERGY**
16 **PROGRAMS AND PERFORMANCE BONUS?**

17 A. ETI’s decision to not use avoided costs relevant to its service area would entitle it to a
18 financial windfall with no real improvement in the performance of its programs from the
19 prior year. It is not reasonable that ETI calculate its program net benefits using avoided
20 costs that are not representative of the avoided costs in ETI’s service area. ETI had the
21 opportunity to substitute more accurate avoided cost values but did not. Using the inflated
22 avoided costs reflective of the ERCOT market, ETI’s net benefits and corresponding
23 performance bonus are greatly overstated.

²³ *Id.* Addendum 2.

²⁴ *Also see* Bonus Calculator_KN WP Errata.

1 **Q. WHAT IS YOUR RECOMMENDATION REGARDING ETI'S PERFORMANCE**
2 **BONUS?**

3 A. I recommend that ETI's bonus be limited to the amount that would have otherwise been
4 calculated under alternative avoided cost values. This amount is \$2,166,381,²⁵ or
5 \$2,537,913 less than the Company's requested bonus.

6
7 **V. SUMMARY AND CONCLUSIONS**

8 **Q. PLEASE SUMMARIZE YOUR FINDINGS AND RECOMMENDATIONS.**

9 A. I make the following findings and recommendations regarding ETI's EECRF filing:

- 10 1. It is not reasonable that ETI calculate its program net benefits using avoided costs
11 that are not representative of the avoided costs in ETI's service area. Using the
12 inflated avoided costs reflective of the ERCOT market, ETI's net benefits and
13 corresponding performance bonus are greatly overstated. I recommend that ETI's
14 bonus be limited to the amount that would have otherwise been calculated under
15 alternative avoided cost values. This amount is \$2,166,381.

16
17 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does.

²⁵ *Id.*

Program Year 2020		
Energy Efficiency Performance Bonus Calculator		
	kW	kWh
Demand and Energy Goals	15,500	27,156,000
Actual Demand and Energy Savings	20,008	44,885,306
<i>Reported/Verified Hard-to-Reach</i>	1,768	
Directions: Fill in blue cell and performance bonus will calculate. All green cells will auto-populate <i>All inputs must be accounted for the in the "Fixed Inputs," "Admin Allocation," and "Results Calculator" tabs in order to correctly calculate bonus.</i>		
Program Costs (excluding bonus)	\$6,732,278	
Program Costs (including bonus)	\$8,405,485	
Performance Bonus	\$2,166,381	

11%	Hard-to-Reach Goal Met?
Bonus Calculation Details	
129%	Percentage of Demand Reduction Goal Met (Reported kW/Goal kW)
165%	Percentage of Energy Reduction Goal Met (Reported kWh/Goal kWh)
TRUE	Met Requirements for Performance Bonus?
\$30,069,296	Total Avoided Costs
\$8,405,485	Total Program Costs (including bonus)
\$21,663,812	Net Benefits
\$3,150,022	Calculated Bonus $((\text{Achieved Demand Reduction} / \text{Demand Goal} - 100\%) / 2) * \text{Net Benefits}$
\$2,166,381	Maximum Bonus Allowed (10% of Net Benefits)



Filing Receipt

Received - 2021-08-03 02:06:44 PM
Control Number - 52067
ItemNumber - 39

**SOAH DOCKET NO. 473-21-2424
PUC DOCKET NO. 52067**

APPLICATION OF ENTERGY TEXAS, INC. TO ADJUST ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO ESTABLISH REVISED COST CAPS	§ § § § §	BEFORE THE STATE OFFICE OF ADMINISTRATIVE HEARINGS
---	----------------------------------	---

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

Prepared By: Phong Nguyen/Andrew
Dornier
Sponsoring Witness: N/A
Beginning Sequence No. TH48
Ending Sequence No. TH49

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.

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

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.

The following files are not convertible:

Bonus Calculator_KN WP Errata.xlsx
ETI Performance Bonuses_KN WP

Errata.xlsx

Please see the ZIP file for this Filing on the PUC Interchange in order to access these files.

Contact centralrecords@puc.texas.gov if you have any questions.